



NOTICE OF MEETING

**Notice is hereby given of the Meeting
of the Finance and Policy Committee
to be held in the Council Chamber, First Floor,
Civic Theatre, 88 Tay Street, Invercargill
on Tuesday 18 August 2026 at 2.00 pm**

Cr P M Boyle (Chair)
Mayor T Campbell
Cr A J Arnold
Cr A L de Vries
Cr G M Dermody
Cr D J Ludlow
Cr L Tou-McNaughton

MICHAEL DAY
CHIEF EXECUTIVE

Finance and Policy Committee - Public

18 August 2026 02:00 PM

Agenda Topic	Page
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
3. Public Forum	
4. Minutes of the Finance and Policy Committee Meeting held on Tuesday 19 May 2026 (A6453442)	6
5. Financial Update As At 30 June 2026 (A6554371)	15
6. Performance Report for the Year Ended 30 June 2026 (A6545037)	25
6.1 Appendix 1 - Quarter Four Performance Report (A6558852)	37
6.2 Appendix 2 - Roadmap to Renewal - Progress to 30 June 2026 (A6553864)	98
7. Invercargill Airport Limited and Invercargill City Holdings Limited Statement of Intent 2026/2027 (A6575559)	99
7.1 Appendix 1 - Invercargill Airport Limited Statement of Intent (A6575507)	101
7.2 Appendix 2 - Invercargill City Holdings Limited Statement of Intent for Financial Year Ending 2027 (A6575525)	112
8. Governance, Planning and Reporting, Corporate Services, Marketing and Communications, Investments, Commercial Property and International Relations – 2027-2037 LTP Activity Planning Direction (A6559554)	123
8.1 Appendix 1 - Governance Activity Planning Slides 2027-2037 Long Term Plan	130
8.2 Appendix 2 - Planning and Reporting Activity Planning Slides 2027-2037 Long Term Plan	139
8.3 Appendix 3 - Corporate Services Activity Planning Slides 2027-2037 Long Term Plan	154
8.4 Appendix 4 - Marketing and Communications Activity Planning Slides 2027-2037 Long Term Plan	173

8.5	<u>Appendix 5 - Investments Treasury Activity Planning Slides 2027-2037 Long Term Plan</u>	184
8.6	<u>Appendix 6 - Commercial Property Activity Planning Slides 2027-2037 Long Term Plan</u>	193
8.7	<u>Appendix 7 - International Relations Activity Planning Slides 2027-2037 Long Term Plan</u>	202
9.	Public Excluded Session	

Public Excluded Session

Moved , seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Minutes of the Public Excluded Session of the Finance and Policy Committee Meeting held on Tuesday 21 April 2026
- b) Financial Update – as at 30 June 2026
- c) ICHL Performance Report for Year Ended 30 June 2026
- d) Grace Street Project: Update of Underwrite Agreement

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a) Minutes of the Public Excluded Session of the Finance and Policy Committee Meeting held on Tuesday 17 February 2026	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons Section 7(2)(h) Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b) Financial Update – as at 30 June 2026	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

	commercial and industrial negotiations	
c) ICHL Performance Report for Year Ended 30 June 2026	Section 7(2)(h) Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
d) Grace Street Project: Update of Underwrite Agreement	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

**MINUTES OF FINANCE AND POLICY COMMITTEE, HELD IN THE COUNCIL CHAMBERS,
FIRST FLOOR, CIVIC THEATRE, 88 TAY STREET, INVERCARGILL ON TUESDAY 19 MAY 2026
AT 2.00 PM**

Present:	Cr P M Boyle Mayor T Campbell Cr A J Arnold Cr G M Dermody Cr D J Ludlow Cr L Tou-McNaughton
In Attendance:	Cr R I D Bond Cr A H Crackett (via Teams) Mr M Day – Chief Executive Mrs P Christie – Group Manager – Finance and Assurance Mrs T Hurst – Group Manager – Community Engagement and Corporate Services Mr R Capil – Group Manager – Community Spaces and Places Mr J Shaw – Group Manager - Consenting and Environment Mr M Morris – Manager – Governance and Legal Mr B Staunton – Chief Financial Officer Ms R Suter – Manager – Strategy and Policy (via Teams) Mr A Eng – Team Leader Communications Ms M Tupara – Executive Support

1. Apologies

Cr de Vries.

2. Declaration of Interest

Nil.

3. Public Forum

Nil.

4. Minutes of the Finance and Policy Committee Meeting held on Tuesday 21 April 2026

Moved Cr Boyle, seconded Cr Ludlow and **RESOLVED** that the Minutes of the Finance and Policy Committee meeting held on Tuesday 21 April 2026 be confirmed.

5. 2025/2026 Quarter Three Performance Update – Great South

A6436721

Ms Chami Abeysinghe attended the meeting online, with Ms Bobbi Brown and Mr Steve Canny presenting in person.

Ms Abeysinghe had delivered a PowerPoint presentation via teams. Ms Brown and Mr Canny spoke to their report and the presentation, advising that Quarter 3 performance had been strong overall and was on track for completion by Quarter 4. KPIs had been aligned with Long-term Plan priorities, with further alignment work underway.

They reported that tourism data had shown significant growth, driven by increasing interest in Southland, while noting that the cruise network may not meet targets due to seasonal timing constraints. The dairy sector had been performing strongly, with projected growth of 5–8%, contributing to the strengthening profile of the region.

It was advised that Invercargill had remained a key focus, particularly in aligning retail activity with housing development. Housing KPIs had been on track, with ongoing work addressing the needs of an ageing population, housing supply and demand, and ageing housing stock as identified in Infometrics data. Attracting population growth had remained a priority, supported by initiatives such as Habitat for Humanity and the development of innovative approaches informed by case studies.

Ms Brown and Mr Canny noted that relocation and building focused websites had been launched, generating approximately 4,000 visits to date, with continued tracking and alignment with Council platforms planned. DISH (Data and Insights Southland Hub) reporting across housing, tourism, and economic data had been improving understanding of regional trends, alongside progress in aquaculture investment and content development.

Mr Canny had spoken to the regional energy strategy, advising that firmed energy supply would need to more than double to meet growth and decarbonisation objectives, supported by hydro and geothermal generation. Southland had been noted as the fastest-growing region in the South Island. Nine major energy projects had been underway, including expansion of biomass, with 74 boilers installed and increasing use of forestry resources. Methane reduction initiatives had been progressing, alongside wind and solar developments supported by advanced regional mapping.

It was further noted that work on EV charging infrastructure had been in early stages, and the conversion of boilers to electricity had reduced emissions by approximately 24% without economic disruption. Renewable energy availability had been identified as critical to attracting investment, alongside a strong focus on energy efficiency, automation, and high-value export growth. A significant pipeline of regional investment, valued in the billions, had been noted as positioning the region for continued development, supported by a major energy programme aimed at building capability and capacity.

A question was raised regarding Project 143, specifically investigating opportunities for new and established crops and whether climate change had produced any notable insights. It was advised that the focus had been on linking aquaculture with agriculture, including opportunities to grow crops for aquaculture feed. It was further advised that

the work had been completed and had identified opportunities including protein production from waste stream products, aquaculture production, and crop production for food and pet food.

A question was raised regarding the energy presentation and whether the focus on zero emissions was intended to support economic growth. It was advised that the approach was linked to GDP growth and high-value export markets, providing a mechanism for large exporters. It was further advised that global competitiveness relied on addressing energy efficiency, including increased automation and control, and that the strategy was as much about economic growth as energy efficiency.

A question was raised regarding nitrogen requirements for fish feeding and whether this work was being explored. It was advised that options were currently being investigated, with discussions underway, and that addressing one issue may assist in resolving multiple challenges. It was noted that further insights were expected within a short timeframe.

A question was raised regarding the Singapore KLO famil delegation and why Invercargill, and Bluff had not been included. It was advised that four aggregators, representing approximately 20% of the inbound market, had been informed of all opportunities and activities. It was further advised that the delegation itinerary had been scheduled in advance, with travel commencing in Te Anau, and that feedback would be provided. It was also noted that time constraints and nationwide travel requirements had influenced the locations visited.

A question was raised regarding the Southern Way initiative and airport presentation, and how this had been coordinated, particularly in light of Invercargill and Bluff not being included in the Singapore delegation visit. It was advised that delegations identified specific areas of interest and provided lists outlining what they wished to investigate. It was further advised that coordination occurred across seven regional tourism organisations and three airports, supported by an Air New Zealand agreement to ensure consistent pricing and encourage travel. The approach was described as delivering one overall story through multiple targeted activations.

It was noted that further discussion and communication on this matter would be beneficial outside the meeting, particularly regarding regional involvement and expectations. It was advised that the Regional Tourism Organisation had led the coordination of the Southern Way, with a strong focus on marketing and ensuring visitor flows into and out of the region.

It was advised by Ms Abeysinghe that a paper would be prepared for Council outlining the different segments supported and delivery approaches. It was further noted that a tourism workshop was scheduled, and a full report would be presented. It was also noted that additional questions would be forwarded for response.

It was noted that the region was currently experiencing significant investment activity, valued in the billions, acting as a precursor for ongoing and future investment.

Moved Cr Tou-McNaughton, seconded Mayor Campbell and **RESOLVED** that the Finance and Policy Committee:

1. Receives the report "2025/2026 Quarter Three Performance Update – Great South".

2. Notes that of the 39 KPIs, 11 are completed, 27 in progress and one is pending at the end of Quarter Three 2025/2026.
3. Receives the Great South Quarter Three 2025/2026 Performance Report.

6. 2025/2026 Quarter Three Performance Report

A6430282

Ms Adina McDowell and Mr Bryan Staunton spoke to the report.

A correction was noted in the report, advising that a typographical error in the paper title should have read "performance."

It was advised that there had been a small drop since the Quarter 2 results. However, performance remained above trend overall as more data became available. It was noted that changes from Quarter 2 had been reflected, although some measures would not be achieved. Landfill performance had been impacted, and results relating to elderly persons housing and response times for non-urgent service requests had not been achieved for the year.

It was further advised that the Venues, Civic Theatre, Auditorium and Auxiliary Room Quarter 3 performance was slightly lower, which aligned with expected seasonal trends. In regulatory services, a delivery target had not been met due to a small number of licensing delays, attributed to workload pressures and human error. It was noted that net interest income was being received, and that targets relating to supplier payments had not been achieved due to Quarter 2 challenges, although these issues had since been rectified. Despite this, the measure would not be met for the reporting period.

A question was raised regarding the high-level financial performance. It was advised that, excluding depreciation, Council was performing \$2.5 million better than budget, and including depreciation, performance was \$2.5 million better than budget. Revenue had been impacted by fees and charges, reflecting reductions in consumption volumes in areas such as trade waste and passenger transport. It was further advised that expenditure remained comparable to the same time last year, with variances primarily due to repairs and maintenance, consultancy costs, lower landfill charges, and maintenance expenditure, contributing to the favourable position.

It was noted that capital expenditure year-to-date was \$51 million over nine months, which was below budget by \$4.6 million. Delays were identified in the Roading Capital Programme and the Council Business Enhancement Programme.

A question was raised regarding waste recoverability in the solid waste activity and the impact of a one-off discharge event. It was advised that, if the one-off event were excluded, results would have been comparable.

A question was raised regarding whether general waste trends remained consistent.

A further question was raised regarding the \$3.4 million favourable expenditure variance and whether this would be sustained or deferred. It was advised that some aspects of

the variance would remain, while others reflected timing differences where planned activities had not yet occurred or were not expected to proceed this financial year.

A question was raised regarding how performance levels were set and whether they were appropriate. It was advised that performance measures were established through the Long-term Plan process, with some measures being aspirational, while the Long-term Plan process aimed to ensure more realistic targets. It was noted that those aspirational measures had been set by Council.

It was further advised that some Long-term Plan KPIs were set by central government requirements, including monitoring frameworks such as those from the Department of Internal Affairs. It was noted that these could result in measures being rated as not achieved based on a single failure, and this context was highlighted for clarity.

It was noted that the report had been clearly presented and was easy to follow.

Moved Cr Ludlow, seconded Cr Dermody and **RESOLVED** that the Finance and Policy Committee:

1. Receives the "2025/2026 Quarter Three Performance Report".
2. Notes that 76 of 116 (66%) of the performance measures have been achieved or are on track in Quarter Three of 2025/2026. This compares to 71% in Quarter Two of 2025/2026 and 58% in Quarter Three of 2024/2025.
3. Notes that two of the 17 activities have a year-to-date net operating financial performance variance lower than budget by more than 5%. This is one lower than was reported in Quarter Two.

Recommend to Council:

4. Approves reallocation of \$15,000 + GST Arts and Culture Operational Funding to external grant funding to enable Bluff Maritime Museum Trust to cover operational shortfall a result of removal of Regional Heritage Funding, noting that staff advice is to also make this adjustment for the 2026/2027 Annual Plan and then reconsider funding requirements as part of the Long-term Plan process. Note there is no rates impact from this decision.
5. Approves the budget adjustments of \$1.8 million improvement to the 2025/2026 net operating position and \$7.0 million reduction to the 2025/2026 capital programme as outlined in the Schedule of changes to the plan (budget) in the Quarter Three Performance Report (A6443215).

7. Appointment and Remuneration of Directors Policy

A6375034

Ms Hannah Kennedy and Mr Bryan Staunton spoke to the report.

It was advised that the policy had last been reviewed in 2023, with a joint review undertaken by Strategy and Policy alongside Finance. It was noted that there were no

significant changes, with the most notable aspect relating to Council Controlled Organisations.

It was further noted that the Te Kupeka Tiaki Taoka Southern Regional Collections Trust (TKTT) would also be adopting this policy. It was advised that TKTT was required to have a remuneration policy under its Trust Deed, and that this had originally been developed when the entity was first established.

A question was raised regarding whether approval of the policy by TKTT was discretionary. It was advised that, while the policy had been adopted by Council, the trustees, acting under their own Trust Deed, were entitled to refuse approval if they chose.

A question was raised regarding the provision for directors holding multiple directorships, and whether this should be restricted. It was advised that the provision allowed flexibility where required, noting that it had been necessary at times for holding company directors to be appointed to subsidiary boards in order to address specific issues. It was further advised that multiple directorships, including within ICL, provided appropriate flexibility.

Moved Cr Dermody, seconded Mayor Campbell and **RESOLVED** that the Finance and Policy Committee:

1. Receives the report "Appointment and Remuneration of Directors Policy".
2. Notes that the Appointments Committee of Te Kupeka Tiaki Taoka – Southern Regional Collections Trust will be contacted to confirm the committee's agreement to use the relevant provisions of the Appointment and Remuneration of Directors Policy as its remuneration and expenses policy as required by the Trust Deed.
3. Endorses the draft updated Appointment and Remuneration of Directors Policy.

Recommend to Council:

4. To adopt the Appointment and Remuneration of Directors Policy.

Note: Cr Bond entered the room 2.50 pm

8. Update to Financial Risk Management Policy

A6394611

Mr Bryan Staunton, Ms Rhiannon Suter and Ms Hannah Kennedy spoke to the report.

It was advised that updates had been made to ensure appropriate processes were in place for cash handling.

It was noted that the report primarily related to procedural matters, with amendments being relatively minor. It was also noted that unnecessary detail had been removed, including provisions relating to staff meal expenditure.

Moved Cr Tou-McNaughton, seconded Cr Dermody and **RESOLVED** that the Finance and Policy Committee:

1. Receives the report "Update to Financial Risk Management Policy".
2. Notes the updated Financial Risk Management Policy.

9. Privacy Policy Update

A6416432

Ms Hannah Kennedy and Ms Peter Patton spoke to the report.

It was advised that changes had been introduced to include new Privacy Principle 3A, requiring that where information about an individual was collected indirectly, the individual must be informed that this had occurred.

Moved Cr Arnold, seconded Mayor Campbell and **RESOLVED** that the Finance and Policy Committee:

1. Receives the report "Privacy Policy Update".
2. Notes the updated Privacy Policy.

10. Financial Update as at 31 March 2026

A6429081

Mr Bryan Staunton spoke to the report.

The total borrowings and other debts were discussed. The report showed the overall trend, including April 2026 capital programme drawdown data. The current average cost of capital was discussed with ongoing monitoring in the current interest rate environment.

Moved Mayor Campbell, seconded Cr Dermody and **RESOLVED** that the Finance and Policy Committee:

1. Receives the report "Financial Update as at 31 March 2026".
2. Notes the current net debt and treasury position.

11. Public Excluded Session

Moved Cr Ludlow, seconded Cr Dermody, and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a. Minutes of the Public Excluded Session of the Finance and Policy Committee Meeting held on Tuesday 21 April 2026
- b. ICHL 2025/2026 Quarter Three Performance Report

c. Financial Update – as at 31 March 2026

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a. Minutes of the Public Excluded Session of the Finance and Policy Committee Meeting held on Tuesday 21 April 2026	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons Section 7(2)(h) Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b. ICHL 2025/2026 Quarter Three Performance Report	Section 7(2)(h) Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
c. Financial Update – as at 31 March 2026	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons Section 7(2)(i) Enable any local authority holding the	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

information to carry on,
without prejudice or
disadvantage,
negotiations (including
commercial and
industrial negotiations)

There being no further business, the meeting finished at 3.10 pm.

FINANCIAL UPDATE AS AT 30 JUNE 2026

To:	Finance and Policy Committee
Meeting Date:	Tuesday 18 August 2026
From:	Bryan Staunton – Chief Financial Officer
Approved:	Patricia Christie – Group Manager Finance and Assurance
Approved Date:	Wednesday 12 August 2026
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

The purpose of this report is to provide an update on Council's net debt position as at 30 June 2026.

Recommendations

That the Finance and Policy Committee:

1. Receives the report "Financial Update as at 30 June 2026".
2. Notes the current net debt and treasury position.
3. Notes the current state of Council's overall financial position.

Background

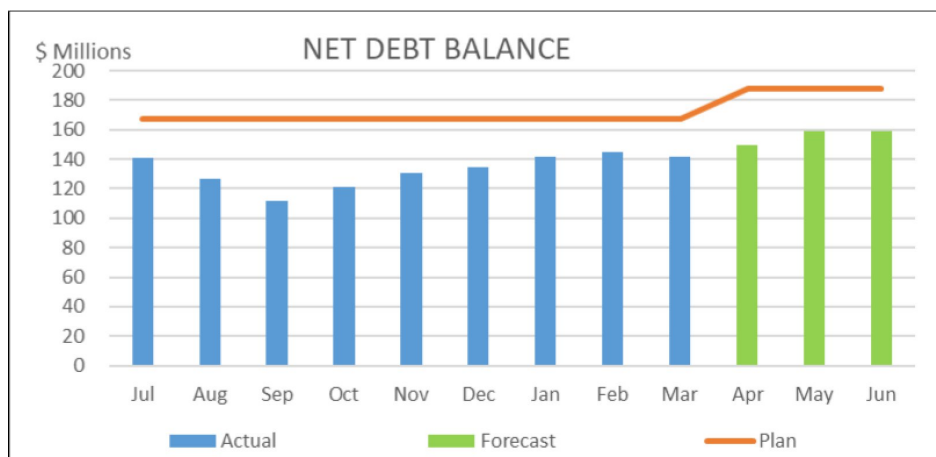
This report provides the Committee with an update on key financial issues and areas for Council including the regular reporting of net debt of Council (Borrowings and Investments) and debt owed to Council (Debt Management).

Issues

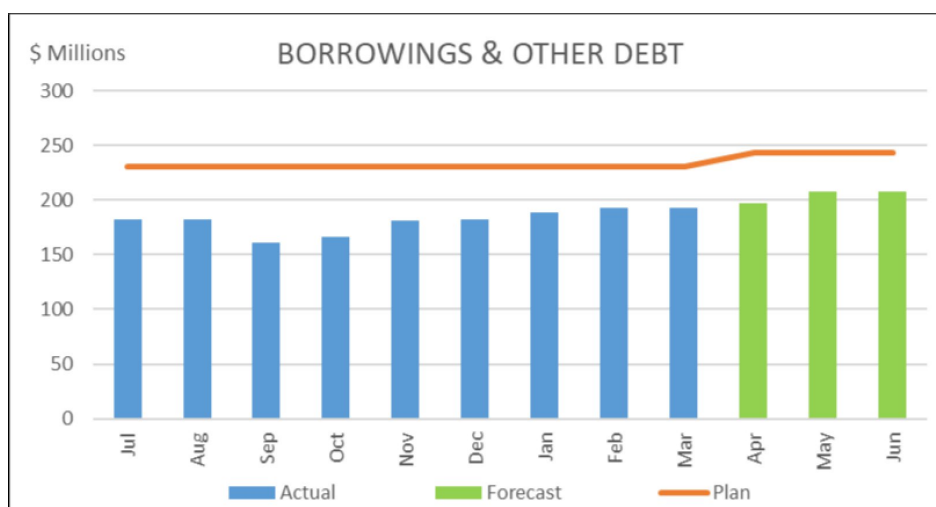
Net Debt and Treasury Update

At 30 June 2026, Council had borrowings and other debt of \$193.4 million and cash investments of \$51.5 million. These generated a net debt balance of \$141.9 million. The highlights of Council's net debt position are provided below.

Credit Rating	Net Debt Balance	Borrowings & other debt
AA+	\$141.9m	\$193.4m
		LESS: Cash & Cash Investments
		\$51.5m

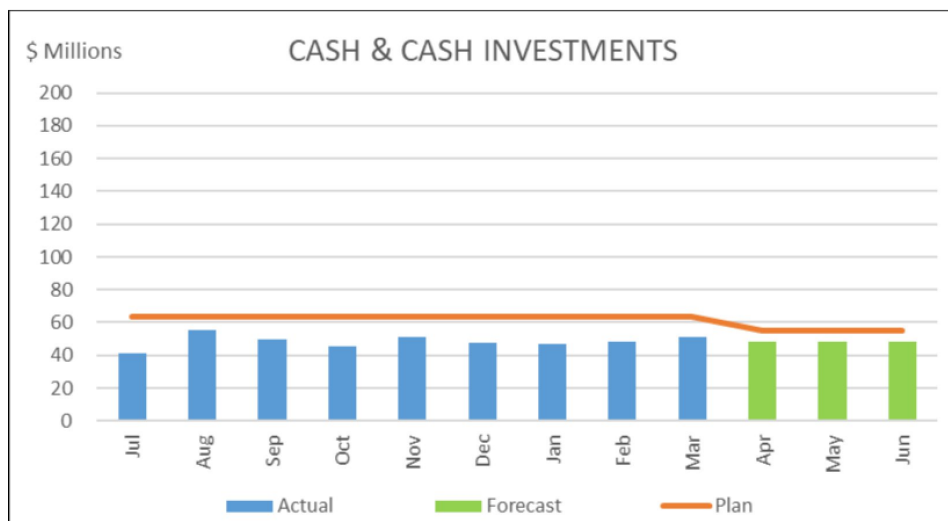


The debt ceiling cap is set in the 2024-2034 Long-term Plan (LTP) Financial Strategy at 150% of total revenue up to June 2024. This increased to 180% from July 2024 for the first four years of the LTP, increasing to 200% from 1 July 2028 prior to reducing to 190% from 1 July 2032. The Financial Strategy sets the debt limit to allow capacity to cover any significant expenditure from an extraordinary event in the future as well as funding the capital programme for these years.



- July 2025: \$15 million of new borrowings were raised from Local Government Funding Agency (LGFA) to fund capital projects.

- October 2025: \$15 million of new borrowings were raised from LGFA to fund capital projects.
- February 2026: \$5 million of new borrowings were raised from LGFA to fund capital projects.
- April 2026: \$10 million of new borrowings were raised from LGFA to fund capital projects.
- May 2026: \$5 million of new borrowings were raised from LGFA to fund capital projects.
- Forecast: Further borrowings expected in the 2026/2027 Financial Year to be raised to cover capital expenditure.



- Dec 2025: A \$5.5 million dividend was received from Invercargill City Holdings Ltd (ICHL) and applied to operational funding.
- June 2026: An additional \$4.0 million dividend from received from ICHL and applied to operational funding. Moving forward it is proposed that the extraordinary dividend will be applied for funding purposes to interest expense on debt.
- Forecast: The cash on hand balance varies based on payments made and revenue received from various funding sources such as rates, subsidies and fees and charges.

Net Debt Breakdown**Borrowings & other debt**

				Note
Borrowings				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
LGFA	28/07/2026 Fixed	2.77%	\$4,000,000	
LGFA	28/07/2026 Fixed	2.77%	\$20,000,000	
LGFA	29/04/2027 Fixed	2.62%	\$10,000,000	
LGFA	27/06/2027 Fixed	5.33%	\$10,256,410	
LGFA	15/05/2028 Fixed	4.06%	\$10,000,000	
LGFA	29/04/2027 Floating	3.20%	\$10,000,000	
LGFA	29/04/2027 Floating	3.49%	\$12,000,000	
LGFA	29/10/2027 Floating	3.21%	\$5,000,000	
LGFA	29/04/2028 Floating	3.21%	\$10,000,000	
LGFA	29/04/2028 Floating	3.40%	\$15,000,000	
LGFA	29/04/2028 Floating	3.14%	\$5,000,000	
LGFA	29/04/2028 Floating	3.03%	\$5,000,000	
LGFA	29/04/2029 Floating	3.50%	\$10,000,000	
LGFA	29/04/2029 Floating	3.37%	\$10,000,000	
LGFA	29/04/2029 Floating	3.34%	\$8,500,000	
LGFA	29/04/2029 Floating	3.35%	\$15,000,000	
LGFA	29/04/2030 Floating	3.24%	\$20,000,000	
LGFA	29/04/2030 Floating	3.17%	\$10,000,000	
LGFA	30/04/2030 Floating	3.31%	\$10,000,000	
Accrued interest payable			\$1,005,578	
			Total	\$200,761,988
Other debt				
LGFA - Borrower Notes			(\$7,441,410)	
Environment Southland - Clean Air Loan Scheme			\$2,437	
Finance Lease - Canon			\$68,547 ^A	
			Total	(\$7,370,426)
TOTAL BORROWINGS & OTHER DEBT				<u>\$193,391,562</u>

LESS: Cash & Cash Investments

Cash and cash equivalents				Note
				\$11,956,650
Term Deposits				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
SBS1	25/07/2026	4.10%	\$4,874,952	
ASB2	12/07/2026	3.39%	\$3,311,047	
SBS4	13/07/2026	3.55%	\$2,000,000	
ASB3	23/07/2026	3.12%	\$6,080,551	
SBS3	27/07/2026	3.55%	\$148,418	
SBS2	27/07/2026	3.55%	\$4,998,169	
ASB1	12/10/2026	3.45%	\$3,847,811	
Accrued interest receivable			\$451,911	
				\$25,712,859
Other Investments				
Share investments			\$1,022,960	
Loan advances issued - Invercargill Central Limited			\$12,700,000 ^B	
Loan advances issued - Other			\$24,199	
Accrued Interest Receivable			\$65,827	
			Total	\$13,812,987
TOTAL CASH & CASH INVESTMENTS				<u>\$51,482,496</u>
NET DEBT BALANCE				\$141,909,066

- A. The Council entered into a 5-year finance lease agreement with Canon to supply copier machines
- B. As at 30 June 2026, the outstanding loan balance advanced to Invercargill Central Limited (ICL) amounted to \$12.7 million. The current lending limit that Council can extend to ICL is \$31.45 million. A total of \$4.35 million has been repaid by ICL to Council between 1 July 2025 and 31 March 2026, combined with an additional loan drawdown of \$0.8 million. The overall loan principal has decreased by \$3.55 million.

Clean Air Loans

Council historically operated a loan scheme to ratepayers in partnership with Environment Southland that provided low interest loans (3.95%) to enable the insulation of homes and/or clean heat sources (clean air fire or heat pumps) to be repaid over three to five years.

The scheme commenced in 2016 and closed for new loans in 2022 as a result of Government regulations on non-bank lenders for which many councils were not equipped to comply. (Credit Contracts and Consumer Finance Act).

In July 2026, the final loan in the scheme was repaid and the scheme can be fully closed.

During the life of the loan scheme, there were 171 loans approved with a total amount lent of \$700,106.96 (75% for heating and 25% for insulation). This scheme while initially popular, had competition from banks and other funding sources and was effectively closed due to administration challenges from legislation changes.

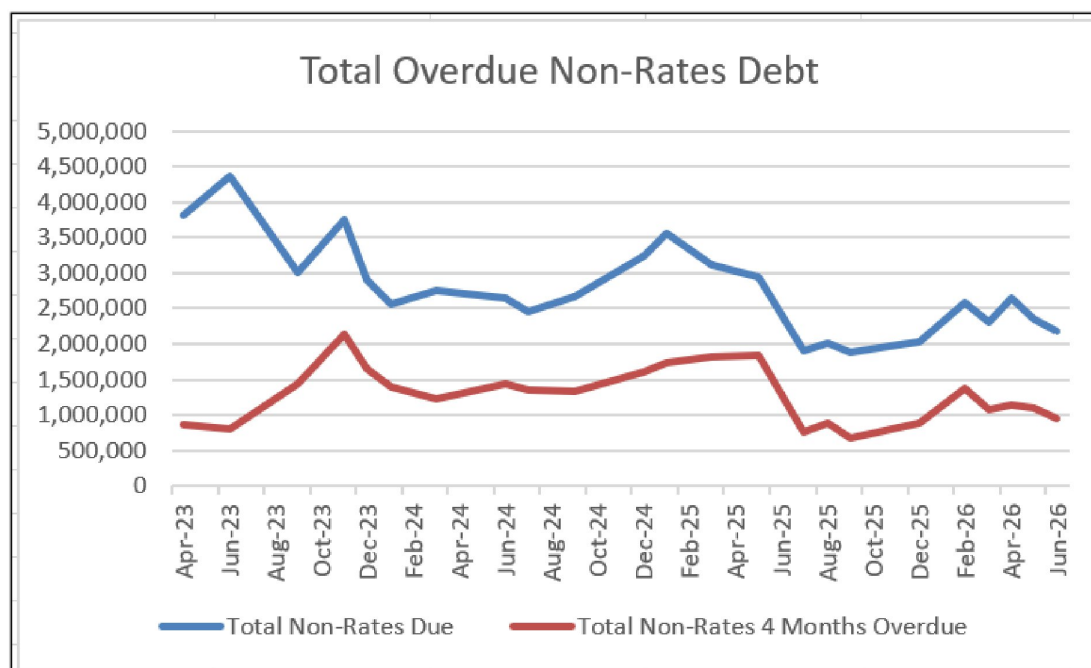
Council will now repay to Environment Southland the outstanding amount of their funding contribution to the scheme of \$2,437.00.

Debt Management

Sundry (Non-rates) Debt

At 30 June 2026 the total of overdue non-rates debtors overdue \$942,000, a decrease of \$435,000 from the balance previously reported on 28 February 2026 (\$1,377,000). The total current balance is \$2,183,000. The decrease in the balance is reflective of staff efforts to contact overdue debtors and confirm arrangements for payment of overdue debts.

The graph below shows the trend in total overdue non-rates debt for the period from April 2023 to June 2026, and non-rates debt over four months old for the same period.



The table below details the total Council debt and the age of the debt.

As at 30 June 2026					As at 28 February 2026				
1 Month	2 Months	3 Months	4 + Months	Total	1 Month	2 Months	3 Months	4 + Months	Total
225,749.07	64,305.36	54,573.31	597,740.35	942,368.09	540,649.65	282,259.32	47,650.34	506,528.95	1,377,088.26

Of the above balance \$0.332 million (\$0.207 million in February 2026, \$0.171 million in September, \$0.136 million in July), relates to debtors with outstanding debts over \$5,000 and more than two months overdue.

Debt Write Off

Total debt written off for the period 1 March 2026 and 30 June 2026 was \$3,037.24. This amount relates to ten invoices written off which are deemed to be uncollectable due the length of time passed since the invoices were raised (more than 6 years) or in some cases, debtors being deceased. Debts are only written off following an extensive review of amounts which are two or more months overdue where it is not considered cost effective to be sent to our external debt collectors for debt recovery.

Rates Debtors

The table below summarises the rates arrears balance at 30 June 2026. With the 2026-2027 rating year beginning on 1 July 2026, any unpaid rates for the 2025-2026 year are now considered as arrears.

