



NOTICE OF MEETING

**Notice is hereby given of the Extraordinary Meeting
of the Risk and Assurance Committee to be held in
the Council Chamber, First Floor, Civic Theatre,
88 Tay Street, Invercargill on Tuesday 27 October
2026 at 11.00 am**

Mr R Jackson (Chair)
Mayor T Campbell
Cr A J Arnold
Cr R I D Bond
Cr S J Broad
Cr M Lush
Cr I R Pottinger
Cr B R Stewart
Cr L Tou-McNaughton
Ms L Soper

MICHAEL DAY
CHIEF EXECUTIVE

Extraordinary Risk and Assurance Committee - Public

27 October 2026 11:00 AM

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. Draft 2025/2026 Annual Report Adoption	4
3.1 Appendix 1 - Draft ICC 2026 Annual Report	12
3.2 Appendix 2 - Draft Letter of Representation from Council on the Annual Report	236
3.3 Appendix 3 – Audit Opinion (To be tabled)	
3.4 Appendix 4 - Letter of Representation Report from Management to Council (To be tabled)	
4. 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) Auditor Briefing

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) Auditor Briefing	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

DRAFT 2025/2026 ANNUAL REPORT ADOPTION

To:	Risk and Assurance Committee
Meeting Date:	Tuesday 27 October 2026
From:	Bryan Staunton, Chief Financial Officer
Approved:	Patricia Christie, Group Manager - Corporate Services
Approved Date:	Thursday 22 October 2026
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

The purpose of this report is to present the draft 2025/2026 Annual Report for Invercargill City Council to the Risk and Assurance Committee for recommendation to Council for approval and signing.

Key Issues

At the time of preparing this report the key points are:

- The Audit Office are currently completing their final review process.
- The Audit Office will be in attendance at the meeting.
- Adoption of the Annual Report is expected to be at the 2 November 2026 Extraordinary Council meeting.
- The Invercargill City Holdings Limited audit was completed on 30 September 2026.

Levels of Service Achievement

There have been no changes to the levels of service results previously reported.

Recommendations

That the Risk and Assurance Committee:

1. Receives the Report 'Draft 2025/2026 Annual Report Adoption'.
2. Notes that it has:
 - a. Reviewed the draft Annual Report.
 - b. Reviewed The Audit Office's draft opinion (to be tabled at the meeting).
 - c. Reviewed the draft Letters of Representation (to be tabled at the meeting).

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- d. Reviewed the back-to-back Letter of Representation from Management to Council.
- 3. Delegates to the Chair of the Risk and Assurance Committee and the Mayor jointly on the recommendation of the Group Manager Corporate Services, to approve the Annual Report for adoption by Council on receipt of:
 - a. Audit sign off by The Audit Office.
 - b. The Audit Office's final audit opinion.
 - c. The Letters of Representation and recommends the Letter of Representation to The Audit Office for signing by Council.
- 4. Notes that changes to the Draft Annual Report (Attachment 1) may be necessary between the meeting and adoption by Council as the audit completes.

Recommendations to Council:

- 5. That Council notes that the Risk and Assurance Committee:
 - a. Has reviewed the draft Annual Report and recommends it for adoption.
 - b. Has reviewed The Audit Office's draft audit opinion (to be tabled at the meeting).
 - c. Has reviewed the Letters of Representation and recommends the Letter of Representation to The Audit Office for signing (to be tabled at the meeting).
- 6. That the Chair of the Risk and Assurance Committee and the Mayor under delegation provided by the Risk and Assurance Committee have:
 - a. Reviewed The Audit Office's draft audit opinion.
 - b. Reviewed the Letters of Representation and recommends the Letter of Representation to The Audit Office for signing.
- 7. That Council adopts the 2025/2026 Annual Report for the Invercargill City Council Group.
- 8. That Council authorises the mayor to sign The Audit Office's Letter of Representation for the 2026 Annual Report (to be tabled).
- 9. That Council authorises the Mayor and Chief Executive to sign the Statement of Compliance on page 29 of the 2026 Annual Report.
- 10. That Council authorises the Group Manager Corporate Services to make minor changes to the 2025/2026 Annual Report prior to publication, where necessary.
- 11. That Council notes the draft 2025/2026 Summary Annual Report document is in the process of being prepared and audited pending the completion of the audit of the 2025/2026 Annual Report. Once this has been completed the following will occur:
 - a. To authorise the Chair of the Risk and Assurance Committee, Chief Executive and Group Manager Corporate Services to release the Summary Annual Report document for signing on receipt of the Audit Report from The Audit Office.
 - b. To authorise the Mayor, Chief Executive and Group Manager Corporate Services to sign the Statement of Compliance.
 - c. To authorise the Mayor and Chief Executive to sign The Audit Office's Letter of Representation for the Summary Annual Report when received from The Audit Office.

- d. To authorise the Group Manager Corporate Services to make changes necessary to the Summary Annual Report document for publication.

Background

Audit Process

The audit team are currently finalising their review process. We expect that The Audit Office will issue their audit opinion by 2 November 2026.

The significant matters arising from the audit to date are:

- Recognition of vested assets.
- The reclassification of volumetric usage water revenue from Fees and Charges Revenue to Rates Revenue. This has required a prior period restatement of the 2025 figures.
- The write-off of costs relating to the Our Council Digital Enhancement Programme which were previously held within work-in-progress. This has required a prior period restatement of the 2025 figures.

At the time of writing the following were still outstanding with the Audit Office:

- Rooding Requests for Service (RFS) – The Audit Office are currently reviewing a RFS report that shows the number of requests that have been reclassified. This required a custom report to be written by the Information Services team.
- Smooth travel exposure – Further reports have been requested by The Audit Office to enable its audit work to be completed for this measure, these are being prepared.

Preparation of Annual Report

The Annual Report for Invercargill City Council has been prepared, and we propose that it be adopted at the Council meeting on 02 November 2026. This is contingent upon the audit being signed off by this date.

At the time of writing Invercargill City Holdings Limited, Invercargill Central Limited, Invercargill City Charitable Trust, Te Kupeka Tiaki Taoko Southern Regional Collections Trust and Southland Regional Development Agency Limited (T/A Great South) have had their audits completed.

Preparation of Summary Annual Report

The draft Summary Annual Report is in the process of being prepared and has a statutory completion deadline of 30 November 2026.

The summary is a simplified view of the two major areas of the Annual Report namely the Our Activities section and the Financial Management section. It also includes an extract from the prudential reporting section of the Annual Report.

The draft is currently being finalised, and audit will review it once the audit opinion is provided on the main document. A delegation to the Committee Chair, Chief Executive and Group Manager Finance and Assurance is sought to approve the summary for signing and publication within statutory time limits.

Audit Representation Letters

Separate Audit Representation letters are required for the full Annual Report and the Summary Annual Report. The Draft Representation letter for the full Annual Report will be tabled at the meeting, and a representation letter will be presented to the Council meeting on 02 November 2026.

The Audit Representation letter is provided by Council in connection with the audit of the financial statements and activities and services statements of Invercargill City Council for the year ended 30 June 2026 for the purpose of expressing an opinion on the information presented. The audit is carried out by The Audit Office on behalf of the Auditor General.

To provide Council with additional assurance over the representations which it is being asked to make, management has initialled the representations Council are making to The Audit Office. This will be tabled at the meeting.

Audit Opinion

At present it is anticipated that an unmodified audit opinion will be issued in relation to all audited information. With an emphasis of matter concerning going concern. The emphasis of matter reflects the uncertainty in the local government sector as a result of reforms, policy statements and the current Local Government Commission investigation into possible Council restructures in Southland.

Council have adopted a number of the proposed recommendations by The Audit Office in the 2025 Management Letter in the preparation of the 2026 Annual Report. These recommendations were as follows:

- Improving the quality of data within valuation reports (noting that the 2025 recommendation related specifically to land and buildings data).

Land and buildings valuations have not been undertaken in 2026, however this finding will be noted for the next tri-annual land and buildings valuation to be undertaken in 2028.

- Incorporating the requirement of NZ AS 1 into the Statement of Service Performance

This Accounting Standard has been reviewed in combination with the Statement of Service Performance. Audit New Zealand have issued an unmodified audit opinion in relation to the Statement of Service Performance.

- Valuation of LGFA Borrower Notes

This has been completed as part of the 2026 Annual Report. Council holds \$7.4 million of LGFA Borrower Notes, with an additional \$0.5 million held at Group level. The impact of the revaluation was minimal to Council's overall financial position at \$0.05 million.

The proposed wording of the Audit Opinion will be tabled at the meeting.

Issues

Summary Financial Results

The draft Annual Report is attached as Attachment 1 and is summarised below:

- Council had an operating loss of \$8.5 million, which is \$6.4 million worse than 2025 (loss of \$2.1 million) and \$2.0 million better than planned.
- Within Other Comprehensive Income, Council had a loss of \$0.2 million which was \$0.4 million better than 2025 (\$0.6 million loss) resulting from the revaluation of carbon credits and cash flow hedges. There were no revaluations of Property, Plant and Equipment undertaken in 2026, whereas in 2025, Council had a gain of \$170.9 million on the revaluation of roading and building assets.
- The Group had a loss after tax from continuing operations of \$9.7 million which is \$1.2 million better than 2025. In 2025 the Group also recorded a profit after tax from discontinuing operations of \$21.6 million from the sale of Pylon Limited by the ICHL Group.
- The Group had total comprehensive revenue and expenses of an \$8.8 million loss which was \$193.9 million lower than 2025 (surplus of \$185.1 million). The primary reason for the decrease is the revaluation of Council's roading and operational land and buildings assets in 2025, with no revaluations of Property, Plant and Equipment being undertaken in 2026.
- The Council is reporting total assets of \$1.59 billion, an increase of \$36 million on the \$1.55 billion in 2025.
- Council has borrowings of \$201.1 million being the equivalent of \$7,329 per property in the city. This is an increase on the \$154.8 million of borrowings outstanding in 2025 (\$5,668 per property).

The Council's operating loss is \$2.0 million better than planned principally due to additional unplanned revenue from vested assets of \$2.4 million. Additionally, whilst General Expenses are \$5.9 million higher than planned, this has been offset by depreciation which is \$6.9 million lower than planned.

Prior Period Restatements

Two prior period restatements have been identified and adjusted for in the 2026 annual report. These are as follows:

- Reclassification of Metered Water Revenue to Targeted Rates

A correction has been made to the classification of metered water revenue. This was previously classified as, fees and charges as per the Annual Plan but is now included in targeted rates. The impact of the change is as follows:

	Council 2026 \$000	Council 2025 \$000
Targeted rates – Water (note 2.1)	4,760	3,266
Direct charges revenue – User fees and charges (note 2.5)	(4,760)	(3,266)

The above reclassification has resulted in a variance between planned and actual targeted rates for the 2025/2026 year as presented in the Statement of Comprehensive Revenue and Expense, the Whole of Council Funding Impact Statement and the Water Funding Impact Statement.

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- Write-off of Intangible Asset Work in Progress

During the audit of the 2025/2026 financial results, it was noted that costs relating to Council's digital enhancement programme for prior years had been incorrectly classified as intangible asset work in progress rather than being expensed to general expenses. As a result, the 2025 financial statements – presented as comparative information in the financial statements for the year ended 30 June 2026 – have been restated to correct this error.

	Before Adjustments		Correction	After Adjustments	
	Council	Group		Council	Group
	Actual	Actual		Actual	Actual
	2025	2025		2025	2025
	(\$000)	(\$000)		(\$000)	(\$000)
Statement of Comprehensive Revenue and Expense					
Expenditure					
General Expenses	64,022	81,273	1,831	65,853	83,104
Surplus / (deficit) after tax	(269)	12,425	1,831	(2,100)	10,594
Note 6 General expenses					
Direct operating expenses (including repairs and maintenance) arising on other Council activities	41,435	41,435	1,831	43,266	43,266
Statement of Financial Position					
Non-current Assets					
Work in Progress	52,644	57,485	(6,042)	46,602	51,443
Net assets/equity	1,373,100	1,480,922	(6,042)	1,367,058	1,474,880
Retained earnings	356,871	425,903	(6,042)	350,829	419,861
Statement of Changes in Equity					
Balance at 1 July	1,203,034	1,293,961	(4,211)	1,198,823	1,289,750
Balance at 30 June	1,373,100	1,480,922	(6,042)	1,367,058	1,474,880
Note 22 Equity					
Opening balance retained earnings	363,502	403,510	(4,211)	359,291	399,299
Closing balance retained earnings	356,871	425,903	(6,042)	350,829	419,861

The above reclassification has resulted in adjustments to the Statement of Comprehensive Revenue and Expense, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows, Whole of Council Funding Impact Statement and a variance between planned and actual targeted rates for the 2025/2026 year as presented in the Statement of Comprehensive Revenue and Expense, the Whole of Council Funding Impact Statement and the Corporate and Regulatory Services Funding Impact Statement.

Prudential Measures

The benchmarks in the draft Annual Report are summarised below:

Council has met six out of eight of these benchmarks in 2026. This is one higher than in 2025. The ratios that were not met were:

- Balanced budget benchmark
- Operations control benchmark.

The impact of the prior period restatements has resulted in the Total Rates Increase benchmark not being met for the restated 2025 Financial Year.

Investment Property

Investment Property is revalued annually by an independent valuer. The increase in the value of investment property for the year was \$0.034 million. This included a revaluation gain of \$0.34 million after sales of investment property of \$0.155 million.

Changes from 30 June 2026 Performance Report

The 30 June Performance Report presented to Finance and Policy Committee on 18 August indicated that these were draft numbers as in preparing the Annual Report some adjustments are necessary. The key reasons for the difference between the performance report and Annual Report are outlined below.

Net Operating deficit (30 June 2026 Performance Report)	(6,561)
<i>Changes since:</i>	
- including ICC share of Wastenet Southland - Loss	(118)
- including assets vested to Council	2,396
- including a reduction of the parking refund provision	100
- including a depreciation adjustment	115
- including an increase in payroll liabilities	(92)
- including write-off of capital expenditure not meeting capitalisation criteria	(891)
- including correction to water revenue (Pathway import)	361
- Other minor changes (including revised accruals)	(9)
- Expensing of Intangible Asset Work-In-Progress	(4,322)
- Reversal of amortisation of Intangible Assets previously expensed	530
Net Operating deficit before other gains (draft Annual Report)	(8,491)

Letter of Representation

Attachment 2 provides the draft Letter of Representation from Council to the Audit Office. This will be supported by a back-to-back Letter of Representation from Management to Council which will be tabled at the Committee meeting.

The draft letter includes specific representations regarding the long-term loan to Invercargill Central Limited (ICL) which has been classified as a long-term loan on a consistent basis with ICL's financials.

The uncorrected misstatement in Appendix 1 of the draft Letter of Representation relates to misstatement of judgements associated with the 30 June 2024 revaluation of three waters assets which was based on forecast cost indices which were higher than actual published indices.

Next Steps

Prior to the Risk and Assurance Committee meeting, staff are expecting to:

1. Receive the draft wording of The Audit Office audit opinion.
2. Prepare the back-to-back Letter of Representation from management.

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3. Complete the final version of the Annual Report and continue drafting the Summary Annual Report.

These will be circulated ahead of the meeting or tabled at the meeting if not available earlier.

Staff will continue to work with The Audit Office to close out the remaining outstanding audit requests so that final clearance can be provided.

Following the Risk and Assurance Committee's review, this paper will be tabled at the Extraordinary Council meeting on 02 November 2026 where the Annual Report will be adopted.

Attachments

Attachment 1 - Draft ICC 2026 Annual Report (11312252).

Attachment 2 – Draft Letter of Representation from Council on the Annual Report (11313727).

Attachment 3 – Audit Opinion (to be tabled at the meeting).

Attachment 4 – Letter of Representation Report from Management to Council (to be tabled at the meeting).



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Front Cover: Te Unua Museum of Southland

Published by Invercargill City Council
Private Bag 90104, Invercargill, New Zealand.
Tel: +64 3 211 1777
Web: <http://www.icc.govt.nz>



Document Set ID: 11312252
Version: 2, Version Date: 21/10/2026

Invercargill introduced Nau mai ki Waihōpai



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

Statistics New Zealand estimated the population of Invercargill in 2025 at 58,000.

Recent forecasts show a maximum expected population in 2033 of 62,800.

All figures are GST exclusive unless otherwise stated

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Introduction

Tīmatanga kōrero



Welcome to the Invercargill City Council's Annual Report 2026

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

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Introduction

What is the Annual Report?

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

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Introduction

Mayor's comment

Ngā kōrero a te Koromatua



I am pleased to introduce our Annual Report for 2025/2026.

Council's service performance has been at the same overall level as for 2024/2025, with 71% of our performance targets achieved. This is particularly pleasing given the impact of the storm in October which significantly effected many of our services including our Parks, Splash Palace and Bluff Service Centre.

Our Parks and Reserves team have been very busy over the year, with the renewal of the Pomona Street playground, restoration of Te Wharepuni o Anehana in Anderson Park, the installation of the chess board in Queens Park and concept plans for Elizabeth Park all completed. This was achieved whilst also responding to storm damage in order to make our parks safe and back open to the public as soon as possible.

Construction of Te Unua – Museum of Southland continues apace, with both wings and the central foyer completed over the financial year. The project will soon move into fitout, which brings the milestone of the opening closer!

A number of improvements to toilets have been completed in Bluff, at Stirling Point, at the Bluff Boat Ramp and at the service centre. I know this is something the community has provided feedback on over the last few years so it is good to see these major renewals completed.

Upgrades are also in process at Splash Palace, with the poolside flooring completed and the changing rooms renewal started.

Council has invested in sustainable transport with the bus fleet now electric and the launch of an e-bike loan scheme with Active Southland. Over the next year we will be undertaking some safety improvements at key intersections including Isabella and Yarrow, and Elles and Tay.

Finally, our water programme reached a major milestone with the completion of the Branhholm Pipeline project which improves the resilience of water supply for our city. This is an important piece of the puzzle in upgrading our network, which will be a continued focus of the new Water Committee over the year ahead.

A handwritten signature in blue ink, appearing to read 'Tom Campbell'.

Mayor Tom Campbell
Mayor of Invercargill

Chief Executive's comment

Ngā kōrero a te tāhuhu rangapū



2025/2026 has been an important year for the internal transformation projects which will support Council to continue to deliver service to the community into the next decade and beyond.

The first phase of delivering the integrated technology platform Council needs has been completed, with more milestones coming over the next financial year.

The move of key teams out of Te Hīnaki Civic administration building into Invercargill Central and HWR Tower has been completed. Council has determined that the cost to repair this aging building is too high to be economic and alternative offices are needed. Council is working together with others in the region to ensure that a long-term flexible option is developed which will work for the future of Local government in the region, whatever that looks like.

The focus of my leadership team is on ensuring our service is aligned effectively for the future needs of the community and both our technology and head office

investments have been made recognising that the form of Local Government in the region is likely to change.

The extent and pace of reform continues to challenge our sector as a whole and I would like to take this opportunity to thank my team for all their mahi in providing the services the community relies on every day.

Michael Day
Chief Executive

Elected Members

Kōwhiri huānga

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



Tom Campbell
Mayor



Grant Dermody
Deputy Mayor



Allan Arnold
Councillor



Ria Bond
Councillor



Trish Boyle
Councillor



Steven Broad
Councillor



Alex Crackett
Councillor



Andrea de Vries
Councillor



Darren Ludlow
Councillor



Marcus Lush
Councillor



Ian Pottinger
Councillor



Barry Stewart
Councillor



Lisa Tou McNaughton
Councillor



Mike Bain
Pou Manawhenua
Waihōpai Rūnaka

What is Council and what does it do?

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

Māori Capacity to Contribute to Decision Making

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

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

A Mana Whenua representative for Waihōpai Rūnaka has been appointed in March 2026, with speaking rights at Council and committees and voting rights at the Water, Infrastructure and Growth, Community and Regulatory and

District Licencing committees, strengthening Māori representation and in governance and decision-making.

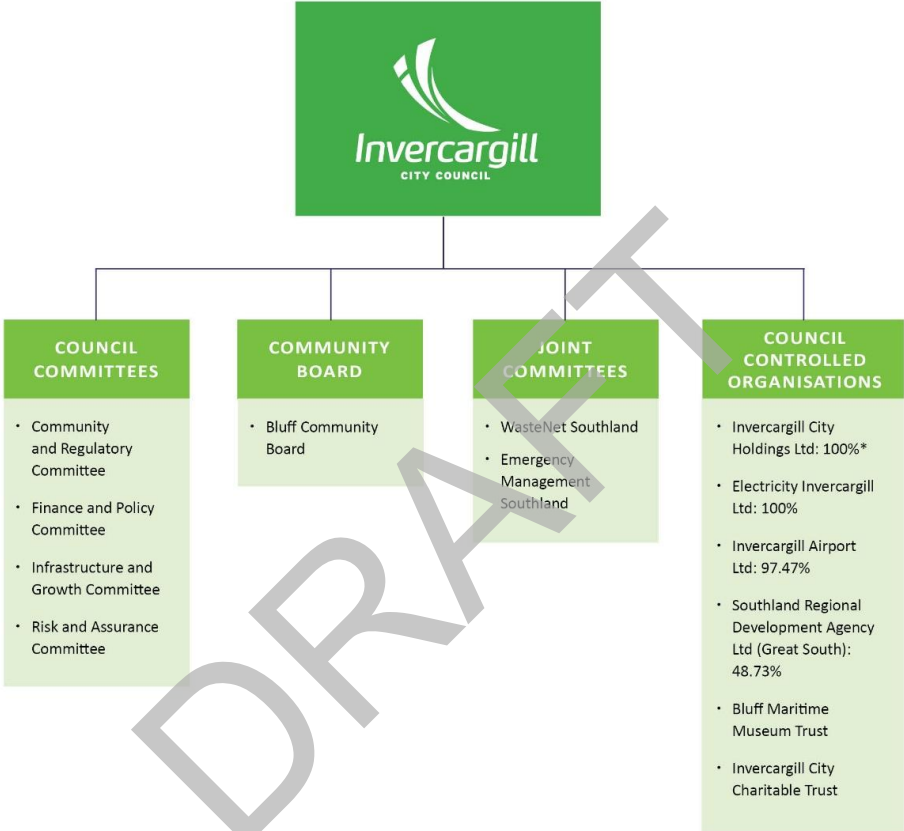
Council has worked in partnership with both Rūnaka on a range of projects including Te Unua – Museum of Southland.

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

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Council Structure (at 30 June 2026)

Te hanganga kaunihera



*Refer to Group Structure on page 112.

Highlights

Ngā kaupapa nui

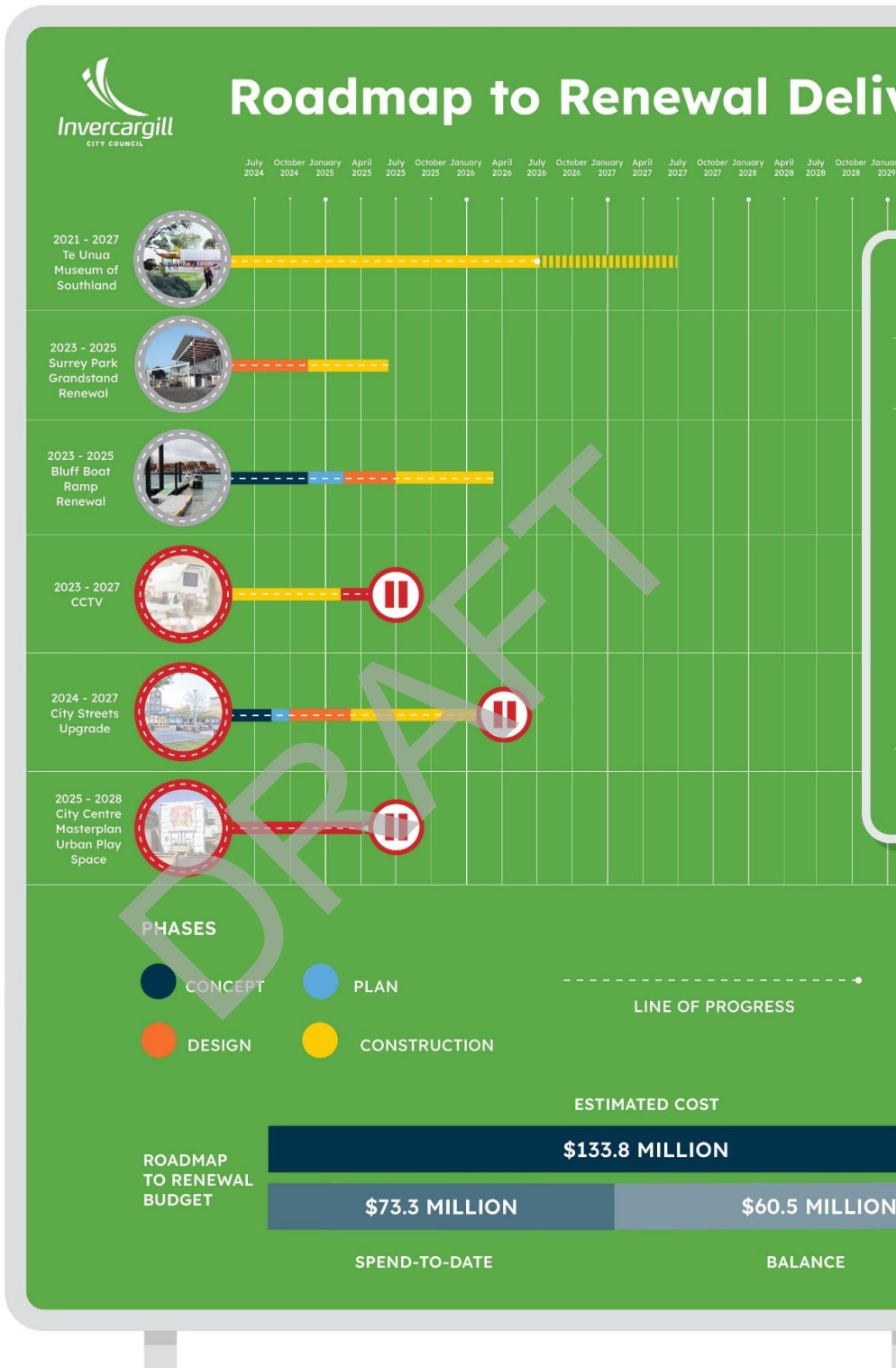
The Council provides the services needed to keep the city running, including supplying water, removing wastewater and collecting rubbish. In addition to leading many significant rebuild projects, it carries out large infrastructure, building and community projects as part of its long-term programme to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

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Highlights – Financial Overview



Highlights – Financial Overview



Highlights – Financial Overview



Financial Overview

Overall Result – Council

Council had an operational deficit after tax of \$8.5 million, including a vested assets contribution of \$2.4 million, which was \$2.0 million better than the planned deficit of \$10.5 million and was \$6.4 million worse than the 2025 deficit. Revaluation losses on carbon credits and derivatives contributed a further \$0.2 million deficit to Council's overall result.

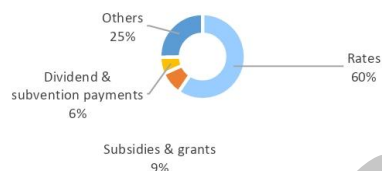
The financial results for the year ended 30 June 2026 were impacted by a weather event in October 2025 which caused damage to Council facilities including buildings and parks. This resulted in unbudgeted repairs and restoration expenditure combined with lost revenue due to certain Council facilities closing to the general public for a short period of time. These losses were partially offset with additional forestry harvesting revenue generated from fallen trees. Depreciation expenses are lower than budget due to an overstatement of depreciation expenditure in the 2025/2026 Annual Plan.

Council's total assets have increased to \$1.6 billion while liabilities are \$227 million.