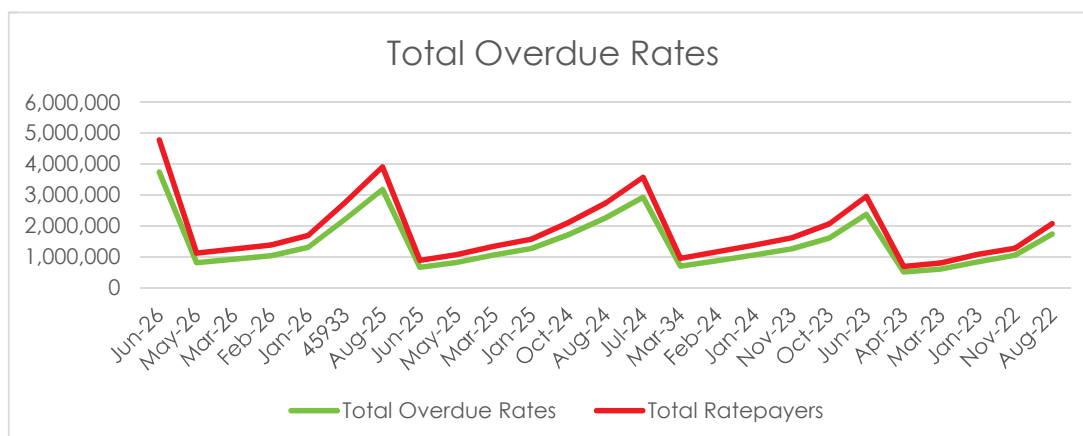
	Rating Year							
	Period 1	Period 2	Period 3	Period 4	Period 5+			
Rates arrears per rating year	2025-2026	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	Total
As at 30 June 2026	3,739,486	734,021	182,300	59,784	25,409	41,564		4,782,564
As at 31 May 2026		805,383	185,091	61,655	26,004	43,639		1,121,772
As at 30 April 2026		919,183	193,296	62,374	26,885	44,198		1,245,936
As at 30 March 2026		1,035,231	208,529	63,130	27,287	45,039		1,379,216
As at 8 January 2026		1,301,571	251,119	64,888	27,986	46,201		1,691,765
As at 3 Oct 2025		2,223,175	381,074	85,825	31,445	47,099		2,768,618
As at 7 Aug 2025		3,177,631	538,773	112,687	32,446	47,169		3,908,706
As at 24 June 2025			653,982	141,717	36,977	16,173	33,109	881,958
As at 7 May 2025			816,276	163,346	40,376	16,285	33,471	1,069,754
As at 6 March 2025			1,064,894	188,515	43,515	16,285	33,681	1,346,890
As at 14 January 2025			1,270,000	205,448	45,439	16,333	33,961	1,571,181
As at 24 October 2024			1,718,745	268,878	61,038	19,628	41,857	2,110,146
As at 27 August 2024			2,258,026	340,421	77,830	21,308	42,027	2,739,613
As at 15 July 2024			2,928,178	453,476	114,014	31,516	44,466	3,571,650
As at 31 March 2024				697,052	165,114	43,003	15,011	920,180
As at 23 February 2024				874,336	194,229	47,319	16,930	1,132,814
As at Jan 2024				1,063,414	214,151	51,310	18,553	1,347,428
As at Nov 2023				1,259,037	248,786	58,694	19,565	1,586,082
As at Oct 2023				1,605,031	322,105	75,553	23,106	2,025,795
As at June 2023				2,378,364	418,819	97,435	24,235	2,918,853
As at April 2023				0	507,049	105,570	26,219	638,838
As at March 2023				0	603,591	120,899	34,960	759,450
As at January 2023				0	832,952	145,938	46,012	1,024,902
As at November 2022				0	1,055,366	161,968	4,939	1,222,273
As at August 2022				0	1,738,026	205,383	59,252	2,002,661

In June 2026, 91.85% of Council's rates arrears by value, (85.16% March 2026, 87.90% January 2026, October 2025 96.98%, August 2025 84.61%, June 2025 93.25%) are owed on 853 properties with amounts greater than \$1,000 outstanding (January 2026 852, October 2025 853, August 2025 571, June 2025 253).

Council offers ratepayers who get behind in their rates the opportunity to enter into a payment plan arrangement. Those ratepayers who are in arrears with a payment plan are not charged rates penalties.

In those situations where there was no payment plan arranged (and followed), Council has a number of debt recovery methods available to it under the Rating Act. These include collection from the mortgage holder (where there is a mortgage) and court judgement. The final recovery method is a rating sale where Council obtains a court judgement to sell the property to recover the rates owed and the costs incurred.

The graph below shows total rates arrears (in thousands), together with total number of ratepayers that are in arrears for the period from November 2021 to June 2026.



Water Billing

Water billing relates to invoices raised quarterly to non-residential ratepayers who use more than a prescribed cubic metre volume of water. At present the threshold for charging is usage above 249 m³ in Council's financial year.

The total value of water bills overdue as at 30 June 2026 is \$775,237. This is high due to quarterly billing processes being run early in June. The total value of water billing arrears is \$175,328, which is represented by over 200 properties. 50% of these balances are expected to be paid by end of July 2026.

Dog Registrations

The total value of 2025/2026 dog registrations unpaid as at 30 June 2026 is \$12,000 (March 2026 \$64,162, November 2025 \$85,145, September 2025 \$111,106, August 2025 \$149,231, May 2025 \$62,155, March 2025 \$63,382) relating to 120 animals (March 2026 619, November 2025 828, September 2025 1080, August 2025 1,490, May 2025 634, March 2025 641). The decrease in unpaid registrations is reflective of the efforts of Council officers to minimise unpaid debts.

There were 8,167 dog registrations in total during the 2025/2026 financial year.

It is noted that we do not currently offer instalment payments for dog registrations.

Sensitive Expenditure

In accordance with Council's Sensitive Expenditure Policy, all sensitive expenditure transactions for the period of 1 March 2026 through to 30 June 2026 are reported in the table below. This covers sensitive expenditure by the Mayor, Councillors, Chief Executive and Executive Leadership Team. Sensitive Expenditure is broadly defined within the Sensitive Expenditure Policy as expenditure covering travel, meals, training and hospitality for the Mayor, Councillors and Chief Executive.

Finance and Policy Committee - Public - Financial Update As At 30 June 2026 (A6554371)

Cost Centre	Period Expense Recorded	Transaction Amount	Who	Description	Supplier
Chief Executive Office	February 2026	275.00	Michael Day	Accommodation - Taituara Conference, Wellington	James Cook Hotel
Chief Executive Office	February 2026	17.39	Michael Day	Event Costs - Mayoral Prayer Breakfast, Invercargill	Purchase Cards
Chief Executive Office	February 2026	41.83	Michael Day	Taxi Fare - LGNZ All of Government, Wellington	Purchase Cards
Chief Executive Office	February 2026	790.61	Michael Day	Airfares - Taituara Conference, Wellington	Air New Zealand
Chief Executive Office	February 2026	39.13	Michael Day	Airport Parking - LGNZ Zone 5 and 6 Conference, Christchurch	Invercargill Airport
Chief Executive Office	February 2026	42.48	Michael Day	Meals - Rural and Provincial Conference, Wellington	James Cook Hotel
Chief Executive Office	February 2026	408.00	Michael Day	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Chief Executive Office	April 2026	59.48	Michael Day	Taxi Fare - Taituara CE Meeting, Wellington	Purchase Card
Chief Executive Office	April 2026	34.71	Michael Day	Meeting - Tech One, Christchurch	Taxi Charge
Chief Executive Office	May 2026	21.74	Michael Day	Courses & Seminars - Otago Southland Ngai Tahu, Online	Purchase Card
Chief Executive Office	May 2026	186.96	Michael Day	Airfares - Taituara CE Forum & Excellence Awards	Air New Zealand
Chief Executive Office	May 2026	344.16	Michael Day	Courses & Seminars - Water Forum, Auckland	Taxi Charge
Chief Executive Office	May 2026	295.00	Michael Day	Event Costs - PWC Chief Executive Forum, Wellington	Purchase Card
Chief Executive Office	May 2026	252.17	Michael Day	Accommodation - LGNZ Zone 5 and 6 Conference, Christchurch	Heartland Hotel
Chief Executive Office	May 2026	410.44	Michael Day	Accommodation - LGNZ Rural and Provincial Conference, Wellington	James Cook Hotel
Chief Executive Office	May 2026	5,000.00	Michael Day	Sponsorship - Murihiku Southland Sports Awards, Invercargill	Sport Southland
Chief Executive Office	May 2026	10.00	Michael Day	Bus Fare - LGNZ Rural and Provincial Conference, Wellington	Purchase Card
Chief Executive Office	May 2026	1,120.00	Michael Day	Subscriptions - Southland Chamber of Commerce	Southland Chamber of Commerce
Councillors	December 2025	217.39	Mayor Campbell and Alex Crackett	LGNZ Zone 6 Conference Registration, Christchurch	Central Otago District Council
Councillors	February 2026	(462.78)	Steven Broad	Airfares Refund - Making Good Decisions	Air New Zealand
Councillors	February 2026	421.04	Raymond Fife	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Councillors	February 2026	1,073.23	Alex Crackett	Airfares - Rural and Provincial Conference, Wellington	Air New Zealand
Councillors	February 2026	(494.09)	Andrea DeVries	Airfares Refund - Making Good Decisions	Air New Zealand
Councillors	February 2026	425.39	Alex Crackett	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Councillors	March 2026	252.17	Councillors	Event Costs - Catering Economic Development Workshop, Invercargill	Invercargill City Council
Councillors	March 2026	561.34	Trish Boyle	Accommodation - Making Good Decisions, Christchurch	Travel Lodge Hotel
Councillors	March 2026	152.87	Trish Boyle	Accommodation - Making Good Decisions, Christchurch	Travel Lodge Hotel
Councillors	April 2026	372.17	Darren Ludlow	Accommodation - Alcohol Board, Dunedin	Distinction Dunedin
Councillors	April 2026	186.09	Ria Bond	Accommodation - Making Good Decisions	Heartland Hotel
Councillors	April 2026	104.35	Councillors	Event Costs - Catering, Risk Appetite Workshop	Invercargill City Council
Councillors	April 2026	59.30	Alex Crackett	Rural & Provincial Conference	Taxi Charge
Councillors	April 2026	326.09	Andrea DeVries	Accommodation - Alcohol Board, Dunedin	Distinction Dunedin
Councillors	April 2026	736.70	Darren Ludlow	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Councillors	April 2026	115.65	Ria Bond	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Councillors	April 2026	2,025.00	Darren Ludlow and Andrea De Vries	Registration for DLC Workshop, Dunedin	Meeting and Governance
Councillors	April 2026	325.22	Ria Bond	Accommodation - Alcohol Board, Dunedin	Distinction Dunedin
Councillors	April 2026	429.40	Darren Ludlow	Mileage Claim - DLC Workshop, Dunedin	Expense Claim
Councillors	May 2026	49.65	Darren Ludlow	Taxi Fare - Mayors Taskforce for Jobs, Wellington	Expense Claim
Councillors	May 2026	165.22	Alex Crackett	Accommodation - LGNZ Zone 5 and 6 Conference, Christchurch	Heartland Hotel
Councillors	May 2026	336.70	Darren Ludlow	Accommodation - Mayors Taskforce for Jobs, Wellington	Ibis and Novotel
Councillors	May 2026	194.78	Mayor Campbell	Accommodation - LGNZ Zone 5 and 6 Conference, Christchurch	Heartland Hotel
Councillors	May 2026	22.52	Darren Ludlow	Meals - Mayors Taskforce for Jobs, Wellington	Expense Claim
Councillors	May 2026	246.09	Alex Crackett	Airfares - Rural and Provincial Conference, Wellington	Air New Zealand
Councillors	May 2026	16.96	Darren Ludlow	Meals - Mayors Taskforce for Jobs, Wellington	Expense Claim
Councillors	May 2026	22.75	Darren Ludlow	Uber Fare - Mayors Taskforce for Jobs, Wellington	Expense Claim
Councillors	May 2026	83.37	Darren Ludlow	Meals - Mayors Taskforce for Jobs, Wellington	Expense Claim
Councillors	May 2026	467.39	Councillors	Event Costs - Catering Councillor Spatial Planning Workshop	Invercargill City Council
Councillors	May 2026	217.39	Councillors	Event Costs - Catering Councillor Lunch - Government announcement Council Structure, Invercargill	Invercargill City Council
Councillors	June 2026	239.13	Councillors	Event Costs - Lunch for Council Meeting	Invercargill City Council
Mayor	February 2026	408.01	Mayor Campbell	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Mayor	March 2026	86.96	Mayor Campbell	Event Costs - PM Luxon, Invercargill	NZ National Party Invercargill Electorate
Mayor	April 2026	600.00	Mayor Campbell	Event Costs - Anzac Day Youth Book Prize	Purchase Card
Mayor	April 2026	652.17	Mayor Campbell	Event Costs - 3 x Anzac Day Wreaths	Ambrosia Design
Mayor	April 2026	226.09	Mayor Campbell	Airfares - LGNZ Zone 5 and 6 Conference, Christchurch	Air New Zealand
Mayor	April 2026	15.52	Mayor Campbell	Event Costs - Anzac Day Youth Book Prize	Purchase Card

Next Steps

Management will continue to monitor the net debt balance whilst ensuring appropriate funding is available to support the capital programme.

Attachments

N/A

PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2026

To: Finance and Policy Committee

Meeting Date: Tuesday 18 August 2026

From: Rhiannon Suter, Manager – Strategy, Policy and Engagement
Jaimee Botting, Manager – Financial Planning

Approved: Patricia Christie - Group Manager - Finance and Assurance

Approved Date: Thursday 13 August 2026

Open Agenda: Yes

Purpose and Summary

This report provides the Finance and Policy Committee with an overview of performance, including financial performance for the year ended 30 June 2026 ahead of the completion of the 2025/2026 Annual Report.

Recommendations

That the Finance and Policy Committee:

1. Receives the report "Performance report for the year ended 30 June 2026".
2. Notes that 82 of 116 (71%) of the performance measures have been achieved. This compares to 66% in Quarter Three of 2025/2026 and 71% for 2024/2025.
3. Notes that five of the 17 activities have a year-end net operating financial performance variance lower than budget by more than 5%. This is lower than the seven reported 2024/2025.
4. Notes the performance report contains provisional results for the year and is not the draft Annual Report. Year-end review and adjustments including selected annual asset revaluations, the inclusion of Council's share of WasteNet and various balance sheet adjustments are still to be reflected.

Background

The Quarterly Performance Report provides a snapshot of performance in service delivery, including financial performance which underpins this delivery. The Quarter Four report provides a provisional overview of the results for the financial year ended 30 June 2026.

The financial performance results provided in this report are the current numbers at the time of reporting. A number of processes necessary to complete the Annual Report financials have not yet been completed, most notably selected annual asset revaluations, the inclusion of Council's share of WasteNet and various balance sheet adjustments. As this is the last report for the 2025/2026 financial year, the figures in this report have been prepared on an accrual basis compared to the prior reports which are with an invoice processed focus. This means invoices for work completed in June 2026 of which the invoice is not raised, received or processed until July 2026, are included in the June 2026 numbers.

Within the report, terminology is used referring to "Plan" and "Budget". "Plan" represents the numbers held in the Long-term Plan (if the year is the first year of a Long-term Plan cycle) or Annual Plan (if the year is the second or third year of a Long-term Plan cycle). The Plan numbers are set at the start of the year and cannot be changed during the year. These numbers are also used in the Annual Report at the end of each year. Budget represents the numbers held in the above "Plan" and also includes any large adjustments submitted or approved by Council. It does not represent a forecast position but an approved budget position.

Issues

Management of the Business

At a high level there are a number of key metrics across performance to particularly consider.

- Service performance – at the end of 2025/2026, 64% of levels of service set by Council¹ have been achieved. This is against an annual target of 80%.
- Capital programme delivery - 96% of the budgeted capital programme for the year had been delivered. Expenditure during Quarter Four continued the step up in delivery as expected with \$28.1 million for the quarter compared to the first three quarters of \$51.3 million. Projects tracking below budget include Parks and Reserves general renewals including Queens Park connection to Te Unua work (\$0.9 million), Splash Palace changing rooms modifications (\$0.8 million) and Bluff wastewater treatment plant consent upgrades (\$0.4 million). These projects had a delayed start and that funding will be spent in 2026/2027.
- Financial performance – At the end of the financial year, operational surplus excluding depreciation was \$36.2 million, -2% of the Annual Plan and +2% of the Budget (Annual Plan + Additional budget decisions). This is against a target of +/- 5%.

Service performance

The 2024–2034 Long-term Plan identified 40 levels of service and 116 measures against which performance would be measured for its activities.

The levels of service identify areas of performance Council wanted to provide to its community and the measures are performance indications as to whether the levels of service have been achieved.

¹ As opposed to those set by DIA

Of the 40 levels of service, 21 (53%) have been met 2025/2026.

Council successfully delivered on 82 of the 116 (71%) performance measures for the 2025/2026 year, above Quarter Three levels of 66% and in line with 2024/2025 levels (71%).

Water

Each of the four drinking water quality standards (bacterial, protozoal, microbiological monitoring zone – Invercargill and Bluff) achieved the 100% target.

Water loss was 17.3%, well under the 30% target.

Response and resolution times to urgent and non-urgent call outs were all under the targets set by a significant margin.

1.58 complaints per 1000 households were received, well under the target of under 10 per 1000 households. The network is performing as expected.

This was in line with performance for 2024/2025.

Stormwater

Performance for stormwater has achieved all the targets set for 2025/2026.

There have been no flooding events and no properties impacted and as a result there were no response times to flood events which exceeded one hour. Council has been compliant with resource consents for discharge. There were 1.8 complaints about performance of the stormwater system per 1000 properties, under the target of less than four complaints per 1000 properties.

This was in line with performance for 2024/2025.

Sewerage

Performance for sewerage has achieved all the targets set for 2025/2026.

1.08 complaints per 1000 properties about dry weather sewerage overflows were received, under the target for under four per 1000 properties. Council has complied with its resource consent conditions. The median response and resolution times to sewerage overflows were all significantly under the target time set.

This was in line with performance for 2024/2025.

Roading

Performance for roading has achieved all the targets set for 2025/2026.

The number of road fatalities and serious injuries was lower than the previous year (one fatality and 11 serious injuries, compared to six fatalities and 18 serious injuries). The number of crashes involving intersections was also lower.

The average quality of ride (smooth travel exposure) met the target of being higher than the previous annual average.

The target for sealed road resurfacing and for quality standards for footpaths have both been met.

Targets for response times to service requests have been met: 93% within five business days compared to the target of 75%.

This is a significant improvement in performance on 2024/2024 where only 50% of roading performance measures were met.

Solid Waste Management

50% of performance measures (two of four) for solid waste management have been met.

Recovery of recyclable materials has achieved the target (4910 tonnes compared to 4800 tonnes target). 33% of waste has been diverted from landfill, above the 30% target and an improvement on 31% achieved in 2024/2025, although still below the 34% achieved in 2023/2024.

Two areas of performance were not met. The recycling rate per person was 54kg against a target of 56kg, although this is an improvement on the position for 2024/2025.

Kerbside waste sent to landfill remains stubbornly high above target with little movement on previous years (21,041 tonnes against a target of 17,000 tonnes).

Overall, this is an improvement on performance for 2024/2025 where only 25% of KPIs were achieved.

Parks and Reserves

Half of performance targets for Parks and Reserves were achieved.

Queens Park has retained its accreditation as a Garden of National Significance, the number of park users are above target, with over a million parks visits a year, although this is a decrease on both previous years, reflecting the impact of storm damage on parks closures.

Satisfaction with parks and reserves has not hit the 80% target but has increased from previous years to 78%.

Targets for response times to urgent requests were not met (69% compared to a 90% target). Again, this measure was impacted by the storm event. The number of partnerships has not increased although is close to target – 13 compared to 15.

Performance has declined slightly on 2024/2025 with one fewer measure achieved.

Libraries

75% (three of four) Libraries performance targets have been achieved.

Targets for the number of users has been achieved with 588,847 visitors against a half million target. Satisfaction with the service has also met the 85% target (89% compared to 75% in 2024/2025).

The percentage of the collection added within the last five years has not met the target (50% compared to 60%) although as previously reported there are data challenges with this KPI and it will be revised for the next Long-term Plan.

Performance has improved in comparison to 2024/2025 where two of four targets were achieved.

Aquatic Services

Four of seven of performance targets for Aquatic Services have been achieved.

Participation (392,000 visits per year) while it is up on 2024/2025 (despite closures related to the storm and mechanical failure) is still not at the 400,000 visits per year target.

Satisfaction with the pool just missed the target of 75% (73% satisfaction significantly up on 65% in 2024/2025).

The unplanned pool closure target was missed by a significant margin, linked both to faecal incidents and plant failure. Increased signage on swim nappies is being introduced.

Learn to Swim participation, pool water quality and availability of lanes for public swimming targets were all achieved.

Arts and Culture

Visitor numbers (24,100) and satisfaction (65%) with He Waka Tuia were both above target and both higher than 2024/2025 results.

Twelve exhibits were shown hitting the target for the year.

Targets for Te Pātaka Taoka Southern Regional Collections Facility were not met as the targets were put in place prior to the facility being opened and the measures were not relevant.

The performance measures for Te Unua – Museum of Southland will commence when the facility opens.

Venue Services

Twelve of the 21 performance targets for venues were achieved.

For the Civic Theatre, the auxiliary rooms occupancy rate was up on 2024/2025 (34% compared to 27%), however the 40% target was not achieved.

Target rates for Civic Theatre main auditorium occupancy and hireage for national/international shows were hit while other categories were missed.

Satisfaction with the service was achieved (88% compared to 71% in 2024/2025).

For the Scottish Hall, occupancy (40%) exceeded the 33% target, and the hireage rates for the primary market (local not for profit) were achieved (71 compared to a target of 55 or over, slightly down on the 82 bookings in the previous year). Other hireage rates are less relevant for the hall.

Satisfaction was in line with the previous year and the target was not achieved (52% against a 60% target).

Rugby Park occupancy targets were achieved (17% against an 8% target and up on the 12% achieved in 2024/2025). Satisfaction targets were also achieved 41% against the 40% target, up on 34% satisfaction in 2024/2025.

Usage numbers across all venues achieved 78,300 against a 70,000 target although down on the 87,135 in 2024/2025, which itself was a decline on the previous year. The decline may be linked to continued cost of living pressures and broader conditions within the hospitality sector.

Public Transport

Three of the four public transport performance targets were achieved.

55% of residents were satisfied with the price of the bus service, against a 60% target, a result in line with increased bus fares over the period.

The number of users (153,700) exceeded the 145,000 targets but is down on the number of travellers in 2024/2025 (160,700).

Satisfaction with the quality of service was significantly up on the previous year (72% compared to 55%), both above the 45% target.

Elderly Persons Housing

Three performance targets were achieved (the rate of regular inspections, occupancy rate and response times to urgent requests) but the response time to non-urgent requests for service target was missed by a small margin 99.75% against a 100% target). The vast majority of requests were responded to significantly faster than the target.

Democratic Process

Two of three targets were achieved.

The satisfaction with opportunity for involvement in decision making was up on 2024/2025 (33% compared to 23% satisfaction) and hit the 25% target.

Seventy-three activities were supported by the Community Wellbeing Fund, in line with 2024/2025 result and above the target of 40 activities.

Voter participation in the election declined on the previous election (46% compared to 52%) and did not meet the target. Invercargill participation remains high for an urban Council.

Regulatory Services

Three of nine regulatory services performance targets were achieved.

99% of building consents were issued within the timeframe, just missing the 100% target set and in line with 2024/2025 results. 94% of code compliance certificates were issued within the period, compared to 97% in 2024/2025 and missing the 100% target.

Across all consent types, volumes were broadly on par with the 2024/2025 financial year. Residential consents continued to make up the majority of applications, although a slight decrease in residential consent numbers was observed compared with the previous year. Code Compliance Certificate volumes were higher than in the previous two years, resulting in an increased number of inspections being carried out. Overall, consent activity remains consistent with wider industry trends, indicating a relatively steady level of development activity.

94% of alcohol licences were granted in the required period, down on the 100% target, which was the result achieved in 2024/2025. This has been driven by an increase in the time in which the public has to object and a change in the way the data is reported.

97% of food premises were registered within the time period, compared to the 100% target which was achieved in 2024/2025.

100% of non-notified resource consents were granted within the timeframe in line with the target and level achieved in 2024/2025.

100% of LIM reports were issued on time, a significant improvement on the 86% rate achieved in 2024/2025.

Council Heritage Fund have been paused in 2025/2026 as a cost saving measure and no eligible application were received.

Satisfaction with service (62%) was up on 2024/2025 (58%) and above the 50% target. Satisfaction with the building or resource consent process however was down (46% compared to 52%) and did not achieve target.

Corporate Services

Three of five performance targets were achieved for Corporate Services.

The number of suppliers paid on time declined on 2024/2025 and missed the 90% target (85%). This was as a result of staffing gaps and a number of contested invoices.

The performance target for Bluff Customer Service was missed as a result of closures to the service centre caused by the storm event. 100% access to the call centre was maintained and face to face service maintained in Invercargill with no impact from the storm.

97% of requests for service were closed on time above the 84% target.

Property services

Five of seven Property Services targets were achieved.

Satisfaction with public toilets increased on 2024/2025 (54% compared to 36%) but did not hit the 60% target.

Availability of public toilets continues for the second year to be an issue with 89% availability compared to 91% in 2024/2025 against a 95% target. This was caused by refurbishment and public toilets within some parks being closed as a result of the storm.

All building warrant of fitness, condition assessments and asbestos management plans were in place. All requests for service were responded to within the required timeframe.

Investments

All Investments performance targets were met. Occupancy rates and returns were achieved for investment property.

Interest and dividend return targets were hit for the other investments.

Financial Performance (Interim)

The financial performance results provided are interim numbers and current at the time of reporting. A number of processes necessary to complete the Annual Report financials have not yet been completed, most notably selected annual asset revaluations, the inclusion of Council's share of WasteNet and various balance sheet adjustments.

For the year to 30 June 2026, excluding depreciation, Council had a net operating surplus of \$36.2 million. This is \$0.7 million better than budget of \$35.5 million and lower by \$0.8 million compared to the Annual Plan of \$37.0 million.

Including depreciation, Council had a net operating deficit for the year of \$6.6 million. This is \$0.1 million lower than the \$6.5 million deficit budgeted and \$5.3 million better than the Annual Plan deficit for the year of \$11.9 million.

Total revenue for the year to 30 June 2026 was \$144.9 million, lower than budget by \$1.9 million. Subsidy revenue received for capital projects was lower for the year due to timing differences of grants received for the Te Unua project.

Fees and charges were lower due to:

- A. Commercial water consumption levels and Trade waste volumes continue to decrease as businesses adjust behaviour in response to economic conditions.
- B. Transfer stations volumes are lower due to more waste going directly to landfill rather than through the transfer Stations.
- C. Aquatic Retail and cafe sales were lower than expected as customers adjust behaviour due to economic conditions. This was partly offset by higher revenue received from State Highway maintenance recovery revenue received from NZTA, insurance recovery and sale of sundry minor assets.

Total revenue is currently lower than the Annual Plan by \$3.2 million. This is due Council's share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process. Other addition offsets included increased revenue from forestry harvesting due to the additional harvest from the wind throw caused by strong winds in quarter one and additional subsidy revenue received from NZTA for Total Mobility and Local Roads Pothole Prevention fund.

Total expenditure for the year to 30 June 2026 was \$151.5 million, lower than budget by \$1.8 million. Expenditure is lower than budget for the year due to lower reactive maintenance required as a result of improved schedule maintenance and reduced use of consultancy services. This has been offset by lower staff cost allocations to Infrastructure projects.

Total expenditure is currently lower than Annual Plan by \$8.6 million. This is due to the reasons above as well as a system adjustment required to depreciation to correct the depreciation rates on water assets which was overstated and identified during the 2024/2025 Annual Report. Councils share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process.

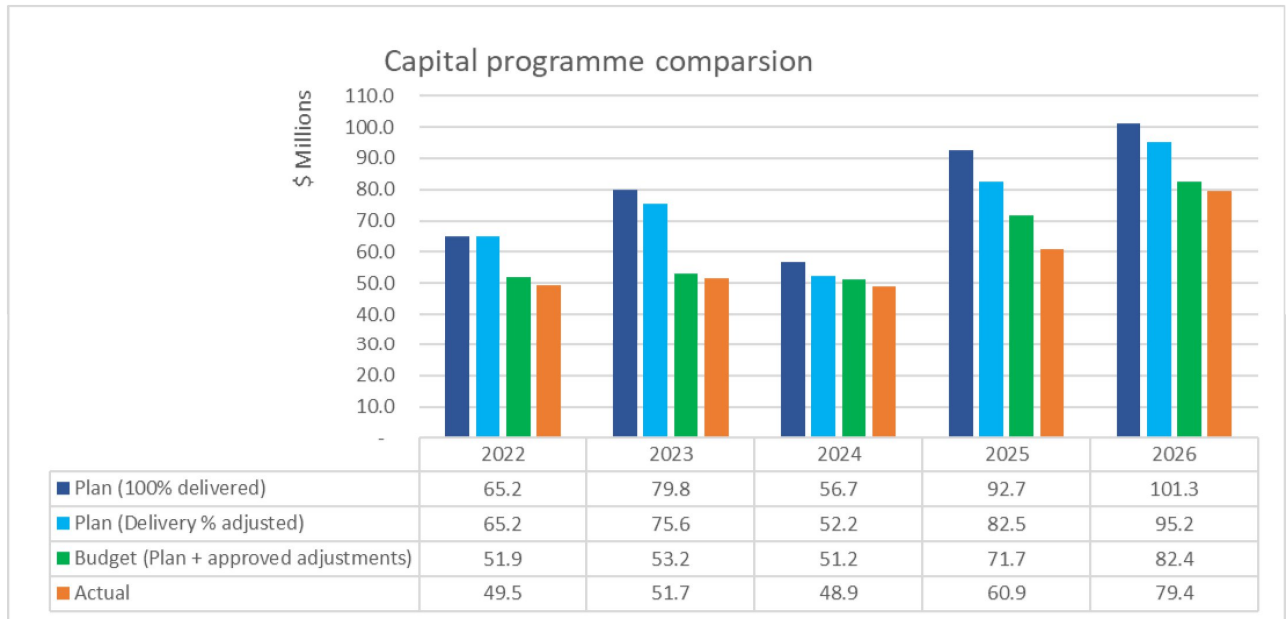
From an activity view, five of the 17 activities' net operating financial performance were lower than budget by more than 5% variance. The is better than last year where seven of the 17 activities were below. These include:

- Solid Waste – Waste Levy and Transfer Station revenues are both lower due to lower volumes as more waste is going direct to Landfill rather than through Transfer Station. This is partly offset by lower landfill costs.
- Libraries – Expenses were higher than budget due to the higher staffing and maintenance costs.
- Investments – Higher interest costs generated by higher net debt borrowing balance for the activity than planned.
- Property Services – Lower subsidy revenue for Te Unua project was received during the year due to timing differences of grants received.
- Corporate services – Revenue is lower than budget due to a rates revenue correction for retirement villages; lower rates penalties generated and lower revenue interest rates on non-investment / operating bank accounts. Expenditure is also higher than budget due to some of the job costing to projects has not been completed and is part of the year-end process.

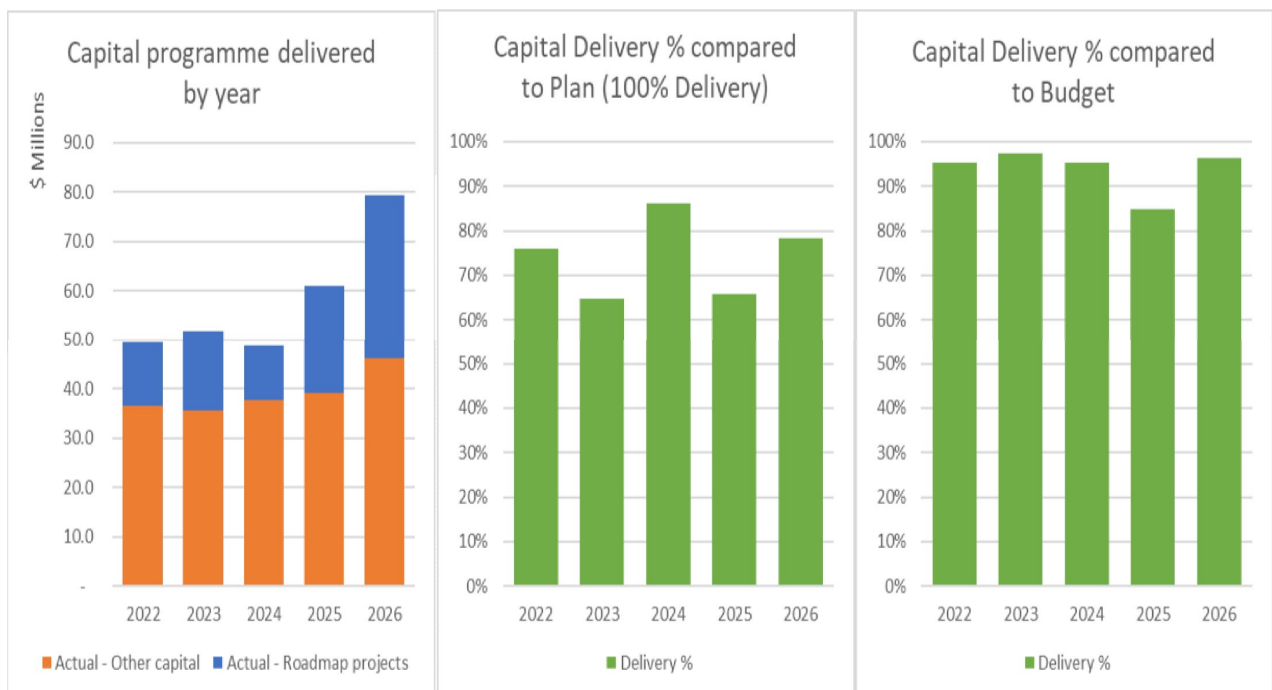
There are a number of activities that have their net operating financial performance better than budget. Some of the larger variances include:

- Water and Sewerage – Staff job costing to the Waters Transitional setup project has not been allocated to the three waters activities from the Corporate Services activity and is part of the year-end process.
- Parks and Reserves – Lower reactive maintenance has been required this year to allow focus on the October weather event and to offset recovery costs.
- Roading – Higher State Highway maintenance recovery revenue was received from NZTA and lower consultancy and maintenance costs were incurred.

Capital Delivery



Capital expenditure of \$79.4 million has been spent for the year ended 30 June 2026. This is lower than budget by \$3.1 million and is higher than last year spend by \$17.8 million. The programme has had a consistent improving delivery pattern over each quarter this year with \$13 million in Quarter One, \$23 million in Quarter Two, \$15 million in Quarter Three (noting the Christmas/summer limited work period) and \$28 million in Quarter Four. Both Quarter One and Two were improvements on delivery compared to last year with Quarter Three and Four at the same level as last year.



Projects that have tracked below budget for the year include:

- Parks and Reserves general renewals (\$0.9 million). This includes the Queens Park connection to Te Unua project which is currently working through procurement process with the project underway in 2026/2027. Other renewals have been delayed due to the focus on October 2025 weather event recovery.
- Splash Palace changing rooms modifications (\$0.8 million). Designs have been received and the targeted work start is now Quarter One 2026/2027.
- Bluff wastewater treatment plant consent upgrades (\$0.4 million). WEPS standards have been released, and consent options are being reviewed with procurement plans for next phase progressing.

As signalled at the time of adoption of the Long-term Plan and the Annual Plan, Council's capital programme is a step change from the historic trend of Council. This is being driven both by renewals in the horizontal infrastructure as the system ages and by Council's more ambitious project programme. Council's delivery is increasing but again not fast enough to keep pace with the planned programme of \$101.3 million for 2025/2026 of which 78% was delivered. The capital works within the budget of \$82.5 million that was not spent/delivered will be reviewed along with the current proposed programme for 2026/2027 and future years to realign to what can be delivered each year.

Roadmap to Renewal Projects

Te Unua Museum of Southland continues to make strong progress, with Naylor Love maintaining consistent momentum across the site. Completion of the building structure remains on track for September 2026, with no major risks currently identified. Gibson International has successfully achieved the design freeze milestone, with final design and procurement activities now well advanced. The Te Unua team continues to progress the curatorial and collections work programme, alongside ongoing design and content development in collaboration with Gibson International.

City Streets Upgrade has been stopped with the Wachner Clock project no longer progressing. Council are considering an alternative location to house the clock.

The Bluff Boat ramp boat is operational, and the construction of the toilet and fish preparation facility has been completed.

CCTV Stage Two and City Centre Masterplan Urban Play Space have been paused indefinitely.

Next Steps

The draft Annual Report for the 2025/2026 year is expected to be presented to the Risk and Assurance Committee on 15 September 2026 and adopted by Council on the 30 October 2026.

The next Performance Report will be for the first three months of 2026/2027 to 30 September 2026 and will be brought to the next Finance and Policy Committee in November 2026.

Attachments

1. Quarter Four Performance Report (A6558852)
2. Roadmap to Renewal – Progress to 30 June 2026 (A6553864)

A6558852



PERFORMANCE REPORT

As at 30 June 2026





PERFORMANCE REPORT

As at 30 June 2026

Contents

1 Council Performance Summary

Non Financial Performance
Financial Performance
Capital Delivery Performance

2 Activity Performance

Water
Sewerage
Stormwater
Roading
Solid Waste
Leisure, Recreation and Wellbeing Services
Corporate and Regulatory Services
Support of External Organisations

3 All Of Council Detail

Traffic Light Colour Key & Report Guide
Non Financial Performance
Financial Performance
Schedule of changes to plan (budget)





PERFORMANCE REPORT

As at 30 June 2026

Section 1 - Council Performance Summary

Non Financial Performance

Financial Performance

Capital Delivery Performance

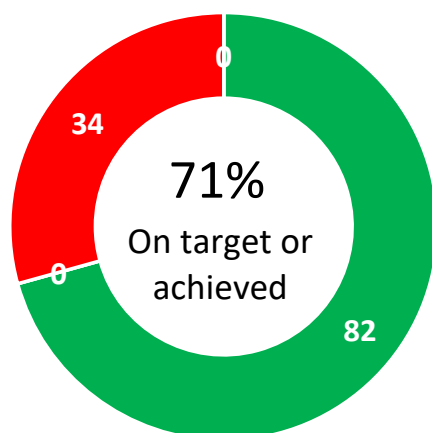


Invercargill City Council

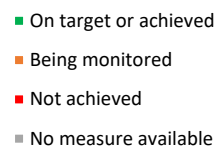
Council Summary

Non Financial Performance

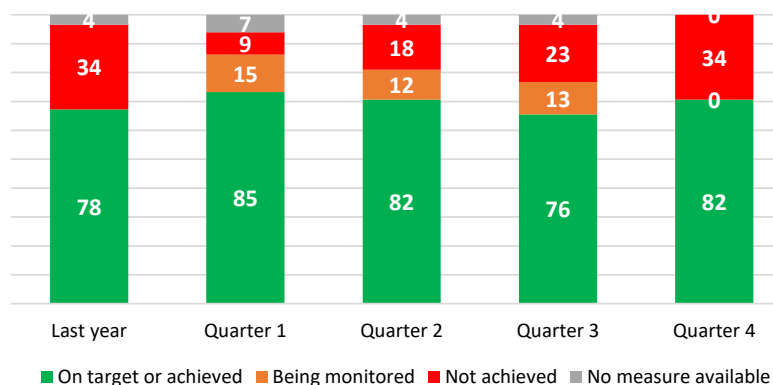
Level of Service (total 40)	On target or achieved	Being monitored	Not achieved	No measure available
	21 53%	0 0%	19 48%	0 0%



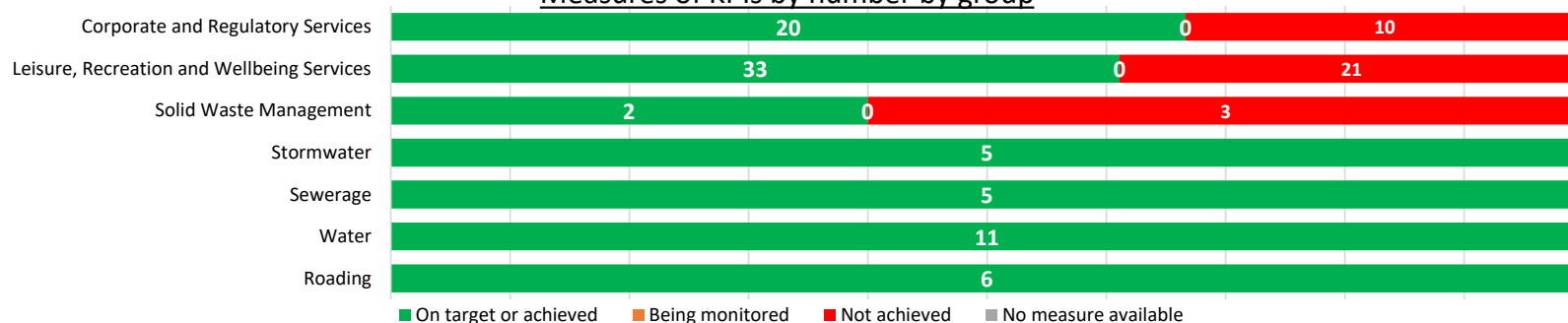
Measures of KPIs
(116 total measures)



Measures of KPIs by number by quarter



Measures of KPIs by number by group



Invercargill City Council

Council Summary

Non Financial Performance

The 2024–2034 Long-term Plan identified 40 levels of service and 116 measures against which performance would be measured for its activities. The levels of service identify areas of performance Council wanted to provide to its community and the measures are performance indications as to whether the levels of service have been achieved.

Of the 40 levels of service, 21 (53%) have been met 2025/2026. Council successfully delivered on 82 of the 116 (71%) performance measures for the 2025/2026 year, up on Quarter Three levels of 66% and similar to 2024/2025 levels (71%).

Water

Each of the four drinking water quality standards (bacterial, protozoal, microbiological monitoring zone – Invercargill and Bluff) achieved the 100% target. Water loss was 17.3%, well under the 30% target.

Response and resolution times to urgent and non-urgent call outs were all under the targets set by a significant margin. 1.58 complaints per 1000 households were received, well under the target of under 10 per 1000 households. The network is performing as expected.

This was in line with performance for 2024/2025.

Stormwater

Performance for stormwater has achieved all the targets set for 2025/2026. There have been no flooding events and no properties impacted and as a result there were no response times to flood events which exceeded 1 hour. Council has been compliant with resource consents for discharge. There were 1.8 complaints about performance of the stormwater system per 1000 properties, under the target of less than 4 complaints per 1000 properties.

This was in line with performance for 2024/2025.

Sewerage

Performance for sewerage has achieved all the targets set for 2025/2026. 1.08 complaints per 1000 properties about dry weather sewerage overflows were received, under the target for under four per 1000 properties. Council has complied with its resource consent conditions. The median response and resolution times to sewerage overflows were all significantly under the target time set. This was in line with performance for 2024/2025.

Invercargill City Council

Council Summary

Non Financial Performance

Roading

Performance for roading has achieved all the targets set for 2025/2026.

The number of road fatalities and serious injuries was lower than the previous year (one fatality and 11 serious injuries, compared to six fatalities and 18 serious injuries). The number of crashes involving intersections was also lower. The average quality of ride (smooth travel exposure) met the target of being higher than the previous annual average.

The target for sealed road resurfacing and for quality standards for footpaths have both been met. Targets for response times to service requests have been met: 93% within five business days compared to the target of 75%.

This is a significant improvement in performance on 2024/2024 where only 50% of roading performance measures were met.

Solid Waste Management

50% of performance measures (2 of 4) for solid waste management have been met.

Recovery of recyclable materials has achieved the target (4910 tonnes compared to 4800 tonnes target). 33% of waste has been diverted from landfill, above the 30% target and an improvement on 31% achieved in 2024/2025, although still below the 34% achieved in 2023/2024.

Two areas of performance were not met. The recycling rate per person was 54kg against a target of 56kg, although this is an improvement on the position for 2024/2025.

Kerbside waste sent to landfill remains stubbornly high above target with little movement on previous years (21,041 tonnes against a target of 17,000 tonnes).

Overall, this is an improvement on performance for 2024/2025 where only 25% of KPIs were achieved.

Invercargill City Council

Council Summary

Non Financial Performance

Parks and Reserves

Half of performance targets for Parks and Reserves were achieved.

Queens Park has retained its accreditation as a Garden of National Significance, number of park users are above target, with over a million parks visits a year, although this is a decrease on both previous years, reflecting the impact of storm damage on parks closures.

Satisfaction with parks and reserves has not hit the 80% target but has increased from previous years to 78%. Targets for response times to urgent requests were not met (69% compared to a 90% target). Again this measure was impacted by the storm event. The number of partnerships has not increased although is close to target – 13 compared to 15.

Performance has declined slightly on 2024/2025 with one fewer measure achieved.

Libraries

75% (3 of 4) Libraries performance targets have been achieved.

Targets for the number of users has been achieved with 588,847 visitors against a half million target. Satisfaction with the service has also met the 85% target (89% compared to 75% in 2024/2025). The percentage of the collection added within the last five years has not met the target (50% compared to 60%) although as previously reported there are data challenges with this KPI and it will be revised for the next Long-term Plan.

Performance has improved in comparison to 2024/2025 where 2 of 4 targets were achieved.

Aquatic Services

4 of 7 of performance targets for Aquatic Services have been achieved.

Participation (392,000 visits per year) while it is up on 2024/2025 (despite closures related to the storm and mechanical failure) is still not at the 400,000 visits per year target. Satisfaction with the pool just missed the target of 75% (73% satisfaction significantly up on 65% in 2024/2025). The unplanned pool closure target was missed by a significant margin, linked both to faecal incidents and plant failure.

Invercargill City Council

Council Summary

Non Financial Performance

Increased signage on swim nappies is being introduced. Learn to Swim participation, pool water quality and availability of lanes for public swimming targets were all achieved.

Arts and Culture

Visitor numbers (24,100) and satisfaction (65%) with He Waka Tuia were both above target and both higher than 2024/2025 results. 12 exhibits were shown hitting the target for the year.

Targets for Te Pātaka Taoka Southern Regional Collections Facility were not met as the targets were put in place prior to the facility being opened and the measures were not relevant. The performance measures for Te Unua – Museum of Southland will commence when the facility opens.

Venue Services

Twelve of the 21 performance targets for venues were achieved.

For the Civic Theatre, the auxiliary rooms occupancy rate was up on 2024/2025 (34% compared to 27%), however the 40% target was not achieved. Target rates for Civic Theatre main auditorium occupancy and hireage for national/ international shows were hit while other categories were missed. Satisfaction with the service was achieved (88% compared to 71% in 2024/2025).

For the Scottish Hall, occupancy (40%) exceeded the 33% target, and the hireage rates for the primary market (local not for profit) were achieved (71 compared to a target of 55 or over, slightly down on the 82 bookings in the previous year). Other hireage rates are less relevant for the hall. Satisfaction was in line with the previous year and the target was not achieved (52% against a 60% target).

Rugby Park occupancy targets were achieved (17% against a 8% target and up on the 12% achieved in 2025/2025). Satisfaction targets were also achieved 41% against the 40% target, up on 34% satisfaction in 2024/2025.

Invercargill City Council

Council Summary

Non Financial Performance

Usage numbers across all venues achieved 78,300 against a 70,000 target although down on the 87,135 in 2024/2025, which itself was a decline on the previous year. The decline may be linked to continued cost of living pressures and broader conditions within the hospitality sector.

Public Transport

Three of the four public transport performance targets were achieved.

55% of residents were satisfied with the price of the bus service, against a 60% target, a result in line with increased bus fares over the period. The number of users (153,700) exceeded the 145,000 target but is down on the number of travellers in 2024/2025 (160,700). Satisfaction with the quality of service was significantly up on the previous year (72% compared to 55%), both above the 45% target.

Elderly Persons Housing

Three performance targets were achieved (the rate of regular inspections, occupancy rate and response times to urgent requests) but the response time to non-urgent requests for service target was missed by a small margin 99.75% against a 100% target). The vast majority of requests were responded to significantly faster than the target.

Democratic Process

Two of three targets were achieved.

The satisfaction with opportunity for involvement in decision making was up on 2024/2025 (33% compared to 23% satisfaction) and hit the 25% target. 73 activities were supported by the Community Wellbeing Fund, in line with 2024/2025 result and above the target of 40 activities. Voter participation in the election declined on the previous election (46% compared to 52%) and did not meet the target. Invercargill participation remains high for an urban Council.

Invercargill City Council

Council Summary

Non Financial Performance

Regulatory Services

Three of nine regulatory services performance targets were achieved.

99% of building consents were issued within the timeframe, just missing the 100% target set and in line with 2024/2025 results. 94% of code compliance certificates were issued within the period, compared to 97% in 2024/2025 and missing the 100% target.

Across all consent types, volumes were broadly on par with the 2024/2025 financial year. Residential consents continued to make up the majority of applications, although a slight decrease in residential consent numbers was observed compared with the previous year. Code Compliance Certificate volumes were higher than in the previous two years, resulting in an increased number of inspections being carried out. Overall, consent activity remains consistent with wider industry trends, indicating a relatively steady level of development activity.

94% of alcohol licences were granted in the required period, down on the 100% target, which was the result achieved in 2024/2025. This has been driven by an increase in the time in which the public has to object and a change in the way the data is reported. 97% of food premises were registered within the time period, compared to the 100% target which was achieved in 2024/2025.

100% of non-notified resource consents were granted within the timeframe in line with the target and level achieved in 2024/2025. 100% of LIM reports were issued on time, a significant improvement on the 86% rate achieved in 2024/2025.

Heritage fund targets were not met as the fund is on pause as a cost saving measure.

Satisfaction with service (62%) was up on 2024/2025 (58%) and above the 50% target. Satisfaction with the building or resource consent process however was down (46% compared to 52%) and did not achieve target.

Invercargill City Council

Council Summary

Non Financial Performance

Corporate Services

Three of five performance targets were achieved for Corporate Services. The number of suppliers paid on time declined on 2024/2025 and missed the 90% target (85%). This was as a result of staffing gaps and a number of contested invoices.

The performance target for Bluff customer service was missed as a result of closures to the service centre caused by the storm event. 100% access to the call centre was maintained and face to face service maintained in Invercargill with no impact from the storm.

97% of requests for service were closed on time above the 84% target.

Property services

Five of seven Property Services targets were achieved.

Satisfaction with public toilets increased on 2024/2025 (54% compared to 36%) but did not hit the 60% target. Availability of public toilets continues for the second year to be an issue with 89% availability compared to 91% in 2024/2025 against a 95% target. This was caused by refurbishment and public toilets within some parks being closed as a result of the storm.

All building warrant of fitness, condition assessments and asbestos management plans were in place. All requests for service were responded to within the required timeframe.

Investments

All Investments performance targets were met. Occupancy rates and returns were achieved for investment property.

Interest and dividend return targets were hit for the other investments.

Invercargill City Council

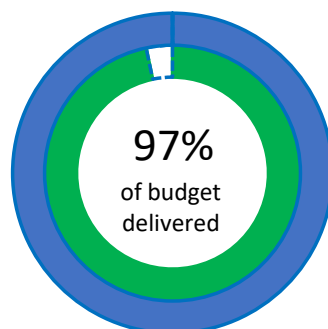
Council Summary

Financial Performance

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$36.2 million	\$35.5 million	\$0.7 million	\$35.5 million	\$37 million	\$-1.5 million

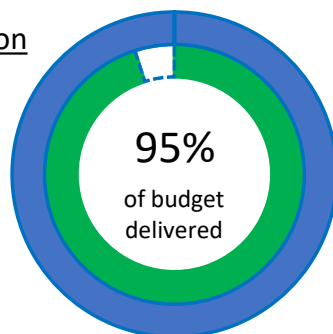
Operating Revenue against budget

Actual Budget



Operating Expense excluding depreciation against budget

Actual Budget



Net operating surplus By activity excluding depreciation	YTD Act vs Bud Variance (\$000)	Full Year Bud vs Plan Variance (\$000)
Infrastructure		
Water	+ 746	+ 7,292
Sewerage	+ 800	+ 8,472
Stormwater	+ 336	+ 4,044
Roading	+ 813	+ 10,603
Solid Waste	- 121	+ 901
Leisure, Recreation and Wellbeing Services		
Aquatic Services	- 7	- 222
Arts, Culture and Heritage	+ 391	+ 1,630
Elderly Persons Housing	+ 683	- 204
Libraries	- 56	+ 441
Public Transport	+ 301	+ 110
Parks and Reserves	+ 1,529	- 1,698
Venues and Events Services	+ 159	- 78
Corporate and Regulatory Services		
Democratic Process	+ 462	+ 64
Regulatory Services	+ 316	+ 1,677
Investments	- 944	+ 3,083
Property Services	- 539	+ 4,126
Corporate Services	- 4,192	- 4,768
Total ICC	+ 677	+ 35,473

Variance Colour Key:	Less than 90%	Between 90%-95%	95% or greater
----------------------	---------------	-----------------	----------------

Invercargill City Council

Council Summary

Financial Performance

The financial performance results provided are interim numbers and current at the time of reporting. A number of processes necessary to complete the Annual Report financials have not yet been completed, most notably selected annual asset revaluations, the inclusion of Council's share of WasteNet and various balance sheet adjustments.

For the year to 30 June 2026, excluding depreciation, Council had a net operating surplus of \$36.2 million. This is \$0.7 million better than budget of \$35.5 million and lower by \$0.8 million compared to the Annual Plan of \$37.0 million.

Including depreciation, Council had a net operating deficit for the year of \$6.6 million. This is \$0.1 million lower than the \$6.5 million deficit budgeted and \$5.3 million better than the Annual Plan deficit for the year of \$11.9 million.

Total revenue for the year to 30 June 2026 was \$144.9 million, lower than budget by \$1.9 million.

Subsidy revenue received for capital projects was lower for the year due to timing differences of grants received for the Te Unua project. Fees and charges were lower due to A) Commercial water consumption levels and Trade waste volumes continue to decrease as businesses adjust behaviour in response to economic conditions; B) Transfer stations volumes are lower due to more waste going directly to landfill rather than through the transfer Stations; C) Aquatic Retail and cafe sales were lower than expected as customers adjust behaviour due to economic conditions. This was partly offset by higher revenue received from State Highway maintenance recovery revenue received from NZTA, insurance recovery and sale of sundry minor assets.

Total revenue is currently lower than the Annual Plan by \$3.2 million. This is due Council's share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process. Other addition offsets included increased revenue from forestry harvesting due to the additional harvest from the wind throw caused by strong winds in Quarter one and additional subsidy revenue received from NZTA for Total Mobility & Local Roads Pothole Prevention fund.

Total expenditure for the year to 30 June 2026 was \$151.5 million, lower than budget by \$1.8 million. Expenditure is lower than budget for the year due to lower reactive maintenance required as a result of improved schedule maintenance and reduced use of consultancy services. This has been offset by lower staff cost allocations to Infrastructure projects.

Total expenditure is currently lower than Annual Plan by \$8.6 million. This is due to the reasons above as well as a system adjustment required to depreciation to correct the depreciation rates on water assets which was overstated and identified during the 2024/2025 Annual report. Councils share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process.

Invercargill City Council

Council Summary

Financial Performance

From an activity view, five of the 17 activities' net operating financial performance were lower than budget by more than 5% variance. The is better than last year where seven of the 17 activities were below. These include:

Solid Waste – Waste Levy & Transfer Station revenues are both lower due to lower volumes as more waste is going direct to Landfill rather than through Transfer Station. This is partly offset by lower landfill costs.

Libraries – Expenses were higher than budget due to the higher staffing and maintenance costs.

Investments – Higher interest costs generated by higher net debt borrowing balance for the activity than planned.

Property Services – Lower subsidy revenue for Te Unua project was received during the year due to timing differences of grants received.

Corporate services – Revenue is lower than budget due to a rates revenue correction for retirement villages; lower rates penalties generated and lower revenue interest rates on non-investment / operating bank accounts. Expenditure is also higher than budget due to some of the job costing to projects has not been completed and is part of the year-end process.

There are a number of activities that have their net operating financial performance better than budget. Some of the larger variances include:

Water & Sewerage – Staff job costing to the Waters Transitional setup project has not been allocated to the three waters activities from the Corporate Services activity and is part of the year-end process.

Parks and Reserves – Lower reactive maintenance has been required this year to allow focus on the October weather event and to offset recovery costs.

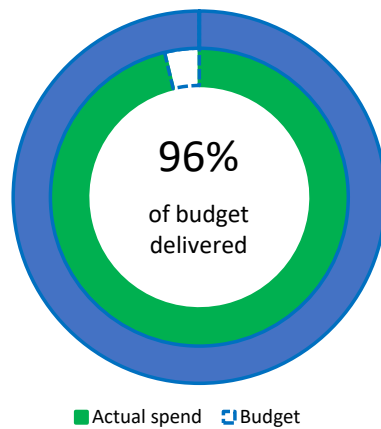
Roading – Higher State Highway maintenance recovery revenue was received from NZTA and lower consultancy and maintenance costs were incurred.

Invercargill City Council

Council Summary

Capital Delivery Performance

Capital spend against budget



Actual spend to date

\$79.4 million

Total Budget for year

\$82.5 million

Total Plan (100% Delivery)

\$101.3 million

Estimated Delivery % for year

81% Budget vs 100% Plan

94% Plan Delivery %

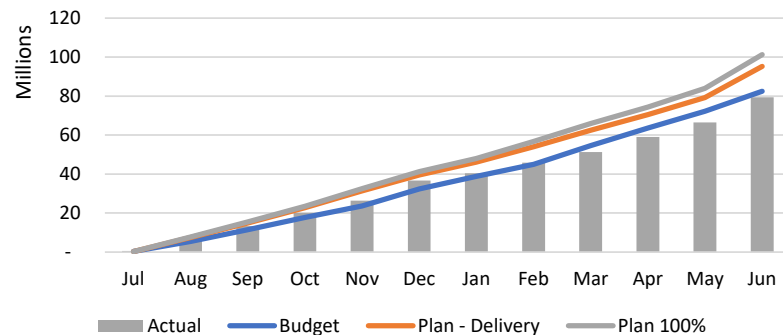
Capital expenditure of \$79.4 million has been spent for the year ended 30 June 2026. This is lower than budget by \$3.1 million and is higher than last year spend by \$17.8 million. The programme has had a consistent improving delivery pattern over each quarter this year with \$13 million in quarter one, \$23 million in quarter two, \$15 million in quarter three (noting the Christmas/summer limited work period) and \$28 million in quarter four. Both Quarter one and two were improvements on delivery compared to last year with quarter three and four at the same level as last year.

Projects that have tracked below budget for the year include:

Parks & Reserves general renewals (\$0.9 million). This includes the Queens Park connection to Te Unua project which is currently working through procurement process with the project underway in 2026/2027. Other renewals have been delayed due to the focus on October weather event recovery.

Splash Palace changing rooms modifications (\$0.8 million). Designs have been received and the targeted work start is now quarter one 2026/2027.

Bluff wastewater treatment plant consent upgrades (\$0.4 million). WEPS standards have been released and consent options are being reviewed with procurement plans for next phase progressing.





PERFORMANCE REPORT

As at 30 June 2026

Section 2 - Activity Performance

Water

Sewerage

Stormwater

Roading

Solid Waste

Leisure, Recreation and Wellbeing Services

Aquatic Services

Arts, Culture and Heritage

Elderly Persons Housing

Libraries

Public Transport

Parks and Reserves

Venues and Events Services

Corporate and Regulatory Services

Democratic Process

Regulatory Services

Investments

Property Services

Corporate Services

Support of External Organisations



Wai

Water

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (11 total measures)

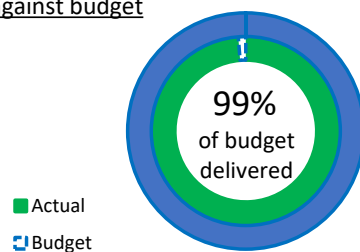
- On target or achieved
- Being monitored
- Not achieved
- No measure available

All Water performance measures are set by the DIA and have been met in 2025/2026. Performance was in line with 2024/2025 results.

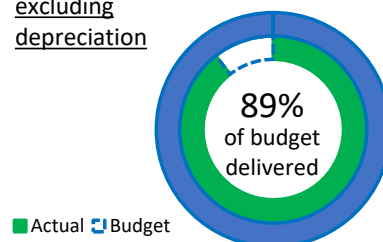
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$8.0 millions	\$7.3 millions	+\$0.7 millions	\$7.3 millions	\$0.0 millions	+\$7.3 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



Council ensures the supply of safe, clean, and reliable drinking water to homes, businesses, and public facilities compliant with all relevant regulations. Expenses came in lower than expected due to a focus on renewal work through the maintenance contract. Revenue was lower than annual plan due to volumes falling over last three years, likely caused by fee increases.

Waikeri

Sewerage

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (5 total measures)

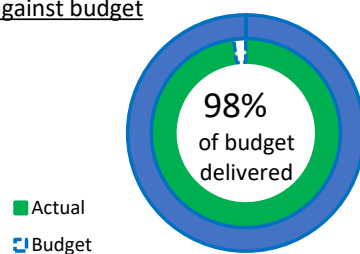
- On target or achieved
- Being monitored
- Not achieved
- No measure available

All Sewerage performance measures are set by the DIA and have been met in 2025/2026. Number of complains and response and resolution times have remained under their respective target levels.

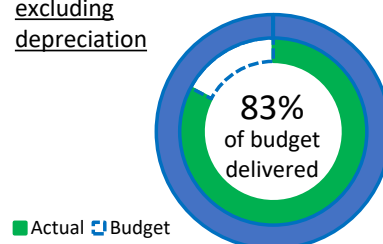
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$9.3 millions	\$8.5 millions	+\$0.8 millions	\$8.5 millions	\$0.0 millions	+\$8.5 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



Council manages the collection, treatment, and disposal of wastewater to protect public health and the environment compliant with all relevant regulations. Expenses were lower than budget with no major repairs required this year. Revenue was lower than Annual Plan, however volumes were stable and above last year.

Wai tupuhi

Stormwater

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (5 total measures)

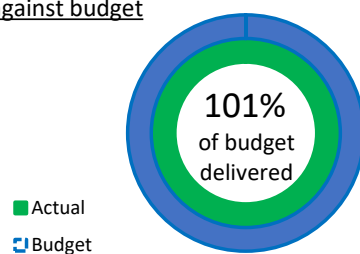
- On target or achieved
- Being monitored
- Not achieved
- No measure available

All Stormwater performance measures are set by the DIA and have been met in 2025/2026. There have been no flooding events and no properties impacted.

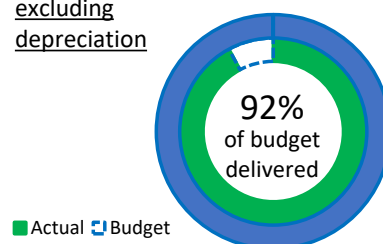
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$4.4 millions	\$4.0 millions	+\$0.3 millions	\$4.0 millions	\$0.0 millions	+\$4.0 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



Council maintains stormwater systems to reduce flooding, manage runoff, and protect waterways from pollution compliant with all relevant regulations. Overall non internal expenses are as budgeted.

Ratonga rori

Roading Services

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (6 total measures)

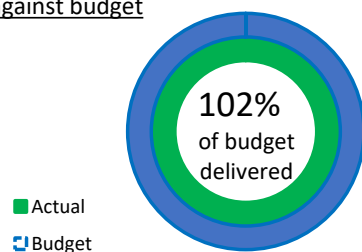
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Roading performance achieved all targets for 2025/26. There were fewer fatality and serious injury crashes than the previous year, and a reduction in intersection-related crashes. The average quality of ride exceeded the target. Targets for sealed road resurfacing, footpath quality, and service request response times were also met, with 93% of requests responded to within five business days against a target of 75%.

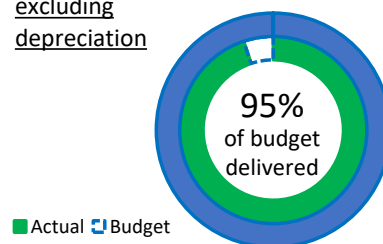
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$11.4 millions	\$10.6 millions	+\$0.8 millions	\$10.6 millions	\$0.0 millions	+\$10.6 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



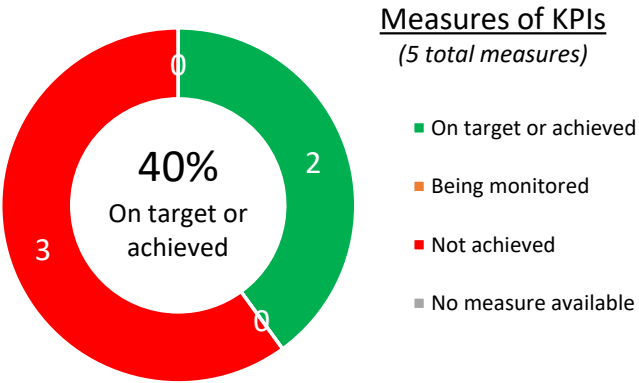
Council plans, builds, and maintains the local roading network to ensure safe, efficient, accessible transport for all users, compliant with all relevant regulations and in partnership with NZTA/Waka Kotahi.

The Roding maintenance program increased in the later periods of the financial year with resurfacing work occurring in Mar-May. This means larger costs are incurred during these periods and subsidy received increased as a result. Overall expenses were higher than budget due a unbudgeted rebate from Ocean Beach being received.