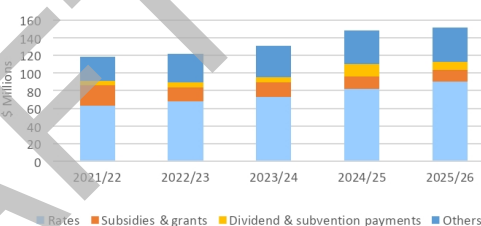
Overall Result – Group

The Group had an operational deficit before tax from continuing operations of \$9.6 million which is \$1.3 million better than 2025 result. Group total assets have increased by \$43.8 million to \$1.74 billion while liabilities are \$267 million.

Source of Revenue - 2025/26



Source of Revenue - 2025/26



Total Revenue (excluding gains) of \$151 million was \$3 million higher than budget and \$3 million higher than 2024/2025.

The increased revenue in 2025/2026 compared to 2024/2025 reflects the impact of the growth in the number of rating units within the city as well as the rates charges for the year. Dividend income from Invercargill City Holdings Limited has decreased from \$14.5 million in the prior year to \$9.6 million in the current year. This was partly offset by higher State Highway maintenance recovery revenue received from NZTA and additional forestry harvesting generated by fallen trees from the weather event in October 2025.

Over the past five years

- Rates revenue has consistently increased, with increases in both the number of rating units and higher rates charges.
- Subsidies and grant revenue has decreased consistently since 2021/2022 with less government funding available to contribute towards capital projects.
- Other revenue has slowly increased over the years and reflects inflation adjustments to the fees and charges rates.

Dividend revenue has been consistent over the years except for in 2024/2025 when two extraordinary dividends were received from Invercargill City Holdings Limited and 2025/2026 when one extraordinary dividend was received.

Highlights – Financial Overview

Where do my rates go?

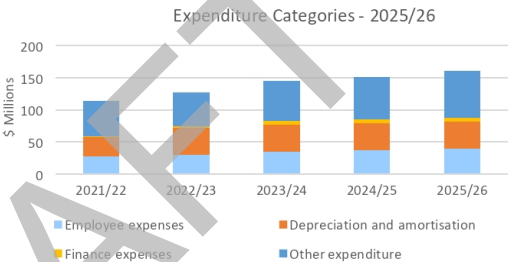
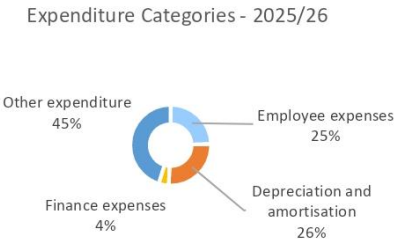
On average for every \$100 of rates, this is where the funds go:

- \$35.71 goes to the three waters (water supply, stormwater and wastewater);
- \$9.26 goes to roading activities
- \$7.80 goes to solid waste.
- \$20.38 goes to Leisure Recreation & Wellbeing Services which includes our parks, libraries, aquatic and venue activities; and
- \$26.85 goes Corporate & Regulatory Services which includes property, regulatory and investments activities.

Where on average every \$100 of rates will be spent



Total expenditure



Expenditure (excluding depreciation) of \$118 million, was \$7 million higher than budget and \$11 million higher than 2024/2025. This is primarily the result of changes to staffing levels and unbudgeted repairs and maintenance expenditure from the October 2025 weather event. Additional expenses have also been incurred on lease costs of corporate accommodation for staff who have been relocated from the 101 Esk Street premises.

Employee expenses of \$39 million represent 25% of total expenditure which has increased as a proportion of total expenditure compared to last year due to changes to staffing levels reflecting capital project delivery requirements. Other expenditure of \$7million represents the direct operating expenses arising on other Council activities.

Finance costs of \$6 million reflect Council's increase in borrowing to fund its capital programme, with total borrowings increasing to \$201 million as at 30 June 2026.

Over the past five years

- Employee expenses have remained consistently between 24% to 26% of total expenditure.
- Depreciation expense increased significantly from \$29 million in 2021/2022 to \$41 million in 2022/2023 as a result of a significant revaluation increase to Council assets. Since 2022/2023 depreciation expense has remained consistent.
- Other expenditure has been increasing over the past five years contributed in part by higher external contractor costs for the delivery of services, high inflationary pressures and increased insurance premiums that align with international trends.

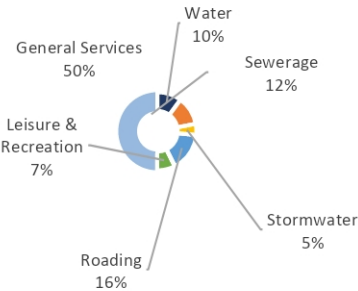
Highlights – Financial Overview

Capital expenditure

The Council has spent \$76 million on significant asset investment in the 2025-2026 year including:

- Te Unua (Main Building) (Corporate and Regulatory Services)
- New Elderly housing units (Corporate and Regulatory Services)

Capital Expenditure- 2025/26



Over the past three years Council has delivered \$184.1 million of capital expenditure which is a significant increase on the \$127 million that was delivered from 2020-2023 (3 years previously).

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Financial prudence benchmarks

Te Whakaaro Whakatūpato ā-pūtea

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

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

Council has met six out of the eight benchmarks in 2026. The ratios are as follows:

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

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

During the year it was identified that metered water revenue was incorrectly classified as fees and charges instead of rates. The impact of the classification correction on the financial prudence benchmarks was as follows:

Rates (Income) Affordability Benchmark – after the reclassification the benchmark has still been met for the current and previous four years.

Rates (Increases) Affordability Benchmark – the reclassification has resulted in the benchmark now being breached for the 2022/2023 and 2024/2025 years.

Disclosure statement - Council

Annual report disclosure statement for the year ending 30 June 2026.

What is the purpose of this statement?

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

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

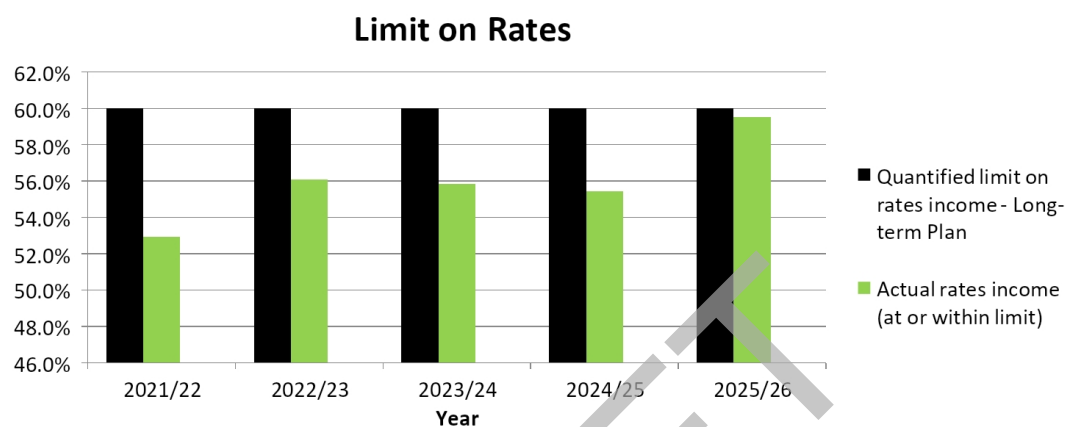
Highlights – Financial prudence benchmarks

Rates (Income) Affordability Benchmark

Council meets the rates affordability benchmark if –

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

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



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

	Restated*	Restated*	Restated*	Restated*	Year of Annual Report
	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total rates revenue - Annual Report	62,798	68,274	73,209	82,126	89,909
Other income - Annual Report	55,864	53,477	57,881	65,975	61,180
Total income - Annual Report	118,662	121,751	131,090	148,101	151,089

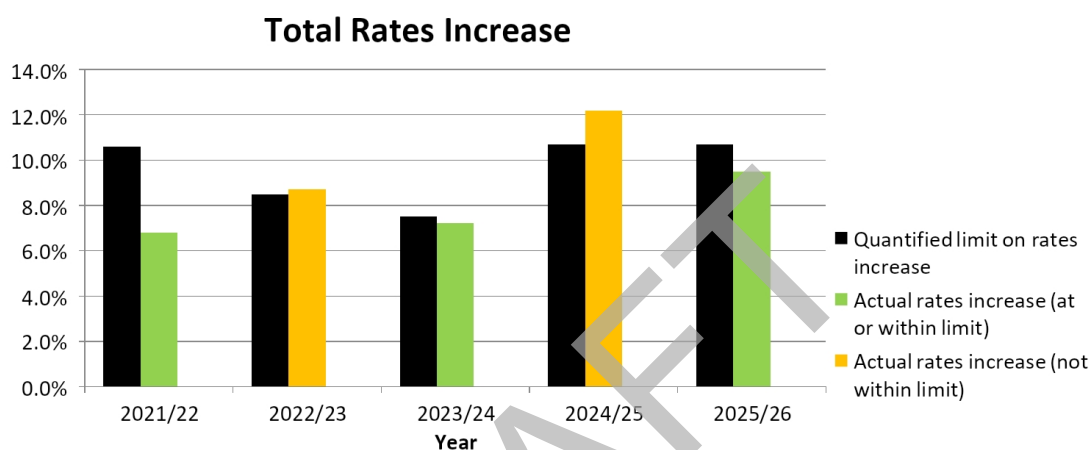
Highlights – Financial prudence benchmarks

Rates (Increases) Affordability

The Council meets the rates affordability benchmark if -

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

The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's Long-term Plan. The quantified limit is that "Rates increases will not exceed the Local Government Cost Index (LGCI) plus 3%" %. In 2024/2025 and 2025/2026 the quantified limit is that rates increases will not exceed the Local Government Cost Index (LGCI) plus 8% as per Council's Financial Strategy.



Council has met the limits over the last five financial years. For 2022/2023 the increase in the rates revenue was 8.5% equalling the limit. While there was a lower rate increase for existing ratepayers, rates revenue increased by 8% due to growth in the rating base.

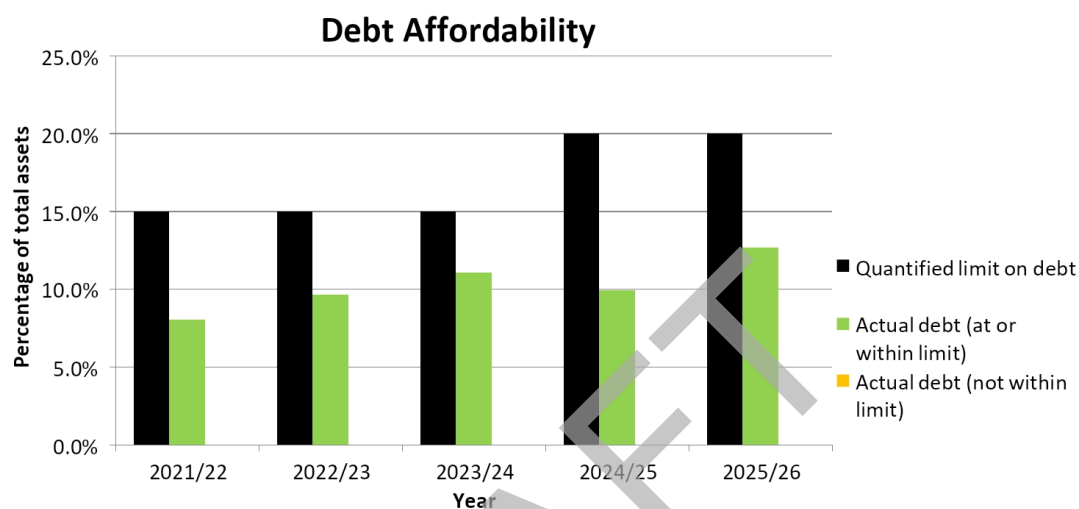
	Restated*	Restated*	Restated*	Restated*	Year of Annual Report
	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total rates revenue - Annual Report	62,798	68,274	73,209	82,126	89,909
LGCI (Local Government Cost Index)	7.6%	5.5%	4.5%	2.7%	2.7%
Additional limit	3.0%	3.0%	3.0%	8.0%	8.0%

Highlights – Financial prudence benchmarks

Debt Affordability Benchmark

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

The following graph compares Council's actual debt with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is that "Debt will not exceed 15% of total assets up to 2023/2024 and 20% of total assets from 2024/2025".



Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council reviewed the benchmark limit as part of the Long-term Plan 2024-34 and increased the limit from 15% to 20% from 2024/2025 and considers that setting a borrowing limit of 20% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

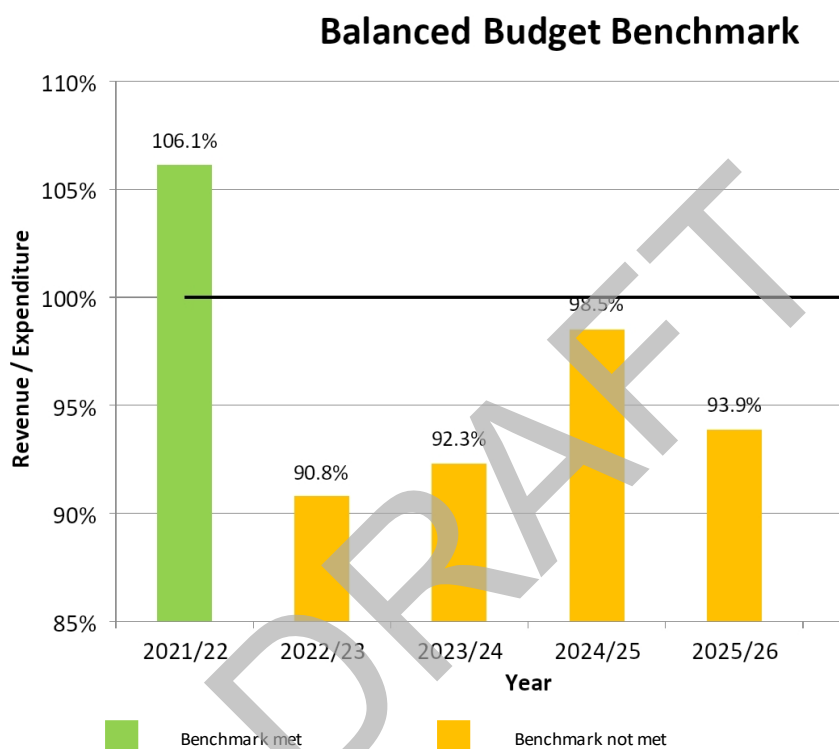
	Restated*	Restated*	Restated*	Restated*	Year of Annual Report
	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total assets - Annual Report	1,267,289	1,285,628	1,374,967	1,549,177	1,585,397
External borrowing	102,062	124,499	152,146	154,771	201,134

Highlights – Financial prudence benchmarks

Balanced Budget Benchmark

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

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



* Council did not receive development contributions scheme or receive financial contributions in 2025/2026. Excludes vested assets, gains on derivative financial instruments and revaluation gains.

^ Excludes - Losses on derivative financial instruments and revaluations of property, plant and equipment such as investment properties which are revalued at fair value through profit and loss.

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

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

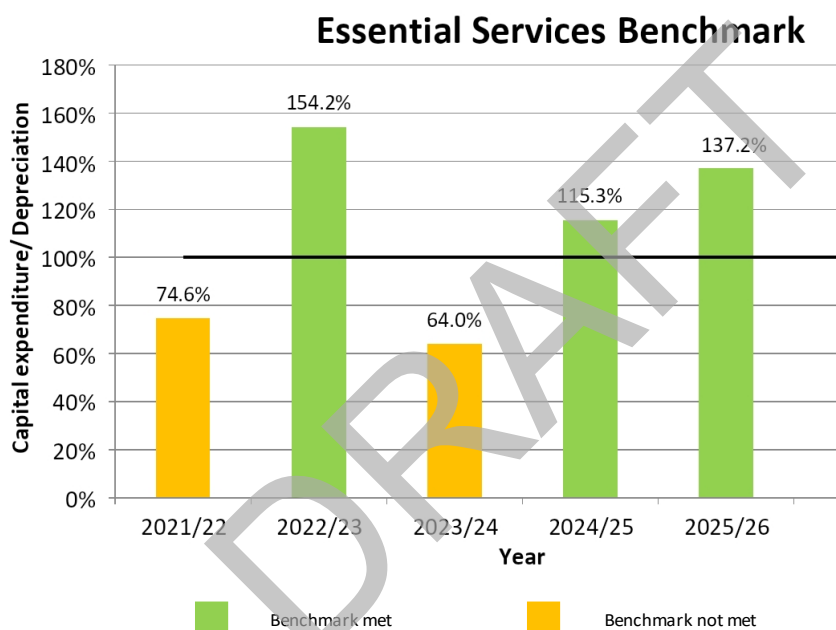
The breaches from 2022/2023 to 2025/2026 are the result of the significant increase in depreciation due to the revaluation of property, plant and equipment as at 30 June 2022. Council has faced the challenge of balancing fully funding the depreciation increase on the infrastructure network assets against rates affordability and has agreed to progressively smooth rates increases over time.

Highlights – Financial prudence benchmarks

	Restated*	Restated*	Restated*	Restated*	Year of Annual Report
	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total revenue (excluding *)	120,237	123,157	134,507	149,111	150,574
Total expenditure (excluding ^)	113,292	135,655	145,703	151,360	160,396

Essential Services Benchmark

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



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

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

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

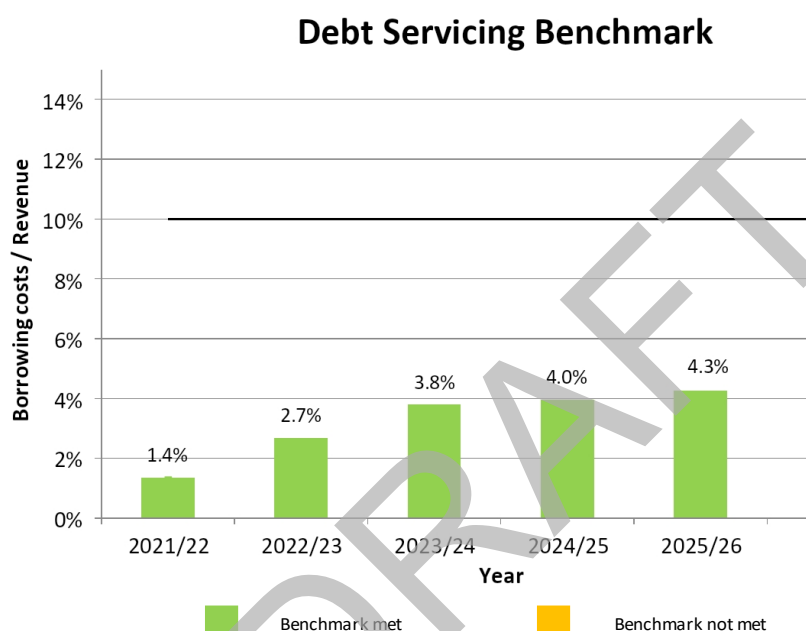
	2021/22	2022/23	2023/24	2024/25	Year of Annual Report
	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Capital expenditure additions *	16,402	48,499	20,986	36,876	42,648
Depreciation ^	21,980	31,453	32,781	31,974	31,084

Highlights – Financial prudence benchmarks

Debt Servicing Benchmark

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

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



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

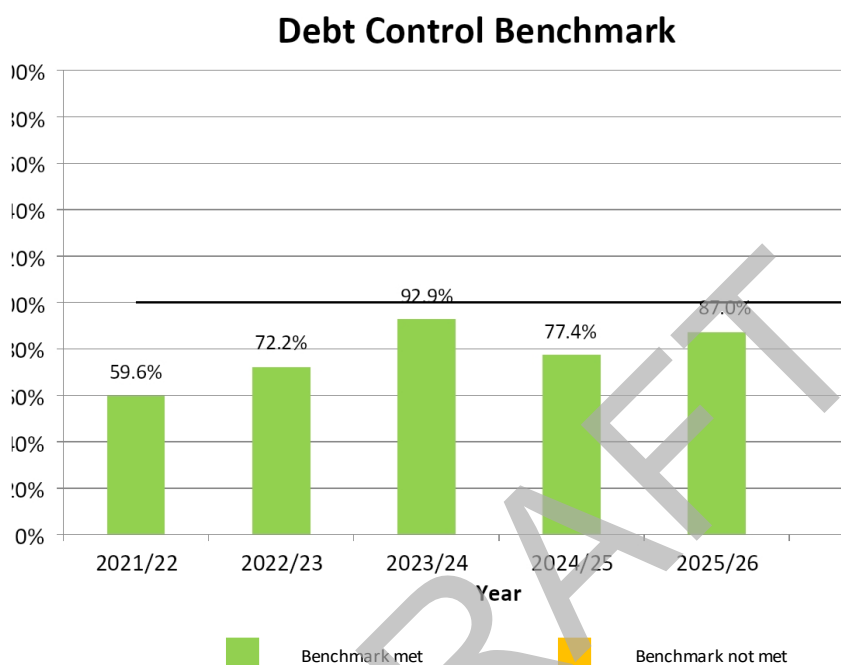
	2021/22	2022/23	2023/24	2024/25	Year of Annual Report 2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Borrowing costs *	1,627	3,266	5,077	5,896	6,414
Revenue (Balanced budget)	120,237	122,017	134,507	149,111	150,574

Highlights – Financial prudence benchmarks

Debt Control Benchmark

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

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



Council's actual net debt position has consistently been below its planned net debt position due to the deferral of debt funded capital and infrastructure projects.

	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Actual					
Financial assets - Annual Report *	59,314	60,318	72,740	57,012	45,932
Financial liabilities - Annual Report ^	117,371	143,182	167,732	175,821	220,357
Actual net debt	58,057	82,864	94,992	118,809	174,425
Planned					
Financial assets *	45,283	55,927	64,221	47,379	46,515
Financial liabilities ^	142,670	170,641	166,462	200,834	246,929
Budgeted net debt	97,387	114,714	102,241	153,455	200,414

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

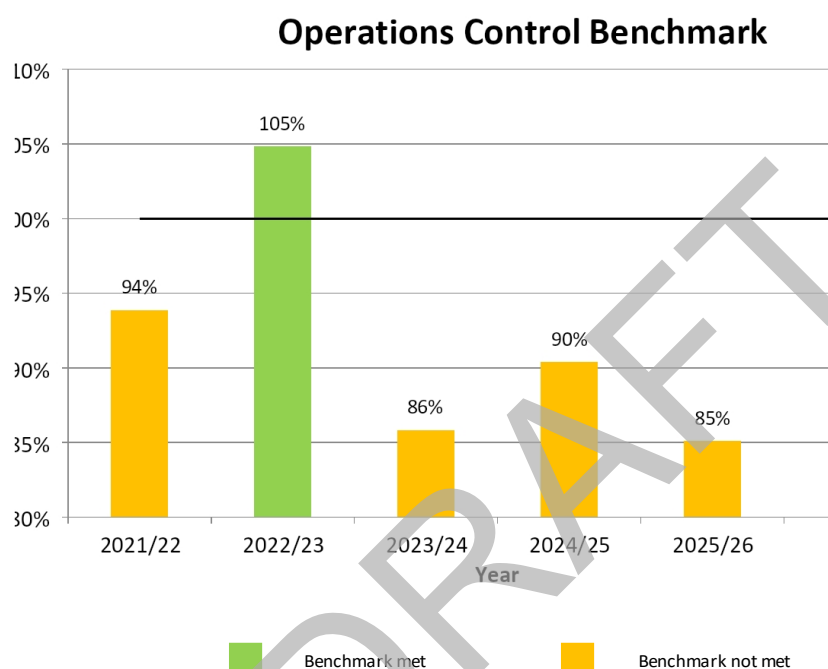
^ Financial Liabilities - as per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

Highlights – Financial prudence benchmarks

Operations Control Benchmark

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

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



Council has not met the Operations Control benchmark, with actual net cash flows from operations lower than planned cashflows except for 2022/2023. In 2021/2022, lower revenue was generated due to Covid restrictions and higher than planned expenditure including increased waste charges. From 2023/2024 general expenses were higher than budget due to higher Council payments for external services, insurance and utilities that have been impacted by inflation pressures within the economy.

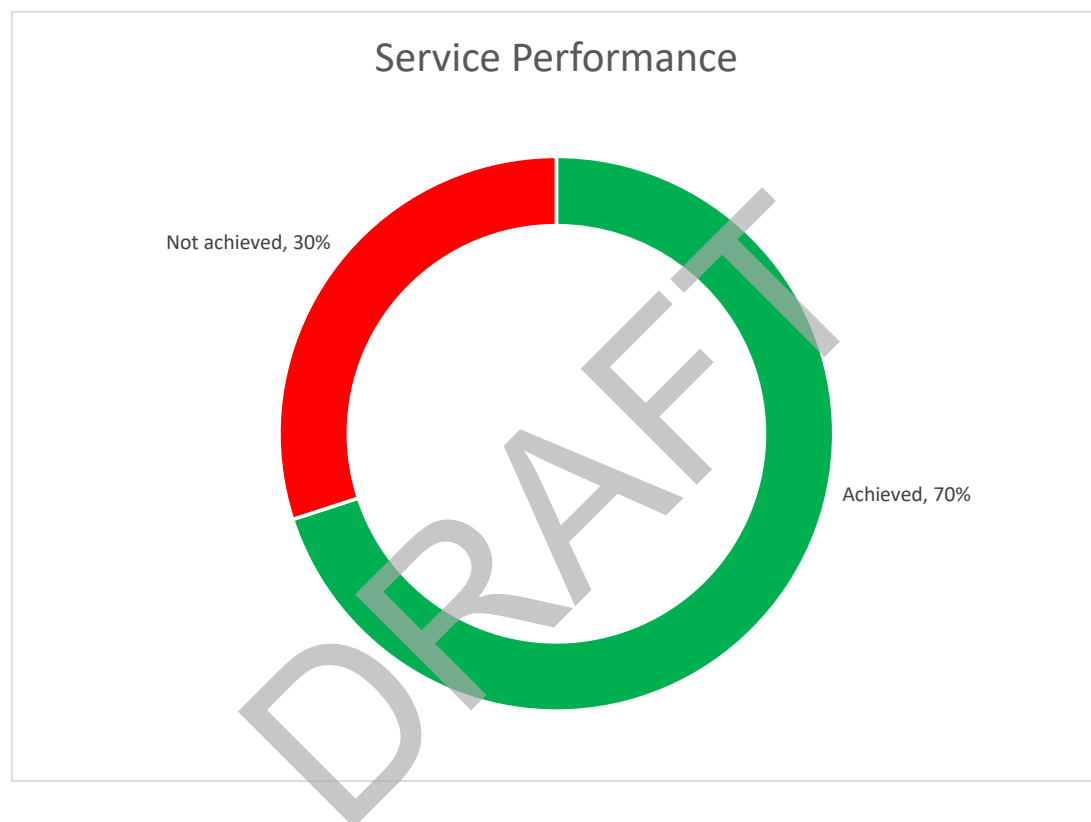
	Restated*	Restated*	Restated*	Restated*	Year of Annual Report
	2021/22	2022/23	2023/24	2024/25	2025/26
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Actual net cash flows from operations	28,335	30,540	28,700	39,212	31,418
Budgeted net cash flows from operations	30,192	29,128	33,437	43,386	36,912

Summary of Service

Whakarāpopotanga o ā mātou mahi

Summary of Activities and Level of Service

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 indicators as to whether the levels of service have been achieved.



In the graph above, 'Achieved' means that the 2025/2026 performance measure was met or exceeded – 70% (or 81 performance measures) met or exceeded their targets. 'Not achieved' means that the 2025/2026 performance measure was not provided to the target level – 30% (or 35 performance measures) were not provided to the target level. This is the same as 2024/2025 service performance levels.