Para

Solid Waste Management

Non Financial Performance - Summary as at 30 June 2026

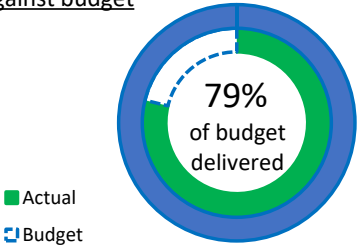


Overall performance has improved slightly on 2024/2025. Performance was strong in waste diversion and recycling recovery, with 4,910 tonnes of recyclable materials recovered against a target of 4,800 tonnes, and 33% of waste diverted from landfill compared to a 30% target. However, the recycling rate per person fell slightly short of target at 54kg versus 56kg, despite improving on the previous year. Kerbside waste sent to landfill remained significantly above target, but showed little improvement from recent years.

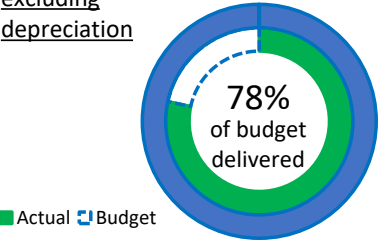
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$0.8 millions	\$0.9 millions	-\$0.1 millions	\$0.9 millions	\$0.0 millions	+\$0.9 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



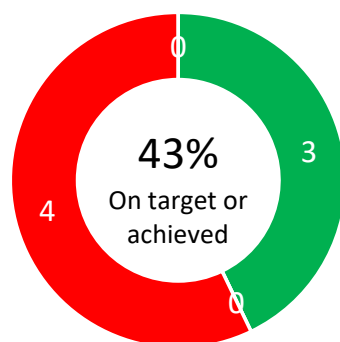
There was a notable reduction in waste volumes managed by the WasteNet Councils for FY2025/26 when compared to historic averages. This is largely attributed to economic conditions which resulted in reduced consumer expenditure and consumption, and thus waste generation. However, the total volume of waste disposed of to the regional landfill by Authorised Users was elevated due to closed landfill remediation activities (Ocean Beach, Milford Sound).

As council-managed waste volumes remained suppressed in 2025/26, this has resulted in operating expenses being lower than expected. There is also more waste going direct to Landfill rather than through Transfer Station, with lower cost and revenue than budgeted. WasteNet is continuing to educate the community to improve waste minimisation and recycling results.

Leisure, Recreation and Wellbeing Services

Aquatic Services

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (7 total measures)

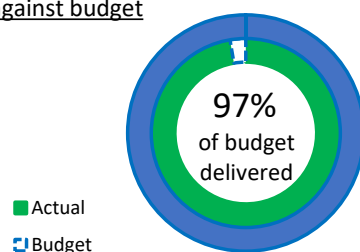
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Aquatic Services performed strongly overall, achieving targets for Learn to Swim participation, pool water quality, and lane availability. While pool visits increased on the previous year despite storm and mechanical closures, overall participation remained just below target. Satisfaction improved to 73% but missed the target, and unplanned pool closures were significantly higher than expected.

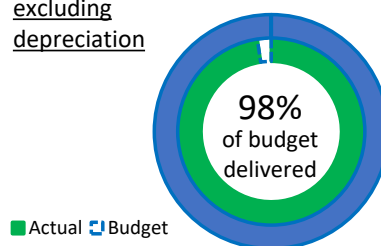
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
-\$0.2 millions	-\$0.2 millions	-\$0.0 millions	-\$0.2 millions	\$0.0 millions	-\$0.2 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation

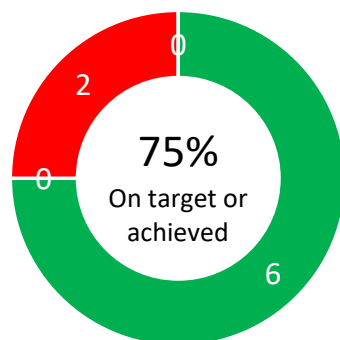


During July 2025 the pool had plant failure which caused mechanical damage and closed the pool. This cost was partly recovered through Insurance. Additionally, in October 2025 a wind event damaged the roofing to Splash Palace, this has been temporary repaired while a re-roof of the entire facility is scheduled for 2026-27, insurance has covered the area damaged by the wind event. Admission fees were close to budget, revenue was down in cafe and retail areas while swim school took more revenue than budgeted. Staff were able to contain expenses to offset the reduced revenue.

Leisure, Recreation and Wellbeing Services

Arts, Culture and Heritage

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (8 total measures)

- On target or achieved
- Being monitored
- Not achieved
- No measure available

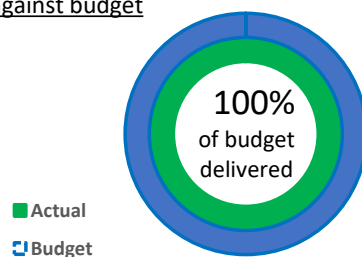
He Waka Tuia user numbers and overall satisfaction levels have both met their yearly targets. Twelve exhibitions have been held during the year.

Due to Te Pātaka Taoka not being designed to accommodate visitors, its two performance measures focused on visit numbers, have not been achieved in 2025/26.

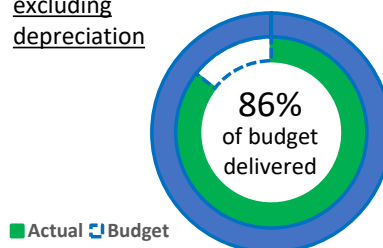
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$2.0 millions	\$1.6 millions	+\$0.4 millions	\$1.6 millions	\$0.0 millions	+\$1.6 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation

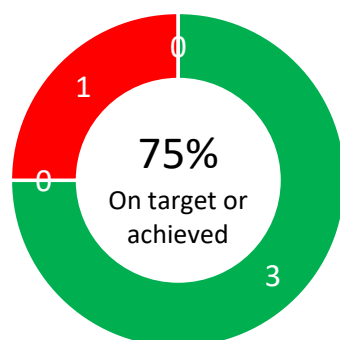


The Arts, Culture and Heritage activity is not fully operational this year. Significant recruitment is underway to enable ongoing and future delivery of museum and heritage services and IPAG continues in contract to deliver transitional museum and arts services through He Waka Tuia. The activity is therefore favourable to budget.

Leisure, Recreation and Wellbeing Services

Elderly Persons Housing

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs

(4 total measures)

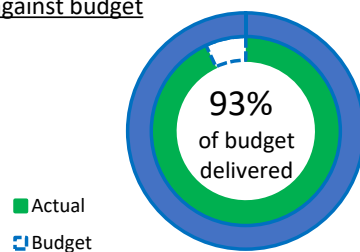
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Council's housing units continue to be occupied in excess of the 95% target, and regular inspections are undertaken every six months for all Council-owned housing. In Quarter Three, one non-urgent request for service was answered outside of the five working day timeframe, resulting in a missed target for the period.

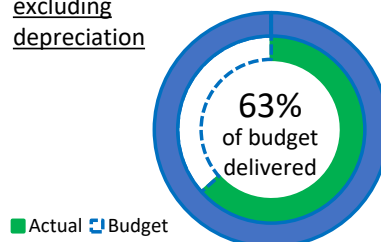
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$0.5 millions	-\$0.2 millions	+\$0.7 millions	-\$0.2 millions	\$0.0 millions	-\$0.2 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



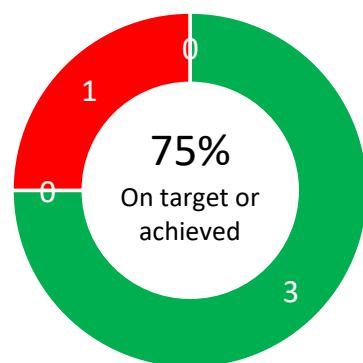
Council provides safe, affordable, and accessible housing for older residents, supporting independent living and wellbeing in compliance with all relevant regulations.

This year had above average turnover driving slightly lower revenue. Expenses were lower than budget with less reactive works and the damage from the storm event lower than expected.

Leisure, Recreation and Wellbeing Services

Libraries

Non Financial Performance - Summary as at 30 June 2026

Measures of KPIs

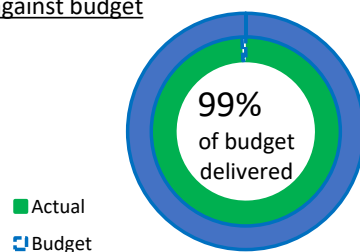
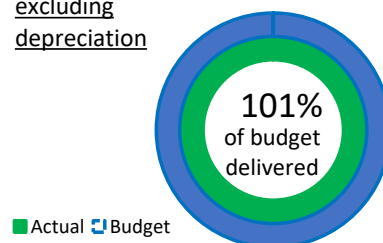
(4 total measures)

- On target or achieved
- Being monitored
- Not achieved
- No measure available

The Libraries Activity met three of its four performance measures. Targets for the number of users has been achieved (and increased from 2024/2025 levels) and satisfaction with the service has also met the 85% target (89% compared to 75% in 2024/2025). Percentage of physical collections added has increased slightly, however it remains below target.

Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$0.4 millions	\$0.4 millions	-\$0.1 millions	\$0.4 millions	\$0.0 millions	+\$0.4 millions

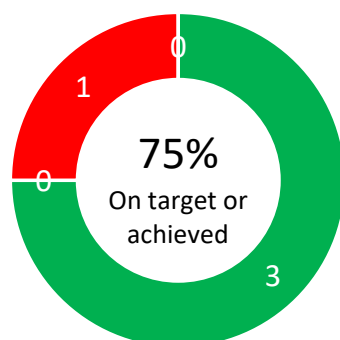
Operating Revenue against budgetOperating Expense against budget excluding depreciation

Revenue was close to budget with room hire increasing significantly on last year. Expenses were higher than budget due to the higher service and maintenance costs. The capital library book/digital purchases was lower than budget with some orders delayed and not arriving before year end.

Leisure, Recreation and Wellbeing Services

Public Transport

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (4 total measures)

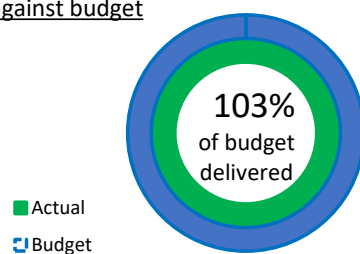
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Three of the four Passenger Transport performance measures were achieved in 2025/2026. Number of users exceeded the target, however it is down on 2024/2025 figures. Satisfaction with the quality increased, while satisfaction with price decreased slightly.

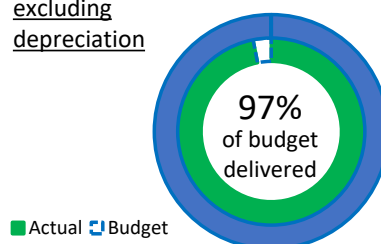
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$0.4 millions	\$0.1 millions	+\$0.3 millions	\$0.1 millions	\$0.0 millions	+\$0.1 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



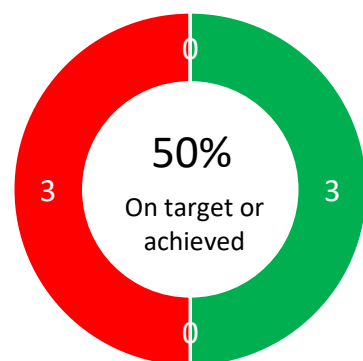
Council manages public transport and total mobility services to provide safe, accessible, and efficient travel options for the community, compliant with all relevant regulations.

Bus revenue higher than budget due to NZTA/Government top up for Total Mobility to cover overspend. Expenses were lower than budget with less external consulting required this year.

Leisure, Recreation and Wellbeing Services

Parks and Reserves

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (6 total measures)

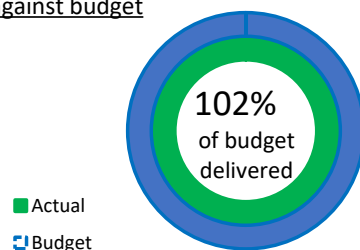
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Three of the six Parks and Reserves performance measures were achieved in 2025/2026. Queens Park retained its Garden of National Significance accreditation and park usage remained above target with over one million visits annually, while satisfaction levels improved to 78%. However, response times for urgent requests and partnership targets were not met.

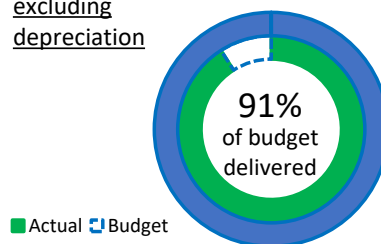
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
-\$0.2 millions	-\$1.7 millions	+\$1.5 millions	-\$1.7 millions	\$0.0 millions	-\$1.7 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation

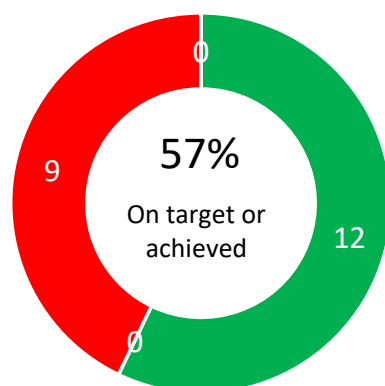


Year-end income is higher than budget due to the additional harvest from the wind throw caused by strong winds in October and better utilisation of parks facilities. Expenses were lower than budget due to contracting and repairs and maintenance costs being lower than expected.

Leisure, Recreation and Wellbeing Services

Venues and Events Services

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (21 total measures)

- On target or achieved
- Being monitored
- Not achieved
- No measure available

Twelve of the 21 measures have met their annual targets.

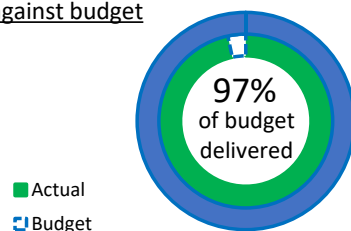
Overall usage of Civic Theatre and Scottish Hall declined slightly during the year, reflecting a reduction in venue hires, which in turn resulted in fewer attendees. This is not unexpected given the current economic environment. Demand for the Civic Theatre continues to be strongest from national and international commercial events rather than local bookings, which is consistent with the venue's scale, facilities, and strategic role.

In contrast, Rugby Park experienced strong utilisation, largely driven by a high number of local not-for-profit and community hires. This aligns with ongoing efforts to increase the visibility, accessibility, and use of the venue.

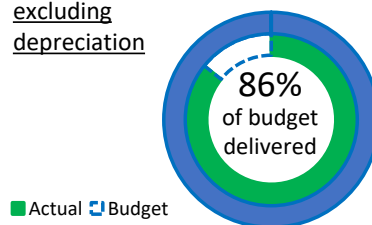
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$0.1 millions	-\$0.1 millions	+\$0.2 millions	-\$0.1 millions	\$0.0 millions	-\$0.1 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation

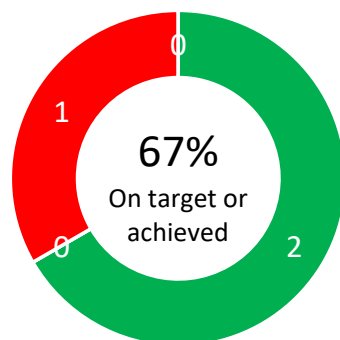


Revenue was lower than budget due to lower volumes. Expenses are lower than budget with a change in catering services so clients are invoiced directly, and lower utility expenses.

Corporate and Regulatory Services

Democratic Process

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (3 total measures)

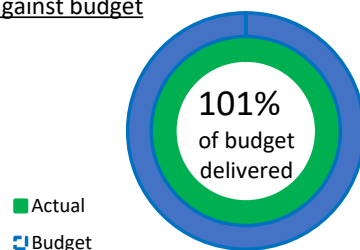
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Satisfaction with democratic process opportunities and projects supported by the Community Wellbeing Fund met their 2025/2026 targets. Voter participation measure has not been achieved due to a drop in voting turnout.

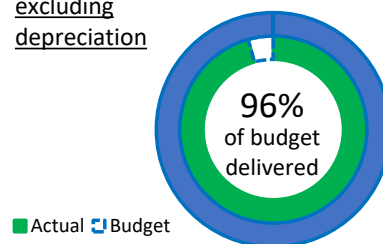
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$0.5 millions	\$0.1 millions	+\$0.5 millions	\$0.1 millions	\$0.0 millions	+\$0.1 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation

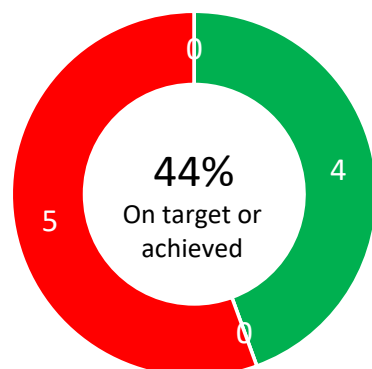


The Democratic activity is favourable at year-end. Revenue is up due to recovery of election costs that were higher than budget. Operational costs are lower than budget due to underspend in the Mayor/Councillor training budget with the focus on induction for the new Council.

Corporate and Regulatory Services

Regulatory Services

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (9 total measures)

- On target or achieved
- Being monitored
- Not achieved
- No measure available

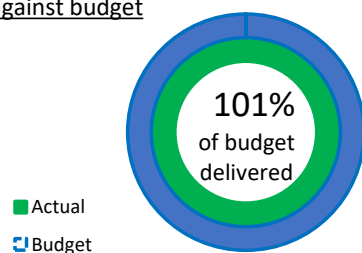
While the targets have been missed for building consents granted and Code Compliance Certificates issued, performance is similar to 2024/2025 and the activity remained substantially compliant. Most food premise registrations and alcohol licences not requiring a hearing were issued within the specified timeframes however the targets were missed due to applicants not being ready and by an increase in the time in which the public has to object and a change in the way the data is reported.

Satisfaction with the building or resource consent process however was down (46% compared to 52%) and did not achieve target.

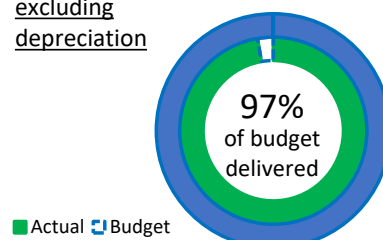
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$2.0 millions	\$1.7 millions	+\$0.3 millions	\$1.7 millions	\$0.0 millions	+\$1.7 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



Regulatory revenue is favourable at year-end due to the higher than expected number of building consents, LIMs, and alcohol licenses. Infringement revenue is lower than anticipated with the third parking warden not recruited until February. Expenses are lower than budget due to the spacial plan work being delayed until next financial year, reduced engineering work required for planning consents, and reduced parking bad debts.

Corporate and Regulatory Services

Investments

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (6 total measures)

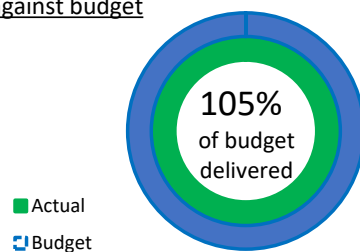
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Property occupancy levels, percentage of portfolio income over asset value and net rate of return, as well as interest and dividend income have met their yearly targets. Holdings and Invercargill Central Limited advances being repaid early.

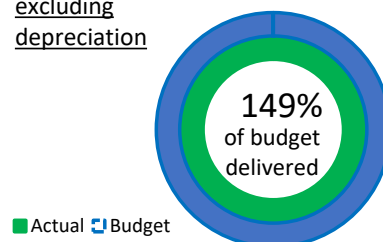
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$2.1 millions	\$3.1 millions	-\$0.9 millions	\$3.1 millions	\$0.0 millions	+\$3.1 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



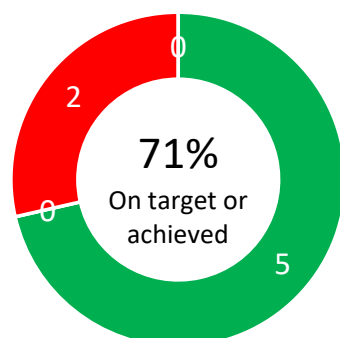
Property: Council manages investment properties to achieve a market rate of return while ensuring compliance with all relevant regulations and contributing to long-term financial sustainability.

Treasury: Interest rates on Term Deposits and Borrowings have been revised to reflect current market conditions. Interest revenue on term deposits are currently still higher than budget but expect the gap to close as term deposits roll onto lower rates.

Corporate and Regulatory Services

Property Services

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (7 total measures)

- On target or achieved
- Being monitored
- Not achieved
- No measure available

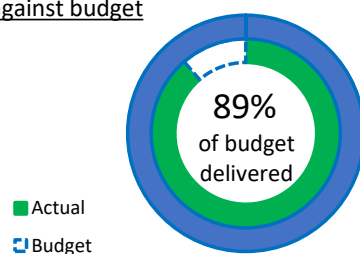
Similar to 2024/2025 results, five of the seven Property Services measures have been achieved. Satisfaction with public toilets increased on 2024/2025 (54% compared to 36%) but did not hit the 60% target.

Availability of public toilets continues for the second year to be an issue with 89% availability compared to 91% in 2024/2025 against a 95% target. This was caused by refurbishment and public toilets within some parks being closed as a result of the storm.

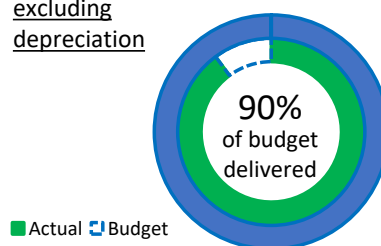
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
\$3.6 millions	\$4.1 millions	-\$0.5 millions	\$4.1 millions	\$0.0 millions	+\$4.1 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



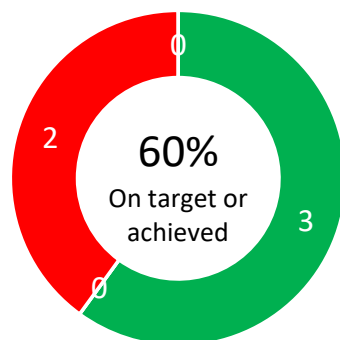
Council manages and maintains public and council occupied properties and facilities to ensure they are safe, functional, and accessible for community use, compliant with all relevant regulations.

Works were as scheduled. Revenue is adverse due to the the timing of the NZ Lottery for Te Unua. The underspend in expenses is due to the anticipated weather event budget not being fully required.

Corporate and Regulatory Services

Corporate Services

Non Financial Performance - Summary as at 30 June 2026



Measures of KPIs (5 total measures)

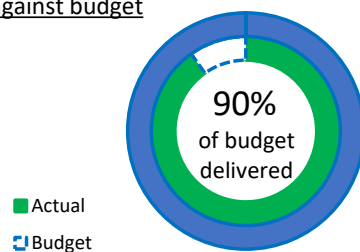
- On target or achieved
- Being monitored
- Not achieved
- No measure available

Corporate Services achieved three of its five performance targets. Strong performance was maintained for call centre accessibility and face-to-face customer service in Invercargill, while the Bluff Service Centre experienced storm-related disruptions in October 2026. The target for suppliers paid on time was not met, with performance declining to 85% against a 90% target due to staffing gaps and contested invoices. Council continued to deliver timely responses to service requests.

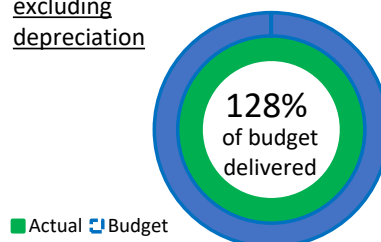
Financial Performance - Summary as at 30 June 2026

YTD net operating surplus/(deficit) excluding depreciation			Full Year Budget Surplus/(Deficit) excluding depreciation		
Actual	Budget	Variance	Budget	Plan	Variance
-\$9.0 millions	-\$4.8 millions	-\$4.2 millions	-\$4.8 millions	\$0.0 millions	-\$4.8 millions

Operating Revenue against budget



Operating Expense against budget excluding depreciation



The Corporate Activity revenue is lower than budget due to a correction for retirement villages, lower rates penalties and interest rates on term deposits, and the timing of the 3 Waters Transition grant. Expenditure is also higher than budget due to the timing of job costing to projects which will be completed as part of the year-end process.

Invercargill City Council

Support for external organisations

Organisation / Fund	Budget	Actual	Funds remaining	Plan	Budget vs Plan Variance	Commentary
	Full year (\$000)	YTD (\$000)	(\$000)	Full year (\$000)	Full year (\$000)	
Active Southland	42	42	-	42	-	Grant spent for the year
Bluff Indoor Pool Trust	133	133	-	133	-	Grant spent for the year
Bluff Maritime Museum Trust	35	35	-	20	(15)	Grant spent for the year
Emergency Management Southland	486	467	19	486	-	
Great South	1,951	1,951	-	1,951	-	Grant spent for the year
Invercargill Public Art Gallery / He Waka Tuia	613	613	-	613	-	Grant spent for the year
Saving Grace (IC2 Trust)	200	200	-	200	-	Grant spent for the year
South Alive	25	25	-	25	-	Grant spent for the year
Southland Indoor Leisure Centre Trust	700	700	-	700	-	Oct-Dec 2025 invoice expected to be received in quarter three.
Southland One Stop Shop Trust	35	35	-	35	-	Grant spent for the year
Te Ao Marama Inc.	110	105	5	110	-	
	4,330	4,306	24	4,315	(15)	
<u>Other grants funds:</u>						
Community Wellbeing fund	465	491	-26	465	-	\$100,000 of grant fund paused for new applications for 2025/2026
Heritage Building Strategy fund / Seismic Strengthening Funding	-	45	-45	-	-	Grant fund paused for new applications for 2025/2026. Actuals are prior years approved application that were not paid out by 30 June 2025.
Facilities Maintenance fund	100	-	100	100	-	
	565	536	29	565	-	

Section 3 - All Of Council Detail



PERFORMANCE REPORT

As at 30 June 2026

Non Financial Performance

List of KPI measures

Financial Performance

*Statement of Comprehensive
Revenue and Expense
Statement of Financial Position*

Schedule of changes to plan (budget)



Invercargill City Council

Traffic Light Colour Key & Report Guide

Non Financial Performance

On target or achieved
Being monitored
Not achieved
No measure available



Financial Performance

Less than 90%
Between 90% and 95%
Between 95% and 105%
Between 105% and 110%
More than 110%



Revenue

Positive variance (+) = YTD Actual income higher than budget
Negative variance (-) = YTD Actual income lower than budget
Positive variance (+) = Full year budget income higher than plan
Negative variance (-) = Full year budget income lower than plan

Capital Delivery Performance

Less than 90%
Between 90% and 95%
Between 95% and 105%
Between 105% and 110%
More than 110%



Expenses & Capital

Positive variance (+) = YTD Actual spend lower than budget
Negative variance (-) = YTD Actual spend higher than budget
Positive variance (+) = Full year budget spend lower than plan
Negative variance (-) = Full year budget spend higher than plan

Financial numbers

Plan = Year 1 of the Long-term Plan 2024-2034

Actual financial figures within the report for quarters 1, 2 & 3 are based on an invoices processed. It excludes work that may have been completed during the period but the invoice has not been raised.

Actual financial figures within the report for quarter 4 include but invoices processed and an accrual for work that may have been completed during the year but the invoice has not been raised.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Water								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
The extent to which the local authority's drinking water supply complies with the following parts of the drinking water quality assurance rules:	(h) 4.10.1 T3 Bacterial Rules;	All met - 100%	100%					
	(i) 4.10.2 T3 Protozoal Rules;	All met - 100%	100%					
	(j) 4.11.5 D3.29 Microbiological Monitoring Rule - Invercargill Zone	All met - 100%	100%					
	(j) 4.11.5 D3.29 Microbiological Monitoring Rule - Bluff Zone	All met - 100%	100%					
The percentage of real water loss from the Council's networked reticulation system. (Calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication)	Less than 30%	17%						high demand and population has been increased usage with good infrastructure reducing water loss.
The average consumption of drinking water per day per resident within the Invercargill City Council territorial district	Less than 300 litres/day	285.00						
The median response time for urgent callouts, (from the time the Council receives notification to the time that service personnel reach the site).	4 hours	21 minutes						
The median time to resolve urgent callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).	24 hours	1 Hour 44 Minutes						
Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site	5 working days	2 Days 03Hours and 20 Minutes						There has been a decrease in resolution times likely as a result of resource allocation by the contractor.
Resolution of non-urgent call-outs: from the time that the council receives notification to the time that service personnel confirm resolution of the fault or interruption	10 working days	2 Days 18 Hours 3 minutes						

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
The total number of complaints received by Council per 1,000 connections about any of the following: - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure or flow - Continuity of supply - Council's response to any of these issues	<10 in total	1.58						Network performing as expected

Sewerage

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Number of dry weather sewerage overflows per 1,000 properties - DIA Performance Measure 1 (system and adequacy)	Max 4	1.08						Network performing as expected
Compliance with Council's resource consents for discharge from its sewerage system measured by the number of: (DIA Performance measure 2 (discharge compliance)) - Abatement notices - Infringement notices - Enforcement orders - Convictions Received by the Council in relation to those resource consents.	Max 0	0						
a) The median response time from notification to arrival on-site to attend sewerage overflows resulting from a blockage or other fault in the sewerage system	<1 hour	15 Minutes						
b) The median response time from notification to resolution of sewerage overflows resulting from a blockage or other fault in the sewerage system	<6 hours	1 Hour 31 Minutes						
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about: 1. sewage odour 2. system faults 3. system blockages 4. Council's responsiveness (expressed per 1,000 properties connected to the Council's sewer system)	Max 4	2.73						

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Stormwater								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district	0.0	0.0						Network performing as expected
DIA Performance measure 1 (system adequacy) (b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)	0.0	0.0						
DIA Performance measure 2 (discharge compliance) Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: - Abatement notices - Infringement notices - Enforcement orders - Convictions Received by Council in relation to those resource consents.	0.0	0.0						
DIA Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	<1 hour	0.0						
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the Council's stormwater system)	<4	1.80						

Roading Services

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
The number of and change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Lower than the previous year - 16 Serious Crashes (18)	12 (1 fatal, 11 serious)						Long term (10yr) linear trend shows DSI crashes are reducing over time.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Roading Services								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
The number of crashes involving intersections	Lower than the previous year - 134 (11 serious, 27 minor, 96 non injury)	129 crashes (1 fatal, 5 serious, 35 minor injury, 88 non-injury)						Long term (10yr) linear trend shows intersection crashes are reducing over time.
The average quality of ride, on a sealed local road network, measured by smooth travel exposure	Higher than the previous annual national average (Urban - 93% Rural - 93%)	Urban - 90% Rural - 98% Total - 93%						ICC has achieved the Smooth Travel Exposure KPI for 2025/2026. Note – NZTA has advised that the modelling for this KPI has changed due to the underlying data and calculation methodology, including wider network coverage and quality data updates. Therefore the urban KPI result for 2025/2026 is not directly comparable to 2024/2025.
The percentage of the sealed local road network that is resurfaced	>5.55%	7.34%						7.34% of local roads resurfaced remains well above target. While this is slightly down on 2024/2025, this is due to contractor availability, alignment with other council project and cost escalation.
The percentage of footpaths within the district that fall within the level of service, or service standard for the condition of footpaths as set out in the Asset Management Plan	< 8% in very poor condition	1.70%						The footpath renewal programme was focused on the assets which were known to be rated as very poor. As the inspection programme continues, there could be other footpaths that may be high priority in future years.
The percentage of customer service requests relating to roads and footpaths, to which the territorial authority responds within the time frame specified in the Long-term Plan	75% of requests are responded to in five or less business days	92.63%						Business improvement processes are starting to have a real impact for this KPI. The Roothing team communication with requestors, combined with knowledge and improvements in the system, has resulted in a significant increase in delivering on this performance.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Solid Waste Management								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Regional discarded materials rate per person per annum (kgs)	≤650 Kg	727						The 2025/26 target is not on track to be met, with this position primarily driven by material received from closed landfill remediation activities which occurred across FY2025/26 Q1. When closed landfill remediation weights are excluded, the total tonnage of waste discarded to landfill is comparable to the five-year average weights per month.
Recovery of recyclable materials (Actual Recycled - Invercargill City Council and Southland District Council)	≥4800 tonnes	4,910						Target met. WasteNet continues to invest in education campaigns and initiatives, including recycling bin inspections, to support correct recycling habits and the recovery of recyclable materials.
Invercargill City and Southland District Councils actual recycled rate per person per annum (Kg)	≥56 Kg	54						Target not met, by 2kg/person/year. However, notable improvement of FY2024/25 year-end result of 50kg/person/year. WasteNet continues to invest in education campaigns and initiatives, including recycling bin inspections, to support correct recycling habits and the recovery of recyclable materials.
Reduction in kerbside waste sent to landfill	≤17000 tonnes	21,041						The volume of kerbside waste directed to landfill as at the end of Quarter Four is comparable with the volume recorded for FY2024/25. These stagnant volumes are attributed to economic conditions and corresponding reduction in consumption and thus waste generation. WasteNet continues to invest in education campaigns and initiatives to support waste minimisation and diversion.
Waste diversion from landfill	30%	32%						The volume of diverted material, being an average of 32% as at Quarter Four, is generally consistent with historic trends and the FY2024/25 average of 31%. WasteNet continues to invest in education campaigns and initiatives to support waste minimisation and diversion. GDC also reintroduced kerbside recycling services in November 2025 which has had a positive impact on the regional diversion rate. Green waste processing data for ICC was not available at the time of entering Q1 & Q2 KPI data. This has been retrospectively entered for the year, hence the difference in previously reported values.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Aquatic Services								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Annual number of Splash Palace users	7	6.8						
Total number of Splash Palace users	400,000	392,107						Although participation levels did not meet the KPI, there was a 3% increase on facility participation overall bringing Council closer to achieving its targets. Closures in July 2025 and October 2025 impacted these numbers the most and if Splash Palace had not closed for the mechanical failure and wind event participation would have been expected to be approximately 7,000 more, which would have potentially achieved the target set.
Learn to swim participation	725	3,342						Swim school has a good year with participation slightly higher than 2025/26. The ability to add more classes and a higher focus placed on training and development and improving the quality of lessons has helped.
Time pools are kept within operating guidelines of the New Zealand Pool Water Standards NZS5826:2010 to ensure the health and safety of pool users.	100%	100%						Pools continue to be managed in accordance with NZS5826:2010. Maintenance is carried out on water treatment and filtration systems to ensure reliability and continued compliance.
Percentage of residents satisfied with the Splash Palace	75%	73%						Although satisfaction did not meet the target of 75%, it has increased from the 2024/25 year by 8%. Most comments about Splash Palace were positive, describing a well-maintained, family-friendly facility with efficient and friendly staff. Cost was the most frequent criticism: admission and lesson fees and hydroslide charges. Respondents also noted a shortage of family and baby changing rooms, ageing changing facilities, limited water play options for young children, and the hydroslide being closed at the time of their visit. A few raised hygiene and safety matters, including shoes worn poolside and overcrowding at peak times. The planned additional changing spaces and current changing room refurbishment should look to improve satisfaction in this space.
Time when a minimum of four 25 metre public lanes are available for swimming	95%	98%						Lane space availability for public use remains a priority but at times is unable to be met due to balancing needs of community groups, clubs and national events. Demand for space remains high with generally no availability during key times.
The number of unplanned pool closures	Less than 15 pool closure/year	47.0						Overall, pool closures have impacted Splash Palace over the last 12 months. Outside of mechanical failures and wind events, work is being undertaken on policies to address the issue of most closures, with this forecast to come into affect in Q2 2026/27, Council should hopefully see a level of improvement moving into the second half of the 2026/27 year.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure		Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Arts, Culture and Heritage									
Measure		Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Annual number of He Waka Tuia users	Number of users per head of (Invercargill City) population	0.37	0.42						Quarter Four total users saw a closer reflection to Quarter One's numbers. The exhibitions in the quarter had a large drawcard to community members with the on-site exhibition celebrating the work of a touring artist alongside 86 collection items. The two most popular exhibitions were PLAY 4 (Quarter One) and Chloe Blades: I Put the Flowers There So It Looked Like I Had My Life Together (Quarter Four), While these exhibitions appealed to distinct audience demographics, both achieved strong visitor engagement and provided valuable opportunities to trial innovative exhibition formats and new approaches to public programming.
	Total number of He Waka Tuia users	21,000	24,104						
Percentage of residents satisfied with He Waka Tuia Museum and Art Gallery		20%	65%						A total of 9 on-site and 3 off-site exhibitions were held in 2025/2026.
Number of onsite and off-site exhibitions which celebrate our collections and the stories of Southland		12 exhibitions per annum 4 off-site; 8 onsite	12						
Annual number of visits to access the collection		750	4						Due to the facility not being in a BAU state access to the collection is limited. This target will not be achieved for the 25/26 year.
Annual number of school visits		10	0						Due to the facility not being in a BAU state access to the collection is limited. This target will not be achieved for the 25/26 year.
Annual number of Te Unua - Museum of Southland users	Total number of Te Unua - Museum of Southland users	0	0						not measured in 2025/2026
	Total number of Te Unua users per head of (Invercargill city) population	0	0						not measured in 2025/2026

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Elderly Persons Housing								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Units are occupied 95% of the time	95%	95%						
Requests for service are responded to and remedial action in place: - Urgent	24 hours	100%						Two urgent requests were received during 2025/2026 both of which were responded to within 24 hours.
Requests for service are responded to and remedial action in place: - Non-Urgent	5 working days	100%						456 total non-urgent requests for the 2025/2026, with one non-urgent request was responded to within 8 working days due to staff being on leave.
Regular inspections are undertaken	100%	100%						464 total inspections for the year 2025/2026.