This Annual Report details the performance measures and their achievement for the activities. Council's framework for success is the Long-term Plan, which is centred on the vision of, "Our city with heart - He Ngākau Aroha". The performance measures positively contribute towards Council's four Community Outcomes:

- Social wellbeing – One community – Our youth, older people, different neighbourhoods and communities' basic needs are met, and they feel valued and proud to live here.
- Cultural wellbeing – A vibrant, safe city centre which meets our people's diverse cultural needs.
- Economic Wellbeing – A future focused economy, delivered through innovation and partnership and supported by appropriate infrastructure.
- Environmental wellbeing – A healthy, resilient environment where the city is well positioned to navigate climate change.

Statement of Compliance

Auditor's Opinion

Ngā korero a te kaitātari kaute

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Statement of Compliance

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Statement of Compliance

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Statement of Compliance

Tauākī o ngā tūtohu

Council and its officers are responsible for the preparation of this Annual Report for 2025/2026.

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

This report was approved and adopted by a meeting of the Invercargill City Council on 30 October 2026.

It correctly reflects Council's financial position and operation results for the year ended 30 June 2026.

Council adopted this Annual Report on 30 October 2026 and complies with all statutory requirements in relation to the Annual Report.

T Campbell
MAYOR

M Day
CHIEF EXECUTIVE

DRAFT

Our Activities

Ngā ngohe

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

This section is divided into seven groups of activities:

- Water
- Stormwater
- Sewerage
- Roothing
- Solid Waste Management
- Leisure, Recreation and Wellbeing Services
- Corporate and Regulatory Services

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

Water

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

Stormwater

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

Sewerage

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

Roothing

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

Solid Waste Management

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

Leisure, Recreation and Wellbeing Services

Leisure, Recreation and Wellbeing Services include seven sub-activities. These are:

- Parks and Reserves
- Libraries
- Aquatic Services
- Arts, Culture and Heritage
- Venues and Events Services
- Public Transport
- Elderly Persons Housing

The Leisure, Recreation and Wellbeing Services group of activities cover a range of facilities, services and activities which Council provides to enhance community wellbeing. These are funded by a mixture of fees and charges, targeted and general rates.

Corporate and Regulatory Services

Corporate and Regulatory Services include five sub-activities. These are:

- Democratic Process
- Regulatory Services (including Animals Services, Building Services, Compliance, Environmental Health and Resource Management)
- Corporate Services
- Property Services
- Investments

The Corporate and Regulatory Services group of activities cover a range of services and functions Council is required to undertake either because of legislation, or to ensure the responsible, timely and effective delivery of the Council business and activities. These are funded by a mixture of fees and charges, targeted and general rates.

Council activities

Statement of Service Performance 2025/2026

This and the following pages of the Annual Report constitute part of the Statement of Service Performance (pages 28, 36-40, 44-47, 50-51, 54-56, 59-62, 64-65, 68, 70-89, 94-104). Note 2.3 to the Financial Statements 146-147).

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

Service performance judgements and assumptions

Council's performance measures enable the community to monitor and report against community outcomes and service performance levels. Performance measures are grouped under each activity area of Council so we can provide activity specific information and performance.

1. Service performance judgements and assumptions

Council's Levels of Service were developed through the 2024-2034 Long-term Plan process to provide meaningful measurable statements which show how Council is delivering on its community outcomes.

Council has seven groups of activities. They are groups of one or more related activities provided by Council. Some of these groups of activities are mandated by the Local Government Act 2002. Council has made the following judgments in the selection of Levels of Service and service performance measures found in each group of activities section:

- When developing our community outcomes, levels of service and performance measures, we have considered all the feedback and views expressed by our residents and ratepayers, including the Bluff Community Board. This includes feedback relevant to the levels of service and performance measures received throughout the Long-term Plan consultation process.
- We have ensured that the performance measures adequately inform our Elected Representatives, Mana Whenua Representatives and community on progress towards delivering against the community outcomes. Each activity highlights the link between our community outcomes, levels of service and performance measures.
 - Each level of service links back to at least one community outcome which the Council is working to achieve.
 - Each performance measure adequately informs progress towards delivering the community outcomes.

As part of setting funding levels, Council has considered the impact on services and their related performance measures. Material judgements have been applied as follows:

- Community outcomes were developed by our Elected Representatives and Mana Whenua Representatives,

who determined the appropriate levels of services utilising guidance from officers and an indication of community priorities gathered through residents' survey and community workshops. Feedback from the community was then sought to finalise these.

- Performance measures were selected by Elected Representatives and Mana Whenua Representatives, with support from Council officers. Feedback from the community was also sought on the proposed performance framework. Final selection was made on the basis of supporting consistency across factors such as time, cost and quality indicators, while including all the required legislative measures. Quality and timeliness of availability of data was also considered.

Aggregation of performance measures against levels of service was undertaken on the basis of providing at least one meaningful measure per level of service.

2. Measuring performance

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

Council is required by the Department of Internal Affairs (DIA) to monitor and record its performance against a range of water, stormwater, sewerage and roading non-financial performance measures.

Under the Local Government Act 2002 we are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, sewerage and the treatment and disposal of sewage, stormwater drainage and the provision of roads and footpaths. DIA guidance has been followed in measuring performance against all mandatory performance measures. We demonstrate regulatory compliance for statutory measures (such as percentage of both building consents and resource consents applications processed within 20 statutory days).

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

As part of setting funding levels, the groups considered the impact on services and their related performance measures. Despite funding pressures across the group, management has determined it is possible to continue to provide services at current levels and the related performance measures do not need to be adjusted for funding reasons.

3. Residents Survey

There are thirteen satisfaction performance measures relating to Council facilities and services across nine activities. To

Our Activities – Statement of Service Performance

measure this, Council contracts an external professional research agency to deliver a Residents Survey. A consistent methodology is used for delivering resident satisfaction measures and the community is surveyed through the year. The results are reported quarterly and made available to the public on Council's website.

The survey measures changes in satisfaction over time and the results will be used to improve our processes and inform future service level improvements. The survey is designed by external research experts, based on best practice in survey design. The survey structure allows Council to measure changes in satisfaction over time. For example, questions are written so they are clearly understood by participants and neutral in tone; and response options provided are balanced and do not lead participants to respond in a certain way; they also cover all possible responses a participant may wish to provide. Neutrality is important which is why the survey is independently run.

Survey sampling (i.e. recruitment of participants) is conducted in a way that maximises the representativeness of respondents, and post-survey weighting is used to further ensure results are representative of the population of interest. Statistical significance testing is used where appropriate to assist in identifying meaningful results.

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

To minimise the risk of under representative sampling, best practice market research techniques are used across the spectrum of research including statistical weighting of the sampled population to ensure census level representation and surveys being designed to ensure minimal drop-out rates. Weightings are based on the 2023 Census.

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

4. External implications for statements about performance

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

in international financial markets and other unforeseen considerations.

2025/2026 Performance

Council successfully delivered on 81 of the 116 (70%) performance measures for the 2025/2026 year, one point under 2024/2025 overall performance. These measures supported the delivery on the Council's community outcomes for social, cultural, economic and environmental wellbeing.

2025/2026 was the second year of the 2024-2034 Long-term Plan (LTP). The period was challenging for local government as Councils throughout the country saw continued cost pressures, including higher insurance, construction, maintenance, and borrowing costs, alongside ongoing economic uncertainty. At the same time, Councils faced significant legislative and policy reforms from Central Government, evolving compliance requirements, and growing expectations to deliver resilient infrastructure and essential services while maintaining affordability for ratepayers.

Water, stormwater and sewerage services continued to perform strongly throughout 2025/2026. The water supply network delivered reliable, high-quality drinking water to the community, achieving full compliance with all four drinking water quality standards. Water loss remained low at 17.3%, well below the target of 30%, while response and resolution times for both urgent and non-urgent callouts were significantly faster than required. The water loss percentage for 2024/2025 was recalculated during the year, with an updated result of 21.3%. Stormwater performance was equally strong. No flooding events occurred during the year, meaning no properties were affected and no flood response times exceeded the one-hour target. Council also maintained compliance with all resource consent requirements for stormwater discharges. The sewerage network also met all performance targets for the year - Council complied with all resource consent conditions, and response and resolution times for sewer overflows were significantly better than required. Overall, these results, along with low numbers of complaints reflect a well-performing network.

Roading performance improved in 2025/2026, achieving five of the six targets. The year saw fewer fatal and serious injury crashes than the previous year, alongside a reduction in crashes occurring at intersections. During the year, the 2024/2025 crash statistics were revised to remove state highway crashes that had previously been included (and include non-injury crashes for the intersections crashes measures), resulting in lower reported numbers for both fatal and serious injury crashes and intersection-related crashes. Looking beyond annual fluctuations, the long-term trend over the past decade shows a gradual reduction in fatalities and serious injury crashes, indicating continued progress in road safety outcomes. The measures for sealed road resurfacing and footpath quality were also met. Customer service performance was particularly strong, with 93% of service requests responded to within five business days, well above the target of 75%. These results reflect a network that is being maintained effectively and is meeting community expectations. The average quality of ride measure was not achieved in 2025/2026.

Our Activities – Statement of Service Performance

Overall performance of the Solid Waste Management Activity has improved slightly on 2024/2025, however the landfill remediation activities continued to impact performance, particularly the regional discarded material rate. Performance was strong in waste diversion and recycling recovery, with 4,910 tonnes of recyclable materials recovered, and 33% of waste diverted from landfill. However, the recycling rate per person fell slightly short despite improving on the previous year. Kerbside waste sent to landfill remained significantly above target, with little improvement from recent years.

User numbers remained strong across most Council services and facilities during the year. However, the October 2025 storm event had a significant impact on visitation to both parks and reserves and Splash Palace. Following the storm, many parks and reserves were closed for safety reasons while damage assessments and recovery work were undertaken. Areas were reopened progressively, with the final sections of Queens Park reopening in early 2026. These prolonged closures affected overall visitor numbers, although community use returned as facilities became available again. Splash Palace usage was also impacted by mechanical failures however, overall attendance increased compared with the previous year.

While still above target, Venues user numbers have decreased for the second year in a row. 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. Public transport patronage declined slightly during the year but remained well above patronage levels experienced during the Covid period. The decrease may have been impacted by the increase in bus fares.

Demand from local not-for-profit groups for the Civic Theatre, Scottish Hall and Rugby Park remained strong. 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. Performance measures for the Venues activity will be reviewed as part of the 2027-2037 Long-term Plan to ensure alignment with market requirements.

While Council continued to prioritise responsiveness to the community and service continuity, the storm event affected service delivery in some areas. Council received 23,474 requests for service (up from 21,432 in 2024/2025), with 22,623 of these (97%) under investigation or closed within 10 working days. The impact of the storm was particularly evident in response times for urgent parks and recreation requests, the availability of services at the Bluff Service Centre, and availability of public toilets. Parks and recreation urgent requests for service did not meet the yearly target. While improvements were made in recording and reporting requests for service and performance improved in the second half of the year, the storm impacted on both the number of requests for service received and the team's ability to respond to them during the second quarter. The storm also resulted in the extended closure of the Bluff Service Centre and public toilets in parks being closed for significant periods, resulting in missed targets.

Most Regulatory Services performance measures are statutory, with a target of 100% delivery. The targets have been missed

for building consents granted and Code Compliance Certificates issued, however, performance is similar to 2024/2025 and the activity remained substantially compliant. 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.

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. 100% of LIM reports were issued on time, a significant improvement on the 86% rate achieved in 2024/2025. LIM volumes remain stable and in line with average monthly volumes from the 2024/2025 period.

During 2025/2026, overall satisfaction levels with Council facilities and services increased. The highest levels of satisfaction recorded were with the library at 89%, Civic Theatre at 88% and parks and recreation spaces at 78%. Community feedback was overwhelmingly positive for these. Residents particularly valued the friendly and helpful staff at the library and the Civic Theatre, quality facilities and programmes, and the range of recreational and cultural opportunities available. Queens Park was frequently highlighted as a community favourite.

Significant increases were also observed in satisfaction with Splash Palace, bus service quality, public toilets and opportunities for community involvement in Council decision-making. Splash Palace feedback was largely positive, with users valuing the friendly staff and family-friendly environment. Concerns related to affordability, ageing facilities, limited amenities for young families, and occasional operational and safety issues. Bus users appreciated the clean electric buses and courteous drivers, but similar to previous years, concerns were raised about service coverage, limited operating hours, fares, timetable convenience, and accessibility. While many public toilet facilities were considered clean and well maintained, similar to 2024/2025 the most common concern was the lack of toilets in some areas, alongside requests for more frequent cleaning and replacement of removed facilities. Lastly, community views on opportunities for involvement in Council decision-making were mixed. More residents appreciated Council's communication efforts, but the most common concern was that Council does not listen to the community. There was a decline in the percentage of residents reporting Council does not listen compared to 2024/2025 (26%, down from 33%).

Overall, Council continued to ensure the provision of core services to the community while navigating a difficult economic landscape and a period of significant reform and change.

Our Activities – Statement of Service Performance

Summary of Income and Net Costs by Group of Activities

Group of Activity	Cost Actual 2026 (\$000)	Income Actual 2026 (\$000)	Net Cost Actual 2026 (\$000)	Net Cost Plan 2026 (\$000)	Net Cost Actual 2025 (\$000)
Water	8,770	392	8,378	3,705	2,838
Sewerage	5,664	2,608	3,056	3,793	2,148
Stormwater	3,653	68	3,585	3,527	2,635
Roading	8,677	5,566	3,111	3,828	4,479
Solid Waste Management	18,461	12,165	6,296	6,372	6,156
Leisure, Recreation and Wellbeing Services	29,555	11,390	18,165	19,249	16,608
Corporate and Regulatory services	46,199	22,544	23,655	15,465	13,611
Total cost of service delivery	120,979	54,733	66,246	55,939	48,475

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

Summary of capital expenditure charged to Activities

Group of Activity	Actual 2026 (\$000)	Plan 2026 (\$000)	Restated* Actual 2025 (\$000)
Water	7,607	5,944	11,582
Sewerage	9,001	10,742	4,127
Stormwater	3,506	4,306	3,036
Roading	12,152	12,491	10,240
Solid Waste Management	37	18	139
Leisure, Recreation and Wellbeing Services	5,641	6,776	5,737
Corporate and Regulatory services	37,820	54,971	22,900
Total cost of service delivery	75,764	95,248	57,761

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

Our Activities – Statement of Service Performance

Summary of depreciation and amortisation expenses charged to Activities

Group of Activity	Depreciation		
	Actual	Plan	Actual
	2026	2026	2025
	(\$000)	(\$000)	(\$000)
Water	6,838	7,882	6,656
Sewerage	7,086	9,039	7,081
Stormwater	4,703	4,824	4,824
Roading	12,864	13,580	13,661
Solid Waste Management	135	122	115
Leisure, Recreation and Wellbeing Services	3,638	4,363	4,075
Corporate and Regulatory services	6,802	9,141	5,697
Total cost of service delivery	42,066	48,951	42,109

Invercargill City Council: Funding Impact Statement

For the year ended 30 June 2026 Whole of Council

	Annual Plan 2024/25 \$ 000	Restated* Actual 2024/25 \$ 000	Annual Plan 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	47,677	47,587	49,409	49,340
Targeted rates	31,184	34,539	35,610	40,570
Subsidies and grants for operating purposes	5,492	5,664	5,887	6,690
Fees and charges	31,409	25,025	31,338	26,162
Interest and dividends from investments	13,100	17,673	12,070	11,869
Local authorities fuel tax, fines, infringements, fees and other receipts	9,015	7,182	5,994	7,365
Total operating funding (A)	137,877	137,670	140,308	141,996
Applications of operating funding				
Payment to staff and suppliers	101,926	103,221	104,207	111,916
Finance costs	6,268	5,896	7,021	6,414
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	108,194	109,117	111,228	118,330
Surplus (deficit) of operating funding (A - B)	29,683	28,553	29,080	23,666
Sources of capital funding				
Subsidies and grants for capital expenditure	14,238	8,147	7,862	6,698
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	23,335	2,626	61,631	46,363
Gross proceeds from sale of assets	2,233	541	1,593	538
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	39,806	11,314	71,086	53,599
Applications of capital funding				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	44,389	29,190	63,021	45,857
- to replace existing assets	38,088	28,570	32,227	29,906
Increase (decrease) in reserves	-	6,362	29	3,830
Increase (decrease) in investments	(12,988)	(24,255)	4,889	(2,328)
Total applicationsof capital funding (D)	69,489	39,867	100,166	77,265
Surplus (deficit) of capital funding (C - D)	(29,683)	(28,553)	(29,080)	(23,666)
Funding balance ((A - B) + (C - D))	-	-	-	-

In the 2024/2025 year there has been a correction to work in progress for both Council and the Group. Refer to Note 34 for further details of this correction.

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

Our Activities - Water

Water

Wai

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

In urban areas potable water is supplied by means of reticulated (piped) community water supply.

What we have done

As in prior years, Council continues to meet its water quality standards. All Water performance measures are set by the DIA. At the end of 2025/2026, all measures have met their annual targets.

The net costs of the activity for the year was \$3.6 million, lower by \$0.1 million on plan and higher by \$0.8 million on last year. The increase on last year represents the activity's share of corporate overhead charge, introduced in 2026, and setup costs of ringfencing Waters Services activities from the rest of Council.

During the year \$7.6 million was spent on capital projects, higher by \$1.7 million on plan and lower by \$4 million on last year. The Branhholme supply main renewal project was completed during 2025/2026. Scoping work for the Branhholme duplication pump station has been completed with construction to commence in 2026/2027. Additional testing was required for an alternative water source project.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social Wellbeing	Drinking water quality meets standards to support human health	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; (i) 4.10.2 T3 Protozoal Rules; and (j) 4.11.5 D3.29 Microbiological Monitoring Rule (Invercargill and Bluff Zones)
Social/Economic Wellbeing	Council is responsive to the community in order to provide a safe, reliable supply of water, ensuring reticulated properties receive a continuous supply and providing sufficient water flow and pressure for fire fighting	The median response time for urgent callouts (from the time the Council receives notification to the time that service personnel reach the site). 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). Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site 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. 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 and Council's response to any of these issues.

Our Activities - Water

Environmental Wellbeing

Council monitors and effectively manages the water network to support environmental health and efficient use of resources

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).

The average consumption of drinking water per day per resident within the Invercargill City Council territorial district.

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
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;	100%	100%	Achieved ¹	All met - 100%	2024/25 Achieved 100% 2023/24 Achieved 100% 2022/23: Achieved 100% 2021/22: Achieved 100% 2020/21: Achieved 100%
(i) 4.10.2 T3 Protozoal Rules;	100%	100%	Achieved ¹	All met - 100%	2024/25 Achieved 100% 2023/24 Achieved 100% 2022/23: Achieved 100% 2021/22: Achieved 100% 2020/21: Achieved 100%
(j) 4.11.5 D3.29 Microbiological Monitoring Rule - Invercargill Zone	100%	100%	Achieved ¹	All met - 100%	2024/25 Achieved 100% 2023/24 Achieved 100%
(j) 4.11.5 D3.29 Microbiological Monitoring Rule - Bluff Zone	100%	100%	Achieved ¹	All met - 100%	2024/25 Achieved 100% 2023/24 Achieved 100%
What does it mean: Drinking water safety compliance has been prescribed from the T3 and D3 requirements of the DWQAR 2022 (revised November 2024). Where applicable, the result reported by Council has been calculated based on methodology and guidance indicated in the Department of Internal Affairs' supporting guidance for the drinking water performance measures. The final results have been subject to an independent audit by Lutra to satisfy that compliance has been achieved. This measure informs consumers and ratepayers on whether the water supplied to them is safe to drink. Due to the size of the water supply and population it serves, Invercargill City Council reports on Level 3 Rules. The data necessary for this measure is sourced from the Brankholme Water Treatment Plant. Compliance with each of the three Rules is calculated based on the number of days where the rules were met and reported separately.					
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)	18.50%	Less than 30%	Achieved	17.30%	2024/25 Achieved 21.30%² 2023/24 Achieved 17.9% 2022/23: Achieved 18.5% 2021/22: Achieved 9.7%

Our Activities - Water

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/21: Achieved 9.6%
What does it mean: The method to calculate the result is based on Water Loss and Level of Service Bench Loss NZ2008 developed by Water New Zealand. This is an automated calculation from data entry sheet 4 for Benchmarking of Water Losses in New Zealand: Performance Indicators calculations. The calculation takes into consideration the total km length of water pipes in the district, the amount of water the water treatment plant – Branhholme - draws from the water supply (Oreti River), pipeline pressure measurement, the number of all water service connections (noting that some properties may have more than one connection), the number of residential and non-residential metered and unmetered properties, and the standard water loss rates for residential and non-residential properties. In our District, most residential properties are unmetered, however there will be a small number that have a water meter. There are also some non-residential properties that do not have a water meter. The number of connections and number of properties connected to water is sourced from Council's asset records and from Council's Finance team. The pipeline pressure measurement is taken from the Council water control room, where the equipment is located. Total water transfer flow data is sourced from Branhholme Water Treatment Plant.					
The average consumption of drinking water per day per resident within the Invercargill City Council territorial district	231 litres/day	Less than 300 litres/day	Achieved	285 litres per day	2024/25 Achieved 239 litres per day 2023/24: Achieved 234 litres/day 2022/23: Achieved 231 litres/day 2021/22: Achieved 271 litres/day 2020/21: Achieved 389 litres/day (target less than 700 litres/day)
What does it mean: Average drinking water consumption is measured as the average volume of drinking water used per person per day within the Invercargill City Council boundary. The measure is calculated by taking the total volume of water supplied, excluding metered consumption, tanker sales, and estimated leakage, and dividing this by the connected population and the number of days in the reporting period. The result is then converted to litres per person per day by multiplying by 1,000.					
The median response time for urgent callouts, (from the time the Council receives notification to the time that service personnel reach the site).	28 minutes ³	4 Hours	Achieved	21 minutes	2024/25 Achieved 21 minutes 2023/24 Achieved 25 minutes 2022/23: Achieved 28 minutes 2021/22: Achieved 25 minutes 2020/21: Achieved 22 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).	2 hours 9 minutes	24 Hours	Achieved	1 hour 44 minutes	2024/25 Achieved 1 hour 36 minutes 2023/24 Achieved 1 hour 45 minutes 2022/23: 1 hour 47 minutes 2021/22: Achieved 1 hour and 26 minutes 2020/21: Achieved 1 hour and 28 minutes
Attendance for non-urgent call-outs (from the time that council receives notification to the time that service personnel reach the site)	4 days, 0 hours and 28 minutes ³	5 working days	Achieved	2 days, 3 hours and 20 minutes	2024/25 Achieved 2 days, 2 hours and 18 minutes 2023/24 Achieved 3 days, 0 hours and 2 minutes 2022/23: Achieved – 4 days, 00 hours and 28 minutes 2021/22: Not achieved - 5 days, 22 hours and 51 minutes

Our Activities - Water

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/21: Achieved - 4 days, 22 hours and 31 minutes
Resolution of non-urgent call-outs: from the time that the council receives notification to the time that service personnel confirm resolution of the fault or interruption	5 days 18 hours and 8 minutes ³	10 working days	Achieved	2 days, 18 hours and 3 minutes	2024/25 Achieved 3 days, 2 hours and 13 minutes 2023/24 Achieved 3 days, 22 hours and 19 minutes 2022/23: Achieved – 5 days, 1 hour 44 minutes 2021/22: Achieved - 6 days, 4 hours and 14 minutes 2020/21: Achieved - 5 days, 1 hour and 8 minutes
What does it mean: Urgent call outs are defined as instances where there is danger to public health and safety and/or the potential of damage or loss to property and/or the service itself is disrupted. At times, a task may be determined as an emergency by the Engineer in order to align with response time requirements. For Urgent call-out measures, Council reports on the median time (ie. middle point for the reporting period) from when call-out/request was received to when the site was attended and/or temporary repair is in place. This includes emergency, critical and urgent priority call-outs. Non-urgent call-outs include work which is tasked to the contractor to be completed within the timeframe, and are generally classified as routine work (ie. they are not emergency, critical or urgent works). For non-urgent call-out measures, Council reports on the median time (ie. middle point for the reporting period), from when request was received to when the site was attended and/or permanent repair is in place.					
The total number of complaints received by Council per 1,000 connections about any of the following: - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure of flow - Continuity of supply - Council's response to any of these issues	1.82	<10 in total	Achieved	1.58 per 1,000 connections	2024/25 Achieved 1.78 per 1,000 connections 2023/24: 1.02 Achieved 2022/23: 1.82 Achieved 2021/22: 2.11 Achieved 2020/21: 0.53 Achieved
What does it mean: Customers or contractors can make requests for service to the Invercargill City Council via the ICC-operated 24/7 call centre, email, in person, My Invercargill platform, the Antenno application, or through written requests. All received enquiries are logged as requests for service into the Pathway system in the area the call relates to (drinking water, sewerage, stormwater, roading etc.) Drinking water requests for service are reviewed by the Council's Infrastructure team to ascertain if they are a water clarity, taste, odour, pressure or continuity complaint. The measure is calculated as follows: Number of complaints per reporting period/Number of connections to the drinking water supply network) *1000					

Our Activities - Water

[The details](#)

1. The extent to which the local authority's drinking water supply complies with the relevant parts of the drinking water quality assurance rules

The Department of Internal Affairs updated this mandatory performance measure after the council had published our Long-term Plan, which sets our statement of service. The updated measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules.

No notifications of unsafe drinking water were made during the 2025/2026 financial year to the Water Services Authority.

2. The percentage of real water loss

Percentage of real water loss measure for 2024/2025 year was recalculated following the adoption of the 2024/2025 Annual Report. The water loss percentage of 21.3% for the 2024/2025 year has increased from the previous year. The standard calculation uses a number of parameters which include (but not limited to) network length, average network pressure, number connection and population over the year. A number of these have increased resulting in this increased value.

3. Attendance to and resolution of urgent and non-urgent callouts

Results for the 2022/2023 financial year for these four measures were recalculated after the 2024-2034 Long term was adopted and published. This has been noted in the 2023/24 Annual Report.

Our Activities - Water

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Branxholme supply main renewal	-	1,839
2	Alternative water supply - New supply source	-	500
3	Treatment Facilities - General renewals	83	73
4	Pumping Stations - General renewals	84	107
5	Pumping Stations - Branxholme Duplication	1,158	122
6	Pipe Network - Reticulation general renewals	3,945	4,247
7	Backflow protection programme	105	165
8	Leakage detection programme	105	-
9	New Tanker fill station at Doon St	-	521
10	Storage area for pipe spares	211	-

1. Branxholme supply main renewal - Planned work deferred from 2024/2025 was completed in 2025/2026.
2. Alternative water supply - New supply source - Additional testing for an alternative water source and rephasing of the project has been required by the project during the year.
5. Pumping Stations - Branxholme Duplication - Scoping work for the Branxholme duplication pump station has been completed with construction to commence in 2026/2027.
6. Pipe Network - Reticulation general renewals - Some additional pipe renewals were able to be completed during the year compared to the Long term Plan 2024/2025.
7. Backflow protection programme - Programme is underway with higher risk activities being addressed first.
8. Leakage detection programme - The programme has been scoped using internal resources and work is expected to commence in 2026/2027.
9. New Tanker fill station at Doon St - Planned work deferred from 2024/2025, commenced in 2025/2026 with completion expected in 2026/2027.
10. Universal water metering - Planned work has been deferred to be reassessed as part of the next Long-term Plan.