Libraries

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Percentage of physical collections added in the past 5 years (excludes heritage collections)	≥60%	50%						There have been vacancies in the collections team and the budget has been reduced for two consecutive years. This measure does not provide the full picture of the collection as the budget allocation has changed over time with more being spent on digital resources such as e-books, e-audio, e-magazines and e-newspapers. Measure will be reviewed as part of the 2027-2037 Long-term Plan.
Percentage of residents satisfied with the library service	≥ 85%	89%						Satisfaction with the library service reached 89% in 2025/2026. Community feedback was very positive, particularly regarding the helpfulness of staff, the availability of free programmes, and the extensive range of collections on offer.
Annual number of library users	Physical visitors + website engagement = total number of Library users	500,000	588,847					Physical visits have remained stable, while website and online platform visits continue to increase - 437,097 physical visits and 151,750 website.
	Total number of users (physical visitors + website engagement) per head of (Invercargill city) population	8.8	10.1					

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Public Transport								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Annual number of public transport users	2.5	2.7						
Number of users per head of (Invercargill City) population								
Total number of public transport users	145,000	153,736						
Percentage of residents satisfied with quality of bus service	45%	72%						
Percentage of residents satisfied with price of bus service	60%	55%						The percentage of the residents satisfied with the bus service is low. This is a key topic for the LTP and working towards increasing this outcome. Important to note that the user satisfaction of those using the service is different (better) to those who fill in the residents survey.

Parks and Reserves

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Queens Park is accredited as a "Garden of National Significance"	Maintained	Maintained						No change to this status. The garden continues to meet the criteria of a 5 Star Garden – Standard, as awarded in 2024, with certification valid from 2025 to 2028.
Percentage of residents satisfied with parks and recreation spaces	80%	78%						Satisfaction with parks and recreation spaces rose in 2025/2026, with the target being missed by only 2 points. Feedback continues to highlight that parks are well maintained and Queens Park attracts more praise than other spaces. Areas of concern for residents include maintenance (a smaller proportion than those who praise maintenance efforts), dog control issues, more flowers and garden displays, sports ground improvements, community orchards and edible gardens, BBQ and picnic facilities, playground equipment upgrades/seating/shelter and shade/toilets and excessive tree removal. As part of it's 2027-2037 Long term plan, Council will consider most of the issues raised.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure		Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Parks and Reserves									
Measure		Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Annual number for park usage	Percentage of users per head of (Invercargill city) population	75%	95%						Utilisation continued to increase throughout the year, exceeding a million visitors into the parks and reserves spaces. April 2026 was an exceptionally strong month, with total usage reaching 128,467, the highest April result in the three-year comparison. This increase was largely driven by Queens Park, which recorded 100,978. The spike aligns with the higher number of events held at Queens Park during April, which was also reflected in increased booking and attendance counts. Following this peak, activity declined through May (83,591) and June (69,569), with both months recording lower totals than the same period in 2025. The reduction was mainly due to lower activity at Queens Park, although most locations also followed the usual seasonal trend of decreasing usage through late autumn and early winter. Despite the decline after April, Queens Park remained the key driver of overall usage in 2026, while Sandy Point continued to provide steady visitation levels. Bond Street (Estuary Walkway) was one of the few locations to show growth in June. Overall, the data shows that the strong April 2026 result was heavily influenced by the concentration of events at Queens Park, while May and June returned to more typical seasonal levels. The drop in usage compared to 2024/2025 is largely due to parks and reserves being closed following the October 2025 storm event.
	Total number of park user counts	939,291	1,092,745						
Percentage of urgent requests for Parks and Recreation services are completed within specified timeframes.		90%	69%						39 urgent requests for service for parks and recreation services were received in 2025/2026. Of these, 20 were resolved within specified timeframes. Performance throughout the year improved, however the October wind event had a significant impact on both on the total number of service requests received and when they could be responded to. The vast number of assessments and work flow that needed to be managed slowed the ability to record and respond. Many trees did not come through the RFS system, or once fallen were deemed lower priority as not immediate risk. Tress of immediate risk, over roads or impacting on buildings were dealt with by teams going around the city to action - mostly outside the Pathways system.
Number of Active Partnerships in place to support activation of Parks and Recreation Space		15	13						No new MOUs have been signed in 2025/2026. There are currently two new MOUs drafted and expected to be signed for the next quarter.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Venues and Events Services								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Civic Theatre Occupancy - Main auditorium	40%	41%						
Civic Theatre Occupancy - Auxiliary Rooms	40%	34%						Reduced demand for corporate accommodation contributed to an improvement in occupancy rates. The measure excludes occupancy of Victoria Room, currently being used as the Council Chambers.
Civic Theatre - Hirage								
Not for Profit-Local	≥35	32						Local NFP hires declined from the previous year but remained strong overall, missing the target by just three bookings. The slight decrease likely reflects current economic pressures on local community and not-for-profit organisations
Not for Profit - National/ International	≥20	3						KPI has not been achieved as it is unlikely that an international charity will tour. This will be reviewed as part of the 2027-2037 Long-term Plan.
Commercial - Local	≥15	6						Event attraction remain key areas for improvement. While an Events and Business Lead has been appointed to drive a more commercial approach and increase event activity and revenue, progress has been limited due to significant resources being directed to other projects. As a result, this will be a major focus area for 2026/27.
Commercial - National/ International	≥35	44						
Percentage of residents satisfied with the Civic Theatre	80%	88%						
Scottish Hall - Occupancy	33%	40%						

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure		Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Venues and Events Services									
Measure		Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Scottish Hall - Hirage	Not for Profit - Local	≥55	71						KPI not met as international charities are unlikely to tour and it will be reviewed as part of the 2027-2037 Long-term Plan. This measure is not relevant to the Scottish Hall and will be reviewed as part of the 2027-2037 Long-term Plan.
	Not for Profit - National/ International	≥5	2						
	Commercial - Local	≥8	4						
	Commercial - National/ International	≥3	3						
Percentage of residents satisfied with the Scottish Hall		60%	52%						Plans are currently in place to upgrade audio-visual (AV) equipment within the Scottish Hall. These improvements are expected to significantly enhance the hirer experience by providing more reliable and user-friendly technology. It is anticipated that these upgrades will increase the appeal and functionality of the space, helping to drive greater utilisation and future growth in bookings.
Rugby Park - Occupancy		8%	17%						This is a reassuring result and provides confidence that we are heading in the right direction with increasing utilisation of Rugby Park.
Rugby Park - Hirage	Not for Profit - Local	≥12	26						This measure is not in line with market requirements and will be reviewed as part of the 2027-2037 Long-term Plan. This measure is not in line with market requirements and will be reviewed as part of the 2027-2037 Long-term Plan.
	Not for Profit - National/ International	≥2	1						
	Commercial - Local	≥5	7						
	Commercial - National/ International	≥8	1						
Percentage of residents satisfied with Rugby Park		40%	41%						
Annual number of users across all venues	Number of users per head of (Invercargill City) population	1	1						The decline may be linked to continued cost of living pressures and broader conditions within the hospitality sector. As households face increased financial constraints, discretionary spending is often reduced, with attendance at events becoming a lower priority.
	Total number of venue users	70,000	78,289						

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
---------	--------	------------------	----	----	----	----	----	------------

Democratic Process

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Percentage of residents satisfied with the opportunities Council provides for community involvement in decision making	25%	33%						
Voter participation in elections	10% increase in voter turnout (approximately 2,000 more people to vote)	46.02% Voter return (5.77% drop)						There has been a 5.77% drop compared to the 2022 turnout (at 51.79%). This decline will be reviewed and considered as part of planning for the 2028 elections.
Number of activities or events supported by the Community Wellbeing Fund	40	73						Target for the number of projects and initiatives supported has been met. Interest in the fund remains high with the number of applications maintained on last year. The number of applications supported is slightly up on last year and the number of multiyear applications was 10, up on 24/25.

Regulatory Services

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Building consents are granted within statutory timeframe	100% of building consents are granted within statutory timeframe	98.79%						240 consents granted in Q4. Total consents granted in the year 981 Total breached in the year 12 mainly due to human error and workload. 98.79% of consents granted within timeframes.
Non-notified resource consents not requiring a hearing are granted within statutory timeframe	100% of non-notified resource consents are granted within statutory timeframe	100%						189 non-notified consents granted

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Regulatory Services								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Code Compliance Certificates are issued within statutory timeframe	100% of Code Compliance Certificates are issued within statutory timeframe	94%						Total CCCs issued for the year 968 Total issued in timeframes 916 Total issued outside timeframes 52 Reasons related to human error, system issues, capacity and linked CCCs
Food premises are registered within 20 working days	100% of food premises are registered within 20 working days	97%						21 licences issued in Q4 Total new licences issued for the year 52 Total breaches for the year 2 - both were due to the applicant not being ready
Alcohol licences not requiring a hearing are granted within 30 days	100% of alcohol licences not requiring a hearing are granted within 30 days	94%						79 licences issued in Q4 Total for the year 351 15 issued outside timeframes, this relates to changes in the way the data is reported and increased days in legislation for public to object to an application (from 15 to 25)
Land Information Memorandum (LIM) Reports are issued within 10 working days	100%	100%						Total LIMs issued for the year - 840 Council continued to issue LIMs within the statutory time frames keeping pace with continued strong demand for LIM applications and property file information.
Percentage of residents satisfied with service received from the Building, Planning and Property Records Department	50%	62%						
Percentage of residents satisfied with the building and/or resource consent process	50%	46%						Satisfaction declined six points in 2025/2026. Feedback on regulatory services was mixed. Property file and LIM request processes received strong positive feedback for their prompt turnaround times and professional service. In contrast, building consent and inspection processes attracted criticism relating to inconsistent inspections, communication issues, delays, and advice perceived as inaccurate or inconsistent with Building Code requirements.

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Regulatory Services								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Amount of eligible applications received to support heritage buildings (earthquake strengthening and/or heritage improvements)	Council's Heritage Funds are at least 90% subscribed each financial year							Council's Heritage Funds have been paused for 2025/26. There were no eligible applications received.

Investments

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Occupancy levels are greater than 95%	>95%	100%						
Total Gross Income over Total portfolio	4%	5.54%						
Total Asset Value Portfolio excluding Strategic, Development and Vacant land	5%	5.90%						
Net rate of return is greater than Council's planned cash deposit rate for the portfolio excluding Strategic, Development and Vacant land	> planned cash deposit rate 3.5%	4.76%						
Net interest income is higher than budgeted	> Budget	101%						
Dividend income is in line with budget	= Budget	0						

Invercargill City Council

Non Financial Performance - List of KPI measures

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Property Services								
Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Requests for service are responded to and remedial action in place: - Emergency - H&S related requests.	24 hours	100%						Four urgent RFS were received in 2025/26 and all were responded to within 24 hours.
Requests for service are responded to and remedial action in place: - Non-Urgent routine requests.	5 working days	100%						A total of 109 non-urgent RFS received for the year, all of which were responded within 5 working days.
All buildings have a current Building Warrant of Fitness	100%	100%						
Condition assessments are not older than 5 years old (of agreed buildings)	80%	100%						next assessments due December 2026
Asbestos Management Plans are reviewed and updated so they are not older than 5 years.	80%	100%						next assessments due December 2026
Percentage of residents satisfied with public toilet facilities in Invercargill District	60%	54%						This is a significant increase to 2024/2025 result of 36%. ICC are working towards achieving this target and are optimistic in meeting this KPI for 2026/27.
Public toilets are operational 95% of open hours (which is 24 hours per day)	95%	89%						This target is difficult to meet as when one or more toilets are closed, then the target is considered failed. Don Street Exeloo was locked down for a period of time due to some refurbishment to flooring upstand during Quarter One. All toilets were closed post-October Storm event in Parks and Reserves with some not opening until mid-December 2025.

Corporate Services

Measure	Target	Projected Result	LY	Q1	Q2	Q3	Q4	Commentary
Percentage of Requests for Service under investigation/ closed within 10 working days of being raised	84%	97%						During the period we received 5,376 requests for service of those 97.42% were responded to within timeframes, the remaining 2.58% were still being investigated .
Percentage of suppliers who are paid on time	90%	85%						Quarter 4 had an improved result of 84.21%. Of the remaining 14.74%, only 1.81% were paid more than 30 days late. The full year result represents the average percentage across the year. This is lower than target and last year due to technology challenges and staff resourcing within the Processing Team. The team is now fully resourced, so we expect this percentage to improve next year.
Accessible customer service	Customers are provided with a 24 hour 7 day a week call centre	99%	100%					Council continued to provide consistent call centre services form 8-5 during weekdays and via the Water Control Tower team outside of this hours ensuring our customers could contact Council in the case of emergencies 24/7,
	Invercargill customers are provided with face to face customer services	1880 hours per annum	1957					Customers in Invercargill were provided with consistent face to face service during the year, in Q4 the team took the chance to have a full team meeting for one hour, the call centre remained operational during this time and there was no impact on customers
	Bluff customers are provided with face to face customer services	2045 hours per annum	2017					Bluff customers have been provided with consistent face to face customer services in the Bluff Service Centre. There were no interruptions to service in Q3, however Q2 hours were lower than expected due to the extended closure of the Bluff Service Centre in October 2025 following the declared State of Emergency, resulting in a missed target.

Invercargill City Council

Financial Performance**Statement of Comprehensive Revenue and Expense**

		Actual	Budget	Actual vs Budget Variance	Budget	Plan	Budget vs Plan Variance
		YTD	YTD	YTD	Full year	Full year	Full year
		(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Rates and penalties:	General rates	48,443	48,504	- 60	48,504	48,362	+ 142
	Targeted rates	35,731	35,731	+ 0	35,731	35,610	+ 120
	Rates penalties	975	1,047	- 72	1,047	1,047	-
Subsidies and grants:	Subsidies and grants for operating purposes	6,690	6,697	- 7	6,697	5,887	+ 810
	Subsidies and grants for capital expenditure	6,698	7,932	- 1,235	7,932	7,862	+ 71
Income from activity:	Fees & charges revenue	23,645	24,626	- 981	27,686	27,575	+ 111
	Rental revenue	3,638	3,782	- 144	3,782	3,763	+ 19
	Fines & infringements	1,506	1,571	- 65	1,571	1,571	-
	Other Revenue	5,757	4,945	+ 812	4,945	4,422	+ 522
Investment revenue:	Finance Revenue	2,268	2,424	- 156	2,424	2,493	- 69
	Dividends & subvention payments	9,577	9,577	-	9,577	9,577	-
Total revenue		144,929	146,835	- 1,906	149,896	148,170	+ 1,726
Employee expenses:	Salaries & Wages Expenses	37,434	37,249	+ 185	37,249	36,100	+ 1,148
	ACC expenses	178	194	- 17	191	174	+ 18
	Other Staff expenses	1,686	2,188	- 501	2,188	2,178	+ 10
Other expenses:	Administration expenses	7,265	7,425	- 160	7,519	7,110	+ 409
	Elected reps & Mana Whenua expenses	935	948	- 13	948	1,016	- 68
	Consultancy expenses	1,552	3,840	- 2,288	4,172	3,719	+ 453
	Operational expenses	33,879	32,538	+ 1,341	34,677	33,537	+ 1,141
	Utilities expenses	10,072	10,145	- 73	10,145	10,551	- 406
	Repairs & maintenance	9,347	12,433	- 3,085	12,433	10,481	+ 1,952
	Grants & subsidies expenses	5,456	5,484	- 28	5,483	5,495	- 13
	Internal job cost allocation	(4,915)	(6,234)	+ 1,319	(6,234)	(6,234)	+ 0
	Internal charges and overheads recovered	(2,648)	(3,058)	+ 410	(3,058)	(3,128)	+ 70
	Internal charges and overheads applied	2,417	3,058	- 641	3,058	3,128	- 70
Finance expenses:	Finance Expenses	6,119	5,654	+ 466	5,654	7,021	- 1,367
Depreciation:	Depreciation and Amortisation	42,711	41,422	+ 1,290	41,422	48,951	- 7,529
Total expenses		151,490	153,285	- 1,796	155,847	160,099	- 4,252
Net operating surplus / (Deficit)		(6,561)	(6,450)	- 111	(5,951)	(11,929)	+ 5,978

Invercargill City Council

Financial Performance**Statement of Comprehensive Revenue and Expense**

	Actual	Budget	Actual vs Budget	Budget	Plan	Budget vs Plan
	YTD	YTD	Variance	Full year	Full year	Variance
	(\$000s)	(\$000s)	YTD (\$000s)	(\$000s)	(\$000s)	Full year (\$000s)
Other gains/(losses)	-	-	-	1,632	1,451	+ 181
Surplus / (deficit) before tax	-6,561	-6,450	- 111	-4,319	-10,478	+ 6,159
Income tax expense	-	-	-	-	-	-
Surplus / (deficit) after tax	-6,561	-6,450	- 111	-4,319	-10,478	+ 6,159
Property, plant and equipment revaluation gain (loss)	-	-	-	-	35,099	- 35,099
Carbon credit revaluation gains/(losses)	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-
Total other comprehensive revenue and expense	-	-	-	-	35,099	- 35,099
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	-6,561	-6,450	- 111	-4,319	24,621	- 28,940

Statement of Comprehensive Revenue and Expense Variance**Revenue**

General & Targeted rates

Rates revenue is higher than plan due to greater than expected growth above the projected rating base. Rates revenue is lower than budget due some minor adjustments to some ratepayers classification.

Rates penalties

Rates penalties are lower than budget and plan due to lower outstanding rates debt from ratepayers than assumed.

Subsidies and grants for operating purposes

Subsidies and grants for operating purposes is in line with budget and higher than plan due to some 2024/2025 NZTA subsidised roading expenditure not being incurred until this year.

Subsidies and grants for capital expenditure

Subsidies and grants for capital expenditure is lower than plan and budget due to timing differences of grants received for the Te Unua project.

Fees & charges revenue	Fees & charges revenue are lower than plan and budget due to the following factors: - Water - Commercial water consumption levels have been decreasing over the last 3 years as business adjust behaviour due to economic conditions. - Sewerage - Trade waste volumes are higher than last year however have not reached the levels expected in the budget or plan as business adjust behaviour due to economic conditions. - Solid Waste - Transfer stations volumes are lower due to more waste going directly to landfill rather than through the transfer Stations. Councils share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process (compared to plan only). - Aquatic Services - Retail and cafe sales were lower than expected as customers adjust behaviour due to economic conditions.
Rental revenue	Rental revenue is lower than plan and budget due to the number of properties available to rent and higher turnover than expected in Elderly Housing.
Fines & infringements	Fines & infringements are lower than budget and plan due to a vacancy in the parking warden team in the first half of the year.
Other Revenue	Other Revenue is higher than budget and plan due to higher State Highway maintenance recovery revenue received from NZTA, insurance recovery and sale of sundry minor assets.
Finance Revenue	Finance revenue lower than budget and plan due to A) differences in the movements of interest rates on term deposits compared to assumptions; B) the average balance of the Invercargill Central advance is lower than planned due to repayments received.
Dividends & subvention payments	Dividends received are in line with budget and plan.
Expenses	
Salaries & Wages Expenses	Variances reflect differences between actual and planned staffing levels and movements.
Other Staff expenses	Actual spend on Employment related costs was \$523,000, Other staff costs, including, FBT & Health and Safety staff costs was \$553,000, Training \$610,000 & Travel was \$262,000. This is lower than plan & budget for the year.
Administration expenses	Administration expenses includes software licenses, subscriptions, legal, postage and printing expenses. Spend varies during the year based on timing of subscriptions and software licenses renewals. Councils share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process.
Consultancy expenses	Consultancy expenses are lower than budget and plan due to lower use of consultancy services across the Council, particularly in Rooding, Planning and corporate services areas. Councils share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process.

Operational expenses	Operational expenses is higher than plan and budget due to the following factors: - Roading - there is lower repairs and maintenance expenses compared to budget and plan but is offset by a similar amount above budget and plan in operational expenses where some repairs and maintenance expense has been booked. - Regulatory services - Higher use of planning and TA contractors to process workloads in the Planning and building areas These are partly offset by: - Solid Waste - lower waste volumes received are driving lower landfill costs due to more waste going straight to landfill rather than via the transfer stations. Councils share of Wastenet joint operations is still to be allocated and will be completed as part of the year end process (compared to plan only). - Sewerage - delayed start to some operational minor projects.
Utilities expenses	Utilities expenses are inline with budget and lower than plan due to better electricity pricing compared to assumption.
Repairs & maintenance	Repairs and maintenance is lower than budget and plan in Elderly Housing, Parks, Water & Property assets as a result of improved schedule maintenance, which has lowered reactive maintenance required and some maintenance deferred to allow focus towards the October weather event recovery. Roading also lower than budget and plan in repairs and maintenance and is offset by a similar amount above budget in operational expenses where some repairs and maintenance expense has been booked.
Grants & subsidies expenses	Grants & subsidies expenses are inline with both budget and plan.
Internal job cost allocation	Internal job cost allocation, which is the recovery of internal staffing costs against capital projects, are lower than budget and plan due to delays in some project timelines and staff fulfilment timing.
Finance Expenses	Finance expenses are higher than budget and lower than plan due to variations of the level of Council borrowings and interest rates on borrowings compared to budget and plan assumptions.
Depreciation and Amortisation	Depreciation for the full year is lower than plan due to a system adjustment required to correct the depreciation rates on water assets which was overstated and identified during the 2024/2025 Annual report. The budget is lower than actual due to some assets being capitalisation earlier than assumed.

Statement of Financial Position

As at 30 June 2026

	Actual	Budget	Plan	Budget vs Plan Variance	Annual Report
	YTD	Full Year	Full Year	Full Year	Full Year
	Jun 2026	2026	2026	2026	2025
	(\$000)	(\$000)	(\$000)	(\$000s)	(\$000)
ASSETS					
Cash and cash equivalents	11,999	11,021	12,042	- 1,021	11,103
Trade and other receivables	10,931	16,000	14,002	+ 1,998	16,000
Prepayments	2,003	2,267	1,776	+ 491	2,267
Inventories	227	222	378	- 156	222
Property, plant and equipment	1,405,059	1,398,323	1,292,782	+ 105,541	1,365,249
Intangible assets	6,292	13,270	11,504	+ 1,766	2,491
Biological assets	3,937	4,082	4,147	- 65	3,937
Investment property	28,290	29,211	26,383	+ 2,828	28,290
Investment in subsidiaries	76,569	76,569	76,569	-	76,569
Other financial assets - other investments	42,814	47,268	51,108	- 3,840	45,909
Derivative financial instruments	0	0	365	- 365	0
TOTAL ASSETS	1,588,119	1,598,233	1,491,056	+ 107,177	1,552,037
LIABILITIES					
Trade and other payables	15,424	21,050	16,087	+ 4,963	21,050
Provisions	1,116	976	1,208	- 232	1,116
Employee benefit liabilities	2,910	4,726	4,575	+ 151	4,726
Borrowings	200,833	202,244	230,842	- 28,598	154,771
Derivative financial instruments	456	456	0	+ 456	456
Total liabilities	220,738	229,452	252,712	- 23,260	182,119
TOTAL EQUITY					
Retained earnings	351,151	349,357	344,982	+ 4,375	353,689
Other reserves	1,016,229	1,019,424	893,362	+ 126,062	1,016,229
Total equity	1,367,381	1,368,781	1,238,344	+ 130,437	1,369,918
TOTAL LIABILITIES AND EQUITY	1,588,119	1,598,233	1,491,056	+ 107,177	1,552,037

Statement of Financial Position Variance

Assets

Cash and cash equivalents	Cash and cash equivalents are higher than budget and lower than plan due to differences in cashflow movements of Council for the year.
Trade and other receivables	Trade and other receivables are lower than budget and plan due to timing differences of rates and invoice collection in June 2025 & 2026.
Prepayments	Prepayments is lower than budget and higher than plan due to software licenses value variances
Inventories	Inventories are in line with budget and lower than plan due to the plan being set on the stock levels of 2023/2024 which included nursery plant stock which Council no longer holds.
Property, plant and equipment	Property, plant and equipment is higher than budget and plan due to A) variances in movements of capital programme spend than assumed; B) variances in the 2024/2025 asset revaluation amount between the assumption in the plan and actual valuation.
Intangible assets	Intangible assets are lower than budget and plan due to change in movements of the capital programme spend.
Biological assets	The revaluation of biological assets is yet to be updated as is part of the year end processing.
Investment property	The revaluation of investment property assets is yet to be updated as is part of the year end processing.
Investment in subsidiaries	This balance includes shares held by Council in Invercargill City Holdings Limited and is unchanged for the year.
Other financial assets - other investments	Other financial assets are lower than budget and plan due to lower interest rates on term investments and higher repayments received on the loan advance to Invercargill Central Limited
Derivative financial instruments	To be updated as part of year end processing

Liabilities

Trade and other payables	Trade and other payables are lower than budget and plan due to timing differences of larger contractor payments which have been accrued in June 2025 & 2026 and the second run of year end accruals has not been completed at time of preparing report.
Provisions	Provisions are yet to be updated as part of the year end processing.
Employee benefit liabilities	Employee benefit liabilities are yet to be updated as part of the year end processing.
Borrowings	Borrowings are lower than plan and budget as it reflects the difference in timings of borrowings drawdowns.

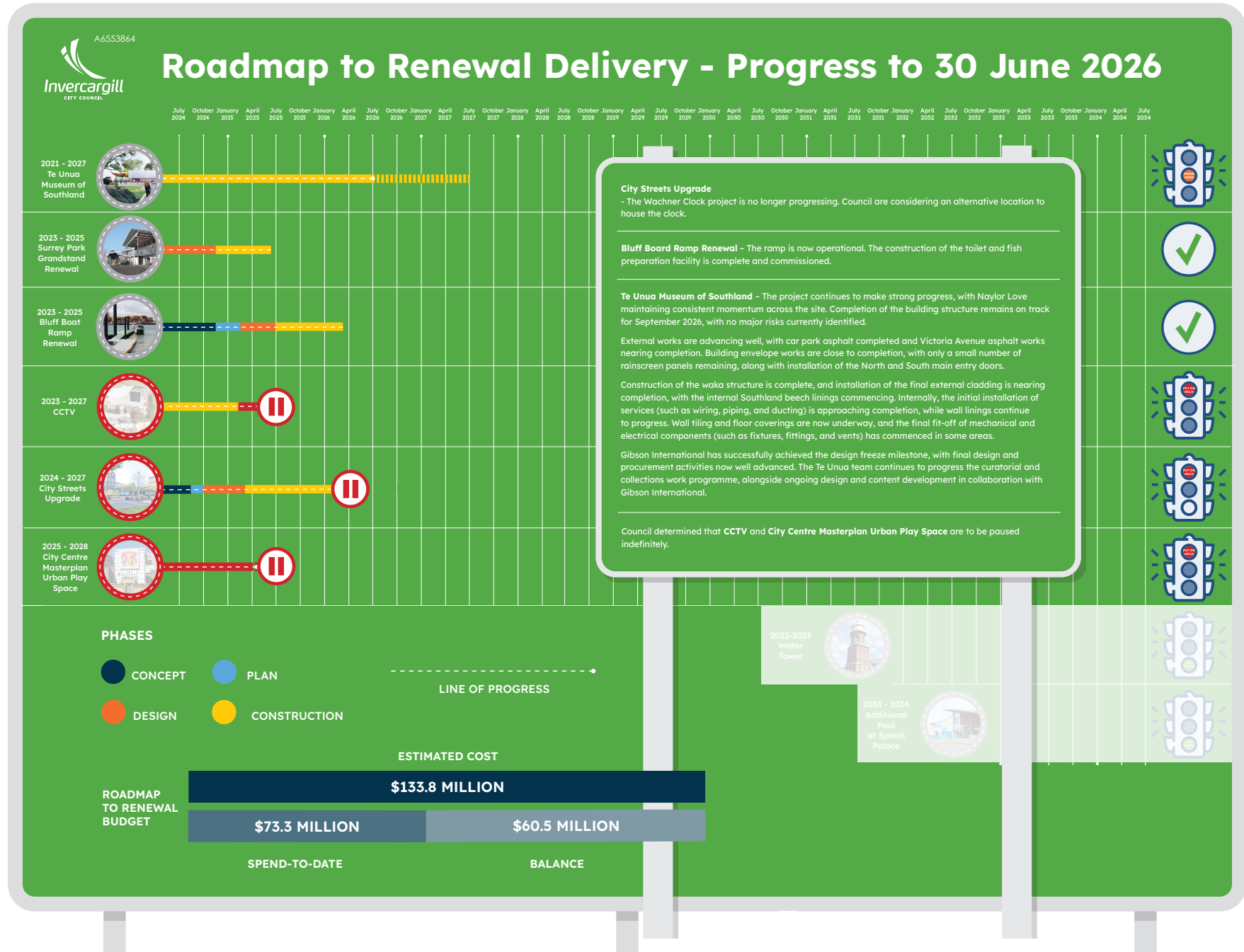
Schedule of changes to the plan (budget)

The current Annual Plan 2025/2026 (Plan) was approved by Council on 30 June 2025. The budget for 2025/2026 was created to capture changes that are variations to the Plan. The focus of performance monitoring is on YTD financial results compared to budget and the consideration of changes between budget and Plan. The following table provides a summary view of the budget changes made to date and includes decisions made at various Council meetings. These changes are now reflected in the revised budgets.

	Net operating surplus / (deficit) (\$000)	Capital (\$000)	
Long-term Plan 2025/2026	-11,929	95,248	
Minor operational adjustments	-		Minor adjustments to operational budgets to align with expected spend/revenue for year netting nil impact. Includes: - Additional resources for supporting ICHL offset by increased fee recovery, - Allocation of budget from operational expenses to salaries and wages for increasing set-up staff for Te Unua
Capital Project changes:			
<i>Branxholme supply main renewal</i>		+ 501	To maintain an unchanged total project life budget, an adjustment to the budget in this year is required for any over or under spend from the previous year. This adjustment is only done for capital projects with a set budget and lifespan i.e. Roadmap and Strategic projects . Finance and policy Committee report - 16 September 2025
<i>Alternative water supply - New supply source</i>		+ 141	
<i>New Tanker fill station</i>		+ 126	
<i>City Streets - Esk Street West (Roadmap)</i>		- 331	
<i>Bluff Boat Ramp</i>		+ 249	
<i>Housing - replacement and new build programme</i>		- 133	
<i>CAB Relocation</i>		+ 1,565	
<i>Scoping of Art Precinct</i>		+ 97	
<i>Overall capital programme to be managed to current Annual Plan total</i>		- 2,215	
Revised budget 2025/2026 as at Q1 performance reporting date	-11,929	95,248	
Rates Revenue	+ 262		Additional rating unit number growth above the assumption used in the Annual Plan 2025/2026 has generated additional revenue for the year.
Subsidies and grants for operating purposes	+ 899		Additional subsidy to be received for Total mobility \$0.6 million, Waters transition programme \$0.2 million and Local Roads Pothole Prevention fund \$0.1 million.
Subsidies and grants for capital expenditure	+ 543		Additional subsidy from NZTA to align with brought forward uncompleted subsidised capital from 2024/2025 into 2025/2026 \$1.1 million. This has been offset by the removal of Urban Play subsidy fund due to project being paused \$0.5 million.
Other Revenue	+ 522		Increased revenue from forestry harvesting due to the additional harvest from the wind throw caused by strong winds in Quarter one
Salaries & Wages Expenses	- 1,718		Variances reflect differences between actual and planned staffing levels and movements. Including additional fixed term roles to support the Water Transition to comply with DIA and Commerce Commission requirements under the Local Government (Water Services) Act 2025.

	Net operating surplus / (deficit) (\$000)	Capital (\$000)	
Administration expenses	- 445		Increase in software costs licences to cover Our Council projects coming online, contract rollover renewals and changes to licences. Increase to the the Water Transition budget to support the compliance with DIA and Commerce Commission requirements under the Local Government (Water Services) Act 2025.
Consultancy expenses	- 402		Increase to the Water Transition budget with external support to comply with DIA and Commerce Commission requirements under the Local Government (Water Services) Act 2025.
Operational expenses	- 1,193		Increase includes A) additional expenditure for Total mobility to align with increased subsidy revenue \$0.6 million, B) additional expenditure for forestry harvesting to align with additional revenue from timber sales \$0.6 million.
Finance Expenses	+ 1,367		Interest rate assumption for 2025/2026 revised from 4.50% to 3.75%
Depreciation and Amortisation	+ 7,359		An adjustment is required to the depreciation budget due to A) variances between final positions of capital work in progress / asset values balances for 2024/2025 and the estimated position of assets within the Annual Plan 2025/2026, B) Differences between the actual and estimate Property and Roading asset revaluation, and C) System adjustment to correct the depreciation rates on water assets which was overstated and identified during the 2024/2025 Annual report.
Minor operational adjustments	+ 183		Minor adjustments & correction to classification errors
Capital Project changes:			
<i>Removal of Q1 adjustment to overall capital programme to align with Annual plan</i>		+ 2,215	See above
<i>Mersey Street Rising Main Duplication</i>		- 6,286	Re-phased construction part of project into 2026/2027
<i>Te Unua (Roadmap)</i>		- 6,520	Re-phased spend funds to align with current programme profile.
<i>Roading programme</i>		+ 1,797	To bring forward the uncompleted subsidised capital from 2024/2025 into 2025/2026.
<i>Alternative water supply - New supply source</i>		+ 1,530	Re-phased to align with council agreed paper / updated program of works
<i>Housing - replacement and new build programme</i>		+ 350	Re-phased to align with timing of spend on Miller Street project
<i>Treatment Facilities - Clifton consent renewals</i>		+ 250	Brought forward funds for scoping from future years.
<i>Treatment Facilities - Bluff consent renewals</i>		+ 343	Brought forward funds for reviewing consent options from future years.
<i>Pumping Stations - renewals</i>		+ 828	Re-phased spend on Branhholme Duplication Manifold and Pump Station
Repairs & maintenance	- 4,000		Expenditure relating to Weather Event. This was included as a proposal in the Quarter two performance cover report.
Revised budget 2025/2026 as at Q2 performance reporting date	-8,552	89,755	
Salaries & Wages Expenses	+ 641		Variances reflect differences between actual and planned staffing levels and movements.
Depreciation and Amortisation	- 653		Adjustments to align with Capital programme movements and updated asset register
Utilities expenses	+ 150		Revision of Electricity & rates expenses incurred
Repairs & maintenance & Operational expenses	+ 2,251		Decreases expenditure expected to be incurred for 2025/2026 due to A) lower solid waste volumes received which are driving lower landfill costs; B) Lower reactive maintenance required on Properties; C) reduced operating costs incurred in the Sewerage and Parks & Reserves activities

	Net operating surplus / (deficit) (\$000)	Capital (\$000)	
Finance Revenue	- 60		Lower interest revenue from ICL advance investments
Subsidies and grants for operating purposes	- 562		Lower revenue from NZTA subsidy expected due to lower operational expenditure on roading to be incurred this year.
Minor operational adjustments	- 4		Minor adjustments & correction to classification errors
<u>Capital Project changes:</u>			
<i>Mersey Street waste water duplication project</i>		- 2,893	Re-phased construction part of project into 2026/2027
<i>3 Waters pipe renewals programme</i>		+ 2,786	Revised renewal programme to align with expected spend for remaining of 2025/2026
<i>Roading renewals programme</i>		+ 2,045	Revised renewal programme to align with expected spend for remaining of 2025/2026
<i>Other renewal programme</i>		+ 357	Revised renewal programme to align with expected spend for remaining of 2025/2026
<i>Pumping Stations - Branhholme Duplication</i>		- 1,800	Re-phased spend on Branhholme Duplication Manifold and Pump Station into 2026/2027
<i>Te Unua (Roadmap)</i>		- 5,200	Re-phased to align timing with latest project spend projections into 2026/2027
<i>Alternative water supply - New supply source</i>		- 871	Deferred spend of project into 2026/2027
<i>City Streets - Esk Street West (Roadmap)</i>		- 1,469	Deferred unspent funding on project to future years.
Revised budget 2025/2026 as at Q3 performance reporting date	-6,789	82,710	
The below changes were made as part of the Annual Plan 2026/2027 finalisation process:			
Salaries & Wages Expenses	+ 73		Variances reflect differences between actual and planned staffing levels and movements.
Depreciation and Amortisation	+ 823		Adjustments to align with Capital programme movements and updated asset register
Other Staff expenses	- 58		Councillor security allowance removed for 2025/2026 as security assessments are required to be completed first.
<u>Capital Project changes:</u>			
<i>Te Unua (Roadmap)</i>		+ 200	Re-phased to align timing with latest project spend projections into 2026/2027
<i>Roading renewals programme</i>		- 1,704	Revised renewal programme to align with expected spend for remaining of 2025/2026
<i>3 Waters pipe renewals programme</i>		+ 1,282	Revised renewal programme to align with expected spend for remaining of 2025/2026
Revised budget 2025/2026 as at Q4 performance reporting date	-5,951	82,487	



INVERCARGILL AIRPORT LIMITED AND INVERCARGILL CITY HOLDINGS LIMITED STATEMENT OF INTENTS 2026/2027

To: Finance and Policy Committee

Meeting Date: Tuesday 18 August 2026

From: Michal Gray – Governance Specialist

Approved: Patricia Christie - Group Manager - Finance and Assurance

Approved Date: Thursday 13 August 2026

Open Agenda: Yes

Public Excluded Agenda: No

Purpose and Summary

This report is for the Finance and Policy Committee to receive the final Statement of Intent (SOIs) for Invercargill Airport Limited (IAL) and Invercargill City Holdings Limited (ICHL) for the financial year ending 30 June 2027.

Recommendations

That the Finance and Policy Committee:

1. Receives the report "Invercargill Airport Limited and Invercargill City Holdings Limited Statement of Intent 2026/2027".
2. Confirms receipt of the Invercargill Airport Limited Statement of Intent year ended 30 June 2027 and Invercargill City Holdings Limited Statement of Intent for the financial year 2027.

Background

Section 64 of the Local Government Act 2002 (LGA) requires IAL and ICHL as Council Controlled Organisations to each adopt a Statement of Intent.

The Statement of Intent have been delivered by IAL and ICHL by the due date and are attached.

Next Steps

IAL and ICHL will each report to the committee quarterly on the information required by its Statement of Intent.

Attachments

1. Invercargill Airport Limited Statement of Intent (A6575507)
2. Invercargill City Holdings Limited Statement of Intent for Financial Year Ending 2027 (A6575525)

A6575507



Statement of Intent

FINANCIAL YEAR END 30 JUNE 2027

INVERCARGILL AIRPORT

Introduction

This statement is presented by the Directors pursuant to the requirements of the Local Government Act and sets out the Board's overall intentions for the Company for the financial year ending 30 June 2027 and the two succeeding financial years.



The Airport provides essential air connectivity to enable businesses to thrive, including freight movement. The Airport supports Southland as a tourist destination, creating a hub for easy access to the region.

National domestic flight demand declined notably throughout FY25 due to lower government spending, higher airfares, and a higher cost of living. This led to Air New Zealand ceasing its direct services between Wellington and Invercargill in early 2025. This reduced connectivity is still sorely missed by the Southland community, especially for its ease of business travel to Wellington and for increasing ease of visitation for major events.

The regularity of events, strong business confidence, and popularity of attractions in Invercargill/Southland remain strong drivers for local passenger demand. There were early signs of increased demand in January/February 2026. This rapidly reversed with the conflict in the Middle East and its impact on jet fuel prices. Ongoing schedule reductions since then have notably impacted passenger numbers.

Core Business

Invercargill Airport Limited is a registered airport operator that provides core assets and services to facilitate air traffic and the travelling public safely and efficiently into and out of Invercargill Airport.

Vision



To be New Zealand's leading full service regional airport with a thriving airport community connecting Southland to the world.

Purpose



To provide an aerodrome that delivers a safe aviation operation, utilise our assets to grow the business and provide excellent customer service from the front gate to the aircraft.

Governance

The Board of Directors is appointed by Invercargill City Holdings Limited. The Board oversees the governance of the Company and acts in accordance with the constitution and relevant legislation to ensure the airport is safe, sustainable and compliant.

The Board holds regular meetings to direct and control the Company's activities, where management presents operational and financial reports for discussion.

The Board provides the SOI to shareholders for review. Six-monthly and annual reports of financial performance are provided to the shareholders.



Grant Lilly - Chair



Dean Addie



Jane George



Alastair Hercus



Haylee Preston

The Nature and Scope of Activities

The primary activity of the Company is to operate a safe and efficient airport, based on sound business principles for the benefit of the community, the shareholders, and the users of the airport.



Invercargill Airport is a certified aerodrome under the Civil Aviation Rule Part 139. It is authorised by the Civil Aviation Authority to operate as an airport in accordance with an approved Exposition. The Aerodrome Operators Certificate was renewed on 31 October 2023. The current Aerodrome Operators Certificate expires on 31 October 2028.



The Company has responsibility for the proper design, maintenance, and management of assets and infrastructure such as runways, taxiways, aprons, buildings, parking, and roads.



The Company has the primary duty of care to take all "reasonably practicable" steps to ensure the health and safety of its employees, contractors, customers, and the public on its premises and in using its assets.



The Company is committed to a sustainable future and believes that sustainability is critical to the success of the Airport. Sustainability will be considered in all our social, environmental, and economic decisions.



The Company is also responsible for managing assets and airspace not currently used for airport activities, but which may be used in the future, e.g., land held for airport expansion and protection purposes.



The Company holds a management contract for Milford Sound Piopiotahi Aerodrome. IAL provides management services for the owner (Ministry of Cities, Environment, Regions and Transport), using QAOSH Aviation Services as a subcontractor.



The Company land includes a dairy farm at the southwest end of the Airport. This land has been under a long-term lease, which recently ceased. This is run as a dairy farm, now operated by a sharemilker.

People

IAL is required as part of its obligations under CAA rule part 139 to identify senior people who have a nominated role for ensuring aviation safety and operations at the airport. These individuals are named on the Aerodrome Operators Certificate. These people are:

Senior People	Title Per CAA Rule	Company Title
Stuart Harris	Chief Executive	Chief Executive
Terri Black	System for Safety Management	Health, Safety, and Risk Manager
Corey Diack	Other Senior Person	Operations Lead
Julie Jack	Other Senior Person	Commercial and Business Development Manager
Glenn Scott	Other Senior Person	Safety and Facilities Coordinator
Rob Somers	Other Senior Person	Operations Manager



Fulton Hogan and Airport team celebrate commencement of the final shift of runway resurfacing

Goals and Objectives



HEALTH, SAFETY, AND RISK MANAGEMENT

IAL will strive to build a resilient, high-performing organisation where critical risks are effectively controlled and our people actively lead and own safe outcomes.

The company will:

- ✓ Identify, prioritise, and **maintain clear visibility of critical risks** and their key controls across the organisation.
- ✓ **Implement a structured assurance programme** to verify that critical controls are effective, embedded, and regularly reviewed.
- ✓ **Strengthen leadership accountability** for risk management and ensure clear ownership of safety responsibilities at every level.
- ✓ **Increase frontline involvement** in identifying hazards, designing controls, and contributing to investigations, reviews, and improvement actions.
- ✓ **Build workforce capability** through targeted training, communication, and regular safety conversations focused on learning and prevention.
- ✓ Use data, assurance findings, and employee feedback to continuously **improve safety performance and strengthen organisational resilience**.



FINANCIAL

IAL is a strategic asset of Invercargill City Holdings Limited and Invercargill City Council delivering a range of benefits to Invercargill and the Southland region. Whilst the Airport is a strategic infrastructure asset of regional significance, the Company is focused on delivering commercial returns across the entire business.

The Company will:

- ✓ Work with airline customers to **grow passenger opportunities** into and out of Southland
- ✓ Develop business master plans to achieve **long term economic sustainability**
- ✓ **Implement** appropriate airport **user pricing structures**
- ✓ Maintain commercial rental agreements for IAL's property portfolio to **maximise future returns**
- ✓ **Increase non-aeronautical revenue** in absolute terms, and as a percentage of total revenue
- ✓ Actively work with partners to **diversify the business** base of the airport
- ✓ Ensure the farm land is a **profitable asset** for the Airport.



INFRASTRUCTURE

IAL will provide safe and fit for purpose infrastructure.

The Company will:

- ✓ **Maintain certification** pursuant to Civil Aviation Rule Part 139 and maintain the infrastructure required to be compliant with the rule
- ✓ Develop robust asset management and life cycle plans to **maintain the infrastructure and plan for renewals** where required
- ✓ Annually review all insurance covers to **ensure its risk is minimised**
- ✓ Supply the security and operational facilities required to **support current and future aviation operations** from the Airport
- ✓ **Continue to invest** in the maintenance and refurbishment of the existing infrastructure & building assets to ensure they are fit for purpose and future use.



HUMAN RESOURCES

IAL is a great place to work.

The Company will:

- ✓ **Ensure that all employees have the right skills**, training and capability to be able to do their work competently
- ✓ Recognise and review **staff performance**
- ✓ Have robust contingency plans to **ensure the airport meets its regulatory and business requirements** through planned and unplanned staff absences and changes.
- ✓ **Continue to develop inclusive practices** into every aspect of the business.



CORPORATE SOCIAL RESPONSIBILITY

IAL positively contributes to the Invercargill and Southland community.

The Company will:

- ✓ **Provide a safe, secure and reliable airport facility** in compliance with the requirements of the Civil Aviation Authority
- ✓ Develop a sustainability strategy and plan that **embeds sustainability** in everything the Airport does
- ✓ **Deliver on the Airport's environmental obligations** including developing and implementing sustainable practices for its waste streams
- ✓ **Encourage Southlanders to be advocates** for the Airport by growing their understanding of the benefits it provides and its strategic importance to the region
- ✓ **Ensure the airport's future is protected** by engaging with, and educating, local authorities on the needs and benefits of an airport close to the city.



OUR CUSTOMERS

IAL will provide excellent customer service to all users of the airport.

The Company will:

- ✓ Conduct regular airport user group meetings and/or surveys, which include a **focus on the needs of the airport users**, other stakeholders and visitors
- ✓ **Focus on providing an excellent experience** for every customer and user of the airport
- ✓ **Provide landside and airside facilities** that meet the needs of the customers.

Performance Measures and Targets

NON-FINANCIAL

Aerodrome Safety and Regulatory Compliance	✓ Meet all regulatory requirements under CAA Part 139 and MPI POFA, with all external audit findings closed within agreed time-frames.
Health and Safety	✓ Zero lost time injuries for IAL staff and IAL's contractors
Infrastructure and Property	✓ Capital projects delivered as per capital projects plan.
Environmental and Sustainability	✓ Measure and report scope 1 and 2 emissions to ICC. ✓ Upgrade airport support vehicles to low-emissions alternatives. ✓ Establish a landfill waste baseline to inform future reduction targets.
Airport Infrastructure Reliability	✓ No impacts to on time performance to regular passenger transport due to airport owned infrastructure.
Community Partnerships	✓ Hold a community event to invite public to the airport. ✓ Increase sponsorship to relevant community events compared to prior year.



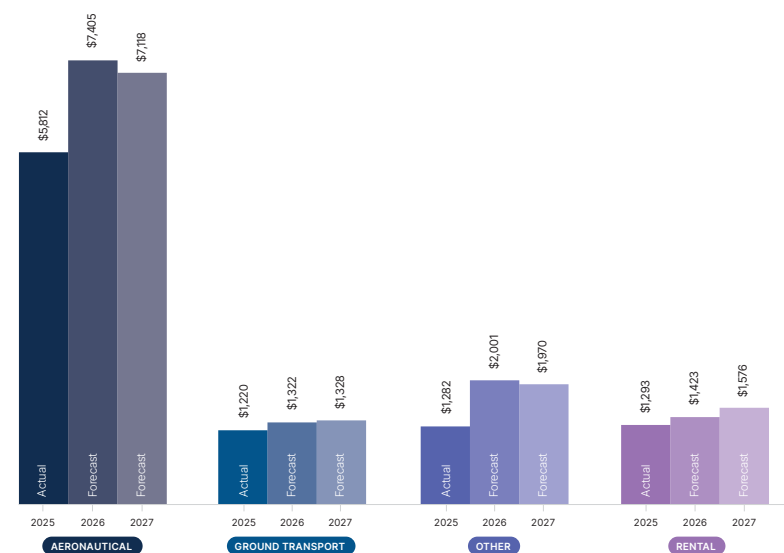
FINANCIAL PERFORMANCE AND OUTLOOK

Revenue Analysis

Total revenue has been split into four streams to reflect the core areas of the Airport's operations. The Airport has been investing in both its aeronautical assets and non-aeronautical assets to grow both revenue streams. The diagrams below illustrate a summarised view of the actual revenue split from FY25 and the forecast revenue split for FY26 and FY27.

Non aero-nautical revenue is expected to lift in FY27 due to IAL receiving increased returns from the dairy operation, as the sharemilking operation matures. There is an increase in aeronautical revenue corresponding to the FY26 investments in aeronautical assets such as the resurfacing of the main runway and terminal upgrades; however, this is offset by the decrease in passenger numbers expected as a result of the Middle East war and its impact on jet fuel prices.

Aeronautical Charges earned by IAL fund the facilities and services provided for aeronautical activities, which are directly proportionate to passengers and aeronautical activity. Further, other significant revenue streams strongly correlate to total passenger numbers, including Ground Transport and Rental revenues. IAL will continue to diversify our revenue streams to increase non-aero revenue through increased commercial opportunities on site.

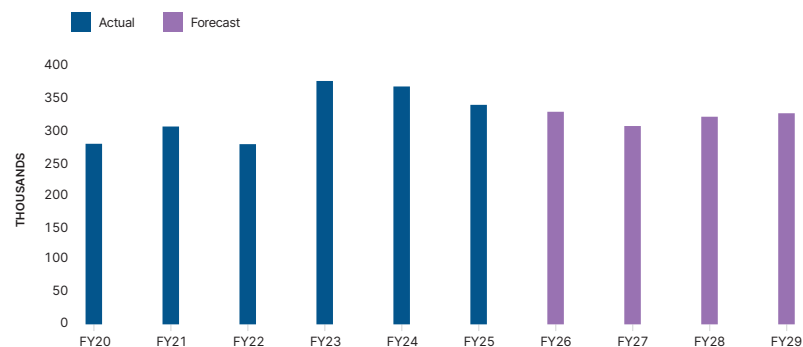


PASSENGER MOVEMENTS

The graph below provides passenger movement forecasts for the three-year period covered by this SOL. Through FY25 and FY26 there was increases in fares across the network, which reduced passenger demand, which was further reduced by constrained capacity once the Middle East war commenced. The year on year decreases in passenger volumes are expected to continue into FY27 as the impacts of the Middle East war lead to continued schedule reductions. Air New Zealand's A320 engine issues are drawing to a conclusion, which provides some potential for growth once jet fuel prices ease.

The modest growth in subsequent years relies on jet fuel prices and airfares reaching an equilibrium that allows them to be palatable to local travellers. Invercargill and Southland continue to be a destination which has strong demand from national and international visitors. Key events such as the Tour of Southland, Burt Munro Festival, George Begg Festival, and the Oyster Festival create strong demand. This supplements the regular attractions such as Rakiura, The Catlins, and the Hump Ridge Track.

IVC Passenger Movements FY2020-2029



Budget 2027
305,000
PASSENGERS

Budget 2028
319,000
PASSENGERS

Budget 2029
326,000
PASSENGERS

	BUDGET 2027 \$'000	BUDGET 2028 \$'000	BUDGET 2029 \$'000
Total Revenue	11,993	13,122	13,329
EBITDA	5,085	6,095	5,922
Interest Expense (Net)	1,391	1,604	1,604
Net Profit After Taxation	511	994	938
EBITDA as % of Revenue	42%	46%	44%
Return on Capital	2%	4%	3%
Total Debt	31,841	32,261	29,661
Total Equity	26,031	26,775	27,223
Total Assets	60,490	61,755	59,435
Total Equity/Total Assets	43%	43%	46%

Notes:

- Total assets are defined as the sum of all current, fixed and investment assets of the business. Property, plant and equipment is held at cost less accumulated depreciation and impairment losses.
- For the purpose of this ratio, equity is defined as the paid-up capital plus any retained tax paid profits. This includes undistributed profits which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves" and shareholders' advances.
- Return on capital is defined as net profit after tax over total equity.
- The ratios are exclusive of any adjustment for the revaluation of investment property.



Capital and Major Operational Expenditure

As a future focused strategic infrastructure asset, IAL has developed a capital and major operating plan with a 10-year horizon. IAL's Asset Management Plan (Capital and Major Maintenance) covering its aeronautical assets has been prepared utilising industry experts.

IAL has invested considerably in its key assets during FY24, FY25 and FY26, with terminal upgrades, and runway resurfacing now completed. Almost all IAL's other buildings have either been built or refurbished in the past three years. This intense period of investment slows down through FY27, with fewer projects and lower values as this programme draws to a close.

This period of intense capital upgrade works has now shifted to focussing on further development of individual asset management plans for each asset. This will ensure that maintenance programmes are proactive rather than reactive and should avoid a large surge of capital works in future years.

IAL is constructing a bespoke washbay and office for Hertz, which had been operating from the rear of a hangar for many years. This structure will be completed and operational in Q1 of FY27 and includes expansion space for future occupants.

The refurbished jet lounge, screening lane, and passenger covered walkway are recently completed and fully functional. There are some minor upgrades within the terminal in this year to increase the capability and resilience of the hold baggage screening point.

IAL resumed farming on its dairy farm, after a long-term ground lease, in FY25. Subsequent to this there was a period of asset renewal and upgrades on the farm, which are now largely complete, with only some minor structures to be built in FY27.

FY27 includes renewal of many of our vehicles, with the second of our fire appliances (which is 30 years old) being replaced. This renewal will also include many of our ancillary and support vehicles and machinery which are due for replacement.

Aeronautical investment is funded and costs recovered, after consultation with airline customers, through core aeronautical charges. IAL consulted with its airline partners during FY25 for aeronautical charges, which run for FY26 to FY28.

All capital expenditure is subject to a business case for approval by IAL's board, with major transaction approval, if required, from its shareholders.

	BUDGET 2027 \$'000	BUDGET 2028 \$'000	BUDGET 2029 \$'000
Airfield (incl. runway, apron, taxiway and lighting)	2,626	174	73
Commercial Property Development	2,029	3,840	-
Landside Roading and Carparking	1,500	307	314
Rescue Fire Service	3,799	-	-
Terminal	2,165	328	388
All Other Forecasted Capital Expenditure	386	46	204
Total	12,505	4,695	979

Information to be Reported

The following information will be available to shareholders based on an annual balance date of 30 June.

DRAFT STATEMENT OF INTENT

On or before 1 March each year, the Directors will deliver to the shareholders a Draft Statement of Intent that fulfils the requirements of Section 64 of the Local Government Act 2002.

COMPLETED STATEMENT OF INTENT

On or before 30 June each year the Directors shall deliver to the shareholders a completed Statement of Intent which fulfils the requirements of Section 64 of the Local Government Act 2002.

HALF YEARLY REPORT

Within two months after the end of the first half of each financial year, the Directors shall deliver to the shareholders an unaudited report (with comparative figures from the previous half yearly report) containing the following information as a minimum in respect of the half-year under review:

- A statement of comprehensive income disclosing actual revenue and expenditure.
- A statement of financial position at the end of the half year.
- A statement of movements in equity.
- A statement of cash flows.
- A commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on IAL's performance, including an estimate of the financial result for the year based on that outlook.

ANNUAL REPORT

Within three months after the end of each financial year, the Directors shall deliver to the shareholders an annual report and audited financial statements in respect of that financial year, containing the following information as a minimum, including comparative figures:

- A Directors' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
- A statement of comprehensive income disclosing actual revenue and expenditure.
- A statement of financial position at the end of the year.
- A statement of movements in equity.
- A statement of cash flows.
- An Auditor's report on the above statements and on the measurement of performance in relation to objectives.



Proposed Distributions

IAL's policy is to target distribution of 50% of NPAT, excluding changes due to revaluations, as dividend to its shareholders. This is subject to assessment and approval by the Directors annually, in accordance with the Companies Act.



Acquisition Procedures

The undertaking by Invercargill Airport Limited of any activity of a nature or scope not provided for in this Statement of Intent would be subject to the prior approval of the Invercargill Airport Limited shareholders.

The Company will not establish any new Company or other organisation or acquire shares, equity, voting interests or memberships of any Company or organisation without the Directors having gained prior approval of its shareholders.



Shareholders' Investment

The commercial value of the Shareholders' investment in the Company is considered by the Directors to be not less than the Shareholders' funds disclosed in the Statement of Financial Position published in the last Annual Report.



Statement of Accounting Policies

Invercargill Airport Limited's accounting policies are consistent with the accounting policies recognised by the External Reporting Board ('XRB').

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in our most recent annual report.



A6575525



INVERCARGILL CITY HOLDINGS LIMITED

STATEMENT OF INTENT FOR THE FINANCIAL YEAR ENDING 2027

TABLE OF CONTENTS

	PAGE
PREAMBLE	3
OBJECTIVES	3
NATURE AND SCOPE OF ACTIVITIES	4
PERFORMANCE TARGETS	5
RATIO OF CONSOLIDATED SHAREHOLDERS' FUNDS TO TOTAL ASSETS	8
COMMERCIAL VALUE OF THE SHAREHOLDERS INVESTMENTS	9
REPORTING TO SHAREHOLDER	9
DISTRIBUTION POLICY	10
PROCEDURES FOR ACQUISITION OF OTHER INTERESTS	10
COMPENSATION FROM LOCAL AUTHORITIES	10
OTHER MATTERS AGREED AS BETWEEN THE DIRECTORATE AND ITS SHAREHOLDER	10
GOVERNANCE	10
ACCOUNTING POLICIES	11

PREAMBLE

Invercargill City Holdings Limited (ICHL) was established by Invercargill City Council (ICC) in 1996 to monitor and oversee the performance of its subsidiaries and is accountable to ICC against this role.

Section 64 of the Local Government Act 2002 requires ICHL to prepare a statement of intent that:

- States the activities and intentions of ICHL for the year and the objectives to which those activities will contribute;
- Provide an opportunity for ICC to influence the direction of ICHL; and
- Provide a basis for the accountability of the directors of ICHL to ICC for the performance of ICHL.

ICHL and ICC have determined that the investments held by ICHL may be classified as either strategic or commercial and this statement of intent reflects those classifications.

The Directors have prepared this Statement of Intent which consolidates the intentions and objectives of its subsidiaries for the year.

OBJECTIVES

Section 59 of the Local Government Act 2002 sets out the principal objectives of ICHL. ICHL has the following specific objectives:

- To ensure that ICHL and its subsidiaries
 - work together with ICC to form an agreed strategic objective for the group;
 - activities and strategy are aligned with the strategic objectives agreed with ICC;
 - manage investments in a manner that optimises returns to its shareholder while achieving the desired strategic objectives.
- To ensure that the commercial investments of ICHL provide returns to its shareholder ICC that are sustainable and consistent with the agreed risk appetite of ICHL.
- To ensure that any projects or investments are undertaken in a commercially prudent manner to achieve the strategic outcomes of those projects or investments agreed with ICC.
- To keep the ICC informed of matters of substance affecting the group on a no surprises basis.
- To monitor the performance of each subsidiary against their stated performance objectives and ensure they have proper governance procedures in place.
- To promote health and safety management and reporting within the group.
- To ensure that regular reporting of results occurs to Invercargill City Council.
- To act generally as a responsible corporate citizen.

NATURE AND SCOPE OF ACTIVITIES

ICHL will monitor and oversee the performance of its investments. Specific actions that ICHL will take towards performance of this activity include:

- a. Providing input into the Statement of Intent of each of its subsidiaries to ensure that they reflect the strategies and objectives of Invercargill City Council; and,
- b. Monitoring the performance of the individual subsidiary companies against the Statement of Intent.
- c. Providing funding and treasury services to the subsidiary companies.
- d. Regularly, at least every 12 months, reviewing the strategic alignment of the commercial investments held by ICHL against its agreed strategic objectives.
- e. Assisting Invercargill City Council in the management of its commercial investments.

The undertaking by ICHL of any activity of a nature or scope not provided for would be subject to the prior approval of the Invercargill City Council.

In particular the prior approval of the shareholder would be required for ICHL forming, acquiring or divesting an interest in any subsidiary company and in the case of each subsidiary the Directors of ICHL shall not, without the prior approval of the shareholder approve any investment which is contrary to that subsidiary's Constitution.

Activities of the subsidiary companies are as follows:

COMMERCIAL INVESTMENTS

Electricity Invercargill Limited and Invercargill Airport Limited are identified as investments from which ICHL expects a commercial return. They are also strategic assets for Invercargill City Council.

ELECTRICITY INVERCARGILL LIMITED (EIL)

EIL owns and operates the electricity network in Invercargill which includes 663km of predominantly underground cables. This is one of the best performing networks in New Zealand in terms of reliability and efficiency and has more than 17,500 connections.

Reflecting its commercial and strategic importance EIL has revised its purpose to be:

- Delivering a capable, reliable and safe electricity distribution network;
- A secure and stable Regulated Asset Base; and
- Delivering optimum sustainable returns to the shareholder.