Our Activities - Water

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Water

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	9,869	10,762	16,101
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,302	4,517	357
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	39	42	35
Total operating funding (A)	14,210	15,321	16,493
Applications of operational funding			
Payment to staff and suppliers	5,695	6,296	7,803
Finance costs	852	1,008	967
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,547	7,304	8,770
Surplus (deficit) of operating funding (A - B)	7,663	8,017	7,723
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(380)	(449)	(359)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(380)	(449)	(359)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	7,741	1,158	2,460
- to replace existing assets	5,924	4,533	5,147
Increase (decrease) in reserves	(6,382)	1,877	33
Increase (decrease) in investments	-	-	(276)
Total applications of capital funding (D)	7,283	7,568	7,364
Surplus (deficit) of capital funding (C - D)	(7,663)	(8,017)	(7,723)
Funding balance ((A - B) + (C - D))	-	-	-

The variance between planned and actual targeted rates for the 2025/26 year is due to a correction to the classification of metered water revenue, previously classified as fees and charges as per the Annual Plan to targeted rates. The impact of the change is as follows:

Targeted rates	4,760
Fees and charges	(4,760)

Our Activities - Stormwater

Stormwater

Wai tupuhi

The Stormwater activity managed the stormwater network of pipes, open drains and pumping stations for the collections and disposal of stormwater to protect properties from flood damage. The Stormwater activity provided a stormwater service to properties in the Invercargill and Bluff urban areas and approximately 47 kilometres of open drains, mostly situated in the Ōtātara area.

What we have done

At the end of 2025/2026, all Stormwater performance measures have met their yearly targets.

The net costs of the activity for the year was \$3.6 million, higher by \$0.1 million on plan and higher by \$1 million on last year. The increase on last year represents the activity's share of corporate overhead charge, introduced in 2026, and setup costs of ringfencing Waters Services activities from the rest of Council.

During the year \$3.5 million was spent on capital projects, lower by \$0.8 million on plan and higher by \$0.5 million on last year. Fewer general pipe renewals were completed in 2025/2026 than was planned to allow additional pipe renewals to take place within the Sewerage activity.

What we agreed with the Community

Community Outcome

Environmental/Social/Economic Wellbeing

Level of Service

Council monitors and effectively manages the stormwater network to support community wellbeing and environmental health

Measure

DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district.

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).

Environmental Wellbeing

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, and Convictions received by Council in relation to those resource consents.

Environmental/Social/Economic Wellbeing

Council is responsive to the community in order to manage the stormwater network to support environmental health and efficient use of resources

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.

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).

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district	0	0	Achieved	0	2024/25 Achieved - 0 2023/24 Achieved - 0 2022/23: Achieved - 0 2021/22: Not Achieved - 2

Our Activities - Stormwater

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/21: Not Achieved – 2
What does it mean: A flooding event is counted when stormwater from Council's stormwater system overflows and gets inside a building onto a floor that people normally use. It does not include water ponding on roads or lawns, flooding from private drains, or flooding from rivers or streams unless it is caused by Council's stormwater system. Council counts each confirmed flooding event during the reporting year. A report is only included when Council confirms that stormwater from the Council system entered a habitable floor. This means a report may not be counted if it is investigated and found to be caused by private drainage, river flooding, surface ponding, or another cause outside Council's stormwater system. The information comes from customer requests, call centre records, contractor attendance records, incident reports, and checks completed by Council's Infrastructure team.					
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	Achieved	0	2024/25 Achieved - 0 2023/24 Achieved - 0 2022/23: Achieved - 0 2021/22: Achieved – 0 2020/21: Not Achieved - 2 properties flooded as a result of heavy rain
What does it mean: A habitable floor means a floor inside a building that is normally used by people, such as a lounge, kitchen, bedroom, office, shop area, or similar space. It usually does not include garages, sheds, storage areas, or under-house spaces. Council counts the number of habitable floors affected by confirmed flooding events during the reporting year. This is a count of affected floors, not just the number of houses or buildings. One flooding event could affect more than one property or more than one habitable floor. The number of affected habitable floors is divided by the number of properties connected to Council's stormwater system and multiply by 1,000. This gives a rate per 1,000 connected properties. Example: If 2 habitable floors were affected and 10,000 properties were connected to the stormwater system, the result would be 0.2 affected floors per 1,000 connected properties. The information comes from customer reports, Council and contractor site inspections, incident records, and Council's property connection information.					
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 - Successful prosecution	0	0	Achieved	0	2024/25 Achieved - 0 2023/24 Achieved - 0 2022/23: Achieved - 0 2021/22: Achieved – 0 2020/21: Achieved – 100% compliance
What does it mean: If Council is not complying with its stormwater discharge resource consent, the Regional Council (Environment Southland) will notify ICC of the noncompliance and issue abatement notices, infringement notices and initiate enforcement actions (including prosecutions), as applicable. Council then counts the number of abatement notices, infringement notices, enforcement orders and convictions received for the specified period and reports them.					
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	0 Minutes	<1 hour	Achieved	0	2024/25 Achieved - 0 2023/24 Achieved - 0 2022/23: Achieved - 0 2021/22: Achieved – 21 minutes 2020/21: Achieved - 96% Median response 27 minutes (Target: 1 hour, 90% success)
What does it mean: This measure shows how quickly Council or its contractor gets to the site after Council is told about a flooding event. It measures arrival on site, not how long it takes to complete any clean-up, investigation, or repair work. It is measured from the time from when Council receives the flooding notification to when Council staff or a contractor arrives at the site. Council reports the median response time. This is the middle result when all response times for the year are placed in order. Example: If response times were 20, 30, and 60 minutes, the median response time would be 30 minutes. The information comes from Council's request for service records, call centre records, contractor dispatch and arrival times, and incident logs.					
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)	1.8	<4	Achieved	1.80 complains per 1,000 connections	2024/25 Achieved 2.41 complaints per 1,000 connections 2023/24 Not Achieved – 4.25 2022/23: Achieved – 1.8 2021/22: Not Achieved – 4.2

Our Activities - Stormwater

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/2021: Achieved - 2.47
What does it mean: This measure counts complaints about Council's stormwater system. These may include complaints about flooding, blocked stormwater drains, poor drainage, or how Council responded to a stormwater issue. Complaints about private drainage or matters outside Council's stormwater system are not counted in this measure. Council counts stormwater complaints received during the reporting year. This is divided by the number of properties connected to Council's stormwater system and multiply by 1,000. This gives a complaint rate per 1,000 connected properties. Example: If Council received 5 stormwater complaints and there were 10,000 connected properties, the result would be 0.5 complaints per 1,000 connected properties. Where the information comes from: Complaints can be made through Council's call centre, email, in person, online forms, apps, or written requests. These are logged as requests for service and reviewed to identify stormwater complaints. Property numbers come from Council's rating, systems.					

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Treatment Facilities - General renewals	309	-
2	Pumping Stations - General renewals	19	25
3	Pipe Network - General renewals	4,921	3,476

1. Treatment Facilities - General renewals - Stormwater designs progressing as per discharge consent, treatment devices have yet to be evaluated.
3. Pipe Network - General renewals - Fewer general pipe renewals were completed in 2025/2026 than was planned in the Long-term Plan to allow additional pipe renewals to take place within the Sewerage activity.

Our Activities - Stormwater

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Stormwater

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,663	1,813	1,919
Targeted rates	4,989	5,440	5,793
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3	3	22
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	36	6	46
Total operating funding (A)	6,691	7,262	7,780
Applications of operational funding			
Payment to staff and suppliers	2,815	3,068	3,653
Finance costs	-	2	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,815	3,070	3,653
Surplus (deficit) of operating funding (A - B)	3,876	4,192	4,127
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(1)	(7)
Gross proceeds from sale of assets	-	600	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	599	(7)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	5,091	5,249	3,506
Increase (decrease) in reserves	(1,215)	(458)	621
Increase (decrease) in investments	-	-	(7)
Total applications of capital funding (D)	3,876	4,791	4,120
Surplus (deficit) of capital funding (C - D)	(3,876)	(4,192)	(4,127)
Funding balance ((A - B) + (C - D))	-	-	-

Our Activities - Sewerage

Sewerage

Waikeri

The Sewerage activity provides pipes, pumping stations and treatment plants for the collection, treatment and disposal of sewage is managed in order to enhance the health and wellbeing of Invercargill, Bluff, Ōtātara and Omaui residents.

What we have done

All Sewerage performance measures are set by the DIA, and all targets have been met for 2025/2026.

The net costs of the activity for the year was \$3.1 million, lower by \$0.7 million on plan and higher by \$1 million on last year. The increase on last year represents the activity's share of corporate overhead charge, introduced in 2026, and setup costs of ringfencing Waters Services activities from the rest of Council. Trade Waste revenue was lower than planned with volumes remaining stable at the same level as last year.

During the year \$9 million was spent on capital projects, lower by \$1.7 million on plan and higher by \$4.9 million on last year. A higher number of general pipe renewals were completed in 2025/2026 than was planned to allow for delivery of deferred renewals from previous years. The Mersey Street duplication pipeline project was deferred to commence in 2026/2027 due to additional time required for the design stage.

What we agreed with the Community

Community Outcome

Environmental/Social/Economic Wellbeing

Environmental Wellbeing

Environmental/Social/Economic Wellbeing

Level of Service

Council monitors and effectively manages the sewerage network to support community wellbeing and environmental health

Council is responsive to the community in order to manage the sewerage network to support environmental health and efficient use of resources

Measure

Number of dry weather sewerage overflows per 1,000 properties - DIA Performance Measure 1 (system and adequacy).

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 and/or Convictions received by the Council in relation to those resource consents.

DIA Performance Measure 3 (fault response times):

- 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
- The median response time from notification to resolution of sewerage overflows resulting from a blockage or other fault in the sewerage system

DIA Performance Measure 4 (customer satisfaction) The number of complaints received about: 1. sewage odour, 2. system faults, 3. system blockages, and 4. Council's responsiveness (expressed per 1,000 properties connected to the Council's sewer system).

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Number of dry weather sewage overflows per 1,000 properties – DIA Performance Measure 1 (system and adequacy)	0.72 ¹	Max 4	Achieved	1.12	2024/25 Achieved - 1.01 2023/24: Achieved – 0.88 2022/23: Achieved – 0.72 2021/22: Achieved – 1.06

Our Activities - Sewerage

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/21: Achieved – 1.12
What does it mean: Invercargill City Council rely on information from the public including Council Contractors and private contractors to inform on any overflow which may have occurred. This either occurs through the ICC-operated 24/7 call centre, email, My Invercargill platform, the Antenno application, in person or through written requests. An overflow occurs when sewage escapes uncontrollably from the Council's foul sewer network. All overflows are cross referenced with rainfall data for Invercargill District provided by Environment Southland. Dry weather conditions are defined as calendar days with less than 1mm of accumulated rain. If an overflow occurred on a day when there was less than 1mm of accumulated rain, it will be classified as a dry weather overflow. Calculation: (Number of dry weather sewerage overflows per reporting period/Number of Connections to the sewer network)*1000					
Compliance with Council's resource consents for discharge from its sewerage system – DIA Performance measure 2 (discharge compliance) (a) Number of abatement notices (b) Number of infringement notices (c) Number of enforcement orders (d) Numbers of convictions Received by the Council in relation those resource consents.	0	0	Achieved	0 - 100% compliance	2024/25 Achieved - 100% compliance 2023/24: Achieved – 100% compliance 2022/23: Achieved - 100% compliance 2021/22: Achieved – 100% compliance 2020/21: Achieved – 100% compliance
What does it mean: Compliance is determined by: • Checking laboratory test data against the requirements of the resource consents for the Clifton and Bluff Waste Water Treatment Plants • Checking flow data for the Clifton and Bluff Waste Water Treatment Plants • Confirming that compliance data has been supplied to Environment Southland within required time. Once data has been reviewed, Council can assess the extent of compliance with its resource consents for discharge from both Clifton and Bluff Waste Water Treatment Plants. Council will also check for compliance correspondence from Environment Southland regarding the Clifton and Bluff sewerage consents. Council will then count the number of abatement notices, infringement notices, enforcement orders and convictions received and report them.					
DIA Performance Measure 3 (fault response times): a) The median response time from notification to arrival on-site to attend sewerage overflows resulting from a blockage or other fault in the sewage system	16 minutes ¹	<1 hour	Achieved	15 minutes	2024/25 Achieved – 31 minutes 2023/24: Achieved – 26 minutes 2022/23: Achieved – 16 minutes 2021/22: Achieved – 16 minutes 2020/21: Achieved – 15 minutes
What does it mean: This measure shows how quickly Council or its contractor gets to the site after Council is informed about a sewerage overflow. A sewerage overflow is when wastewater escapes from Council's sewerage system because of a blockage or fault. Council measures the time from when Council receives or logs the sewerage overflow notification to when Council staff or a contractor arrives at the site. Council reports the median attendance time. This is the middle result when all attendance times for the year are placed in order. Example: If attendance times were 15, 25, and 45 minutes, the median attendance time would be 25 minutes. The information comes from Council's request for service records, call centre records, contractor dispatch and arrival times, and incident logs.					
b) The median response time from notifications to resolution of sewage overflows resulting from a blockage or other fault in the sewage system	1 hour 19 minutes ¹	<6 hours	Achieved	1 hour 31 minutes	2024/25 Achieved – 1 hour 44 minutes 2023/24: Achieved – 45 minutes 2022/23: Achieved – 1 hour and 19 minutes 2021/22: Achieved – 1 hour and 15 minutes 2020/21: Not achieved – 93% compliance, median response time 1 hour
What does it mean: This measure shows how quickly a sewerage overflow is stopped or brought under control after Council is told about it. A sewerage overflow is when wastewater escapes from Council's sewerage system because of a blockage or fault. Council measures the time from when Council receives or logs the sewerage overflow notification to when the overflow is resolved. Resolved means the overflow has stopped, the immediate risk has been managed, and the service is working again or a temporary repair is in place. It does not always mean that every permanent repair or follow-up job has been completed. Council reports the median resolution time. The information comes from Council's request for service records, contractor work orders, site notes, completion records, and incident logs.					

Our Activities - Sewerage

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
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)	2.25	Max 4	Achieved	2.73 complains per 1,000 connections	2024/25 Achieved - 3.54 complaints per 1,000 connections 2023/24: Not achieved – 4.69 complaints per 1,000 connections 2022/23: Achieved – 2.25 complaints per 1,000 connections 2021/22: Achieved – 3.4 complaints per 1,000 connections 2020/21: Achieved - 2.47 complaints per 1,000 connections
What does it mean: This measure counts complaints about Council's sewerage system in four areas: sewage odour, system faults, system blockages, and Council's responsiveness. In plain language, this includes complaints about sewer smells, something not working properly in the sewerage network, blockages in the sewerage system, or concerns about how Council responded to a sewerage issue. Council counts sewerage complaints received during the reporting year. It divides this by the number of properties connected to Council's sewerage system and multiply by 1,000. This gives a complaint rate per 1,000 connected properties. Example: If Council received 8 sewerage complaints and there were 10,000 connected properties, the result would be 0.8 complaints per 1,000 connected properties. Complaints can be made through Council's call centre, email, in person, online forms, apps, or written requests. These are logged as requests for service and reviewed to identify sewerage complaints. Connection numbers come from Council's rating system.					

The details

1. Dry weather sewerage overflows and Response times baselines

2022/2023 results for the number of dry weather sewerage overflows and response times have been

recalculated after the 2024-2034 Long-term Plan has been adopted and published. The recalculations have been noted in the previous Annual Report.

Our Activities - Sewerage

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Treatment Facilities - Clifton consent renewals	105	118
2	Treatment Facilities - Bluff consent renewals	368	92
3	Treatment Facilities - General renewals	214	266
4	Pumping Stations - General renewals	114	119
5	Mersey Street Rising Main Duplication	105	600
6	Pipe Network - General renewals	3,764	7,790
7	Otatara network Dunns Road improvements	211	-

1. Treatment Facilities - Clifton consent renewals - The Clifton consent renewal project scoping work has commenced in 2025/2026.
2. Treatment Facilities - Bluff consent renewals - Project options are being reassessed in line with the Wastewater Environmental Performance Standards released.
3. Treatment Facilities - General renewals - Minor planned works completed.
4. Pumping Stations - General renewals - Minor planned works completed.
5. Mersey Street Rising Main Duplication - The project has been brought forward from 2026/2027 with design phase underway this year.
6. Pipe Network - General renewals - A higher number of general pipe renewals were completed in 2025/2026 than was planned in the Long-term Plan to allow for delivery of deferred renewals from previous years.
7. Otatara network Dunns Road improvements - Planned work has been deferred to commence in 2026/2027.

Our Activities - Sewerage

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Sewerage

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	10,474	11,421	12,037
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,995	2,095	2,490
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	28	97	118
Total operating funding (A)	12,497	13,613	14,645
Applications of operational funding			
Payment to staff and suppliers	5,844	5,789	5,664
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,844	5,789	5,664
Surplus (deficit) of operating funding (A - B)	6,653	7,824	8,981
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	464	789	811
- to replace existing assets	3,780	4,092	8,190
Increase (decrease) in reserves	2,409	2,943	(19)
Increase (decrease) in investments	-	-	(1)
Total applications of capital funding (D)	6,653	7,824	8,981
Surplus (deficit) of capital funding (C - D)	(6,653)	(7,824)	(8,981)
Funding balance ((A - B) + (C - D))	-	-	-

Roothing

Ratonga rori

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

What we have done

Through the 2024 Long-term Plan process, a number of Roothing performance measures have been removed due to their operational focus. These operational performance measures proved to be less relevant and often varied, and dependent on factors which gave the public little understanding of how the network was truly operating. The revised measures are focused on network performance.

Roothing 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%.

The net costs of the activity for the year was \$2.2 million, lower by \$1.6 million on plan and lower by \$2.3 million on last year. Higher State Highway maintenance recovery revenue was received from NZTA during the year as well as an unplanned rebate from Ocean Beach rebate being received.

During the year \$12.2 million was spent on capital projects, lower by \$0.3 million on plan and higher by \$2 million on last year. The NZTA programme was completed as plan for the year. Work on Esk Street West continued during the year with expected completion in the 2026/2027 year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social/Cultural Wellbeing	The road network is designed and managed to reduce risk of death and injury	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.
Social/Economic Wellbeing		The number of crashes involving intersections.
Social Wellbeing	The road network is designed and managed to support ease of use	The average quality of ride, on a sealed local road network, measured by smooth travel exposure.
Environmental/Social/Economic Wellbeing		The percentage of the sealed local road network that is resurfaced.
		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.
Social Wellbeing	Council is responsive to the community and monitors and manages the network effectively to support safety and efficiency	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.

Our Activities – Rooding

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
The number of and change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	2 additional crashes from 2021/2022 (17 crashes - 1 fatality, 17 people with serious injuries)	Lower than the previous year	Achieved	4 less crashes than 2024/2025 (12 crashes in total – 1 fatal, 11 serious injury crashes)	2024/25 Not Achieved - Nine additional crashes reported (16 crashes in total, 18 people with serious injuries and no fatalities)¹ 2023/24: Achieved – 10 less crashes reported (7 crashes in total, 7 people with serious injuries and no fatalities) 2022/23: Not Achieved – Two additional crashes (17 crashes, including 1 fatality and 17 people with serious injuries) 2021/22: Not Achieved – 15 crashes (4 fatalities, 18 people with serious injuries) 2020/21: Achieved – 13 crashes (1 fatalities, 14 people with serious injuries)
What does it mean: This measure reports the number of fatal or serious injury crashes on Council roads (excluding State Highways). The data is obtained from an external source – NZTA Crash Analysis System. A serious injury crash is an event on a road involving a motor vehicle where at least one person is seriously injured, classified by the most severe outcome of the worst casualty.					
Number of crashes involving intersections	101 crashes	Lower than the previous year	Achieved	129 crashes – 1 fatal, 5 serious, 35 minor injury and 88 non-injury crashes	2024/25: Not Achieved – 134 crashes – 11 serious, 27 minor and 96 non injury crashes² N/A – New measure
What does it mean: This measure reports the total number crashes which occur at intersections in the Invercargill City District (excluding State Highways). The data is obtained from an external source – NZTA Crash Analysis System. Council regularly reviews and analyses the data, using the insights gained to guide road safety improvements.					
The average quality of ride, on a sealed local road network, measured by smooth travel exposure	Urban – 85% Rural – 98%	Higher than previous annual national average (2024/25) Urban – 93% Rural – 97%	Not Achieved ³	Urban – 90% Rural – 98% Total – 93%	2024/25: Achieved - urban 93%, rural 97% 2023/24: Achieved - urban 85%, rural 97% 2022/23: Achieved – urban 85%; rural 98% 2021/22: Achieved – urban 85%; rural 98% 2020/21: Achieved - urban 90%; rural 98%
What does it mean: ICC measures how smooth our roads are using a system called Smooth Travel Exposure (STE). This tells Council what percentage of total driving happens on roads that feel smooth enough to meet national standards. To calculate STE, we use two main types of data: Traffic counts – to estimate how much driving happens on each road. Road condition data – to measure how rough or smooth the road surfaces are. After working with The Audit Office, Council improved how it collects traffic data. The updated approach is practical and cost-effective, and it suits Invercargill's stable road network and low traffic growth. Council is confident that this estimates how much driving happens across the city network through our current traffic count programme and supports reliable STE results. Council follows national best practice by monitoring the busiest 20% of roads, which represent about 80% of all travel. Using estimating model within Asset and Work Manager database, this process estimates nearby streets —so Council don't need to have counts on every single section of roads. This is how the Councils form traffic estimate model.					

Our Activities – Roading

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
The percentage of the sealed local road network that is resurfaced	6.6%	> 5.55%	Achieved ⁴	7.34%	2024/25: Achieved – 9.8% 2023/24: Not Achieved- 5.3% 2022/23: Achieved – 6.6% 2021/22: Not Achieved – 3.97% 2020/21: Not Achieved - 5.3% (target >6.25%)
What does it mean: Invercargill City Council has 480km of Local roads with a sealed or paved surface-and aims to reseal at least 5.55% (26.15km) of the network each year. During 2025/2026, 35 km of sealed road was resurfaced. This work is carried out by external contractors and is guided by ICC's annual renewal programme, asset condition assessments, and available budget. Performance is measured using Asset and Work Manager (AWM) Councils Council's roading asset management system.					
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	1.8%	< 8% in very poor condition	Achieved ⁵	1.70% in very poor condition	2024/25: Achieved – 1.81% in very poor condition 2023/24: Achieved - 1.81% in very poor condition 2022/23: Achieved – 1.8% in very poor condition 2021/22: Achieved – 0.5% in a very poor condition 2020/21: Achieved - 0.7% in a very poor condition
What does it mean: Invercargill City Council follows the Pathways Condition Rating and Fault Assessment Guide to determine the percentage of footpaths within the service standard. This assessment is completed once every three years (the last assessment was completed in the 2023/24 financial year). As part of the 2024-2034 Long-term Plan process, Council, via its Roading Asset Management Plan, accepts that having a level of less than 8% of very poor footpaths acceptable. The remaining footpaths that fall into this category are in very low use areas, some of which will be removed in the coming year. The ongoing investment in footpath renewals follows a targeted approach to allow Council to future proof its footpath network and effectively manage spend.					
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	83%	75% of requests are responded to in five or less business days	Achieved ⁶	92.63%	2024/25: Achieved – 81.25% 2023/24: Achieved - 91% 2022/23: Achieved - 83% 2021/22: Achieved – 78% 2020/21: Achieved - 81%
What does it mean: Requests for service relating to roads and footpaths are tracked by Invercargill City Council using the Pathway system. Council can receive requests for service via telephone, in-person, Antenno app, My Invercargill (online portal) and ICC Control Room (after hours), as well as other ICC staff. A response to these requests is defined as – Council staff (Actioning Officer) reviewing the Request for Service and deciding on next steps. In most instances, this will be calling the customer back to acknowledge Council have received their request, providing them the response/action (if immediately known), referring the request for service to be actioned accordingly (ie. Contractor repair), or tagging the request for service as needing further investigation (and advising customer accordingly). A response to customer service requests must be provided within five business days of the request being raised. The percentage of customer service requests relating to roads and footpaths reported is based on the number of requests responded to within five business days.					

Our Activities – Roding

The details

1. Number of and change in the number of fatalities and serious injury crashes - Recalculation

Following the adoption of the 2024/2025 Annual Report, 2024/2025 result has been revised to 16 serious crashes to exclude state highway crashes (previous result was 22 serious crashes).

2. Number of crashes involving intersections - recalculation

Following the adoption of the 2024/2025 Annual Report, 2024/2025 result has been revised to 134 from 48 crashes to include all crashes (incl. non-injury crashes as per methodology) resulting in a failed measure.

3. The average quality of ride, on a sealed local network, measured by smooth travel exposure

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 and has been reported as not achieved.

4. The percentage of sealed local road resurfaced

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.

5. The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths as set out in the Asset Management Plan

The footpath renewal programme in 2025/2026 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 next full survey is scheduled for 2026/2027.

6. 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

Business improvement processes are starting to have a real impact for this KPI. The Roding team communication with requestors, combined with knowledge and improvements in the system, has resulted in a significant increase in delivering on this performance.

Significant Capital Works Projects

Our Activities – Roading

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	CCTV - establishment (Roadmap)	705	-
2	City Streets - Esk Street West (Roadmap)	-	731
3	City Streets - Stage 2 (Roadmap)	5,313	-
4	Safety Improvements - Road to Zero programmes	2,832	53
5	Safety Improvements - Minor	53	30
7	Unsealed Road Metalling renewals	188	289
8	Chipseal Resurfacing renewals	3,337	3,079
9	Asphalt Resurfacing renewals	2,878	2,337
10	Surface water channel renewals	922	603
11	Drainage renewals	116	52
12	Sump renewals	45	149
13	Culvert renewals	45	-
14	Sealed Road Pavement Rehabilitation renewals	616	3,424
15	Bridge renewals	510	31
16	Traffic sign renewals	67	85
17	Traffic signal renewals	72	51
18	Street light pole renewals	63	168
19	Road marking renewals	224	323
20	General renewals	85	46
21	Footpath renewals	1,477	702
22	On-street parking meter renewals	20	-
23	Adjustments for NZTA indicative allocations for continuous programmes 2025-2027	(2,959)	-

1. CCTV - establishment (Roadmap) - Council has made the decision to pause future stages.
2. City Streets - Esk Street West (Roadmap) - Planned work deferred from 2024/2025 was completed in 2025/2026.
3. City Streets - Stage 2 (Roadmap) - Council has made the decision to pause future stages.
4. Safety Improvements - Road to Zero programmes - Planned works including smart intersection lights and intersection speed zones (RIAWs) is now to be delivered in 2026/2027.

triennium. Some of the work was deferred and is to be completed by 2026/2027.

Notes 6 – 21 - These works are part of the NZTA programme funded triennium. Some of the work was deferred and is to be completed by 2026/2027.

22. On-street parking meter renewals - No reactive renewals were required this year.
23. Adjustments for NZTA indicative allocations for continuous programmes 2025-2027 - These works are part of the NZTA programme funded

Our Activities – Solid Waste Management

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Roading Services

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,627	9,407	8,856
Targeted rates	-	-	-
Subsidies and grants for operating purposes	3,302	3,366	3,213
Fees and charges	1,508	1,583	1,423
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	695	711	930
Total operating funding (A)	14,132	15,067	14,422
Applications of operational funding			
Payment to staff and suppliers	9,331	9,058	8,556
Finance costs	46	207	112
Internal charges and overheads applied	-	-	9
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,377	9,265	8,677
Surplus (deficit) of operating funding (A - B)	4,755	5,802	5,745
Sources of capital funding			
Subsidies and grants for capital expenditure	6,863	6,310	5,774
Development and financial contributions	-	-	-
Increase (decrease) in debt	(20)	(92)	(81)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,843	6,218	5,693
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	5,585	6,072	761
- to replace existing assets	10,828	10,537	11,391
Increase (decrease) in reserves	(4,815)	(4,589)	8
Increase (decrease) in investments	-	-	(722)
Total applications of capital funding (D)	11,598	12,020	11,438
Surplus (deficit) of capital funding (C - D)	(4,755)	(5,802)	(5,745)
Funding balance ((A - B) + (C - D))	-	-	-

Solid Waste Management

Para

The Solid Waste Activity is responsible for the management of solid waste services in the Invercargill District, including collection of kerbside recycling and rubbish, Invercargill and Bluff Transfer Station services, landfill operations and services (closed and open), enforcement activities, public place and event waste management and minimisation (e.g. street litter bins, street recycling bins), education, behaviour change and advocacy.

Invercargill City Council collaborates with Southland District Council and Gore District Council as a shared service called WasteNet Southland.

What we have done

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.

WasteNet, on behalf of Southland’s three Councils (Invercargill City, Southland and Gore District Councils), continues to provide education and communication on waste minimisation techniques to support waste minimisation, however this requires significant behaviour change which is a long-term process.

The net costs of the activity for the year was \$6.3 million, lower by \$0.1 million on plan and higher by \$0.1 million on last year. There was a notable reduction in waste volumes managed by the WasteNet Councils for 2025/2026 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, this has resulted in operating expenses being lower than expected. There is also more waste going direct to Landfill rather than through Transfer Station, lower cost and revenue than planned. Council's share of WasteNet operational result was a deficit this year compared to a surplus expectation. This is due to costs associated with the Te Anau transfer station event.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Environmental Wellbeing	The effective use of resources is supported to reduce the impact of waste on the environment	Regional discarded materials rate per person per annum (kgs).
		Recovery of recyclable materials (Actual Recycled - Invercargill City Council and Southland District Council).
		Invercargill City and Southland District Councils actual recycled rate per person per annum (kg).
		Reduction in kerbside waste sent to landfill.
		Waste diversion from landfill.

Our Activities – Solid Waste Management

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Regional discarded materials rate per person per annum (kgs)	New measure	≤650 kgs	Not Achieved ¹	727 kgs	2024/25: Not Achieved - 730 kgs
What does it mean: The measure is calculated by dividing the total regional solid waste to landfill by Southland's population. This includes kerbside waste, refuse transfer station waste, and Southland commercial waste volumes (for example waste collection services provided by private operators which may transport the waste directly to landfill). Waste volume data is sourced from landfill reports supplied by Council contractors.					
Recovery of recyclable materials (Actual Recycled - Invercargill City Council and Southland District Council)	New measure	≥4650 tonnes	Achieved ²	4910 tonnes	2024/25: Not Achieved - 4620 tonnes
What does it mean: This measure indicates the total volume of material recycled and is designed to track an increasing recycling trend over time. The measure excludes Gore District Council, as a kerbside recycling service was not in place when the Long Term Plan (LTP) performance measures were established. Recycling data is sourced from monthly reports provided by contracted recycling processor to Council and WasteNet.					
Invercargill City and Southland District Councils actual recycled rate per person per annum (kg)	New measure	≥54 kgs	Not Achieved ³	54 kgs	2024/25: Not Achieved - 50 kgs
What does it mean: To calculate the recycled rate per person per annum, the total tonnage of recovered recyclable materials is converted to kilograms and divided by the population of Invercargill and Southland Districts.					
Reduction in kerbside waste sent to landfill	New measure	≤17000 tonnes	Not Achieved ⁴	21,041 tonnes	2024/25: Not Achieved - 21037 tonnes
What does it mean: This measure tracks the reduction in the volume of kerbside waste sent to landfill, with the goal of achieving a downward trend over time. Data is sourced from monthly reports provided by the kerbside collection contractor and includes figures from Gore District Council, ensuring a comprehensive view of kerbside waste disposal across the region.					
Waste diversion from landfill	New measure	30%	Achieved ⁵	32%	2024/25: Achieved - 31%
What does it mean: This measure tracks the proportion of kerbside and green waste that is diverted from landfill through recycling and recovery activities. It reflects the amount of material that is recycled rather than disposed of to landfill. The measure is calculated as the proportion of total green waste and recyclables relative to the total waste tonnage. Data is sourced from both the waste collection contractor and processing contractor and includes regional green waste and kerbside recycling data.					

The details

1. Regional discarded materials rate per person per annum

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.

WasteNet continues to invest in education campaigns and initiatives to support waste minimisation and diversion.

2. Recovery of recyclable materials (Actual Recycled - Invercargill City Council and Southland District Council)

WasteNet continues to invest in education campaigns and initiatives, including recycling bin inspections, to support correct recycling habits and the recovery of recyclable materials.

3. Invercargill City and Southland District Councils actual recycled rate per person per annum (kg)

Target not met by 2 kg per person per year. However, this is an improvement on the 2024/25 year-end result of 50 kg per person per year. WasteNet continues to invest in education campaigns and initiatives, including recycling bin inspections,

to encourage correct recycling and increase the amount of material recovered for recycling.

4.Reduction in kerbside waste sent to landfill

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.

5. Waste Diversion from Landfill

The volume of diverted material, being an average of 32%, 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. Gore District Council also reintroduced kerbside recycling services in November 2025 which has had a positive impact on the regional diversion rate.

Our Activities – Solid Waste Management

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Invercargill Transfer Station - General renewals	82	32

1. Invercargill Transfer Station - General renewals -
Planned renewal work of the weighbridge
completed.

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Our Activities – Solid Waste Management

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Solid Waste Management

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	986	1,075	929
Targeted rates	4,812	5,248	5,467
Subsidies and grants for operating purposes	-	-	-
Fees and charges	7,681	7,987	8,125
Internal charges and overheads recovered	2,441	2,672	2,476
Local authorities fuel tax, fines, infringements, fees and other receipts	1,683	1,723	1,564
Total operating funding (A)	17,603	18,705	18,561
Applications of operational funding			
Payment to staff and suppliers	14,847	15,537	15,859
Finance costs	134	122	147
Internal charges and overheads applied	2,419	2,646	2,455
Other operating funding applications	-	-	-
Total applications of operating funding (B)	17,400	18,305	18,461
Surplus (deficit) of operating funding (A - B)	203	400	100
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(60)	(54)	(61)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(60)	(54)	(61)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	82	89	37
Increase (decrease) in reserves	61	257	(189)
Increase (decrease) in investments	-	-	191
Total applications of capital funding (D)	143	346	39
Surplus (deficit) of capital funding (C - D)	(203)	(400)	(100)
Funding balance ((A - B) + (C - D))	-	-	-

Leisure, Recreation and Wellbeing Services

Ngā ratonga tākaro me ora

Leisure, Recreation and Wellbeing Services include seven sub-activities.

These are:

- Parks and Reserves
- Libraries
- Aquatic Services
- Arts, Culture and Heritage
- Venues and Events Services
- Public Transport
- Elderly Persons Housing

The Leisure, Recreation and Wellbeing Services group of activities cover a range of facilities, services and activities which Council provides to enhance community wellbeing.

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

What we have done

There are 54 performance measures attributed to Leisure, Recreation and Wellbeing, of which 33 were achieved.

User numbers remained strong across most Council services and facilities during the year. However, the October 2025 storm event had a significant impact on visitation to both parks and reserves and Splash Palace.

The net costs of the activity for the year was \$18.0 million, up \$1.4 million on last year and higher than plan by \$2.5 million.

During the year \$5.6 million was spent on capital projects, down \$0.1 million on last year and lower than plan by \$1.8 million.

Our Activities – Leisure, Recreation and Wellbeing Services – Parks and Reserves

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Leisure, Recreation and Wellbeing

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	16,571	18,161	20,060
Targeted rates	759	828	817
Subsidies and grants for operating purposes	2,110	2,289	3,403
Fees and charges	7,507	7,865	6,496
Internal charges and overheads recovered	68	69	-
Local authorities fuel tax, fines, infringements, fees and other receipts	3,502	2,016	1,491
Total operating funding (A)	30,517	31,228	32,267
Applications of operational funding			
Payment to staff and suppliers	28,357	29,551	29,171
Finance costs	323	495	384
Internal charges and overheads applied	68	69	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	28,748	30,115	29,555
Surplus (deficit) of operating funding (A - B)	1,769	1,113	2,712
Sources of capital funding			
Subsidies and grants for capital expenditure	1,195	548	24
Development and financial contributions	-	-	-
Increase (decrease) in debt	(144)	(221)	(178)
Gross proceeds from sale of assets	130	613	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,181	940	(154)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	4,285	3,461	3,132
- to replace existing assets	3,122	2,548	2,509
Increase (decrease) in reserves	(4,457)	(3,956)	737
Increase (decrease) in investments	-	-	(3,820)
Total applications of capital funding (D)	2,950	2,053	2,558
Surplus (deficit) of capital funding (C - D)	(1,769)	(1,113)	(2,712)
Funding balance ((A - B) + (C - D))	-	-	-

Parks and Reserves

Ngā Papa Rēhia

The Parks and Reserves Activity provides spaces and places to citizens and visitors to the city for amenity value, recreation, sport and leisure. The Activity acts as Kaitiaki (Guardian) to Invercargill District’s parks, reserves and cemeteries, using asset management practices. It also provides burial and cremation services to the community.

Trees and open space enhance the amenity of the City, making it a pleasant place to live and attractive to visitors.

What we have done

Parks and Reserves performance measures have been revised as part of the 2024-2034 Long-term Plan to begin the process of alignment with the Recreation Aotearoa standards. Most measures had an operational focus, which was of limited interest to the community. The revised measures focus on community use and engagement.

Queens Park Gardens retained its 5 Star Garden Standard status, while community satisfaction with parks and recreation spaces improved and remained close to target. Parks and reserves continued to be well used, with visitation exceeding one million visits during the year, driven largely by activity at Queens Park.

Service performance was impacted by the October 2025 storm, which affected visitation, increased urgent maintenance demands, and reduced response performance. Despite these challenges, parks remained well regarded by the community, and key improvement opportunities

identified by residents will be considered through Council's 2027-2037 Long-term Plan.

The net costs of the activity for the year was \$9.6 million, higher by \$0.6 million on plan and higher by \$1.6 million on last year. The October 2025 weather event required some re-prioritisation of repairs during the year to minimise overall cost impacts to the activity. Additional harvesting of fallen trees in the forests due to the October 2025 weather event was also required.

During the year \$2.1 million was spent on capital projects, lower by \$1.1 million on plan and lower by \$2.4million on last year. Works around the connection of Queens Park to Te Unua and sports field drainage program has been deferred to 2026/2027. The Bluff Boat Ramp was completed during the year. Some renewal work was also reprioritised to allow resources to focus on the recovery from the October weather event.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social/Cultural/Environmental Wellbeing	Parks and reserves support community leisure, recreation and wellbeing	Queens Park is accredited as a “Garden of National Significance”
Social Wellbeing		Percentage of residents satisfied with parks and recreation spaces
Social/Cultural Wellbeing	Parks and reserves are well utilised to support wellbeing	Annual number for park usage: - Percentage of users per head of (Invercargill city) population - Total number of park user counts
		Percentage of urgent requests for Parks and Recreation services are completed within specified timeframes.
Social Wellbeing	Council is responsive to the community in order to effectively manage the parks and reserves	Number of Active Partnerships in place to support activation of Parks and Recreation Space
Social/Cultural Wellbeing		

Our Activities – Leisure, Recreation and Wellbeing Services – Parks and Reserves

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years	
Queens Park is accredited as a “Garden of National Significance”	Achieved	Maintained	Achieved	Maintained ¹	2024/25: Achieved 2023/24: Achieved 2022/23: Achieved 2021/22: Achieved 2020/21: Achieved	
What does it mean: Queens Park is recognised as a ‘Garden of National Significance’ by the New Zealand Gardens Trust. The current accreditation period is 2025-2028.						
Percentage of residents satisfied with parks and recreation spaces	80%	80%	Not achieved ²	78%	2024/25: Not Achieved – 73% 2023/24: Not Achieved – 75% 2022/23: Achieved – 80% 2021/22: Achieved – 80% 2020/21: N/A – New Measure	
What does it mean: Satisfaction is assessed via a Residents Survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they have visited a park or recreation space daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with parks and recreation spaces. They can rate their satisfaction from 1 to 5, where 1 is ‘least satisfied’ and 5 is the ‘most satisfied’. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						
Annual number for park usage	Percentage of users per head of (Invercargill city) population	New measure	75%	Achieved	95%	2024/25: Achieved – 93% 2023/24: N/A – New Measure
	Total number of park user counts	939,291	939,291	Achieved ³	1,092,745	2024/25: Achieved – 1,364,225 2023/24: Achieved – 1,179,345 2022/23: Not Achieved – 939,291 2021/22: Not Achieved – 967,869 2020/21: Achieved - 1.026m
What does it mean: The percentage of users per head of population is derive from Council’s Residents Survey and represents residents of Invercargill District who indicate they have visited a park or recreation space daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year. Park user counts are collected from track counters installed at various parks, tracks and reserves throughout Invercargill and Bluff. Data from these counters is gathered and added up to determine the total number of park users each financial year.						
Percentage of urgent requests for Parks and Recreation services are completed within specified timeframes.	New measure	90%	Not achieved ⁴	69.85	2024/25: Not Achieved – 78% 2023/24: N/A – New Measure	
What does it mean: The measure reports on response (action) time (as dictated by urgent priority levels, generally one working day), not full completion time which can range vastly depending on the request. By actioning the request for service, the Parks and Recreation team ensure that the risk is eliminated (ensuring it is safe) – this could include waiting for contractors to complete the work etc. The percentage reported is for requests for service that have been made safe within the given timeframe (priority one is a 12 hour timeframe, priority two is 24 hours).						
Number of Active Partnerships in place to support activation of Parks and Recreation Space	New measure	15	Not achieved ⁵	13	2024/25: Achieved - 13 ⁵ 2023/24: N/A – New Measure	

Our Activities – Leisure, Recreation and Wellbeing Services – Parks and Reserves

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
What does it mean: The count of current partnership agreements that support the activation and use of parks and recreation spaces. Active partnerships include: existing agreements that remain current and in force during the reporting period, new partnership agreements established during the financial year or partnership agreements that have been renewed or re-signed during the financial year as previous agreements reached expiry.					

The details

1. Queens Park is accredited as a “Garden of National Significance”

At the end of 2025, Queens Park was re-accredited as a “Garden of National Significance” for 2025-2028.

2. Percentage of residents satisfied with parks and recreation spaces

A shorter survey focused on parks, playgrounds, cemeteries, and tree management was deployed at parks and recreation locations Quarter Three via two channels: iPad-based on-site intercepts conducted by field staff, and paper questionnaires distributed at parks locations.

Satisfaction with parks and recreation spaces rose in 2025/2026, with the target being missed by only 2 points. Feedback continues to highlight that park 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 its 2027-2037 Long-term Plan, Council will consider most of the issues raised.

Note: before 2024/2025, the target for this measure was either to maintain or increase the satisfaction percentage.

3. Total number of park user counts

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.

4. Percentage of urgent requests for Parks and Recreation services are completed within specified timeframes

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 2025 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.

5. Number of Active Partnerships

This measure is based on the number of signed Memorandums of Understanding and is to be reported cumulatively, with the objective being to maintain or increase the number of partnerships. 2024/2025 result was corrected to 13 recently due to a duplication identified. One Memorandum of Understanding was resigned during the financial year and two are being drafted, with signing expected in the 2026/2027 financial year.

Our Activities – Leisure, Recreation and Wellbeing Services – Libraries

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Bluff Boat Ramp - Stage 1 - Jetties (Roadmap)		149
2	Bluff Boat Ramp - Stage 2 - Public Toilets & Car Parking Scoping (Roadmap)		164
3	City Centre Masterplan Urban Play (Roadmap)	2,105	-
4	General renewals	358	312
5	Queens Park connection to Museum	526	-
6	Coronation Ave renewal (Queen Park)	358	45
7	Eastern Cemetery Drainage		476
8	Bluff Hill active recreation hub carpark redevelopment	566	23
9	Motor vehicle and plant renewals	820	922

1. Bluff Boat Ramp - Stage 1 - Jetties (Roadmap) - Planned work deferred from 2024/2025 was completed in 2025/2026.
2. Bluff Boat Ramp - Stage 2 - Public Toilets & Car Parking Scoping (Roadmap) - Planned work deferred from 2024/2025, commenced in 2025/2026 with completion expected in 2026/2027.
3. City Centre Masterplan Urban Play (Roadmap) - Council has made the decision to pause this project.
4. General renewals - Planned works completed with less reactive work required in 2025/2026.
5. Queens Park connection to Museum - Planned work has been deferred to commence in 2026/2027.
6. Coronation Ave renewal (Queen Park) - Planned work has been deferred to commence in 2026/2027.
7. Eastern Cemetery Drainage - new project to prepare the next stage of development of the Eastern Cemetery. Drainage completed in 2025/2026 with roading expected to be complete in 2026/2027.
8. Bluff Hill active recreation hub carpark redevelopment - Te Wāhi Tākaro o Motupōhue Adventure Park officially opened in November 2024.
9. Motor vehicle and plant renewals - Planned works completed with some additional reactive work in 2025/2026.

Libraries

Ngā Whare Pukapuka

Invercargill City Council provides library services which support and encourage lifelong learning, digital literacy and reading across all ages and abilities. The activity collects, preserves and guides access to quality information and also provided opportunities to participate in the online world.

What we have done

The Libraries Activity 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.

The net costs of the activity for the year was \$2.5 million, higher by \$0.1 million on plan and higher by \$0.2 million on last year. Recovery of fees was lower than plan this year.

Employee expenses were higher than last year due to timing of vacancies between years.

During the year \$0.5 million was spent on capital projects, lower by \$0.1 million on plan and higher by \$0.1 million on last year. These variances represent timing differences of spend on the Library collection.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social/Cultural Wellbeing	Libraries collections support wellbeing through providing quality resources	Percentage of physical collections added in the past 5 years (excludes heritage collections) Percentage of residents satisfied with the library service
	Libraries are well utilised to support wellbeing	Annual number of library users: - Physical visitors + website engagement = total number of Library users - Total number of users (physical visitors + website engagement) per head of (Invercargill city) population

Our Activities – Leisure, Recreation and Wellbeing Services – Libraries

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years	
Percentage of collection published in the past 5 years (excludes heritage collections)	63%	≥ 60%	Not achieved ¹	505	2024/25: - Not Achieved – 49% 2023/24: - Not Achieved – 54% 2022/23: Achieved – 63% 2021/22: Achieved – 60.5% 2020/21: N/A New Measure	
What does it mean: To identify the percentage of the collection published in the last five years, software BCA Analytics is used to run a report on the Library catalogue with the following parameters: Items within the current Library collection and items purchased within the last five years. The number of items published within the last five financial years are expressed as a percentage against the total current items in the collection. Long-term items including Reference and Heritage Collections are excluded from the total number of items in the collection. The figure purchased within the last five years is cross checked against the figure purchased over five years ago.						
Percentage of residents satisfied with the library service	84%	≥85%	Achieved ²	89%	2024/25: - Not Achieved – 75% 2023/24: - Not Achieved – 81% 2022/23: Not Achieved – 84% 2021/22: Achieved – 87% 2020/21: N/A New Measure	
What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they visit the Library daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the library service. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						
Annual number of library users	Total number of users (physical visitors + website engagement) per head of (Invercargill city) population	New measure	8.8	Achieved	10.1	2024/25: - Achieved - 8.98 2023/24: N/A New Measure
	Physical visitors + website engagement = total number of Library users	485,535	500,000	Achieved ³	588,847	2024/25: - Achieved – 523,444 2023/24: - Not Achieved – 462,462 2022/23: Not Achieved – 485,535 2021/22: Not Achieved – 462,647 2020/21: Not achieved - 459,429
What does it mean: The number of users includes both physical and digital users of the Invercargill and Bluff libraries. Physical user numbers are captured through library door counters, while digital user data is sourced from Google Analytics. Digital users are measured using engaged users, defined as users who actively interact with the library website.						

The details

1. Percentage of collection published in the past five years (excluding heritage collections)

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.

2. Percentage of residents satisfied with the library service

Satisfaction with the library service reached 89% in 2025/2026. Community feedback was very positive, particularly regarding the helpfulness of staff, the availability

Our Activities – Leisure, Recreation and Wellbeing – Aquatic Services

of free programmes, and the extensive range of collections on offer.

During Quarter One of 2025/2026, intercept surveys were conducted at the library and users were asked about their experience with the facility. 84% of respondents agreed or strongly agreed that the library provide an excellent range of physical and digital collections. A similar proportion, 84%, agreed or strongly agreed that it benefits their wellbeing. Respondents frequently praised the library staff as friendly, helpful and welcoming, with many highlighting the excellent children's programmes and activities including storytime, holiday programmes and exercise classes. The facility itself was consistently described as a warm, welcoming space with good book selections, though some respondents noted issues with book request communication and suggested improvements like additional exercise classes and better parking.

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Library books / Digital collections	434	444

1. Library books / Digital collections - Planned library collection purchases completed.

Aquatic Services

Ngā puna kaukau

The primary goal of the Aquatic Services Activity is to provide quality and affordable aquatic health and fitness, education, sport and leisure services for the community.

The Southland Aquatic Centre (Splash Palace) provides Aquatic Facilities for the health, wellbeing and enjoyment of the community and a place where people can learn to swim and learn water safety. These facilities also enable a range of water sports to be practised and enjoyed, as well as attracting events to the city.

What we have done

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.

The net costs of the activity for the year was \$2.2 million, higher by \$0.3 million on plan and lower by \$0.1 million on last year. 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 Splash Palace roof, repairs have been made while a re-roof of the entire facility is scheduled for 2026/2027, insurance has covered the area damaged by the wind event. Revenue was down in cafe and retail areas. Costs were contained to offset the reduced revenue.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social/Cultural Wellbeing	Pools are well utilised to support wellbeing	Annual number of Splash Palace users: - Number of users per head of (Invercargill City) population - Total number of Splash Palace users
	Pools support wellbeing through providing safe, quality and appropriate premises and services	Learn to swim participation.
	Pools service is reliable and available	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.
		Percentage of residents satisfied with the Splash Palace.
		Time when a minimum of four 25 metre public lanes are available for swimming.
		The number of unplanned pool closures.

Our Activities – Leisure, Recreation and Wellbeing – Aquatic Services

How did we measure up?

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Annual number of Splash Palace users	Number of users per head of (Invercargill City) population	6.6	7	Not achieved ¹	6.82	2024/25: Not Achieved – 6.56 visits 2023/24: Achieved – 6.7 visits 2022/23: Achieved – 6.6 visits 2021/22: Not Achieved – 4.57 visits 2020/21: Achieved – 6.7 visits
	Total number of Splash Palace users	New measure	400,000	Not achieved ¹	392,107	2024/25: Not Achieved – 379,979 2023/24: N/A New measure
What does it mean: The total number of Splash Palace users are calculated using door count software, footprint. The data is calculated on a monthly basis. The automated data is manually checked and where days data is missing an average of the four previous same days of the same calendar month is used in its place. The annual figure is compiled from the monthly figures for the period. 5% is added to the total to allow for a margin of error (e.g. carried children and people entering side by side which are not counted).						
Learn to Swim participation		New measure	725	Achieved ²	3,342	2024/25: Achieved – 3,273 2023/24: N/A New measure
What does it mean: Participation in the Learn to Swim Programme is calculated utilising the booking software Envibe. Week six of the programme is used as a proxy for the whole programme to ensure later registrations and early drop-outs and later starting classes are best accounted for. The registrations for each day's programme are manually added to identify the total actual number of participants for week six.						
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%	Achieved ³	100%	2024/25: Achieved – 100% 2023/24: Achieved – 100% 2022/23: Achieved – 100% 2021/22: Achieved – 100% 2020/21: N/A – New Measure
What does it mean: Daily testing of pool water is completed and all non-compliant tests are recorded on Pool Manager. At the end of each quarter, the total number of non-compliant water tests are counted. The percentage reported is non-achieved by calculating the compliant tests against all completed tests as a percentage.						
Percentage of residents satisfied with the Splash Palace		67%	75%	Not achieved ⁴	73%	2024/25: Not Achieved – 65% 2023/24: Not Achieved – 56% 2022/23: Not Achieved – 67% 2021/22: Not Achieved – 74% 2020/21: N/A New Measure

Our Activities – Leisure, Recreation and Wellbeing – Aquatic Services

What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they visit Splash Palace daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the facility. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).					
Time when a minimum of four 25 metre public lanes are available for swimming	98%	95%	Achieved ⁵	98%	2024/25: Achieved – 98% 2023/24: Achieved – 98% 2022/23: Achieved – 98% 2021/22: Not Achieved – 88% 2020/21: Achieved - 99%
What does it mean: The time when a minimum of four 25m public lanes are available for swimming is calculated using the booking software Envibe. The number of hours not available for bookings for individual lanes is manually counted for each day and collated into a monthly figure. This figure is subtracted from the total opening hours for the facility of the month and then provided as a percentage against the total number of hours. The monthly figures are added for the quarter and then the quarters resulted averaged for the annual figure.					
The number of unplanned pool closures	New measure	Less than 15 pool closures/year	Not achieved ⁶	47	2024/25: Not Achieved – 31 2023/24: N/A New Measure
What does it mean: Pool closures are recorded by staff on incident forms as soon as practicable and reported quarterly. Examples of incidents resulting in pool closures include plant failures, staffing or faecal incidents.					

Our Activities – Leisure, Recreation and Wellbeing – Aquatic Services

The details

1. Annual number of Splash Palace users

Although participation levels did not meet the target, 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.

2. Learn to Swim participation

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.

3. Time pools are kept within operating guidelines

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.

4. Percentage of residents satisfied with the Splash Palace

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.

5. Time when a minimum of four 25 metre public lanes are available for swimming

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.

6. The number of unplanned pool closures

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 effect in Q2 2026/27, Council should hopefully see a level of improvement moving into the second half of the 2026/27 year.

Arts, Culture and Heritage

Ngā Toi, te Ahurea, me ngā Taonga

The Arts, Culture and Heritage Activity provides access to, and preservation of, our cultural assets for our community now and into the future. Council's involvement with Arts, Culture and Heritage is primarily focused on Invercargill City yet also extends in to the Southland region. This role encompasses funding, governance representation, management and support of entities providing arts, culture and heritage activities, and direct delivery of services through the Bluff Maritime Museum, He Waka Tuia (until 2027), Te Pātaka Taoka Southern Regional Collections Facility and Te Unua – Museum of Southland.

What we have done

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 2025/2026.

The net costs of the activity for the year was \$2.4 million, lower by \$1.7 million on plan and higher by \$0.1 million on

last year. Expenditure is tracking lower due to the Te Unua team currently in the establishment phase and still to settle on an operational level.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Cultural Wellbeing		Annual number of He Waka Tuia users: - Number of users per head of (Invercargill City) population - Total number of He Waka Tuia users
Social/Cultural Wellbeing	Arts, culture and heritage services are well utilised to support community wellbeing	Te Pātaka Taoka Southern Regional Collections Facility: - Annual number of visits to access the collection - Annual number of school visits
Cultural/Economic Wellbeing		Annual number of Te Unua - Museum of Southland users - Total number of Te Unua - Museum of Southland users - Total number of Te Unua users per head of (Invercargill city) population
Cultural Wellbeing	Arts, culture and heritage venues support wellbeing through providing high quality, frequently refreshed and culturally enriching experiences	Percentage of residents satisfied with He Waka Tuia Museum and Art Gallery. Number of onsite and off-site exhibitions which celebrate our collections and the stories of Southland.

Our Activities – Leisure, Recreation and Wellbeing Services – Arts, Culture and Heritage

How did we measure up?