INVERCARGILL AIRPORT LIMITED (IAL)

IAL provides all airport related services for Invercargill and is the gateway to the city and the wider Southland region, hosting over 338,000 passengers in the 2025 financial year.

IAL is 97.47% owned by ICHL and the other 2.53% shareholders are the four local Rūnanga.

ICHL will work with IAL to ensure that its activities ensure the continued development of this essential service.

STRATEGIC INVESTMENTS

Invercargill Central Limited and HWCP Management Limited are investments from which ICHL expects a strategic or community return. ICHL will work with those investments to maximize the potential commercial return to Invercargill City Council over time.

INVERCARGILL CENTRAL LIMITED (ICL) JOINT VENTURE

ICHL has become a shareholder in ICL at the request of ICC. ICHL has invested \$63.2 million in ICL and holds 47.78% of the shares.

ICL has completed construction of the development and is operational as a shopping centre. In the short to medium term the expectation of a cash return from this investment is low.

ICL is a strategic asset and ICHL will continue to monitor the performance of ICL in meeting the objectives of the investment by ICC in ICL.

HWCP MANAGEMENT LIMITED (HWCP)

ICHL is a 49.997% shareholder in HWCP. HWCP was the original vehicle for the purchase of land to develop the inner city. ICHL became a shareholder in HWCP at the request of ICC.

At the time of HWCP selling the land purchased to ICL it was agreed with Invercargill City Council that ICHL would leave the existing loan to HWCP in place.

ICHL has invested \$350,000 in HWCP and has a loan to HWCP of \$4.6m. ICHL does not expect to recover the equity investment in HWCP but does expect to recover some of the loan. ICHL and ICC have agreed that HWCP will try to sell the remaining land held by it.

FUTURE INVESTMENTS

ICHL continues to consider investments that are consistent with the agreed strategic direction with ICC. In particular it continues to review investments that are consistent with:

- reduced exposure to capital growth strategies;
- retain the existing investments; and
- balancing risk across the portfolio.

PERFORMANCE TARGETS

The following targets relate to the ICHL group unless separately identified.

Financial

The consolidated financial forecasts are based on information provided by the subsidiary companies and ICHL own forecasts. The financial forecasts have been prepared using the best information available at the time of preparation.

Group – Year Ending 30 June	2027	2028	2029
	(\$'000)	(\$'000)	(\$'000)
Group Net Profit/(Loss) after tax	6,153	6,720	7,786
Dividend to Invercargill City Council	9,705	9,836	9,965

Invercargill Central Limited and HWCP Management Limited are strategic investments and will not be included in any commercial return requirements for ICHL.

At this stage there is no commercial return target allocated to ICL.

Return on Commercial Investments (ICHL, EIL and IAL)

ICHL is currently reviewing the manner in which its returns are reported to Invercargill City Council. In the interim ICHL will report, for its commercial investments rates of return on equity:

ICHL, EIL and IAL – Year Ending 30 June	2027	2028	2029
Return on equity (after tax)	3.75%	3.95%	4.64%

Non-financial performance targets – ICHL Parent

Corporate Governance

Objective	Performance Target
The ICHL Group will adopt strategies that are compatible with the strategic direction of its shareholder.	ICHL will actively engage with its subsidiaries and its shareholder to ensure strategic alignment with the Council's strategic priorities.
ICHL maintains contact with subsidiary company boards and remains aware of their strategic and business issues.	ICHL receives regular reports detailing financial and performance updates. ICHL meets with subsidiary boards regularly to review current performance and strategic focus areas.
ICHL keeps ICC informed of matters of substance affecting the group on a no surprises basis.	ICHL will make timely and balanced disclosure to ICC of all matters concerning it that a reasonable shareholder would expect to be made aware. This includes quarterly reporting and bi-annual presentations.

Sustainability

Objective	Performance Target
ICHL will promote and support ICHL Group companies' contribution to ICC's climate change initiatives.	ICHL will support progress across the group in moving towards measuring, report and reducing carbon emissions.

Dividends

Objective	Performance Target
ICHL expects a long-term sustainable dividend flow to the shareholder, while maintaining an appropriate balance between dividends and reinvestment.	ICHL will require its subsidiaries to provide projections of at least 10 years of capital requirements for at least asset replacement to enable it to monitor the balance between these competing demands.

	ICHL will work with its subsidiaries to achieve the most efficient use of staff resources, capital assets and working capital through innovative management and sound business practices.
--	---

Public Expectations

Objective	Performance Target
ICHL will work with its subsidiaries to ensure that they are mindful of the public scrutiny that comes with being a Council Controlled Organisation.	ICHL will require its subsidiaries to commit to transparency and accountability to the public. This includes fulfilling the planning, reporting and disclosure requirements of the Local Government Act 2002 as it applies to CCOs, and the requirements of the Local Government Official Information and Meetings Act 1987 as it applies to CCOs, and any other company specific legislation. Ensure each subsidiary is fiscally disciplined with expenditure.

ICHL acknowledges that EIL and ICL are not CCTOs as defined in the *Local Government Act 2002* but will work with the boards of those entities to ensure that the spirit of the above requirements are met.

Non-financial performance targets – ICHL Group

The significant non-financial performance measures for each of our significant subsidiaries as set out in their SOI's are as follows:

Electricity Invercargill Limited

Electricity Invercargill Limited

Objective	Performance Target																								
Network reliability	System Average Interruption Duration Index (SAIDI) The average total time in minutes each customer connected to the network is without supply: <table><tr><th>SAIDI</th><th>2027</th><th>2028</th><th>2029</th></tr><tr><td>Planned</td><td>16.00</td><td>16.00</td><td>16.00</td></tr><tr><td>Unplanned</td><td>15.40</td><td>15.20</td><td>15.00</td></tr></table> System Average Interruption Frequency Index (SAIFI) The average number of times each customer connected to the network is without supply: <table><tr><th>SAIFI</th><th>2027</th><th>2028</th><th>2029</th></tr><tr><td>Planned</td><td>0.11</td><td>0.11</td><td>0.11</td></tr><tr><td>Unplanned</td><td>0.36</td><td>0.35</td><td>0.35</td></tr></table>	SAIDI	2027	2028	2029	Planned	16.00	16.00	16.00	Unplanned	15.40	15.20	15.00	SAIFI	2027	2028	2029	Planned	0.11	0.11	0.11	Unplanned	0.36	0.35	0.35
SAIDI	2027	2028	2029																						
Planned	16.00	16.00	16.00																						
Unplanned	15.40	15.20	15.00																						
SAIFI	2027	2028	2029																						
Planned	0.11	0.11	0.11																						
Unplanned	0.36	0.35	0.35																						
Health and safety	PowerNet is contracted to EIL to manage operations. EIL as a joint PCBU with PowerNet will monitor the PowerNet Health and Safety Performance targets.																								

	Total Recordable Injury Frequency Rate Contractor Targets (TRIFR)		
	2027	2028	2029
	1.3	1.3	1.3

Invercargill Airport Limited

Invercargill Airport Limited

Objective	Performance Target						
Ensure the management of the aerodrome meets all safety, regulatory, and operational compliance standards	Meet all regulatory requirements under CAA Part 139 and MPI POFA, with all external audit findings closed within agreed time-frames.						
Passenger numbers	<table><tr><th>2027</th><th>2028</th><th>2029</th></tr><tr><td>305,000</td><td>319,000</td><td>326,000</td></tr></table>	2027	2028	2029	305,000	319,000	326,000
2027	2028	2029					
305,000	319,000	326,000					
Ensure the health, and safety of IAL employees	Zero lost time injuries for IAL staff and IAL's contractors						
Infrastructure and Property	Capital projects delivered as per capital projects plan.						
Environmental and Sustainability	Measure and report scope 1 and 2 emissions to ICC. Upgrade airport support vehicles to low-emissions alternatives. Establish a landfill waste baseline to inform future reduction targets.						
Airport Infrastructure Reliability	No impacts to on time performance to regular passenger transport due to airport owned infrastructure.						
Community Partnerships	Hold a community event to invite public to the airport. Increase sponsorship to relevant community events compared to prior year.						

Invercargill Central Limited (Joint Venture)

Objective	Performance Target
Operational budget costs	Operating costs within 10% of budget.
Tenancy	90% leased

RATIO OF CONSOLIDATED SHAREHOLDER FUNDS TO TOTAL ASSETS
--

The forecast ratio of shareholder funds to total assets as at 30 June is:

	2027	2028	2029
Shareholder's funds/total assets	75.09%	72.67%	72.08%

For the purpose of this ratio shareholder funds are defined as the paid-up capital plus any retained tax paid profits. They include undistributed profits which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves" and shareholder advances.

Total assets are defined as the sum of all current, fixed and investment assets of the group.

COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in the ICHL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

REPORTING TO THE SHAREHOLDER

The following information will be available to the shareholder based on an annual balance date of 30 June.

DRAFT STATEMENT OF INTENT

On or before 1 March each year, the Directors will deliver to the shareholder a Draft Statement of Intent that fulfils the requirements of Section 64 of the Local Government Act 2002.

COMPLETED STATEMENT OF INTENT

On or before 30 June each year the Directors shall deliver to the shareholder a completed Statement of Intent which fulfils the requirements of Section 64 of the Local Government Act 2002.

HALF YEARLY REPORT

Within two months after the end of the first half of each financial year, the Directors shall deliver to the shareholder an unaudited report containing the following information as a minimum in respect of the half-year under review:

- A revenue statement disclosing actual revenue and expenditure, with comparative figures from the previous half yearly report.
- A statement of financial position at the end of the half year.
- A statement of cash flows.
- A commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on ICHL's performance, including an estimate of the financial result for the year based on that outlook.

ANNUAL REPORT

Within three months after the end of each financial year, the Directors shall deliver to the shareholder an annual report and audited financial statements in respect of that financial year, containing the following information as a minimum:

- a. A Director report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.

- b. A revenue statement disclosing actual revenue and expenditure, and comparative figures.
- c. A statement of financial position at the end of the year.
- d. A statement of cash flows.
- e. An Auditor's report on the above statements and on the measurement of performance in relation to objectives.

DISTRIBUTION POLICY

It is anticipated a dividend will be paid by ICHL to the Invercargill City Council of:

- \$9,705,000 in 2026/2027 (agreed long term dividend of \$5,705,000 plus \$4,000,000 for 10 years from the sale of assets in 2024/25 financial year); and
- \$9,836,000 in 2027/2028 (agreed long term dividend of \$5,836,000 plus \$4,000,000 for 10 years from the sale of assets in 2024/25 financial year); and
- \$9,965,000 in 2028/2029 (agreed long term dividend of \$5,965,000 plus \$4,000,000 for 10 years from the sale of assets in 2024/25 financial year).

ICHL and its subsidiaries may make further payments to ICC in the form of subvention payments.

ICHL acts as bank for the group. ICHL will, as far as practical ensure that any debt reduction by subsidiaries is matched by a debt reduction by ICHL. Surplus from the Group operation will be used to repay the ICHL debt.

PROCEDURES FOR ACQUISITION OF OTHER INTERESTS

ICHL will only invest in the shares of another company or organisation in accordance with the Constitution of ICHL following consultation with ICC on a no surprises basis.

COMPENSATION FROM LOCAL AUTHORITIES

The Directors do not envisage any circumstances arising that would give rise to any claim from any Local Authority during the year.

OTHER MATTERS AGREED AS BETWEEN THE DIRECTORATE AND ITS SHAREHOLDER

ICHL has entered into Deeds of Understanding with its subsidiaries imposing upon the companies certain restrictions, requirements and obligations as set out in the Deed.

ICHL has a written agreement with all subsidiaries to fund each company's capital and operating costs, by way of interest-bearing loan, subject to the provision of annual budgets and business cases.

GOVERNANCE

- The Directors of ICHL are appointed by Invercargill City Council to oversee the governance of the ICHL and its subsidiaries and will act in accordance with the guidelines set by the Shareholder.
- The Directors acknowledge their fiduciary responsibilities however the day-to-day management of ICHL is delegated to the management team and the external Treasury Advisor.
- The Directors hold regular board meetings at which management reports are received and discussed.
- The Board monitors the performance of the subsidiary companies to ensure performance and capability and to identify any areas for improvement.
- ICHL has a limit imposed on its capacity to borrow of \$100m supported by way of the issue of uncalled shares to Invercargill City Council.
- The directors of ICHL appoint directors to the subsidiary boards and monitor the performance of these subsidiary boards and directors.

ACCOUNTING POLICIES

ICHL's accounting policies are consistent with the accounting policies recognised by the External Reporting Board ('XRB').

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in in our most recent annual report.

GOVERNANCE, PLANNING AND REPORTING, CORPORATE SERVICES, MARKETING AND COMMUNICATIONS, INVESTMENTS, COMMERCIAL PROPERTY AND INTERNATIONAL RELATIONS – 2027-2037 LTP ACTIVITY PLANNING DIRECTION

To: Finance and Policy Committee

Meeting Date: Tuesday 18 August 2026

From: Rhiannon Suter, Manager – Strategy Policy and Engagement

Approved: Patricia Christie - Group Manager - Finance and Assurance
Trudie Hurst – Group Manager – Community Engagement and Corporate Services

Approved Date: Wednesday 12 August 2026

Open Agenda: Yes

Purpose and Summary

This report seeks direction on key operational issues and priorities for Council Activities for the 2027-2037 Long-term Plan (LTP) in relation to the Governance, Planning and Reporting, Corporate Services, Marketing and Communications, Investments, Commercial Property and International Relations activities following the workshop with Councillors on 28 July 2026.

Recommendations

That the Finance and Policy Committee:

1. Receives the report "Governance, Planning and Reporting, Corporate Services, Marketing and Communications, Investments, Commercial Property and International Relations – 2027-2037 LTP Activity Planning Direction".
2. Notes the background appended information on planning for the Governance, Planning and Reporting, Corporate Services, Marketing and Communications, Investments, Commercial Property and International Relations Activities, including proposed changes to direct operational expenditure.
3. Notes no changes proposed to direct operational expenditure to the Planning and Reporting Activity.
4. Notes the report outlining the benefits relating to the Our Council Programme will be brought to the Committee later in 2026.

5. Notes no changes proposed to direct operational expenditure to the Investments-Treasury Activity.
6. Notes no changes proposed to direct operational expenditure to the Commercial Property Activity.
7. Notes no changes proposed to direct operational expenditure to the International Relations Activity.

Recommend to Council:

8. Consideration of the following items as part of the activity planning budgeting process **(noting preferred options and deleting any not supported by the Committee):**
 - a. Governance Activity - Agree/Disagree with the recording of public excluded meetings, to be funded from existing operational budget. Further operational savings can also be made with a move to non-narrative minutes to reduce staff time post Committee and Council meetings.
 - b. Planning and Reporting Activity - Reconsider the need for a standalone community development plan as part of the review and development of the next LTP.
 - c. Corporate Services Activity – Continue the optimisation of systems, processes and information, to the end of Our Council Programme, additional \$150,000 operational expenditure per annum for 2027/2028, 2028/2029 and 2029/2030.
 - d. Corporate Services Activity – New operational expenditure required beyond the completion of Our Council programme to reduce reliance on applications outside of the core business platform, streamline systems, and enable Council to respond to changing digital needs, \$1 million operational expenditure per annum from 2030/2031 onwards
 - e. Corporate Services Activity – Software licensing costs – Additional \$120,000 operational expenditure per annum.
 - f. Corporate Services Activity – CCTV centralisation – Additional \$70,500 operational expenditure per annum from 2027/2028.
 - g. Corporate Service Activity – Archive and off-site records storage
 - i. **Option 1** - Minimum volume moved, additional operational expenditure of \$18,000 (2029/2030), \$105,000 (2030/2031), \$72,000 per annum thereafter.
 - Or
 - ii. **Option 2** - Additional volume moved, additional operational expenditure of \$36,000 (2029/2030), \$186,000 (2030/2031), \$120,000 per annum thereafter.
 - h. Marketing and Communications Activity - marketing and communications support for Te Unua Museum of Southland:

- i. **Option 1** - Increase direct operational expenditure to support Te Unua Museum of Southland communications and marketing, additional \$150,000 operational expenditure per annum.

Or

- ii. **Option 2** - Continue with existing resources, noting impact on other Council facilities and services.

Background

In July 2026, Council has completed the review of the capital programme and is now progressing through the activity planning phase.

During August and September, direct operational cost changes will be reviewed. This paper presents operational items for consideration for the development of the Governance, Planning and Reporting, Corporate Services, Marketing and Communications, Investments – Treasury, Commercial Property and International Relations Activity Management Plans.

Issues and Options

Options

Governance

Recording of Public Excluded Meetings

With the increasing number of meetings and advances in recording technology, councils now have the option to record Public Excluded sections of meetings, creating an official record of these proceedings. The recordings would be stored within secure internal systems, in line with current Council information services practices. The recordings would be subject to current Local Government Official Information and Meetings Act 1987 practices.

Costs associated with this proposal will be accommodated within existing operational expenditure, especially with a move to non-narrative minutes, which can reduce the time staff need to spend post any Council or Committee meeting.

Officers will consider recommendations to Central Government on a potential review of the Local Government Official Information and Meetings Act 1987.

Planning and Reporting

Community Development Planning

Council does not have a community plan. No change is proposed; however, it is recommended that Council reconsider the need for a community plan during the next LTP review.

Corporate Services

Digital Improvement Programme

While there is uncertainty around potential amalgamation and the future scope of the Our Council Programme, the options have been developed based on Council's current requirements and decisions.

Additional \$150,000 operational expenditure per annum (2027/2028, 2028/2029 and 2029/2030) – This funding will allow Council to continue the optimisation of systems, processes and information, to the end of Our Council Programme.

\$1 million operational expenditure per annum (2030/2031 onwards) – Following the conclusion of the Our Council Programme, operational funding will be required to continue reducing reliance on applications outside of the core business platform, streamline systems, and enable Council to respond to changing digital needs.

A report outlining the benefits relating to the Our Council Programme will be brought to the Committee later in 2026.

Software Licences Increases

Software licence costs continue to increase, largely due to vendor price rises, the move to subscription-based models, increased cybersecurity and compliance requirements, cloud hosting and exchange-rate fluctuations.

Additional \$120,000 operational expenditure per annum.

CCTV Centralisation

Funding will enable the centralisation of the various CCTV systems Council currently operates onto one platform and provide the additional storage capacity and server required. Centralising the systems will create one source of information and storage and improve service delivery.

Additional \$70,500 operational expenditure per annum from 2027/2028.

Archive Records Storage – Off-site Storage Options

Council operates a multipurpose archive servicing Council, community and public archives as a nationally recognised approved repository. This facility operates based on an approved retention and disposal schedule; however, it is expected to reach capacity at the current level of service offering within the next twelve to eighteen months, accelerated by the decant of Te Hīnaki.

The Physical Storage and Preservation of Protected Information instruction requires local authorities to store protected archives in facilities that meet specific building, environmental, security, and preservation standards, with the closest identified facility located in Dunedin.

There are currently 700 lineal meters of Council records stored in Dunedin, and items are being retrieved on a weekly basis. Both options aim to keep the most requested records at the current facility, with Council records requested less frequently to be stored in Dunedin.

Option 1 - Minimum Volume Moved

Council-specific records that cannot be accommodated in the current facility will be relocated to a Dunedin storage facility, creating small delays in retrieving records.

This option addresses current overflow issues for Council-specific records however it will significantly impact on the external level of service offered, as the facility will no longer be able to collect records from the community at the same rate. Council will be required to consider alternative approaches, including a potential moratorium or review of the collection scope.

Additional operational expenditure - \$18,000 (2029/2030), \$105,000 (2030/2031), \$72,000 /year thereafter

Option 2 – Additional Volume Moved

This option allows a greater number of Council records to be stored at the archive facility in Dunedin. There will be some delays in retrieving information, however the current scope of service will be maintained for approximately five more years.

Additional operational expenditure - \$36,000 (2029/2030), \$186,000 (2030/2031), \$120,000 /year thereafter.

Marketing and Communications

Additional Marketing and Communications Support for Te Unua Museum of Southland

Te Unua Museum of Southland is one of Council's most significant community assets. Its opening will represent a major increase in Council's level of service to a community that has been without a museum for eight years.

Given the scale of Council's investment, the community will have high expectations for the visitor experience, exhibitions, programmes, storytelling and digital content. It also presents a significant opportunity to build on the pride and interest already generated by the project. Meeting these expectations and supporting Te Unua's ongoing success will require communications and marketing capacity beyond current resourcing.

Option 1: Increase Direct Operational Expenditure to Support Te Unua Communications and Marketing

An ongoing communications and marketing programme will help attract visitors, grow audiences, support digital content and maintain public interest in Te Unua, while ensuring other Council facilities, services and priorities continue to receive their current level of support.

Additional \$150,000 operational expenditure per annum

Option 2: Continue with Existing Resources

The additional Te Unua workload cannot be absorbed within existing resources. Continuing with the status quo would require Council to significantly reduce or defer communications and marketing support for other facilities, services and priorities. It would also result in a more reactive service, reduced campaign activity and limited capacity to support Te Unua's growth and maximise the value of Council's investment.

No increase in direct operational expenditure.

Investments – Treasury

A treasury service will be provided to the Water Business Unit. There are no proposed changes to the direct operational expenditure.

Commercial Property

The Commercial Property Activity Management Plan will consider options for managing the portfolio through a Council Controlled Organisation with appropriate expertise, to maximise returns. There are no proposed changes to the direct operational expenditure.

International Relations

Funding has been restored to support Council's sister city and international relationship activities. There are no proposed changes to the direct operational expenditure.

Community Views

Consultation on the 2027-2037 LTP and Activity Management Plans will take place in March/April 2027.

Implications and Risks

Strategic Consistency

The items outlined in this report have been assessed in line with the Council's strategic decision-making framework which has been set for the 2027 – 2037 LTP and are aligned with Council's community outcomes.

Financial Implications

This stage of the process addresses proposed changes to direct operational expenditure. Other costs and revenue will be considered by Council, along with further information on the budget position following the activity planning phase.

Legal Implications

There are no legal implications associated with this report.

Climate Change

There are no climate change implications associated with this report.

Risk

There are a range of risks to be managed within the process of activity planning. The primary risk to the process is the timely availability and completeness of information to inform decision making. Where information is not yet available this has been noted and where relevant uncertainty will be noted within the assumptions for the LTP.

Next Steps

Direct operational cost changes will be confirmed by Council during August and September 2026. Financial assumptions, other activity costs and funding sources (including rates, user charges, subsidies etc.) will be reviewed between August and October, with Council considering the LTP budgets in November 2026, ahead of audit and consultation.

Attachments

1. Governance Activity Planning Slides (A6472141).
2. Planning and Reporting Activity Planning Slides (A6472146).
3. Corporate Services Activity Planning Slides (A6436658).
4. Marketing and Communications Activity Planning Slides (A6472161).
5. Investments – Treasury Activity Planning Slides (A6436655).
6. Commercial Property Activity Planning Slides (A6472159).
7. International Relations Activity Planning Slides (A6472156).

A6472141

Governance

LTP Council Workshop

28 July 2026

Key issues for the Activity

- Increased number of meetings - extra workload
- Increasing number and complexity of LGOIMA requests
- Challenges meeting public expectations against budgets (events, translators etc.)
- Compliance requirements - constant changes by Central Government.

Levels of Service - Overview

Governance currently runs and/ or supports:

- Mayor, Councillors, Bluff Community Board
- Meeting administration and support
- Legislative Documentation
- Civic Events (Anzac Day, Civic Awards and ceremonies)
- LGOIMA requests and advice to organisation
- CCTV camera privacy and police access requests
- Elected Members Interests Register
- Elections and related (Representation Review)
- Executive support to Mayor, CE, and Group Managers.

Recording of Public Excluded Meetings

- With the increasing number of meetings, and the improved ability it is now an option to record the Public Excluded sections of meetings- which forms part of the official public record of that meeting.
- Recording the Public Excluded portion of the meeting can see minutes move to non-narrative minutes. This will be a cost and time saving for the Governance team. Minutes would still capture the resolutions and contain such information as is required to show how a decision was arrived at, but reduces the work required to complete the minutes.
- A recent survey has shown the majority of Councils now record Public Excluded sections.

Measuring performance

Proposed Level of Service	KPI	Targets Year 1-3	Targets Year 4 – 10
Council provides strong governance and leadership by enabling and encouraging community participation in democratic decision-making processes	Voter participation in elections and by-election	Voter return of at least 46%	Voter return of at least 46%
Council promotes transparent and accountable governance by ensuring public access to official information and decision-making processes	Percentage of requests under the Local Government Official Information and Meetings Act (LGOIMA) processed within the statutory timeframe.	100%	100%

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

New Activity Group – Governance Planning and Reporting.

Areas covered by the Activity include:

- Council, Committees and financial matters related to elected Council and Bluff Community Board

There is no capital spend or assets linked to this activity.

Previously reported under Democratic Process.

Community outcomes

Community Outcomes	How the Activity Contributes
Nobody is Left Behind – Our youth, older people, different neighbourhoods and communities basic needs are met through cost effective investment, and they feel valued and proud to live here	The Governance Activity supports elected representatives with training and information. This enables representatives to make robust decisions to implement the Local Government Act incorporating the widespread views of the community.
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	The Governance Activity supports this outcome through community representation, strategic leadership, and accountable decision-making.

Other Key Council decisions

Most other Council decisions impact this cavity because of the nature of work done- it is all linked.

- Council decisions around elections matters impact. As do decisions linked around Mana whenua representation.

A6472146

Planning and Reporting

LTP Council Workshop

28 July 2026

Key issues for the Activity

Planning for the future of our City with Heart

The Planning and Reporting Activity is a new activity structure and includes a number of key outputs from across the Strategy, Policy and Engagement area, the Regulatory Services area and the Finance and Assurance area:

- **District Planning:** District Plan and Regional Spatial Plan
- **Corporate Planning:** Long-term plan including Financial and Infrastructure Strategy, Water Services Strategy, Economic Development Plan, *Community Development Plan*.
- **Mandatory Reporting:** Annual Report

The majority of areas covered within this activity are legally required and directed.
There is no capital spend or assets linked to this activity

Key issues for the Activity: District Plan and Regional Spatial Plan

The majority of work required for District Plan changes and for delivery of the Regional Spatial Strategy project is being delivered via consultant. This approach is being taken to enable work to continue while not seeking to bring qualified staff on team both reflecting the limited resource available on the market and the high level of uncertainty at present.

The current District Plan change will be concluded by the end of 2027. The ICC Spatial Plan process will conclude in early 2027 and the Regional Spatial Plan will accelerate following this.

No additional resources are proposed for this activity



Key issues for the Activity: Corporate Planning

Corporate planning includes delivery of the Long-term plan, two annual plans and all the associated strategic, policy and planning documents which are legally required and sit inside or with the Long-term plan. This includes Statements of Intent and reporting for the Council's CCOs. The new Water Services Strategy and Water Services Delivery Plan are corporate planning documents which now sit separately to the Long-term plan.

The Long-term process is a continuous planning three year cycle which requires input from the Strategy, Policy and Engagement, Financial Planning, Strategic Asset Planning teams and input from activity managers during the activity planning phase.

The most significant element of direct operational expenditure is the audit which is forecast to remain around \$165,000 + inflation. The other most significant cost are technical inputs to the plan.

Total direct operational expenditure \$205,000. No change proposed



Key issues for the Activity: Mandatory Reporting

The primary mandatory reporting that Council is required to complete each year is the Annual Report. Other items include the Pre-election report and reporting on Water Services. Quarterly performance reporting, including on CCOs) which is provided to Council to enable governance oversight is also included within this activity.

There is a significant amount of staff time involved in delivering the Annual Report from the Financial Services and Strategy, Policy and Engagement teams, as well as the wider business.

The most significant direct operational expenditure item is to deliver the audit. Other costs include residents satisfaction survey and carbon reporting assessment (outside the statement of service performance)

Current budget: \$465,000, Proposed budget: \$460,000

Key issues for the Activity: Bylaws and Policies

Council has a range of Bylaws and Policies which set direction and rules across a range of activities

There is no direct operational expenditure for this service. Currently this service is supported by one part time staff member with one role currently unfilled.

Key issues for the Activity: Economic Development Plan

Beyond 2025, the regional economic development plan was produced for the region by Great South.

It is proposed that either Council produce a basic, targeted economic development plan for the city which sits under this plan, or that Great South complete this as part of the update of Beyond 2025.

Key issues for the Activity: Community Development Planning

Council does not have a community plan, outside of the community outcomes included within the Long-term plan.

Council's primary support for the community has been through provision of funding (Community Wellbeing Fund) and some dedicated community programme and partnership resource in the parks and libraries teams.

Other activities include support for Youth Council, Welcoming Communities and the Combined Disability Network.

No change is proposed to this area, although its recommended following the regional spatial strategy being completed that Council reconsider this next Long-term Plan.

Levels of Service - Overview

Proposed Level of Service	KPI	Targets Year 1-3	Targets Year 4 – 10
The community is supported to understand and participate in the democratic planning and decision making process	Percentage of residents satisfied with the opportunities Council provides for participation <i>in planning</i> and decision making	(Current 36%) 40%, 45%, 50%	55%
<i>The city is supported to grow, be resilient and diversify</i>	<i>An economic development plan for the city aligned with the regional development plan is developed with measurable outcomes</i>	<i>Year 1 – Plan is developed and adopted</i> <i>Year 2 – Reporting takes place against priority actions</i> <i>Year 3 – Reporting takes place against priority actions</i>	<i>Reporting takes place against priority actions</i>

Council is legally required to deliver the majority of items in this area. It is not proposed to include KPIs on delivery of the mandatory required outputs (ie LTP, AP, AR, District Plan) as this should be taken as the minimum required.

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

New Activity Group – Governance Planning and Reporting.

Areas covered by the Activity include:

- Long-term plans, annual plans and reports
- Infrastructure and management strategies
- District and regional plans
- Financial and funding strategies
- Community and Economic development plans
- Water services strategies
- Other Govt mandatory reporting requirements

Previously reported under Regulatory Services, Democratic Process and Corporate Services.

Community outcomes

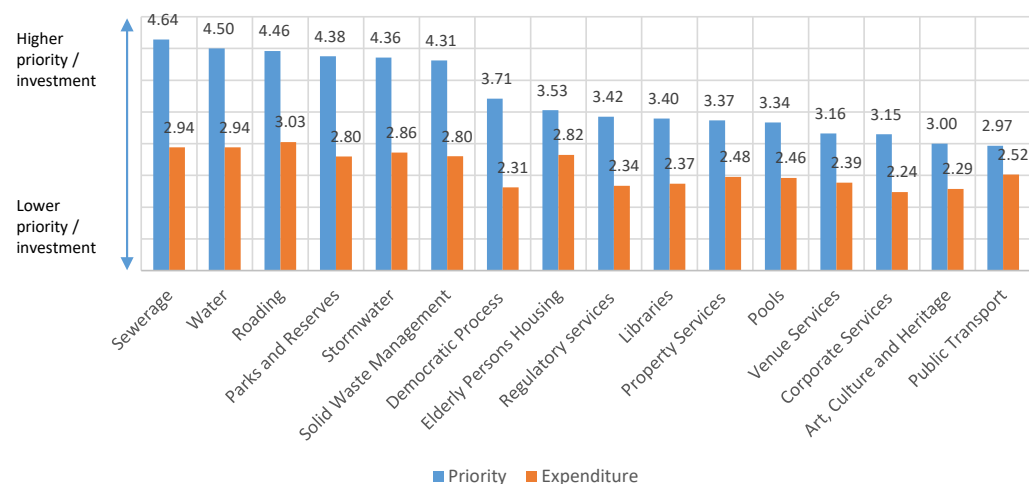
Community Outcomes	How the Activity Contributes
Nobody is Left Behind – Our youth, older people, different neighbourhoods and communities basic needs are met through cost effective investment, and they feel valued and proud to live here	The Activity helps identify the needs of different communities ensuring resources are allocated fairly and cost-effectively to where they are needed most. Through community participation, service delivery and performance monitoring and reporting, the activity supports informed investment decisions, demonstrates progress and provides accountability for outcomes.
A vibrant, safe city which meets our people's diverse cultural needs.	
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	

Community feedback

Residents Survey – Levels of Service feedback (2024/2025) - Residents rated the importance of various services and indicate their preferred levels of investment.