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
He Waka Tuia						
Annual number of He Waka Tuia users	Number of users per head of (Invercargill City) population	New measure	0.37	Achieved	0.42	2024/25: Achieved – 0.36 2023/24: N/A New Measure
	Total number of He Waka Tuia users	18,553	21,000	Achieved ¹	24,104	2024/25: Achieved – 20,572 (target of 19,000) 2023/24: Achieved – 18,473 (target of 14,000) 2022/23: Achieved – 18,553 (target of 14,000) 2021/22: Not Achieved – 7,875 (target of 14,000) 2020/21: N/A New Measure
What does it mean: This measure counts the total number of people who visit He Waka Tuia or attend its exhibitions and events off site. Visitor numbers are based on manual counts at He Waka Tuia. For visitors to He Waka Tuia offsite exhibitions and events user numbers are gathered by the onsite manager and then reported monthly.						
Percentage of residents satisfied with He Waka Tuia Museum and Art Gallery		17%	20%	Achieved	65%	2024/25: Achieved – 54% 2023/24: Not Achieved – 23% (target of 7-8, equating to 70-80%) 2022/23: Not Achieved – 17% (target of 7-8, equating to 70-80%) 2021/22: Not Achieved – 19% (target of 7-8, equating to 70-80%) 2020/21: N/A New Measure
What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they visit He Waka Tuia daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the facility. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						
Number of onsite and off-site exhibitions which celebrate our collections and the stories of Southland ³		New measure	12 exhibitions per annum: 4 off-site, 8 onsite	Achieved	12 exhibitions: 3 off-site, 9 on-site	2024/25: Achieved – 15 Exhibitions: 4 off-site, 11 onsite 2023/24: N/A New Measure
What does it mean: The total number of onsite and offsite exhibitions which celebrate our collections and stories of Southland is calculated by the Invercargill Public Art Gallery Manager by adding each new exhibition which opened within the year of the reporting period. i.e. an exhibition opening in June 2025 but running until September 2025 would be counted as a 2025 FY exhibition, and not as a 2026 FY although it was open during that period.						
Te Pātaka Taoka Southern Regional Collections Facility						
Annual number of visits to access the collection		New measure	750	Not Achieved ²	4	2024/25: Not Achieved 2023/24: N/A New Measure
Annual number of school visits		New measure	10	Not Achieved ²	0	2024/25: Not Achieved 2023/24: N/A New Measure

Our Activities – Leisure, Recreation and Wellbeing Services – Arts, Culture and Heritage

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
What does it mean: The measures for Te Pātaka Taoka Southern Regional Collections Facility have not been achieved due to the facility not being in a BAU state and access to the collection is limited.						
Te Unua Museum of Southland						
Annual number of Te Unua - Museum of Southland users	Total number of Te Unua - Museum of Southland users	New measure	0	Achieved - Not measured in 2025/2026 ³	0	2024/2025: Not Measured
	Total number of Te Unua users per head of (Invercargill city) population	New measure	0	Achieved - Not measured in 2025/2026 ³	0	2024/2025: Not Measured
What does it mean: Te Unua Museum of Southland is not open yet. Once the facility is open, user numbers will be tracked.						

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Our Activities – Leisure, Recreation and Wellbeing Services – Arts, Culture and Heritage

The details

1. Annual number of He Waka Tuia users

The two most popular exhibitions in 2025/2026 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.

2. Te Pātaka Taoka Southern Regional Collections Facility – Annual number of visits to access the collection and annual number of school visits

This measure was not achieved for 2025/2026 due to there being no intention to allow visitors to Te Pātaka Taoka while Council continues to progress with organising staff and public areas and the collection items within the facility.

3. Annual number of Te Unua Museum of Southland users

There is no target set for the annual number of users for 2024/2025 and 2025/2026 financial years due to the museum not being operational.

1. Annual number of He Waka Tuia users

The two most popular exhibitions in 2025/2026 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.

2. Te Pātaka Taoka Southern Regional Collections Facility – Annual number of visits to access the collection and annual number of school visits

This measure was not achieved for 2025/2026 due to there being no intention to allow visitors to Te Pātaka Taoka while Council continues to progress with organising staff and public areas and the collection items within the facility.

3. Annual number of Te Unua Museum of Southland users

There is no target set for the annual number of users for 2024/2025 and 2025/2026 financial years due to the museum not being operational.

Venues and Events Services

Ngā wāhi ratonga

The Venues and Events Services Activity aims to provide quality venues, event services, and visitor experiences for the wellbeing and enjoyment of the community. The venues are places where people can enjoy cultural, social, sporting and recreational activities. These facilities also contribute to residents developing a sense of belonging and pride of their place, Invercargill and Southland. The venues portfolio includes The Civic Theatre, The Scottish Hall and Rugby Park as well the operating the Invercargill Ticketek ticketing service.

What we have done

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.

The net costs of the activity for the year was \$0.6 million, in line with plan and last year. There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Cultural/Social Wellbeing	Venues are well utilised to support community wellbeing	Civic Theatre Occupancy - Main auditorium. Civic Theatre Occupancy - Auxiliary Rooms. Civic Theatre – Hirage - Not for Profit-Local, Not for Profit - National/ International, Commercial – Local, Commercial - National/ International. Scottish Hall – Occupancy. Scottish Hall – Hirage - Not for Profit-Local, Not for Profit - National/ International, Commercial – Local, Commercial - National/ International. Rugby Park – Occupancy. Rugby Park – Hirage - Not for Profit-Local, Not for Profit - National/ International, Commercial – Local, Commercial - National/ International. Annual number of users across all venues: - Number of users per head of (Invercargill City) population - Total number of venue users.
	City venues support wellbeing through enabling culturally and socially enriching experiences	Percentage of residents satisfied with the Civic Theatre Percentage of residents satisfied with the Scottish Hall Percentage of residents satisfied with Rugby Park

Our Activities – Leisure, Recreation and Wellbeing – Venue and Event Services

How did we measure up?

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Civic Theatre Occupancy - Main auditorium		30% Occupancy Rate	40%	Achieved	41%	2024/25: Achieved – 38% (target of 35%) 2023/24: Achieved – 32.5% (target greater than 28%) 2022/23: Achieved – 30% (target greater than 28%) 2021/22: Not Achieved – 21% (target greater than 28%) 2020/21 – 26%
Civic Theatre Occupancy - Auxiliary Rooms		62% Occupancy Rate	40%	Not Achieved ¹	33.8%	2024/25: Not Achieved – 26.25% 2023/24: Achieved – 26% (target greater than 11%) 2022/23: Achieved – 62% (target greater than 11%) 2021/22: Achieved – 100% (target greater than 11%) 2020/21 – 45%
What does it mean: The occupancy rates for the Civic Theatre (Main auditorium and Auxiliary Rooms) are calculated by dividing the total number of half days the spaces are occupied over total available half days in the financial year, based on the booking data recorded within Council's Pathways system.						
Civic Theatre - Hireage	Not for Profit-Local	New measure	≥35	Achieved	32	2024/25: Achieved – 43 2023/24: N/A New measure
	Not for Profit-National/International	New measure	≥20	Not Achieved ²	3	2024/25: Not Achieved - 0 2023/24: N/A New measure
	Commercial - Local	New measure	≥15	Not Achieved ³	6	2024/25: Not Achieved – 3 (target of 10) 2023/24: N/A New measure
	Commercial - National/International	New measure	≥35	Achieved	44	2024/25: Achieved – 43 (target of 30) 2023/24: N/A New measure
Percentage of residents satisfied with the Civic Theatre		New measure	80%	Achieved ⁴	88%	2024/25: Not Achieved – 71% 2023/24: N/A New measure
What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they visit the Civic Theatre daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the facility. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						
Scottish Hall - Occupancy		33% Occupancy rate	33%	Achieved	40%	2024/25: Achieved – 42% (target of 30%) 2023/24: Achieved – 45%

Our Activities – Leisure, Recreation and Wellbeing – Venue and Event Services

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
						2022/23: Achieved – 33% 2021/22: Achieved – 19% 2020/21 – 17%
What does it mean: The occupancy rate for Scottish Hall is calculated by dividing the total number of half days the spaces are occupied over total available half days in the financial year, based on the booking data recorded within Council's Pathways system.						
Scottish Hall - Hirage	Not for Profit- Local	New measure	≥55	Achieved	71	2024/25: Achieved – 82 2023/24: N/A New measure
	Not for Profit - National/ International	New measure	≥5	Not Achieved ⁵	2	2024/25: Not Achieved – 0 2023/24: N/A New measure
	Commercial - Local	New measure	≥8	Not Achieved ⁶	4	2024/25: Achieved – 5 (target of 5) 2023/24: N/A New measure
	Commercial - National/ International	New measure	≥3	Achieved ⁷	3	2024/25: Not Achieved – 2 2023/24: N/A New measure
Percentage of residents satisfied with the Scottish Hall		New measure	60%	Not Achieved ⁴	53%	2024/25: Not Achieved – 51% 2023/24: N/A New measure
What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they visit the Scottish Hall daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the facility. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						
Rugby Park - Occupancy Rate		7% Occupancy Rate	8%	Achieved	17%	2024/25: Achieved – 12% (target of 7%) 2023/24: Not Achieved – 4% 2022/23: Not Achieved – 7% 2021/22: Not Achieved – 7% 2020/21 – 4%
What does it mean: The occupancy rate for Rugby Park is calculated by dividing the total number of half days the spaces are occupied over total available half days in the financial year, based on the booking data recorded within Council's Pathways system.						
Rugby Park - Hirage	Not for Profit- Local	New measure	≥12	Achieved ⁸	26	2024/25: Not Achieved – 6 (target of 10) 2023/24: N/A New measure
	Not for Profit - National/ International	New measure	≥2	Not Achieved ⁹	1	2024/25: Achieved – 5 2023/24: N/A New measure
	Commercial - Local	New measure	≥5	Achieved	7	2024/25: Achieved – 9 (target of 2) 2023/24: N/A New measure
	Commercial - National/ International	New measure	≥8	Not Achieved ¹⁰	1	2024/25: Not Achieved – 3

Our Activities – Leisure, Recreation and Wellbeing – Venue and Event Services

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
						2023/24: N/A New measure
What does it mean: The hire rates for the Civic Theatre, Scottish Hall, and Rugby Park are calculated based on the booking status. These statuses include: Not-for-Profit – Local - these are community groups that are incorporated societies or charities that have gone through our community access programme to offer them a discount. Rooms such as the Wikitoria or Scottish Hall do not attract a discount due to the design of lower cost for these spaces but are also included in these numbers due to their intent to be more accessible to the community. Not-for-Profit – National/International – these are events that may be touring and may offer free attendance. These would not be ticketed events unless crowd control was necessary and therefore numbers would be based on historic data. Commercial – Local (recorded in Ticketek) - This is when a commercial event sells tickets such as the Rugby NPC (professional league), or a commercial hire by a business or corporate entity. Commercial – National/International (recorded in Ticketek) – these represent the shows and events that sell tickets to the public with the intent to generate revenue for the promoter or organiser. These will almost always be ticketed. There are at times seminars or workshops that may be counted in this number should they be outside the region coming ie. A tourism school trying to attract students.						
Percentage of residents satisfied with Rugby Park		New measure	40%	Achieved ⁴	41%	2024/25: Not Achieved – 34% 2023/24: N/A New measure
What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they visit Rugby Park daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the facility. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						
Annual number of users across all venues	Number of users per head of (Invercargill City) population	1.5	1.2	Achieved ¹¹	1.35	2024/25: Achieved – 1.52 Vph (target of 1.1) 2023/24: Achieved – 1.64 Vph 2022/23: Achieved – 1.5 vph 2021/22: Achieved – 1.6 vph 2020/21: N/A New Measure
	Total number of venue users	80,648	70,000	Achieved ¹¹	78,289	2024/25: Achieved – 87,135 (target of 63,000) 2023/24: Achieved – 94,082 visits 2022/23: Achieved – 80,648 visits 2021/22: Achieved – 89,970 visits 2020/21: N/A New Measure
What does it mean: The total number of users is derived from ticket sales data provided by Ticketek for ticketed events. For auxiliary rooms, attendance figures are estimated/aggregated based on historic patterns, which vary depending on the room and the type of event. Where available, Council also incorporates data from hirers and users, including their estimates of participant numbers, crew, cast, and any peripheral personnel associated with a production. In some cases, this information is not recorded by promoters, users or hirers. When such data is unavailable, Council apply its own assumptions using industry knowledge and history of similar events. However, if uncertain about the reliability of the information, Council may choose to exclude it from the dataset to maintain the integrity of the reporting. Audience and users are combined to give a total number of users for an event or function. Should no ticket data or function attendance data be available, Council use aggregated numbers on best practice industry and historic data.						

Our Activities – Leisure, Recreation and Wellbeing – Venue and Event Services

The details

1. Civic Theatre – Auxiliary Rooms

There was an increase in occupancy rates compared with last financial year, mainly due to reduced demand for corporate accommodation. With the Council Administration Building decant, Victoria Room is being utilised as the Council Chambers. The Victoria Room was originally included in the business plan as a commercial space with potential to attract revenue and events. Achieving the target in future years is unlikely if based on hire of Wikitoria and Drawing Rooms only.

3. Civic Theatre – Hireage – Not for profit – national/International

The target for Civic Theatre Hireage – Not for profit – national/international has not been met as not for profit events do not tour (touring events are treated as commercial and charged accordingly). This is unlikely to change. The KPI will be reviewed as part of the 2027-2037 Long-term Plan.

4. Civic Theatre – Hireage – Commercial - Local

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.

5. Percentage of residents satisfied with the Civic Theatre, Scottish Hall and Rugby Park

During Quarters Three and Four of 2025/26, dedicated user surveys were undertaken at the Civic Theatre, Scottish Hall, and Rugby Park. Responses were collected through QR codes at each venue, in-person intercepts, and targeted emails to known users, helping to increase participation and improve the quality of feedback received.

Feedback across the three venues was generally positive, with users valuing their unique roles in the community. The Civic Theatre was highly regarded for its heritage character, quality events, and welcoming staff, while Scottish Hall was appreciated as an affordable, accessible community venue with strong heritage appeal. Rugby Park feedback centred on the partially closed grandstand and a desire for increased investment and broader use of the facility.

Common improvement themes included facility maintenance and accessibility, such as parking, toilets, seating, and venue upgrades. Respondents also expressed support for expanding venue utilisation, particularly at Rugby Park and Scottish Hall, while preserving the heritage character of the Civic Theatre and Scottish Hall.

The satisfaction target for Scottish Hall was not achieved. However, the venue is expected to benefit from the Civic Theatre sound system upgrade, with components of the replaced system being repurposed for use at Scottish Hall. This will provide hirers with access to an in-house sound system at a lower cost than hiring external equipment, enhancing the user experience and increasing the venue's attractiveness. Over time, this is expected to support increased utilisation and revenue.

6. Scottish Hall – Hireage – Not for Profit – National/International

This measure has not been met in 2025/2026 due to very limited numbers of national/international not-for-profit hirers. The target is not in line with market requirements and the KPI will be reviewed as part of the 2027-2037 Long-term Plan.

7. Scottish Hall – Hireage – Commercial – local

This measure is not relevant to the Scottish Hall and will be reviewed as part of the 2027-2037 Long-term Plan.

7. Scottish Hall – Hireage – Commercial – National/International

The Scottish Hall has little appeal to the national/international commercial market. The measure has been met in 2025/2026 due to the venue hosting ticketed events however this is rare. The KPI will be reviewed as part of the 2027-2037 Long-term Plan.

8. Rugby Park – Occupancy and NFP Local hires

Work is underway to increase the visibility and utilisation of Rugby Park by broadening its use. Council have worked to remove barriers to park usage, increasing access for club and youth games and supporting greater involvement from Rugby Southland. Council have also encouraged a wider range of organisations to use the venue for sports, events, and commercial activities.

9. Rugby Park – Hireage – Not for Profit – Local

This measure is not in line with market requirements and will be reviewed as part of the 2027-2037 Long-term Plan.

10. Rugby Park – Hireage – Commercial – National/International

This measure is not in line with market requirements and will be reviewed as part of the 2027-2037 Long-term Plan.

11. Annual user numbers across all venues

User numbers continued to decline in 2025/2026. 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.

Our Activities – General Services

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	General renewals	-	427

1. Upgrade of sound and lighting equipment that was not planned

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Public Transport

Ngā waka

Public Transport Activity provides both a bus services to the Invercargill urban area (both city and school bus runs) and Total Mobility (subsidised travel support for qualifying customers) services to the wider Southland province. This ensures that there are suitable and appropriate choices for travel options that respond to Southland’s changing public transport needs.

The Public Transport Activity manages regional public transport for Southland under a delegation from Environment Southland.

What we have done

Three of the four Passenger Transport performance measures were achieved in 2025/26. While passenger numbers exceeded the target, they were lower than the previous year. Satisfaction with service quality improved, while satisfaction with fares declined slightly. The increase in bus fares is likely to have influenced overall performance.

The net costs of the activity for the year was \$1.2 million, lower by \$0.3 million on plan and lower by \$0.1 million on last year. Total Mobility subsidy revenue was higher than last

year and plan due to NZTA/Government top ups to cover the additional costs of the service.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social/Environmental/Economic	Public transport is well utilised to support community wellbeing	Annual number of public transport users:
		- Number of users per head of (Invercargill City) population - Total number of public transport users.
Social	Public transport supports wellbeing through enabling people to move around the city	Percentage of residents satisfied with quality of bus service.
		Percentage of residents satisfied with price of bus service.

Our Activities – Leisure, Recreation and Wellbeing – Public Transport

How did we measure up?

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Annual number of public transport users	Number of users per head of (Invercargill City) population	New measure	2.5	Achieved	2.7	2024/25: Achieved – 2.7 2023/24: N/A New Measure
	Total number of public transport users	141,837	145,000	Achieved	153,736	2024/25: Achieved – 160,793 (target of 143,000) 2023/24: Achieved – 157,141 2022/23: Achieved – 141,837 2021/22: Not Achieved – 109,471 2020/21: Not Achieved – 145,586
What does it mean: The total number of public transport users is based on bus trips data provided from the Beecard system which is nationally managed by ORC (Otago Regional Council). ORC provides a monthly summary of the trips by transaction types by transaction date (e.g. user types such as adult, child, Super gold etc.) and by peak and off peak periods. Non-trip related transactions such as card balances, adding money to Beecard etc. are excluded. Cost of the trips is also included as some fares are free (e.g. super gold and children) but those trips have funding supplied as annual sums (e.g. super gold) and need to be accounted for within the NZTA system.						
Percentage of residents satisfied with quality of bus service		40%	45%	Achieved ¹	72%	2024/25: Achieved – 55% 2023/24: Not Achieved – 46% (target 70%) 2022/23: Not Achieved – 40% (target 70%) 2021/22: Not Achieved – 55% (target 70%) 2020/21: N/A New Measure
Percentage of residents satisfied with price of bus service		64%	60%	Not Achieved ¹	55%	2024/25: Not Achieved – 57% 2023/24: Not Achieved – 48% (target of 80%) 2022/23: Not Achieved – 64% (target of 80%) 2021/22: Not Achieved – 23% (target of 80%) 2020/21: Not Achieved – 80% (target 82%)
What does it mean: Satisfaction with services is assessed via a Residents survey which is undertaken by an independent provider. Residents of Invercargill District who indicate they use the bus service daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with the service quality and cost. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).						

Our Activities – Leisure, Recreation and Wellbeing – Public Transport

The details

1.Satisfaction with the quality of the bus service and price of the bus service

Intercept surveys conducted with bus users during Quarter Two 2025/2026 indicated improved satisfaction with service quality, likely reflecting the positive impact of the new public transport service and electric bus fleet introduced in late 2025. Satisfaction with fares declined slightly, likely

influenced by the fare increases implemented during the 2025/26 financial year.

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	General renewals	36	-

2. General renewals - No renewal work required for the year.

Elderly Persons Housing

Ngā mātāpuputu whare

The Elderly Persons Housing Activity provides affordable housing for the elderly, in particular those on low fixed incomes that meet the Council's entry criteria. The Council owns 22 complexes providing 222 units in Invercargill and Bluff.

What we have done

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.

The net costs of the activity for the year was (\$0.5) million, lower by \$0.2 million on plan and lower by \$0.4 million on last year. Lower reactive repairs and maintenance was required this year.

During the year, \$2.5 million was spent on capital projects, lower by \$0.5 million on plan and higher by \$1.8 million on last year. The Miller Street stage of the replacement and new build programme was completed during the year providing 6 new units replacing the 4 previously on the site. The Murphy Street roof renewals were deferred to 2026/2027 due to October weather event damage.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Cultural/Social Wellbeing	Elderly persons housing is well utilised to support community wellbeing	Units are occupied 95% of the time
	Council is responsive to the community in order to effectively manage the elderly persons housing	Requests for service are responded to and remedial action in place: - Urgent Requests for service are responded to and remedial action in place: - Non-Urgent
	Council effectively manages the elderly persons housing to provide efficient and effective value	Regular inspections are undertaken

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Units are occupied 95% of the time	98%	95%	Achieved	99%	2024/25: Achieved – 97% 2023/24: Achieved – 96% 2022/23: Achieved – 98% 2021/22: Achieved – 98% 2020/21: N/A – New Measure
What does it mean: The occupation rate for the elderly housing units is calculated utilising data held regarding total number of days available across all units (vacant, unavailable, occupied). The percentage is based on occupied days versus total days occupied, vacant and unavailable.					
Requests for service are responded to and remedial action in place: - Urgent	100% within 24 hours	24 hours	Achieved ¹	100% of RSF responded to and remedial action in	2024/25: Achieved – 100% completed within 24 hours 2023/24: Achieved – 100% completed within 24 hours

Our Activities – Leisure, Recreation and Wellbeing – Elderly Persons Housing

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
				place within 24 hours (average time 25 minutes)	2022/23: Achieved – 100% completed within 24 hours 2021/22: Not Achieved – 80% completed within 24 hours 2020/21: N/A – New Measure
Requests for service are responded to and remedial action in place: - Non-Urgent	99% within 5 working days	5 working days	Not Achieved ²	99% of RFS responded to and remedial action in place within 5 working days	2024/25: Not Achieved – 99% completed within 5 days 2023/24: Not Achieved – 99.8% completed within 5 days (266 of 267) 2022/23: Not Achieved – 99% completed within 5 days 2021/22: Not Achieved – 99% completed within 5 days 2020/21: N/A – New Measure
What does it mean: Urgent services are defined as matters with an emergency or health and safety implication. The percentages are calculated through running a report for all requests for service (complete and incomplete) for elderly housing and for urgent requests assessing whether these were complete within 24 hours and for non-urgent requests whether these were complete within five working days. The percentages for urgent and non-urgent are based on complete within timeframe over all requests complete or incomplete. Non-urgent services are defined as all other requests for service.					
Regular inspections are undertaken	100%	100%	Achieved ³	100%	2024/25: Achieved – 100% 2023/24: N/A - New Measure
What does it mean: Council units are inspected regularly (every 6 months) to check standards, protect quality, and keep living spaces safe.					

The details

1. Requests for service are responded to and remedial action in place: - Urgent

Two urgent requests were received during 2025/2026 both of which were responded to within 24 hours.

2. Requests for service are responded to and remedial action in place: - Non-Urgent

A total of 456 non-urgent requests for service have been received in 2025/2026. One non-urgent request for a

housing application query was responded to within 8 working days (due to Housing Officer on leave), therefore resulting in a missed target.

3. Regular inspections are undertaken

464 inspections have been undertaken during 2024/25.

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Housing - replacement and new build programme	263	2,414
2	Housing - renewals	533	79

- Housing - replacement and new build programme - Planned work for the Miller Street property, deferred from 2024/2025, was completed in 2025/2026.
- Housing - renewals - Some of the planned refit work was completed in 2025/2026 when a property is available. Other renewals has been deferred to 2026/2027.

Corporate and Regulatory Services

Ratonga rangatōpū

Corporate and Regulatory Services include five sub-activities. These are:

- Democratic Process
- Regulatory Services (including Animals Services, Building Services, Compliance, Environmental Health and Resource Management)
- Corporate Services
- Property Services
- Investments

The Corporate and Regulatory Services group of activities cover a range of services and functions Council is required to undertake either because of legislation, or to ensure the responsible, timely and effective delivery of the Council business and activities.

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

What we have done

There are 30 performance measures attributed to Corporate and Regulatory Services, of which 20 were achieved.

Being responsive to the community is a priority for Council. During 2025/26, Council received 23,479 requests for service via various channels. 22,623 of these (97%) were under investigation or responded to within ten working days of being raised. The net costs of the activity for the year was \$19.0 million, up \$5.4 million on last year and higher than plan by \$3.7 million.

During the year \$42.1 million was spent on capital projects, up \$17.4 million on last year and higher than plan by \$6.6 million.

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Our Activities – Corporate and Regulatory Services

Invercargill City Council: Funding impact statement for year ended 30 June 2026 for Corporate and Regulatory Services

	Long-term Plan 2024 - 2034 2024/25 \$ 000	Long-term Plan 2024 - 2034 2025/26 \$ 000	Actual 2025/26 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	19,830	21,525	17,575
Targeted rates	281	306	355
Subsidies and grants for operating purposes	80	81	74
Fees and charges	8,413	8,745	7,249
Internal charges and overheads recovered	232	237	172
Local authorities fuel tax, fines, infringements, fees and other receipts	16,132	16,126	15,049
Total operating funding (A)	44,968	47,020	40,474
Applications of operational funding			
Payment to staff and suppliers	35,037	35,794	41,210
Finance costs	4,913	5,363	4,804
Internal charges and overheads applied	254	263	185
Other operating funding applications	-	-	-
Total applications of operating funding (B)	40,204	41,420	46,199
Surplus (deficit) of operating funding (A - B)	4,764	5,600	(5,725)
Sources of capital funding			
Subsidies and grants for capital expenditure	6,180	-	900
Development and financial contributions	-	-	-
Increase (decrease) in debt	23,939	40,264	47,047
Gross proceeds from sale of assets	2,103	380	538
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	32,222	40,644	48,485
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	26,314	31,206	32,652
- to replace existing assets	9,261	6,172	5,168
Increase (decrease) in reserves	14,399	3,926	2,639
Increase (decrease) in investments	(12,988)	4,940	2,301
Total applications of capital funding (D)	36,986	46,244	42,760
Surplus (deficit) of capital funding (C - D)	(4,764)	(5,600)	5,725
Funding balance ((A - B) + (C - D))	-	-	-

Democratic Process

Mana whakahaere

The Democratic Process Activity ensures that the community has the opportunity to be involved in decision-making and understands how the process works. The Activity also supports elected members and their processes to ensure that decision-making is open, transparent, effective and democratically accountable.

What we have done

Satisfaction with opportunities Council provides for community involvement in decisions making reached 33%. The most significant driver of low satisfaction remains the perception that Council does not listen. More people are satisfied with consultation process and fewer unaware consultation is happening.

Council continues to see strong demand for the Community Wellbeing Fund. A total of 73 activities were supported by the Community Wellbeing Fund, almost twice the set target, despite the fund being reduced by \$100,000 for the financial year.

The net costs of the activity for the year was \$8.1 million, lower by \$0.4 million on plan and in line with last year. Employee expenses were lower than plan due to variances in timing of vacancies.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Cultural/Social Wellbeing	The community is supported to understand and participate in the democratic process	Percentage of residents satisfied with the opportunities Council provides for community involvement in decision making. Voter participation in elections.
Social/Cultural/Environmental/Economic Wellbeing	The community is supported to deliver and participate in events and other activities which enhance wellbeing	Number of activities or events supported by the Community Wellbeing Fund.

Our Activities – Corporate and Regulatory Services – Democratic Process

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Percentage of residents satisfied with the opportunities Council provides for community involvement in decision making	19%	25%	Achieved ¹	33%	2024/25: Achieved – 23% (target of 20%) 2023/24: Not Achieved – 22% (target 50%) 2022/23: Not Achieved - 19% 2021/22: Not Achieved – 18% 2020/21: Achieved - 52%
What does it mean: Satisfaction with opportunities Council provides for community involvement in decision making is assessed via a Residents survey which is undertaken by an independent provider. All residents of Invercargill District who complete the survey can rate their satisfaction with this. The results include those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).					
Voter participation in elections	New measure	10% increase in voter turnout (approximately 2,000 more people to vote)	Not Achieved ²	46.02% voter return (5.77% drop)	2024/25: Achieved – N/A no election 2023/24: N/A New Measure
What does it mean: The measure shows how many eligible voters actually take part in choosing their local representatives. This measure is only be reported if an election or by-election took place that year.					
Number of activities or events supported by the Community Wellbeing Fund	53	40	Achieved	73	2024/25: Achieved – 71 2023/24: Achieved – 68 (target 25) 2022/23: Achieved - 53 2021/22: Achieved - 55 2020/21: N/A – New Measure
What does it mean: This shows the total amount of successful applications (ie. projects, events or operational costs) funded across multiple rounds within the financial year by the Community Wellbeing Fund Sub-Committee. An organisation may apply to the fund more than once per financial year and the final number may also include successful multi-year applications (allocated in a previous period).					

The details

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

Satisfaction increased to 33% in 2025/2026. The results show that the most significant driver of low satisfaction remains the perception that Council does not listen. A number of respondents also indicated limited awareness of consultation opportunities, but a higher proportion praised Council's engagement and communication and considered consultation

opportunities adequate. Targets for the KPI will be reviewed as part of the 2027-2037 Long-term Plan.

2. Voter participation in elections

There has been a 5.77% drop in participation in the 2025 local elections, compared to the 2022 turnout (at 51.79%). This decline will be reviewed and considered as part of planning for the 2028 elections.

Regulatory Services

Ratonga Ture

The key objective of Regulatory Services is the implementation of national legislation in the Invercargill context, while focusing on achieving community wellbeing. The Regulatory Services activity is responsible for the delivery of key legislative requirements relating to building, planning, food and alcohol, environmental health, parking compliance, animal control, environmental health and litter.

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

What we have done

The targets have been missed for building consents granted and Code Compliance Certificates issued, however, performance is similar to 2024/2025 and the activity remained substantially compliant. 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. LIM

volumes remain stable and in line with average monthly volumes from the 2024/2025 period. The Invercargill and wider Southland markets continue to experience strong activity. Council met the 10-working-day statutory timeframe while continuing the digitisation of records to support efficient LIM processing.

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.

The net costs of the activity for the year was \$1.6 million, lower by \$0.5 million on plan and higher by \$0.4 million on last year. Regulatory revenue was higher than planned due to the higher-than-expected number of building consents, LIMs, and alcohol licenses process this year. These were partly offset by lower than planned expenditure due to the Spatial Plan work being delayed until 2026/2027, reduced engineering work required for planning consents, and reduced parking bad debts.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Economic/Social/Environmental Wellbeing	Council is responsive to the community to ensure regulatory processes are effectively managed to support appropriate development and economic activity	Building consents are granted within statutory timeframe. Non-notified resource consents not requiring a hearing are granted within statutory timeframe. Code Compliance Certificates are issued within statutory timeframe. Food premises are registered within 20 working days. Alcohol licences not requiring a hearing are granted within 30 days. Land Information Memorandum (LIM) Reports are issued within 10 working days.
	Regulatory processes are effectively managed to support appropriate development	Percentage of residents satisfied with service received from the Building, Planning and Property Records Department. Percentage of residents satisfied with the building and/or resource consent process.

Our Activities – Corporate and Regulatory Services – Regulatory Services

The District's heritage is valued and preserved

Amount of eligible applications received to support heritage buildings (earthquake strengthening and/or heritage improvements).

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Building consents are granted within statutory timeframe	98%	100% of building consents are granted within statutory timeframe	Not achieved ¹	99% (969 of 981)	2024/25: Not Achieved - 99% (1047 of 1058) 2023/24: Not Achieved - 99% (2327 of 2369) 2022/23: Not Achieved - 98% 2021/22: Not Achieved - 99% 2020/21: Achieved - 100%
What does it mean: The percentage of building consents that are granted within 20 working days. It should be noted that if more information is required by Council, the statutory timeframe clock is paused until such information is received. This is excluded from the calculation. The management of the process (and data) is done via GoGet system.					
Non-notified resource consents not requiring a hearing are granted within statutory timeframe	96%	100% of non-notified resource consents are granted within statutory timeframe	Achieved	100% (189 non-notified consents granted in total)	2024/25: Not Achieved - 94% (169 of 180) 2023/24: Not Achieved - 98% (174 of 177) 2022/23: Not Achieved - 96% 2021/22: Not Achieved - 85% 2020/21: Achieved - 100%
What does it mean: The percentage of non-notified resource consents that are granted within 20 working days. It should be noted that if more information is required by Council, the statutory timeframe clock is paused until such information is received. This is excluded from the calculation. The management of the process (and data) is done via GoGet system.					
Code Compliance Certificates are issued within statutory timeframe	New measure	100% of Code Compliance Certificates are issued within statutory timeframe	Not achieved ²	94% (916 of 968)	2024/25: Not Achieved - 97% (872 of 897) 2023/24: N/A - New Measure
What does it mean: The percentage of Code Compliance Certificates that are issued within 20 working days. It should be noted that if more information is required by Council, the statutory timeframe clock is paused until such information is received. This is excluded from the calculation. The management of the process (and data) is done via GoGet system.					
Food premises are registered within 20 working days	100%	100% of food premises are registered within 20 working days	Not achieved ³	97% (50 of 52)	2024/25: Achieved - 100% (56) 2023/24: Not Achieved - 96% (57 of 59) 2022/23: Achieved - 100% 2021/22: Achieved - 100%

Our Activities – Corporate and Regulatory Services – Regulatory Services

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/21: Achieved – 100%
What does it mean: This measure tracks the percentage of food premises registrations that are processed within 20 working days. Performance is calculated by comparing the number of registrations completed within the required timeframe against the total number of food premises registrations received. All reporting and calculations are based on data recorded in the Council's Pathway system.					
Alcohol licences not requiring a hearing are granted within 30 days	100%	100% of alcohol licences not requiring a hearing are granted within 30 days	Not achieved ⁴	94% (336 of 351)	2024/25: Achieved – 100% (404) 2023/24: Achieved - 100% (338) 2022/23: Achieved – 100% 2021/22: Achieved – 100% 2020/21: Achieved – 100%
What does it mean: This measure tracks the percentage of alcohol licence applications that do not require a hearing and are granted within 30 days. Performance is calculated by comparing the number of eligible alcohol licences issued within the 30-day timeframe against the total number of alcohol licence applications not requiring a hearing. Reporting and calculations are based on data recorded in the Council's Pathway system.					
Land Information Memorandum (LIM) Reports are issued within 10 working days	New measure	100%	Achieved	100% (840)	2024/25: Not Achieved – 86% (714 of 834) 2023/24: N/A – New Measure
What does it mean: This measure tracks the percentage of Land Information Memorandum (LIM) reports that are issued within 10 working days of receiving a complete application. Performance is calculated by comparing the number of LIM reports issued within the statutory 10-working-day timeframe against the total number of LIM applications received.					
Percentage of residents satisfied with service received from the Building, Planning and Property Records Department	New measure	50%	Achieved	62%	2024/25: Achieved –58% 2023/24: N/A – New Measure
What does it mean: Satisfaction with Council services is based on the Residents Survey undertaken by an independent provider. Residents of Invercargill District who indicate they have contacted the Building, Planning and Property Records department in the last 12 months are asked to provide a satisfaction rating for the service received. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).					
Percentage of residents satisfied with the building and/or resource consent process	New Measure	50%	Not achieved ⁵	46%	2024/25: Achieved – 51.5% 2023/24: N/A – New Measure
What does it mean: Residents of Invercargill District who have contacted the Building, Planning and Property Records department in the last 12 months to apply for a building or resource consent, are asked to provide a satisfaction rating for the consenting process (depending on which they applied for), where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating). The final percentage is an average of the satisfaction with the building consent process and the resource consent process.					
Amount of eligible applications received to support heritage buildings (earthquake strengthening and/or heritage improvements)	New measure	Council's Heritage Funds are at least 90% subscribed each financial year	Achieved ⁶	0	2024/25: Achieved – 100% 2023/24: N/A – New Measure
What does it mean: This measure tracks the level of uptake of Council's Heritage Fund by monitoring the value of eligible applications received for heritage building projects, including earthquake strengthening and heritage improvement works. Performance is measured by comparing the total amount of approved or allocated funding by the City Centre Heritage Subcommittee against the annual Heritage Fund budget. Data is sourced from Council records of heritage funding applications and approvals.					

The details

1. Building consents are granted within statutory timeframe (20 working days)

981 building consents have been granted during 2025/2026, with 12 of these granted outside the statutory timeframe. Processing breaches occurred due to workload pressures, human error and system-related issues.

2. Code Compliance Certificates are issued within statutory timeframe (20 working days)

968 Code Compliance certificates have been issued during 2025/2026, with 52 of these being issued outside of the statutory timeframe. Processing breaches occurred due to human error, system issues, capacity constraints and dependencies on linked CCCs.

3. Food premises are registered within 20 working days

A total of 52 licences were issued in 2025/2026. Two breaches were recorded, both resulting from applicants not being ready to proceed within the required timeframe.

4. Alcohol licences not requiring a hearing are granted within 30 days

A total of 351 applications were processed during the year. Fifteen were issued outside the required timeframe due to changes in reporting methods and a legislative change that increased the public objection period from 15 to 25 days.

5. Percentage of residents satisfied with the building and/or resource consent process

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. Council will continue to monitor satisfaction trends to understand changes over time and identify any areas where improvements are possible.

6. Amount of eligible applications received to support heritage buildings (earthquake strengthening and/or heritage improvements)

Council's Heritage Funds have been paused for 2025/2026. There were no eligible applications received.

Corporate Services

Ratonga Rangapū

The Corporate Services Activity encompasses a number of different services and functions that are often considered back office or internal functions. These financial, management and technical areas together enable and support Council to deliver on its public activities. The Corporate Services is fundamental to the provision of Council services to the community and it predominantly provides internal support to the organisation. It enables and supports Council performance and delivery, by providing robust and agile support services throughout the organisation, enabling delivery of services and Council outcomes to the community.

What we have done

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

The net costs of the activity for the year was \$12.9 million, higher by \$4.5 million on plan and lower by \$1.4 million on last year. Variances to plan include timing differences of recovery of internal staffing costs against capital projects and filling staff vacant positions as well as cost efficiencies held in Corporate Services for the whole Council.

During the year \$6.8 million was spent on capital projects, lower by \$0.9 million on plan and in line with last year. During the year the second group of staff were relocated from 101 Esk Street to temporary premises with the remaining staff to be moved in 2026/2027. The Our Council Programme completed the transfer of the Payroll software system.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social/Cultural/Environmental/Economic Wellbeing	Council is responsive to the community in order to manage Council business effectively to support community wellbeing	Percentage of Requests for Service under investigation/ closed within 10 working days of being raised
Social/Economic Wellbeing		Percentage of suppliers who are paid on time
Social/Cultural/Environmental/Economic Wellbeing	Corporate services are reliable and available	Accessible customer service: - Customers are provided with a 24-hour 7 day a week call centre - Invercargill customers are provided with face-to-face customer services - Bluff customers are provided with face-to-face customer services

Our Activities – Corporate and Regulatory Services – Corporate Services

How did we measure up?

Measure		Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Percentage of Requests for Service under investigation/ closed within 10 working days of being raised		New measure	84%	Achieved	97% (22,623 of 23,474)	2024/25: Achieved – 98% (target of 80%) 2023/24: N/A – New Measure
What does it mean: Requests for service across Council are logged within the Council's Request for Service software - Pathways. A report is generated for the appropriate period. The percentage is calculated based on the number of requests dealt with by customer service representatives either closed or under investigation against the total requests within the time period.						
Percentage of suppliers who are paid on time		New measure	90%	Not achieved ¹	85%	2024/25: Achieved – 89% (target of 85%) 2023/24: N/A – New Measure
What does it mean: Council commits to pay invoices on the 20th of the following month following receipt of goods and invoice. The percentage of suppliers paid on time is taken from a report based on dates of key actions logged within the accounting system, Technology One. This number is reported for the annual period as a percentage against the total number of invoices, both paid and unpaid.						
Accessible customer service	Customers are provided with a 24 hour 7 day a week call centre	New measure	99%	Achieved	100%	2024/25: Achieved – 99.99% 2023/24: N/A – New Measure
	Invercargill customers are provided with face to face customer services	New measure	1880 hours per annum	Achieved	1957.22 hours	2024/25: Achieved – 1954.75 hours 2023/24: N/A – New Measure
	Bluff customers are provided with face to face customer services	New measure	2045 hours per annumxx	Not achieved ²	2016.53 hours	2024/25: Achieved – 2051.25 hours 2023/24: N/A – New Measure
What does it mean: Call Centre - The number of hours the call centre was unavailable to receive calls is recorded manually each day. The percentage is calculated by comparing the hours the call centre was available with the total number of hours in the quarter (24 hours per day multiplied by the number of days in the quarter). The year-end result is the average of the four quarterly results. Face to face customer services - The total service hours for Te Hinaki Civic Administration Building in Invercargill and Bluff Service Centre are based on their regular opening hours, excluding public holidays and Council-approved closures. Any service interruptions are recorded manually and deducted from the total service hours for each quarter.						

The detail

1. Percentage of suppliers who are paid on time

While the year-end result was below target, performance improved in the second half of the year. The target was not achieved and the result was lower than the previous year, primarily due to technology challenges and resourcing constraints within the Processing Team. The team is now fully staffed, and performance is expected to improve in the coming year.

2. Bluff customers are provided with face-to-face customer services

Bluff customers have been provided with consistent face to face customer services in the Bluff Service Centre. However, during quarter two, the number of hours the service centre was open 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.

Our Activities – Corporate and Regulatory Services – Corporate Services

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Roadmap Programme Contingency	1,053	-
2	IT - Hardware	328	401
3	Our Council (Business Enhancement) Programme	3,510	(5,938)
4	Relocation of staff and Chambers from 101 Esk Street	-	1,741
5	Motor vehicles and plant renewals	658	290

1. Roadmap Programme Contingency - Incorporated in Roadmap projects
2. IT - Hardware - Planned work completed.
3. Our Council (Business Enhancement) Programme - Planned works continue to progress with some deferred work from previous years completed.

4. Relocation of staff and Chambers from 101 Esk Street - Project work brought forward from 2027/2028 with stage two completed of relocation of the second group of staff out of the 101 Esk Street building.
5. Motor vehicles and plant renewals - Planned works completed with balance transferred to Venues and Events Services activity for plant renewals.

Property Services

Ratonga Hangatanga

The Property Services Activity underpins many Council activities by providing the land and buildings needed. The Activity acts as the “owner” of Council’s property and manages the community owned and publicly used facilities of Council for the benefit of Invercargill residents and ratepayers and visitors to the city. The Property Services Activity manages and maintains a portfolio of building assets including public, commercial, residential and parks operational buildings and leases. It also manages and operates public toilets for use by the community and visitors to our city and parks. It ensures that the buildings are designed, constructed, developed and maintained for their specific purpose throughout their life-cycle.

What we have done

Five of seven Property Services targets were achieved. Satisfaction with public toilets increased on 2024/2025 to 54% (compared to 36%) but did not hit the 60% target. For the second year in a row, availability of public toilets continues 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.

The net costs of the activity for the year was \$6.2 million, higher by \$0.6 million on plan and higher by \$1.6 million on

last year. Operating lease costs have commenced during the year which are associated with the temporary premises staff have been relocated to from 101 Esk Street. Finance costs associated with the Te Unua capital project have increase as construction continues.

During the year \$35 million was spent on capital projects, lower by \$12.1 million on plan and higher by \$17.4 million on last year. The construction on the Te Unua Museum of Southland building structure continued during the year with construction expected to be completed and fit out commencing in 2026/2027. Changing rooms work at Splash Palace and Bluff Service Centre renewals are now expected to be completed in 2026/2027.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Social	Council is responsive to the community to ensure effective management of property to support community wellbeing	Requests for service are responded to and remedial action in place: - Emergency - H&S related requests.
		Requests for service are responded to and remedial action in place: - Non-Urgent routine requests.
Social	Property is effectively managed to provide safe appropriate spaces for the community	All buildings have a current Building Warrant of Fitness.
		Condition assessments are not older than 5 years old (of agreed buildings).
Social/Environmental	Property is reliable and available to the community	Percentage of residents satisfied with public toilet facilities in Invercargill District
		Asbestos Management Plans are reviewed and updated so they are not older than 5 years.
Social	Property is reliable and available to the community	Public toilets are operational 95% of open hours (which is 24 hours per day)

Our Activities – Corporate and Regulatory Services – Investments

How did we measure up?

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Requests for service are responded to and remedial action in place: - Emergency - H&S related requests.	New measure	24 hours	Achieved	100% of RSF responded to and remedial action in place within 24 hours (four RFS)	2024/25: Achieved – 100% (average time 7 hours) 2023/24: N/A - New Measure
What does it mean: Urgent requests for service are defined as those which are assessed as having a health and safety or emergency response implication and need a response and remedial action to be in place within 24 hours. These are calculated by drawing down the data log of all requests received via calls, emails, service app or any other mechanism, from the software which stores requests for service. The result is the percentage of the total property, urgent requests which are responded to within a 24 period.					
Requests for service are responded to and remedial action in place: - Non-Urgent routine requests	New measure	5 working days	Achieved	100% of RSF responded to and remedial action in place within 5 working days (109 RFS)	2024/25: Achieved – 100% Average time 1 day) 2023/24: N/A - New Measure
What does it mean: Non-urgent requests are those which do not have an emergency and health and safety implication (including routine maintenance requests) and are assessed as complete if appropriate remedial action is in place within five working days. Completion rates are the numbers of property, non-urgent requests complete within 5 working days, expressed as a percentage of the total.					
All buildings have a current Building Warrant of Fitness	New measure	100%	Achieved	100%	2024/25: Achieved – 100% 2023/24: N/A - New Measure
What does it mean: A Building Warrant of Fitness is an annual certificate that confirms a building's safety systems have been inspected, maintained, and are working properly. Council engages the services of an external contractor to monitor this and ensure compliance. The percentage is calculated by comparing the number of buildings with a current BWOF against the total number of buildings that require one.					
Condition assessments are not older than 5 years old (of agreed buildings)	New measure	80%	Achieved	100%	2024/25: Achieved – 100% 2023/24: N/A - New Measure
What does it mean: A condition assessment is an inspection of a building to evaluate its overall condition and identify any maintenance, repair, or renewal work that may be needed. Council maintains a database of agreed buildings which require a condition assessment every five years. The percentage is calculated by comparing the number of buildings with a current condition assessment against the total number of buildings that require one.					
Asbestos Management Plans are reviewed and updated so they are not older than 5 years.	New measure	80%	Achieved	100%	2024/25: Achieved – 92% 2023/24: N/A - New Measure
What does it mean: An Asbestos Management Plan is a document that records where asbestos is located and explains how it will be safely managed. Council maintains a database of buildings which require an Asbestos Management Plan. The percentage is calculated by comparing the number of buildings with a current plan against the total number of buildings that require one.					
Percentage of residents satisfied with public toilet facilities in Invercargill District	New measure	60%	Not Achieved ¹	54%	2024/25: Not Achieved – 36% 2023/24: N/A - New Measure
What does it mean: Satisfaction for Council services is assessed via the Residents Survey undertaken by an independent provider. Residents of Invercargill District who indicate they use a public toilet daily, weekly, fortnightly, monthly, once every 2-3 months or at least once a year are asked to rate their satisfaction with public toilets in the District. They can rate their satisfaction from 1 to 5, where 1 is 'least satisfied' and 5 is the 'most satisfied'. The final percentage of residents satisfied reported for this measure includes those who provided a satisfaction score of 4 or 5 (as a percentage of all who have provided a satisfaction rating).					
Public toilets are operational 95% of open hours (which is 24 hours per day)	95%	95%	Not Achieved ²	89%	2024/25: Not Achieved – 91% 2023/24: Achieved – 97% 2022/23: Achieved – 95% 2021/22: achieved – 95%

Our Activities – Corporate and Regulatory Services – Investments

Measure	Baseline 2022/2023	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
					2020/21: Achieved – 95%
What does it mean: This KPI measures how often fully automated public toilets are available for use over a full 24-hour day. It means that, across all scheduled operating hours (which are 24 hours per day), the toilets should be open and functioning at least 95% of the time.					

The details

1. Percentage of residents satisfied with public toilet facilities in Invercargill District

Satisfaction reached 54%, up from 36% in 2024/2025. This is a significant jump and Council continues to monitor performance closely. During Quarter Four of 2025/2026, posters with QR codes were placed at 12 public toilet locations across the city. These encouraged users to complete the survey and provided information on how to log a service request if needed.

2. Public toilets are operational 95% of open hours (which is 24 hours per day)

The target is difficult to meet as when one or more toilets are closed, then the target is considered failed. During Quarter One, Don Street Exeloo was locked down for a period of time due to some refurbishment to flooring upstand. All toilets in parks and reserves were closed post-October storm event with some not opening until mid-December 2025.

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Te Unua - Main building (Roadmap)	24,101	30,974
2	Te Unua - Experience building (Roadmap)	6,000	3,604
3	Southland Aquatic Centre building - Internal wall modifications renewals	-	112
4	Southland Aquatic Centre building - Changing rooms renewals	-	120
5	Southland Aquatic Centre building - Non slip flooring renewals	224	121
6	Scoping of Art Precinct	-	20
7	Bluff Service Centre building - General renewals	-	141
8	Civic Administration building - Redevelopment	224	-
9	Civic Administration building - General renewals	627	-
10	Civic Theatre building - Ceiling assessment	18	5
11	Dog Pound building - Fencing and gate system improvements	53	9
13	Crematorium building - General renewals	-	65
14	Parks buildings - General renewals	179	21
15	Public Toilets - Stirling Point	-	47
16	Public Toilets - Bluff Service Centre	-	262
17	Public Toilets - Greenpoint	179	-
18	Public Toilets - General renewals	224	8

Our Activities – Corporate and Regulatory Services – Investments

Notes 1 and 2 - 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.

- 3 Southland Aquatic Centre building - Internal wall modifications renewals - Planned work deferred from 2024/2025 was completed in 2025/2026.
- 4 Southland Aquatic Centre building - Changing rooms renewals - Planned work deferred from 2024/2025 to 2025/2026, to be completed in 2026/2027.
- 5 Southland Aquatic Centre building - Non slip flooring renewals - Planned work was completed in 2026/2027.
- 6 Scoping of Art Precinct - Scoping work for an Art Precinct was completed in 2025/2026.
- 7 Bluff Service Centre building - General renewals - Planned work deferred from 2024/2025 was completed in 2025/2026.
- 8 Civic Administration building - Redevelopment - Project work was placed on hold to allow a

reassessment to take place on the future of the building.

- 9 Civic Administration building - General renewals - No reactive renewals were required in 2025/2026.
11. Dog Pound building - Fencing and gate system improvements - Planned work has been deferred to commence in 2026/2027.
12. Crematorium building - General renewals - Planned work deferred from 2024/2025 currently has the design phase underway with construction to commence in 2026/2027.
13. Parks buildings - General renewals - Planned work has been deferred so a reassessment can take place.
14. Public Toilets - Stirling Point - Planned work deferred from 2024/2025 was completed in 2025/2026.
15. Public Toilets - Bluff Service Centre - Planned work deferred from 2024/2025 was completed in 2025/2026.
16. Public Toilets - Greenpoint - Council has made the decision not to proceed with this project.
17. Public Toilets - General renewals - Lower than plan level of reactive renewals was required in 2025/2026.

Investments

Ngā mahi haumi

The Investment Activity includes all of the investing activities of Council. These investments are comprised of Invercargill City Holdings Limited, financial investments in term deposits and property investments. The Investment Activity portfolio supports appropriate commercial and economic development in the Invercargill District.

What we have done

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.

The net costs of the activity for the year was (\$9.7 million), lower by \$0.5 million on plan and higher by \$5 million on last

year. Two dividends were received from Invercargill City Holdings Limited this year, whereas three were received in the previous year.

There was minimal expenditure on capital this year.

What we agreed with the Community

Community Outcome	Level of Service	Measure
Economic/Social Wellbeing	Investment property is well utilised in order to deliver returns to the community	Occupancy levels are greater than 95%. Total Gross Income over Total Asset Value: • Total portfolio • Portfolio excluding Strategic, Development and Vacant land
Economic Wellbeing	Investment property is effectively managed in order to deliver returns to the community	Net rate of return is greater than Council's planned cash deposit rate for the portfolio excluding Strategic, Development and Vacant land. Net interest income is higher than budgeted. Dividend income is in line with budget.

Our Activities – Corporate and Regulatory Services – Investments

How did we measure up?

Measure		Baseline 2023/2024	Target 2025/2026	Achieved	Result 2025/2026	Prior Years
Investment Property						
Occupancy levels are greater than 95%		New measure	>95%	Achieved	100%	2024/25: Achieved - 98% 2023/24: N/A – New Measure
What does it mean: More than 95% of the commercial properties held by Council are occupied – this can be leased to a tenant or not available to be rented. Calculation is based on 26 commercial properties.						
Total Gross Income over Total Asset Value	Total portfolio	New measure	4%	Achieved	5.54%	2024/25: Achieved – 5.71% 2023/24: N/A – New Measure
	Portfolio excluding Strategic, Development and Vacant land	New measure	5%	Achieved	5.90%	2024/25: Achieved – 6.02% 2023/24: N/A – New Measure
What does it mean: Council's investment property portfolio is made up of endowment land and buildings, strategic land and buildings, commercial (trading) land and buildings and vacant land. The endowment property portfolio consists of commercial leases, industrial leases, strategic leases and residential leases. The majority of Council's endowment property is leased by way of perpetual 21 year ground leases with rental reviews of either five yearly, seven yearly or upon renewal. Council's strategic property includes land and buildings which were purchased for the strategic development of Invercargill either for the purposes of encouraging industrial growth, such as Awarua, or for development of public facilities. The majority of strategic property has no rental return either because the buildings are vacant and uninhabitable or of a community nature and have a peppercorn rental. Council holds a small commercial (trading) property portfolio and rentals are at market rate with regular rent reviews. The percentages are calculated by dividing the total projected rental revenue by the value of the portfolio (either including or excluding strategic, development and vacant land). Data for these measures comes from Council's TechnologyOne enterprise software.						
Net rate of return is greater than Council's planned cash deposit rate for the portfolio excluding Strategic, Development and Vacant land		New measure	> planned cash deposit rate 3.5%	Achieved	4.76%	2024/25: Achieved – 5.23% 2023/24: N/A – New Measure
What does it mean: The measure is based on commercial properties and endowment land providing a return to council which is higher than the planned cash deposit rate of 3.5%. The formula utilised is net return (which is total income minus total expenditure) divided by the value of endowment and commercial properties, with assets being revalued annually. Data for this measure comes from Council's TechnologyOne enterprise software.						
Other Investments						
Net interest income is higher than budgeted		New measure	> Budget	Achieved	101% \$13,709	2024/25: Not Achieved - (\$148,952) 2023/24: N/A – New Measure
What does it mean: This measure is based on the interest income Council earns from term deposits. Council's current investment is approximately \$25 million and interest income is budgeted at a rate of 3.5%. Council also earns interest from the loan it has provided to Invercargill Central Limited. Part of this loan is fixed, and part increases when market rates rise						
Dividend income is in line with budget		New measure	= Budget	Achieved	0	2024/25: Achieved – +\$5,000,000 2023/24: N/A – New Measure
What does it mean: Dividend income is the share of profits that Invercargill City Holdings Limited pays Council as its shareholder. This includes the regular annual dividend of around \$5.5 million as well as the special dividend of \$4 million per year from the sale of investments.						