Priority – 1 (provision of service is not very important to 5 (provisions of service is very important)

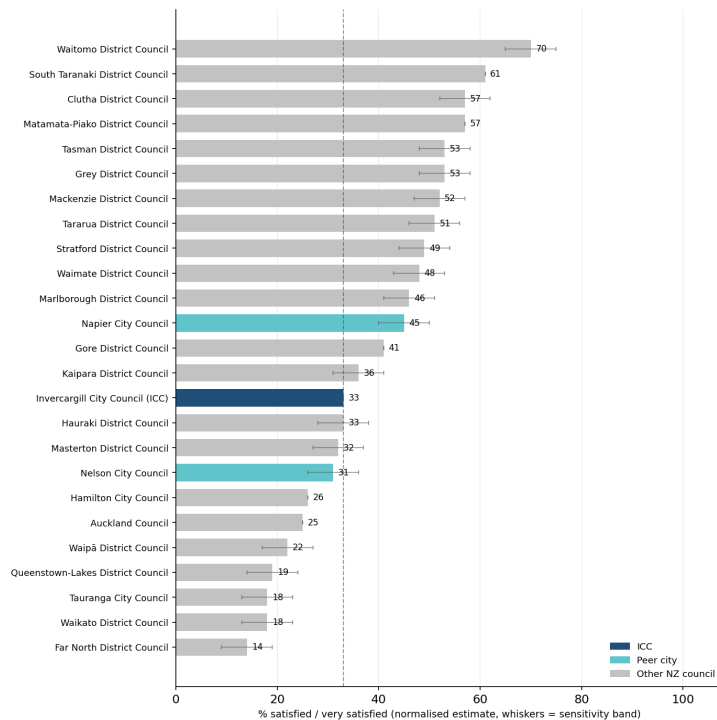
Expenditure - 5 options - (1) Pay less and accept lower levels of service; (2) Pay the same and accept that service levels will be slightly lower; (3) Pay a little more to maintain the level of service, (4) Pay more for a higher level of service, (5) Council no longer deliver the service at all



Democratic Process Feedback: Dissatisfaction with current Elected members, poor financial management, improve Council-community engagement, stop unelected from having a say, maintain current level of investment.

Community feedback

Satisfaction Benchmarking Report (May 2026) - 800 satisfaction scores from 77 councils in New Zealand (from published sources ie. annual reports or surveys). Comparisons with peer group Councils (similar to ICC) (where available) and other councils.



Having a Say - ICC versus individual councils

Community feedback

ICC Residents Satisfaction Survey (2025/2026)

Satisfaction with opportunities Council provides for community involvement in decision-making – 33%

Overall Satisfaction by Age and Gender									
	14-24	25-34	35-44	45-54	55-64	65+	Male	Female	Total
Democratic Processes	40% (n=34)	25% (n=91)	31% (n=161)	32% (n=125)	38% (n=134)	35% (n=271)	33% (n=299)	33% (n=422)	33% (n=827)

Feedback

Positives: Good engagement and communication efforts, adequate consultation opportunities provided

Concerns: Council does not listen to community, poor awareness of consultation opportunities, lack of transparency and communication, Council infighting and politics, equity across suburbs and areas

Consider: more accessible consultation methods, better online and social media engagement, close the feedback loop

A6436658

Corporate Services

LTP Council Workshop

28 July 2026

Strength behind the surface

Above the waterline – what the community sees

Libraries, parks and pools · roads and water · rubbish and recycling · building consents · events and community facilities.

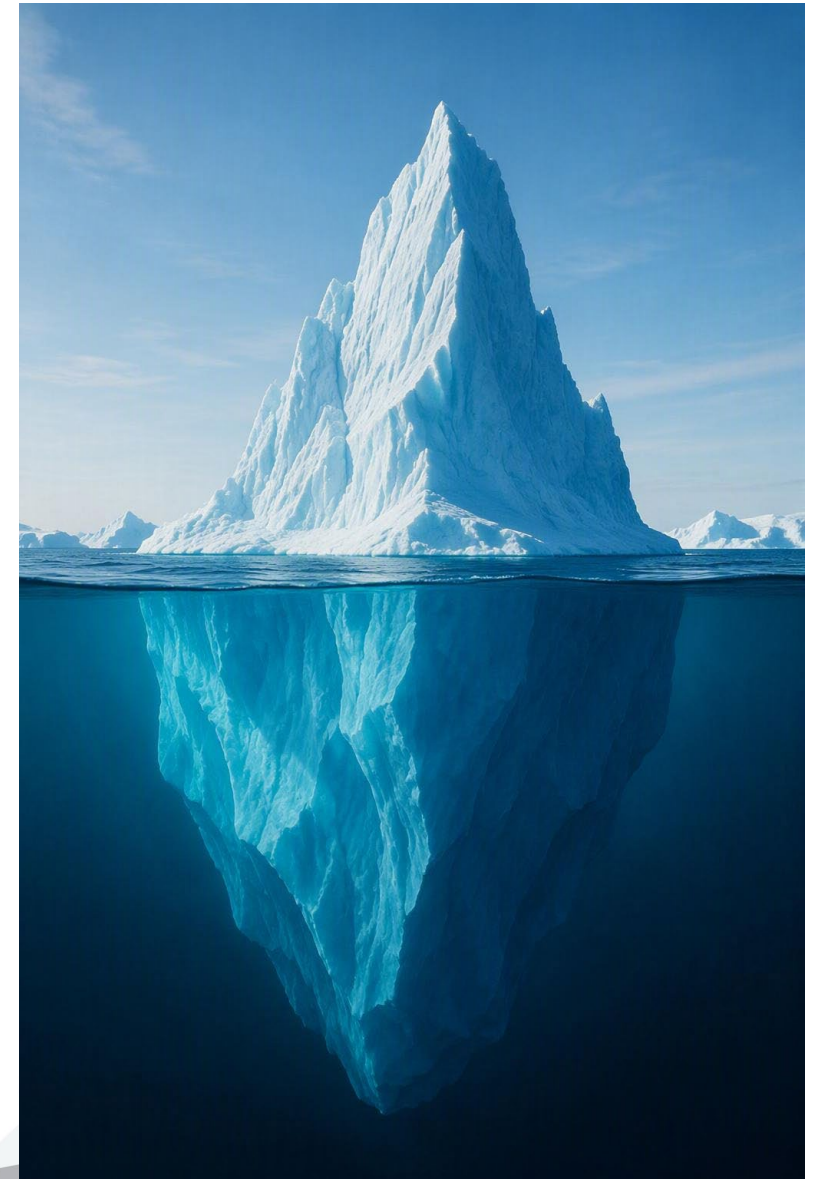
Below the waterline – Corporate Services supporting delivery of those services

Information Technology · Information Management · People and Culture · Health & Safety · Risk · Customer Services · Finance

The essential back-office work that supports public-facing services.

Why it matters – value, compliance and risk

- **Legal compliance:** Council must meet strict, non-negotiable obligations under the Local Government, Public Records, Privacy and Health & Safety at Work Acts – where falling short carries real legal, financial and reputational cost.
- **Risk & resilience:** rising cyber threats, ageing systems and siloed specialist knowledge put services at risk; strong controls protect our people, data and assets and keep critical services running when things go wrong.
- **Value for money:** reliable systems, automation and disciplined finances help Council deliver value to the community and lasting value from its assets.



Key issues: the rising cost of essential support services

Corporate Services — essential to deliver, and increasingly expensive to sustain.



Data, Information & Technology

Hardware, software and cyber protection cost more each year — essential for secure, reliable services.



Health, Safety & Wellbeing

Rising regulation and risk require ongoing investment to keep our people safe.



Key issues: the rising cost of essential support services

The people and financial backbone behind every service — under growing cost pressure.



People & Culture

Scarce specialists cost more to attract and retain; ongoing upskilling is essential.



Finance

Manual systems and heavy compliance need investment to automate and stay assured.



Key issues: the rising cost of essential support services

Front-line service and core controls – difficult to reduce without reducing service or adding risk.



Customer Services

Already at stretched staffing levels; rising demand cannot be absorbed without added cost.



Risk & Improvement

Core governance and assurance — essential and difficult to reduce without increase to risk.



Procurement

Stretched resources, yet drives value and savings across Council.



Digital Improvement Programme

A Digital Improvement Programme will help support Council's technology and business systems to remain secure, reliable, and able to support efficient service delivery.

\$150,000 /year (3 years)

- Sustaining modern, secure and supported technology
- Ongoing optimisation of systems, processes and information

\$1M/year from 2030 onwards – post Our Council Programme

- Continued rationalisation of applications outside of the ERP
- Being prepared for an unknown changing digital landscape



Software Licenses Increases

\$120,000 /year (10 years)

Software licence costs continue to rise across all sectors. Key drivers:

- Vendor price increases for inflation, development and support
- Subscription models replacing one-off purchases
- Added cyber security and compliance features
- Cloud hosting, backup and disaster-recovery costs
- Exchange-rate exposure on overseas-priced software



CCTV Centralisation

\$70,500 /year (10 years)

CCTV integration of standalone CCTV facilities (193 cameras) to the centralised CCTV system

- Currently separate CCTV installations for Council Buildings / Parks / Staff Indoor areas / Water treatment plant
- Multiple internal staff or contractors service the current infrastructure



Records storage: Archive Extension

Extended facility management costs \$559,000 /year (10 years)

- Estimated on-going facility running costs including electricity, building management system (environment conditioning), building maintenance.



Records storage: Off-site storage options

Minimum volume moved

\$18,000 (2029/30) · \$105,000 (2030/31) · \$72,000 /year thereafter

- Public Records Act compliant, but does not fix current capacity
- Impact to service
- Reduced accessibility of off-site holdings

Additional volume moved

\$36,000 (2029/30) · \$186,000 (2030/31) · \$120,000 /year thereafter

- Allows for short to medium term continued service levels to community
- Some delayed accessibility of off-site holdings for Council archives



Corporate Services - Savings

We have actively looked for savings to help keep Corporate Services within budget.

Trying to deliver more at the same cost, in response to community demand and expectations.

Further cost savings will require a review of levels of service.



Measuring performance

Proposed Level of Service	KPI	Targets Year 1-3	Targets Year 4 – 10
Council is responsive to the community	Percentage of Requests for Service resolved within service level (new)	Yr 1 ≥75% Yr 2 ≥80% Yr 3 ≥85%	≥85%
Corporate Service are effectively managed to ensure reliable service delivery, support local businesses and achieve outcomes that matter to residents	Percentage of suppliers who are paid on time	Yr 1 ≥80% Yr 2 ≥85% Yr 3 ≥85%	≥90%
	Local supplier spend is maintained at or above 10% of total annual spend (new)	≥10%	≥10%
Customer services are reliable and available	Percentage of time Council customer service channels (in-person and phone) are available and accessible to the public (new)	≥95%	≥95%

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

The Corporate Services Activity delivers the core organisational functions that support Council's capability to deliver services to the community and meet its legislative obligations.

Customer Services

- In-person, phone and digital interactions
- After hours call management
- Requests for services

Finance

- Financial services (accounts payable, accounts receivable, banking, payroll)
- Financial planning
- Procurement
- Property rating and valuation

Information & Technology

- Data and information management
- Archive services
- Technology equipment and support
- Technological transformation

People & Culture

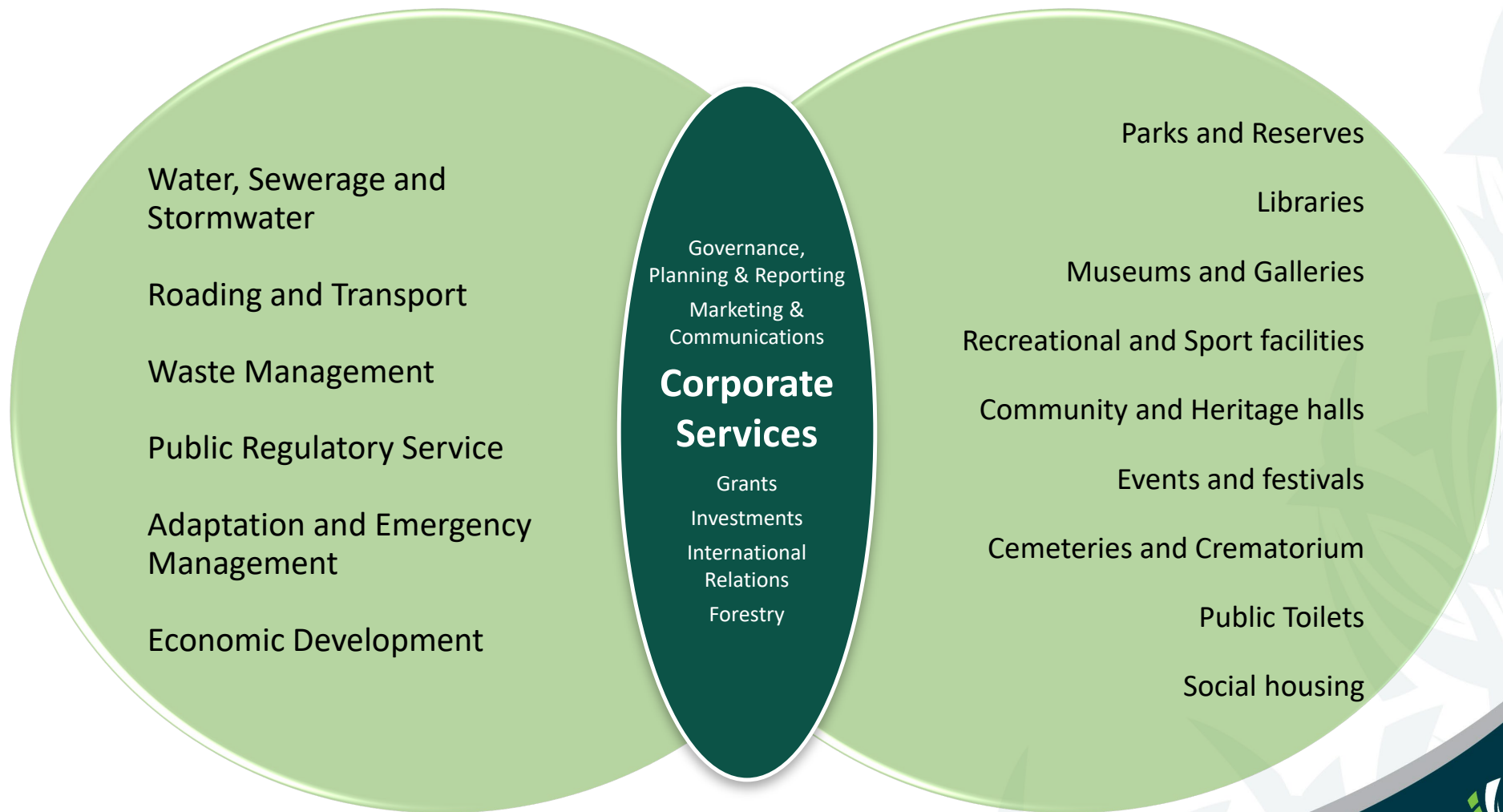
- Recruitment and retention
- Learning and development
- Employment relations

Risk & Improvement

- Risk management
- Quality assurance (internal audit)
- Continuous improvement

Health, Safety and Wellbeing

- Workplace safety and risk management
- Employee wellbeing and organisational safety culture



Community outcomes

Community Outcomes	How the Activity Contributes
Nobody is Left Behind – Our youth, older people, different neighbourhoods and communities basic needs are met through cost effective investment, and they feel valued and proud to live here	The Activity ensures our community, visitors and customers have access can access support when they need to. Across the corporate services functions, our teams enable the different departments to deliver the day to day operations so our community has not just the basic needs, but a wide variety of services.
A vibrant, safe city which meets our people's diverse cultural needs.	The Activity supports diversity within our teams, the different ways in which members of the community want to interact with Council and protecting the stories of our past.
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	Procurement and financial activities are undertaken and monitored with prudence and transparency. Local economy is supported through the prompt payment of suppliers, the use of local suppliers and supporting local social enterprise. Technology is utilisation to gain process efficiencies.

Assets

- Civic Administration Building + ICL/HWR/Don Street
- Bluff Service Centre
- Fleet
- IS Assets (PCs, Server, backup appliances and SAN)
- Archive

Key LTP strategies and policies

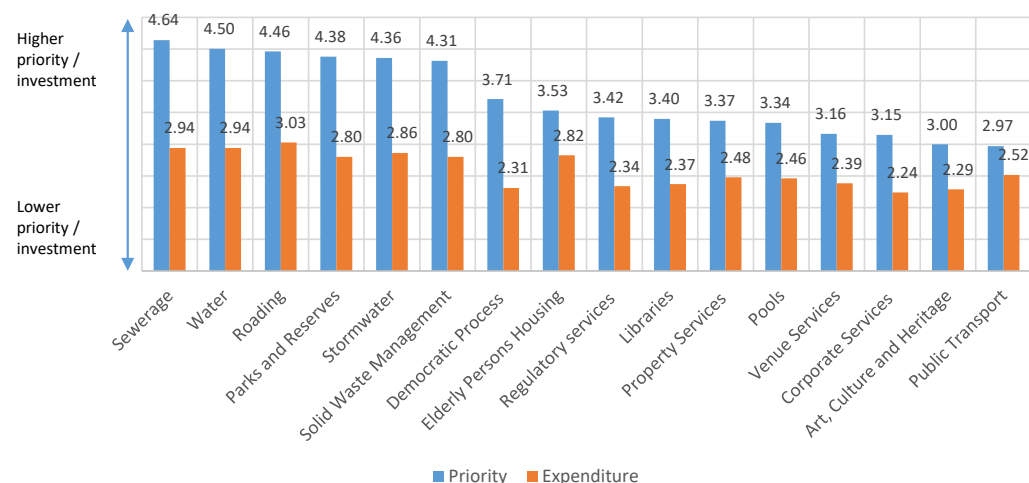
- Infrastructure Strategy
- Financial Strategy
- Finance and Revenue Policy
- Rating of Māori Freehold Land Policy
- Development Contributions Policy/Funding for Growth
- Rating Policy

Community feedback

Residents Survey – Levels of Service feedback (2024/2025) - Residents rated the importance of various services and indicate their preferred levels of investment.

Priority – 1 (provision of service is not very important to 5 (provisions of service is very important)

Expenditure - 5 options - (1) Pay less and accept lower levels of service; (2) Pay the same and accept that service levels will be slightly lower; (3) Pay a little more to maintain the level of service, (4) Pay more for a higher level of service, (5) Council no longer deliver the service at all



Feedback: don't increase spending/rates for corporate services, the customer service is already poor, maintain the current level of service, Council corporate services are bureaucratic, customer service is currently good.

A6472161

Marketing and Communications

LTP Council Workshop

28 July 2026

Key issues for the Activity

Increasing demand

- Demand for strategic communications, marketing and content continues to grow across Council projects, facilities, services and internally.
- Council decisions and projects are increasingly scrutinised online, requiring proactive communications and reputation management.
- The opening of Te Unua Museum, major capital projects, emergency management, regulatory change and potential local government reform significantly increases communications and marketing requirements.
- Communities increasingly expect timely, coordinated and real-time information during emergencies and significant events.
- Expectations for video, photography, storytelling and digital content continue to increase.
- Need identified for wider city marketing and place promotion.

Key issues for the Activity

Changing customer and community expectations

- Communities increasingly expect timely, transparent, and digital-first communication.
- Audiences are increasingly fragmented across digital and traditional platforms, making it more challenging to reach all sections of the community through a single communications approach.
- Expectations for authentic communication and two-way interaction continue to grow.
- Changes in the media landscape are increasing the importance of Council's owned communication channels and direct connection with the community.

AI, trust and misinformation

- AI is rapidly changing how people search for, consume and trust information, creating both opportunities and risks for Council communications.
- Misinformation and disinformation can spread rapidly online, particularly during emergencies or controversial issues.
- Maintaining public trust requires timely, transparent and evidence-based communication.
- Council information must be accurate, discoverable and trusted as the "source of truth".

Key issues for the Activity

Specialist capability

- Communications and marketing requires specialist and broad expertise across media, digital, marketing, design, photography, video, reputation management and emergency public information management.
- Recruiting and retaining specialist skills in Southland remains challenging as technology and communications channels continue to evolve rapidly.
- A centralised Communications and Marketing team enables Council to make the best use of this specialist capability, providing coordinated, consistent and high-quality communications across the organisation while reducing duplication and responding flexibly to changing priorities.

Current and future organisational change

- Internal communication needs continue to grow as the organisation becomes larger and more complex.
- Local government reform will require significant communication with communities, elected members and staff.
- The activity must remain adaptable to support major organisational change while continuing to deliver day-to-day communications and marketing services.

Accessibility and inclusion

- Council communications must continue to meet increasing expectations for accessibility, plain language, digital inclusion and culturally appropriate communication.

Levels of Service - Overview

Communications and Marketing currently provides

- Strategic communications advice, planning and implementation
- Issues management, reputation risk analysis and communications advice
- Marketing strategy, campaigns and promotional activity for Council facilities, services, events and projects
- Internal communications and organisational change communications
- Public relations, media management and media training
- Social media and digital channel management and content creation (20+ profiles across multiple platforms)
- Website, intranet and digital content management (10 sites)
- Graphic design, photography, videography and creative services
- Brand and signage strategy, governance and implementation, including templates, visual identity and brand standards
- Emergency and crisis communications

Levels of Service - Overview

Current performance

- Communications and Marketing has evolved from a predominantly delivery-focused function to a strategic advisory function supporting organisational priorities and reputation.
- Internal goals are consistently achieved or exceeded.
- Strong growth in digital reach, engagement and online audiences.
- Marketing campaigns are delivering measurable outcomes across Council services and facilities.
- Increasingly proactive communications and marketing planning and strategic advice.
- Growing use of data and insights to optimise communications and marketing performance.
- Demand for communications and marketing support continues to exceed available capacity.
- Communications Strategy 2022-2025 initiatives largely complete, strategy currently being refreshed.

Additional marketing and communications support for Te Unua Museum of Southland

Current position

Te Unua will become one of Council's most significant community assets, with ongoing communications and marketing requirements to support visitation, programming, storytelling, and content. The increased workload cannot be absorbed within existing resources without significantly reducing support to other Council priorities.

Option A (Recommended): Approve an additional **\$150,000 operational budget** to support Te Unua communications and marketing.

Benefits

- Maximises the value and community benefit of Council's investment in Te Unua.
- Supports ongoing audience development, visitation, proactive marketing, storytelling and digital content.
- Protects communications and marketing service levels across the wider organisation.

Option B (Status quo): Continue within existing resources.

Impact

- Communications and marketing support for other Council projects, facilities and services will need to be reprioritised and significantly reduced.
- Greater reliance on reactive communications and reduced ability to support future growth.

Measuring performance

Proposed Level of Service	KPI	Targets Year 1-3	Targets Year 4 – 10
Council provides timely, accurate, relevant and accessible communications and marketing that effectively informs and promotes Council services, facilities, projects, decisions, events and opportunities to participate.	Resident satisfaction with Council communications.	Yr 1 Establish baseline percentage. Yr 2 Baseline +1% Yr 3 Previous year +1%	Previous year +1%
Council provides timely, accurate and professional media and social media communications that support public understanding and confidence in Council.	Percentage of media and social media enquiries receive initial response within one working day during office hours.	≥80%	≥80%

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

The Communications and Marketing Activity provides strategic communications, marketing and creative services across Council. It helps residents understand Council decisions, services, projects and opportunities, while promoting Council facilities, events and initiatives.

The Activity supports the delivery of Council's strategic priorities by providing communications advice, marketing, media and public relations, digital communications, social media, websites, internal communications, branding, design, photography, video, signage, emergency communications, and reputation management.

Communications and Marketing helps ensure Council information is timely, accurate, accessible and consistent across all communications channels and touchpoints.

Delivered through a centralised Communications and Marketing team, the Activity provides specialist communications and marketing services across the organisation, working in partnership with Council activities to ensure communications are coordinated, consistent and aligned with Council priorities.

Community outcomes

Community Outcomes	How the Activity Contributes
Nobody is Left Behind – Our youth, older people, different neighbourhoods and communities basic needs are met through cost effective investment, and they feel valued and proud to live here	Ensures Council information is timely, accurate, accessible and inclusive by communicating through a range of channels and using plain language, accessible formats and appropriate use of te reo Māori, helping all members of the community access the information they need to make informed decisions and access Council services.
A vibrant, safe city which meets our people's diverse cultural needs.	Promotes Council's facilities, events, programmes and experiences, celebrates the city's people and places, and encourages participation in community life.
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	Helps the community understand Council's investment in infrastructure, projects and growth by communicating what is happening, why it matters and how it benefits the city. Works with partners to promote Invercargill and Bluff as great places to live, work, visit and invest.
A healthy, resilient environment supporting a healthy, resilient community.	Provides trusted information during emergencies and significant events, supports public education and behaviour change, and helps build informed, connected and resilient communities.

A6436655

Investments - Treasury

LTP Council Workshop

28 July 2026

Key issues for the Activity

- A significant increase in Council debt levels over the projected path of the ten year and 30 year plans, with a real risk of breaching Council's debt ceiling and LGFA limits.
 - 2026/2027 Annual Plan projecting an increase in debt to circa. \$245 million by 30 June 2027, with the current ten year projection for debt to increase to \$492 million by 30 June 2036.
 - Significant investment required for wastewater consents and alternative/emergency water supply
- Managing the affordability of the interest expense and debt repayment.
- Impact of macroeconomic influences
 - Global conflicts impact on international debt markets and supply chains
 - NZ Government policy settings
- Support Council's Financial Strategy

Levels of Service - Overview

- Supporting the Water Business Unit
- Minimising the cost of borrowing to the ratepayer

Measuring performance

Proposed Level of Service	KPI	Targets Year 1-3	Targets Year 4 – 10
Investments are effectively managed in order to deliver returns to the community	Investments net interest income is higher than budgeted	> Budget	> Budget
	Dividend income is in line with or greater than budget	≥ Budget	≥ Budget

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

The Investments – Treasury Activity includes the following investing activities of Council:

- Invercargill City Holdings Limited - This is a Council Controlled Trading Organisation that is wholly owned by Invercargill City Council (ICC). It owns:
 - Electricity Invercargill Limited (EIL) shares, and through EIL various interests in a range of subsidiaries in electricity generation and supply lines.
 - Invercargill Airport Limited (IAL). IAL is seen as a Strategic Asset for the City within the Investment Portfolio.
 - Shares in Invercargill Central Limited that owns the mall.
- Financial investments in term deposits - Council has a number of term deposits. Council's Treasury policy is based on a concept of net debt. Net debt is the total external debt minus cash holdings and term deposits. These term deposits ensure that Council has funds when necessary, and assists in keeping a sound credit rating that reduces the total cost of funds to the organisation. Our investment portfolio typically earns higher interest than the cost of borrowing. The investments are actively managed in short-term deposits.
- Council operates a centralised borrowing function for all Council functions (including Water) debt is allocated to activities.
- Council's current weighted average cost of debt is 3.44% (31 March 2026) this is lower than the current 12 month fixed rate from LGFA of 3.55%

Community outcomes

Community Outcomes	How the Activity Contributes
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	The Activity supports commercial and economic development within the District through the prudent management of investments that generate returns for the benefit of the community.

Current Capex and Opex work programme

There is no Capex in this Activity – the activity funds capex.

Opex Costs comprise primarily administrative and compliance costs, which include the following:

- Bank Transaction Fees (Security Register/Computershare) - \$14K per year
- Entity Rating Fee (Fitch) - \$70K per year
- Subscriptions - \$34K per year
 - Hedgebooks – Treasury Management System
 - ComputerShare – maintenance of ICC's securities register
- Consultancy Costs (Bancorp Treasury Advisory) - \$30K per year

Other Key Council decisions

Council's financial strategy impacts on how this activity is delivered especially decisions in relation to:

- Council's debt ceiling.

This is currently set at 180% of total revenue. It increases to 200% of total revenue in 2028/29 of the previous long term plan, before decreasing back to 190% in 2032/33.

Council's overall debt ceiling may need to be reviewed in light of the requirements of the capital budget.

It should be noted that LGFA provides for an overall debt ceiling of 280% of total revenue.

As part of the LTP construction the financial strategy will be reworked.

A6472159

Commercial Property

LTP Council Workshop

28 July 2026

Key issues for the Activity

- Lessees not maintaining improvements owned by them on leased land
- Lengthy negotiations regarding rental reviews for some perpetually leased properties
- Reducing Portfolio reduces level of annual return for Council
- Should Portfolio be transferred to a CCO and managed independently?

Levels of Service - Overview

- Council's investment property portfolio is made up of:
 - Endowment land and buildings
 - Strategic land and buildings
 - Commercial (Trading) land and buildings
 - Vacant land
- Meets current KPIs
- Supporting economic development objectives

Measuring performance

Proposed levels of service	KPI	Targets Year 1-3	Targets Year 4 – 10
Investment property is well utilised in order to deliver returns to the community	Investment property occupancy levels are greater than 95%	>95%	>95%
Investment property is effectively managed in order to deliver returns to the community	Investment property total gross income over total asset value – for Total Portfolio	≥4%	≥4%
	Investment property total gross income over total asset value - for portfolio excluding strategic, development and vacant land	≥5%	≥5%
	Investment property net rate of return is greater than Council's planned cash deposit rate for the portfolio (excluding strategic, development and vacant land)	> planned cash deposit rate 3.5%	> planned cash deposit rate 3.5%

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

Council's Commercial Property portfolio is made up of:

- Endowment land and buildings
- Strategic land and buildings
- Commercial (Trading) land and buildings
- Vacant land

Community outcomes

Community Outcomes	How the Activity Contributes
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	The Activity supports commercial and economic development within the District through the the acquisition, disposal and/or lease of land and buildings to generate returns for the benefit of the community.

Assets

Property Group	Asset	Address	Lease Description	Area (Ha)
Endowment	Commercial	20 Don Street	Land and Buildings	0.4048
Endowment	Commercial	115 Barrow Street	Land	0.1012
Endowment	Commercial	99-101 Spey Street	Land	0.1012
Endowment	Commercial	29 Yarrow Street	Land	0.1012
Endowment	Industrial	141 Bond Street	Land and Buildings	2.4746
Endowment	Industrial	192 Bond Street	Land	0.4047
Endowment	Industrial	210 Mersey Street	Land	0.4378
Endowment	Industrial	152 Mersey Street	Land	0.3999
Endowment	Residential	50 Teviot Street	Land	0.1012
Endowment	Residential	118 Bowmont Street	Land	0.1012
Commercial (Trading)	Commercial	118-122 Dee Street	Land	0.1012
Commercial (Trading)	Industrial	91 Mersey Street	Land	0.4147
Commercial (Trading)	Industrial	20 Spey Street	Land and Buildings	0.6855
Strategic	Endowment	194 Conon Street	Land	0.0320
Strategic	Development	71 Barrow Street	Land	0.1012
Strategic	Development	135 Grace Street	Land	0.0933
Strategic	Development	262 Ness Street	Land	0.0853
Strategic	Development	66 Dee Street	Land	0.0607
Strategic	Awarua	62 Colyer Road	Land	1.0217
Strategic	Awarua	1276 Bluff Highway	Land and Buildings	96.6131
Vacant (Trading)	Land	3 Hyde Street		0.3142

The total market value at 30 June 2025 was \$28.5 million

Capital Programme options

No options at present

Potentially future land purchases as opportunities arise.

A6472156

International Relations

LTP Council Workshop

28 July 2026

Key issues for the Activity

- Provides for the continuation of Sister City relationships
- Supports Diplomatic visits to Invercargill from Ambassadors, High Commissioners, Consul-Generals and other Diplomatic officials

Levels of Service - Overview

- Currently supports Sister City visits being a responsible service to visits from our Sister Cities as well as working with Councillors to arrange and coordinate visits to our Sister Cities.

Discussion of timetabling and operations

- Budget has recently been restored enabling planning for this activity.
- Council has resolved to travel to Kumagaya and Suqian once each this term.
- A return visit is likely from Kumagaya, while one from Suqian is more likely in the financial year 2028-2029 (potentially after the 2028 election).
- Likely to continue to host visits from Friendship groups and school visits (Kumagaya).
- Visits from Diplomatic officials is managed on a case by case basis.

Measuring performance

Proposed Level of Service	KPI	Targets Year 1-3	Targets Year 4 – 10
Council relationships with sister cities are maintained	Council will visit its Sister Cities	At least one visit per LTP cycle (2027-2030)	At least one visit per LTP cycle

SUPPLEMENTARY INFORMATION

(content beyond this point is for background purposes only and will not be presented)

About the Activity

The Activity manages Council's Sister City relationships as well as the protocol and etiquette for visits from Ambassadors, High Commissioners and other diplomatic officers to Invercargill.

Invercargill has 2 sister cities - Kumagaya in Japan and Suqian in China.

Previously reported under Democratic Process.

Community outcomes

Community Outcomes	How the Activity Contributes
A vibrant, safe city which meets our people's diverse cultural needs.	The Activity contributes to the outcomes by allowing cultural exchanges to Japan, and by providing a platform for Invercargill and Southland to promote ourselves to a global audience in China and Japan.
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	

Other Key Council decisions

Invercargill City Council has agreed to upcoming visits to its two Sister Cities in 2027 and 2028 - Kumagaya in July 2027, and Suqian in April 2028