Significant Capital Works Projects

Note	Project	2025/26 Long-term Plan (\$000)	2025/26 Actual (\$000)
1	Awarua Historic Precinct building renewal	-	252

1. Awarua Historic Precinct building renewal - Planned work deferred from 2024/2025 was completed in 2025/2026.

Our Activities – Support for External Organisations

Support for External Organisations

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

Note	Support for External Organisations	Long-term Plan Community outcome	Contribution towards outcomes	Allocated level of financial support 2025/2026 \$000	Actual level of financial support 2025/2026 \$000
1	Active Southland – Spaces and Places Strategy	Social/Cultural/Economic/ Environmental Wellbeing	The goal of the Strategy is to enhance sports facilities, promote active lifestyles, and foster community wellbeing through collaboration across council boundaries and leveraging pooled funding resources.	42	42
2	Bluff Indoor Pool Trust	Social Wellbeing	The Bluff Pool facility is a valuable resource for physical activity and recreation for all Bluff residents and it also provides facilities for the Bluff Primary School and St Theresa's Primary School's swimming curriculum.	120 + LGCI (132)	132
3	Bluff Maritime Museum Trust (Council Controlled Organisation)	Cultural/Social Wellbeing	Bluff Maritime Museum contains an extensive collection of Bluff's fascinating maritime heritage.	35	35
4	Emergency Management Southland	Social/Economic/ Environmental Wellbeing	Established by the four Councils, Emergency Management Southland is responsible for the delivery of Civil Defence and Emergency Management responses throughout this region.	485	467
5	Environment Southland for EnviroSchools Programme (environmental education)	Social/Environmental Wellbeing	EnviroSchools is a national network of change-makers empowering children and young people. EnviroSchools deliver a facilitated programme and work with teachers and individual schools to achieve sustainability goals relevant to them.	7.5	7.5
6	Southland Regional Development Agency Limited t/a Great South (Council Controlled Organisation)	Economic/Social/ Environmental Wellbeing	Committed to driving economic, social, and cultural growth, Great South has a clear mandate to leverage opportunities for Southland in the areas of economic development, business development services, tourism and events.	1,951	1,951
7	Invercargill Public Art Gallery (IPAG) Trust	Cultural/Social Wellbeing	IPAG operate and care for the fine art collection, as well as implement a full calendar of exhibitions and accompanying public programming at He Waka Tuia.	613	613
8	Invercargill Community Connections Charitable Trust (IC2 Trust) – Saving Grace Project	Social Wellbeing	The Invercargill Community Connections Charitable Trust is fundraising to develop a facility that will provide a range of courses, activities, events and services, under the framework of the Haurora model of health and wellbeing that help and assist people of all ethnicities, ages, abilities and genders to grow, feel at home and be their best mentally, physically, socially and with purpose for their lives.	200	200
9	South Invercargill Urban Rejuvenation Charitable Trust – South Alive	Social/Cultural/Environmental/ Economic Wellbeing	South Alive is an urban rejuvenation project, led by the community, with the goal of identifying the best possible future for South Invercargill and ways to make it happen.	25	25
10	Southland Indoor Leisure Centre Charitable Trust (SILCCT)	Social/Cultural Wellbeing	SILCCT maintains the ILT Stadium Southland and the Velodrome to a world-class standard. This facility has provided and will continue to provide significant sporting, cultural, educational, art and	700	700

Our Activities – Support for External Organisations

Note	Support for External Organisations	Long-term Plan Community outcome	Contribution towards outcomes	Allocated level of financial support 2025/2026 \$000	Actual level of financial support 2025/2026 \$000
			entertainment opportunities that add to the health and wellbeing of Invercargill residents.		
11	Southland Youth One Stop Shop Trust	Social wellbeing	Southland Youth One Stop Shop support rangatahi in Murihiku Southland by providing free health and social services for rangatahi aged 10-24.	27 + CPI (34.5)	34.6

Notes

1 Active Southland – Spaces and Places Strategy

Active Southland coordinates the Spaces and Places Strategy for the region. During 2025/2026, the Southland Spaces and Places Advisory Group continued to provide a well-coordinated regional approach, fostering strong stakeholder collaboration and open information sharing across Southland. During 2025/26, eight advisory group meetings were held. Supporting this work, the Spaces and Places Lead engaged with more than 50 stakeholders through 145 meetings, providing valuable insights that inform regional planning, decision-making, and the ongoing development of spaces and places initiatives throughout Southland. Invercargill District -specific organisations and projects include The Waverley Hub, Invercargill Gymnastics, Pirates Old Boys, Southland Softball, South Alive, The Y South, Invercargill Netball, ILT Stadium Southland, Queens Park Golf and Invercargill Athletics.

Active Southland continued to maintain and promote the use of Sport New Zealand's National Facilities Planning Tool, ensuring up-to-date information on sport and recreation facilities across Southland to support planning and decision-making. In late 2025, Active Southland hosted ReVision Youth Audits training, with six Southland rangatahi participating, including five from Invercargill. Five youth-led facility audits will be undertaken across Southland, including assessments of ILT Stadium Southland, South Alive, and Number 10 Youth One Stop Shop in Invercargill. The audits will provide valuable insights and ensure youth perspectives are incorporated into future facility planning and improvements, helping create more youth-friendly spaces and active environments.

The funding was allocated to operational expenditure, and overall, spending remained in line with the budget.

2 Bluff Indoor Pool Trust

Funding was utilised to enable the Bluff pool to operate. The Bluff Community Pool continues to be strongly supported by the local community, with growing membership and increased usage, particularly among families and adults aged 40+ participating in fitness and recreational activities. Bluff Pool was open between October 2025 and April 2026, with participation reaching 1371 public sessions, approximately 2800 student entries relating to school swimming and 400 swim club entries. While overall participation remains strong, attracting more young adults aged 18-30 and reversing declining membership in the Bluff Swim Club remain key areas of focus.

The next stage of maintenance upgrades is underway, with the pool's water circulation pipework being enlarged to meet current recirculation standards. A new liner is also being installed in the pool tank to improve the facility's long-term performance and durability. Funding for the project has been fully secured.

The cost to deliver the service in 2025/2026 was \$98,000. The Trust recorded a surplus this year, mainly due to successful fundraising activities and reduced energy costs following the completion of the pool heating upgrade. However, the Trust continues to face significant cost pressures. Insurance costs have increased substantially and the expiry of the current five-year fixed-price electricity contract is expected to result in a significant increase in future operating costs.

3 Bluff Maritime Museum Trust

Council contributed \$20,000 towards the operating costs of the Bluff Maritime Museum, and during the financial year, an additional \$15,000 was confirmed to cover a shortfall in operational expenditure due to removal of Regional Heritage Funding. 3,534 people visited the Museum during 2025/2026.

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

4 Emergency Management Southland

The 2025/2026 year was one of the busiest operational periods for EMS in recent years. The most significant event was the October 2025 windstorm, which resulted in a State of Local Emergency and activation of the Emergency Coordination Centre (ECC) from 23 October to 12 November. The response involved 159 council staff, five EMS staff, 28 surge staff from around NZ,

Our Activities – Support for External Organisations

and a range of partner agencies. A major achievement during the year was the completion and adoption of the revised Southland Civil Defence Emergency Management (CDEM) Group Plan. The Plan was approved by the Southland CDEM Group Joint Committee and the Minister for Emergency Management and Recovery in May 2026, providing the framework for emergency management across Southland for the next five years.

Community engagement remained a key focus. EMS delivered public presentations, workshops, and preparedness activities throughout the year and visited 17 schools with the Earthquake Simulator Programme. The annual Southland region Community Preparedness Survey showed 46% up from 45% participants had an Emergency Plan and this will remain a focus for future community education initiatives.

5 Enviroschools

The annual funding amount was utilised to support more than 30 schools and 24 early learning centres through facilitator-led workshops, project planning, funding assistance, leadership opportunities, and environmental education initiatives (20 of these being within the Invercargill District boundary). The programme delivered or supported close to 20 workshops, events, and community activities, engaging more than 1,000 tamariki and rangatahi in meaningful, hands-on learning experiences. From stream studies and wetland investigations to native planting, waste minimisation, and food resilience projects, students have developed the knowledge, skills, and confidence to become active kaitiaki of their local environments. A key strength of the Enviroschools programme is its ability to connect schools with their wider communities. Throughout the year, students worked alongside iwi, environmental organisations, councils, community groups, and local experts to address real environmental challenges and contribute to meaningful community projects.

6 Southland Regional Development Agency Limited t/a Great South

Pages **XXX** provides further information.

7 Invercargill Public Art Gallery

During 2025/2026, 24,104 people utilised the services provided by He Waka Tuia and 74 events were held onsite and 28 offsite, including artist talks, exhibition activations, school programmes and community events. These opportunities supported participation across a wide range of ages, background and abilities, helping to ensure the gallery remained a welcoming and inclusive space for all.

The funding was allocated to operational expenditure, and overall, spending remained in line with the budget. A further \$100,000 was available for the activity from the previous financial year to be utilised towards an outreach curator, digitisation and access project and content development for an Inner-City Art & Heritage Walking Tour. \$44,000 has been utilised during 2025/2026 towards the employment of an outreach curator. The walking tour project research has been delayed due to the storm event in October 2025 restricting park access. The balance will be utilised in 2026/2027 to continue the outreach curator role, and further the digitisation and access project and content development for an Inner-City Art & Heritage Walking Tour.

8 Invercargill Community Connections Charitable Trust – Saving Grace Project

The Saving Grace Project's purpose is to build an 800m² purpose-built community hub in south Invercargill, based on the results of a feasibility study completed in 2020. Stage 1 of the project, which included demolition and rebuild of the middle building, as well as strengthening and levelling work has been progressed and will be finalised in September 2026. Stage 1 has been extended to include the Youth Technology Hub and also a meeting room. Stage 2 consists of the inside fitout and is expected to begin in July 2026 and be completed by the end of the calendar year, with the hub open in early 2027 (subject to all construction funds being secured). The grant allocated in 2025/2026 has been spent on construction related costs.

9 Southland Invercargill Urban Rejuvenation Charitable Trust - South Alive

During 2025/2026 South Alive was supported by approximately 105 regular and active volunteers. The organisation hosted around 25 regular community groups that met regularly within its community facilities, in addition to numerous one-off bookings. Over 40 events and workshops were held, including craft swaps, school holiday events, youth concerts and large-scale annual events such as Children's Day and the Deck the Pod Christmas Party.

Following the closure of The Pantry café and retail store at the end of 2025, South Alive undertook extensive community consultation to determine the future use of the space. In response to community feedback, a three-month trial of a streamlined café with reduced operating hours was introduced, alongside expanded opportunities for community use and hire of the facility. The café is now operated directly by South Alive, and its success will be evaluated based on both community outcomes and financial sustainability.

The wider Pod precinct, including community rooms, gardens, playground facilities, stage, and basketball court, continues to provide valuable spaces for community connection and activities. A significant achievement during the year was securing a 30-year lease with Council for the community park, providing long-term certainty for this important community asset.

Our Activities – Support for External Organisations

10 Southland Indoor Leisure Centre Trust (SILCCT)

ILT Stadium Southland is regularly used by the Invercargill community for recreational, sporting, cultural, corporate and entertainment purposes. Over 555,000 visitors were recorded through digital counters, and this includes every day users, training and community access. Of the total number of visitors, 136,000 attended major events with 51,000 attending Mīharo Murihiku Polyfest alone and 9,000 attending Southland Multicultural Food Festival. Over 60 events were held, 250 training sessions, 63 birthday parties, 60 Adventure Park activations and nine school holiday programmes.

Approximately \$287,000 was utilised to fund maintenance of Stadium Southland. The remainder of the \$700,000 allocated was utilised for supporting the operation of the Stadium.

11 Southland One Stop Shop Trust

The funding was utilised to pay for the rent of their premises under an agreement which continues to 2027/2028. The funding allows the organisation to provide free wrap-around services for rangatahi – health (nurse and doctor clinics) and social services (mentoring and groups), free clothing, rainbow rangatahi support and counselling.

825 individual clients attended 3194 medical appointments, 188 individual clients attended 1564 mentoring/advocacy appointments, and 52 individual clients attended 301 wellbeing appointment and 83 individual clients attended 6 youth development groups.

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Our Activities – Support for External Organisations

Community funds

Fund	Amount available 2025/2026 \$000	Amount allocated 2025/2026 \$000
Community Wellbeing Fund	465	495
Seismic Strengthening Fund	0	45

The Community Wellbeing Fund

The Community Wellbeing Fund remains popular with community groups and organisations applying for funding for their projects, events or operational costs and 28% of these were new organisations who had not applied to the fund previously. Funding support has been given to a diverse range of applications across many sectors of the community.

The Fund had a reduced pool of available funds for the 2025/2026 financial year, being \$465,000. Total allocations made to successful applications equalled \$495,906, which included \$30,907 of returned grants added to the pool to be redistributed by the Fund Subcommittee. As at financial year end, \$124,800 had been uplifted by ten organisations with multiyear funding agreements allocated during previous financial years. \$371,106 was allocated to new applications.

83 applications were received with 63 successfully allocated funding in addition to the ten multiyear allocations mentioned above. This compares to 62 projects funded in 2024/25 through the Community Wellbeing Fund.

As in previous years, social wellbeing remains the focus of most applications:

- 100% of applications supported contained an element of social wellbeing.
- 71% of applications supported had some focus on cultural wellbeing.
- 40% of applications supported assisted in creating a vibrant city centre.
- 27% of applications supported economic wellbeing.
- 29% of applications supported promoted an element of environmental wellbeing.

Note: this data does not include the multiyear grants uplifted

The breakdown below gives a high-level overview of the types of projects funded:

- 26 allocations were made to events, comparable to the 25 funded in the previous year.
- 40 grants made were for operational costs, 2 for capital projects or items and 5 for one off projects
- 7 projects supported rangatahi/young people in Invercargill and Bluff, similar to the 8 youth related activities funded last financial year.
- 14 projects were arts centric, 11 with a focus on culture and an additional 2 were related to heritage.
- 6 projects had an active/sports focus.
- 12% applications were from Māori organisations; 48% identified as NZ European; 30% said they were Multi-ethnic.
- 100% of cultural application requests were funded, up from 90% support given in 2024/25.
- 13 applications were supported that included engagement with Bluff residents.

Note: this data does include multiyear grants uplifted in the 2025/26 year.

It should be noted that projects could cover more than one sector, therefore the numbers above reflect the totals across all sectors, not the number of applications.

Council's Heritage Funding

Council's Built Heritage fund was paused in 2025/2026 and no applications were received. The \$45,000 that was issued was funding committed in the previous financial year (2024/2025).

Council Controlled Organisations

Ngā rōpū a te kaunihera

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

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

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

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

The following Council Controlled Organisations are included in this section:

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

Council Controlled Organisations

Invercargill City Holdings Ltd

www.ichl.co.nz

Invercargill City Holdings Limited (ICHL) supports Invercargill City Council's economic wellbeing outcome by ensuring the trading companies are operating efficiently to provide maximum returns, made as a dividend, back to ratepayers of Invercargill. Section 59 of the Local Government Act 2002 sets out the principal objectives of Council Controlled Organisations.

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.
- To ensure that ICHL and its subsidiaries activities and strategy are aligned with the strategic objectives agreed with ICC.
- To ensure that the strategic investments of ICHL are managed in a manner that optimises returns to its shareholder while achieving the desired strategic objectives associated with those investments.
- To ensure that the commercial investments of ICHL provide returns to its shareholder ICC that are sustainable and consistent with the agreed objectives and risk appetite of ICHL.
- To ensure that any projects or investments where ICHL has been requested by its shareholder, ICC, to either undertake or supervise those projects or investments they are undertaken in a commercially prudent manner to achieve the strategic outcomes of those projects or investments agreed with ICC.
- To keep 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 rigorous health and safety management and reporting within the group.
- To ensure that regular reporting of results occurs to ICC.
- To act generally as a responsible corporate citizen.

There was no proposal to change the ownership or control of ICHL in 2025/2026.

ICHL has the following investments:

Companies	Description
Electricity Invercargill Limited (100%)	Operate a successful electricity distribution network and metering service in the Invercargill and Bluff areas Invest in the infrastructure, electrical and energy sectors.
Invercargill Airport Limited (97.47%)	Provision of airport services at the Invercargill Airport.
Invercargill Central Limited (47.78%)	Invercargill Central Limited owns the Invercargill Central shopping centre.
HWCP Management Limited (49.9%)	HWCP Management Limited owns a block of land in the inner city.

During the financial year, ICHL provided a dividend of \$9.577 million to Council.

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

The ICHL group Annual Report is available on its website.

The 2025/2026 Statement of Intent had the following key performance measure.

Council Controlled Organisations

Financial Performance Targets – Rate of return on equity funds	2025/2026 Target	2025/2026 Result
Invercargill City Holdings Limited - % After Tax	4.23%	2025/26: 5.92% 2024/25: 19.32% 2023/24: 11.56% 2022/23: 3.6% 2021/22: -27.57% 2020/21: 2.65%

ICHL has a range of other performance measures which can be seen in full in the ICHL Annual Report on page 45 and 46.

Highlights include:

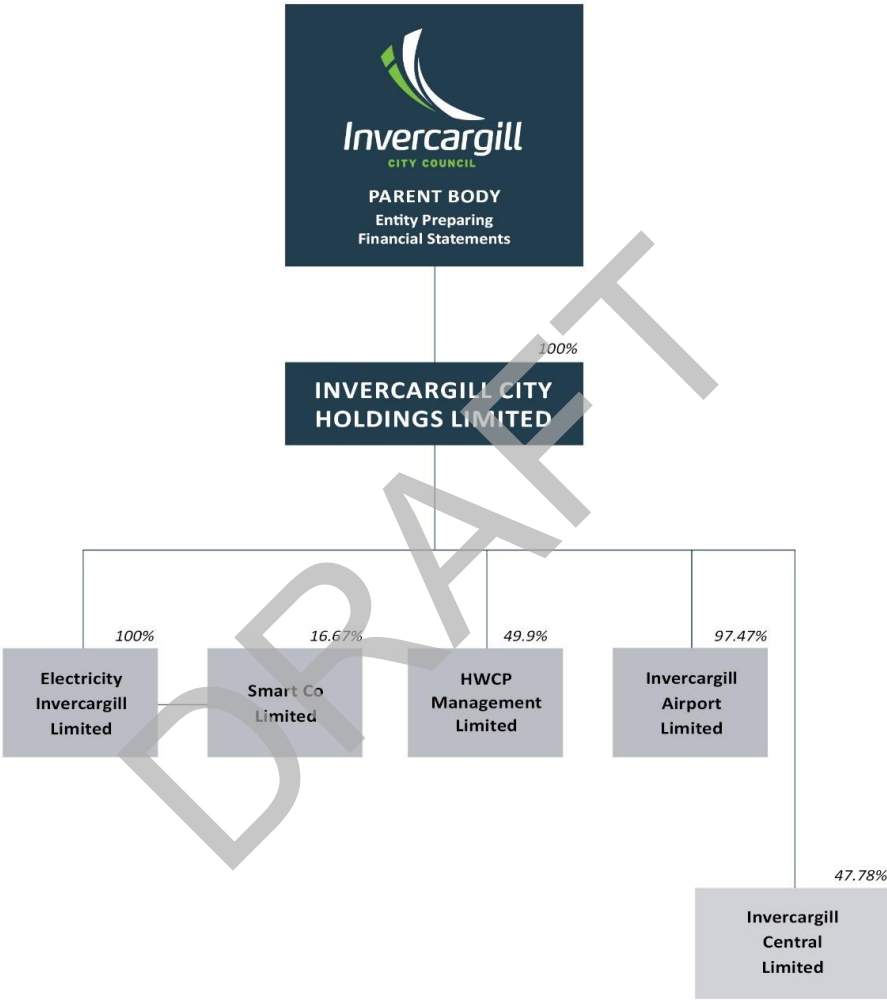
	Group 2026 Target \$000	Group 2026 Actual \$000	Group 2025 Actual \$000
Group net profit (Loss) after tax	7,197	9,889	31,279
Dividend to Invercargill City Council	9,577	9,577	14,457
Shareholder Funds to total assets	76.44%	79.67%	82.64%

Health and Safety

	Group 2026 Target	Group 2026 Achievement	Group 2025 Achievement
Total recordable injury rate	1.3	0.0	4.0

Group Structure

for Invercargill City Holdings Ltd



Notes:
1. Invercargill Property Limited amalgamated with Invercargill City Holdings on 03 July 2024.

Electricity Invercargill Limited (EIL)

EIL owns and operates the electricity network in Invercargill which includes 663km of predominantly underground cables. The Company is a wholly owned subsidiary of ICHL

The Group divested of its interests in Pylon Limited and its associated entities on 29 November 2024.

Key Performance Indicators

The below tables include EIL's key performance indicators and results for 2025/26:

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:			
	SAIDI	Target 2026	Actual 2026	Previous results
	Planned	16.00	13.49	2024/25: 15.73 2023/24: 13.82
	Unplanned	13.60	25.92	2024/25: 20.98 2023/24: 17.80
	System Average Interruption Frequency Index (SAIFI) The average number of times each customer connected to the network is without supply:			
	SAIFI	Target 2026	Actual 2026	Previous results
	Planned	0.08	0.08	2024/25: 0.09 2023/24: 0.09
	Unplanned	0.29	0.42	2024/25: 0.35 2023/24: 0.30
Health and safety	PowerNet is contracted to EIL to manage operations. EIL as a joint PCBU with PowerNet will monitor PowerNet health and Safety Performance targets. Total Recordable Injury Frequency Rate Contractor Targets (TRIFR)			
	TRIFR	Target 2026	Actual 2026	Previous results
		3.1	0.0	2024/25: 4.0 2023/24: 1.0

Council Controlled Organisations

Invercargill Airport Limited (IAL)

IAL provides all airport related services for Invercargill and is the gateway to the City and the wider Southland region.

IAL is 97.47% owned by Invercargill City Holdings Limited and the other 2.53% shareholders are the four local Rūnanga.

Key Performance Indicators

The below tables include IAL's key performance indicators:

Objective	Performance target	
	Target 2026	Actual 2026
Safety	Zero lost time injuries for staff.	0.0
	Reduce bird strikes to aircraft to below 2 per quarter	Achieved
	Priority 1 (P1) safety and health actions are completed within the agreed time periods.	Achieved
Passenger numbers		Budget 2026
	Passenger movements	327,635
Operations	Retain aerodrome certification via assessment from the Civil Aviation Authority	384,761
Infrastructure	No significant disruption to airport operations due to infrastructure failure.	Achieved
Sustainability	Under the Airport Carbon Accreditation scheme, IAL will work to complete ACERT level 2 (Carbon management towards reduced carbon footprint).	Not Achieved
Environmental	No notifiable environmental incidents on airport managed property.	Achieved

Invercargill Central Limited (ICL)

ICHL has become a shareholder in ICL at the request of ICC. ICHL has invested \$62.370m million in ICL and holds 47.78 % of the shares. ICL has completed construction of the development and is operational as a shopping centre. 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 that company.

ICL aims to achieve the below performance targets.

Objective	Performance target	
	Target 2026	Actual 2026
Operational budget costs	Operating costs within 10% of budget.	Achieved – 4.02% above budget
Tenancy	90% leased	Achieved – 98.34%

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Council Controlled Organisations

Bluff Maritime Museum Trust

The Bluff Maritime Museum Trust's vision is to make the Bluff Maritime Museum a must-see attraction for residents and visitors. The Bluff Maritime Museum Trust contributes towards the achievement of Invercargill City's community outcomes for cultural and social wellbeing through provision of a facility that inspires and informs locals and visitors of the Bluff and Foveaux Strait areas heritage and culture. The Bluff Maritime Museum Trust ensures collections are preserved, enabling them to be maintained and exhibited in conditions that ensure their long-term preservation, while providing a quality visitor experience.

The Trust receives an annual grant from the Invercargill City Council and the Bluff Community Board. In 2025 a grant was received from Environment Southland. There was no proposal to change the ownership or control of the Bluff Maritime Museum Trust in 2025/2026.

Community Outcome	Goal	2025/2026 Target	2025/2026 Result
Cultural/ Social Wellbeing	To recognise the museum as a place where our maritime heritage is valued and promoted.	To recognise the museum as a place where our maritime heritage is valued and promoted.	The Bluff Maritime Museum promotes the rich maritime history of Bluff as well as the social history of the wider Bluff community. During 2025/2026, the Trust continued to undertake maintenance and repairs to the museum building, as well as the Oyster Boat Monica. The Museum continued to be visited by schools during the year. 3,534 people visited the Museum in 2025/26, compared to 4,320 in 2024/25, up from 4,134 in 2023/24, 3,884 in 2022/23 and 2,799 in 2021/22.

Invercargill City Charitable Trust

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

The Invercargill City Charitable Trust was established to promote charitable purposes. The objectives of the Trust are to fund both capital and income for the furtherance of the following charitable purposes and objectives within the Invercargill City Council and Invercargill District:

- The provision of public amenities for the general benefit of the people of the Invercargill City and District.
- The provision of libraries, reading rooms, lectures and classes for instruction.
- The provision of and development of athletic sports, wholesome recreations and amenities, rewards for acts of courage and self-sacrifice.
- The provision of any other act or deed which would be deemed to be of charitable purpose in accordance with the provisions of section 38 of the Charitable Trusts Act 1957.

The main outputs of the Trust are costs relating to the ownership and maintenance of Rugby Park stadium.

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

The Trust is an exempt Council controlled organisation.

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Southland Regional Development Agency Limited Trading as Great South



www.greatsouth.nz

Great South was established as Southland’s regional development agency in March 2019 for the joint benefit of the wider Southland communities. Great South is responsible for economic development and promotion of Murihiku Southland. This involves managing Murihiku Southland’s two Regional Tourism Organisations (RTOs) and central government’s Regional Business Partner (RBP) network, as well as delivering a range of events, regional initiatives and government-funded contracts that pave the way for development. Through the essential support provided to Murihiku Southland, Great South provides a united voice for the region, establishes a strong platform for regional success and takes strides towards its vision of even better lives through sustainable regional development. Great South is a council-controlled organisation, jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitara Licensing Trust, Southland Chamber of Commerce, Southern Institute of Technology and member Community Trust South.

Great South has four strategic goals:

- 1. Regional development leadership
- 2. Regional promotion
- 3. Business support and diversification
- 4. Net Zero Southland

Great South has one subsidiary company Space Operations NZ Limited.

The activities delivered by Great South directly contribute towards the ICC community outcomes. Great South works with a range of stakeholders to drive growth in the region. The core funding was spent on operational costs, and contract funding was spent on regional economic development, business support services, regional tourism development and regional event support. Overall project and core expenditure was within revenue limits.

Note: The Key Performance Indicators (KPIs) published in the 2024-2034 Long-term Plan were based on the draft 2024/2025 Great South Statement of Intent. The final KPIs in the 2025/26 Statement of Intent differ to those listed in the Long-term Plan. These differences reflect changes in shareholder expectations as priorities shifted to match opportunities for our communities. Both sets of KPIs have been include in the Annual Report. Reporting is based on the final 2025/26 Statement of Intent KPIs.



LTP KEY PERFORMANCE INDICATORS		STATEMENT OF INTENT KEY PERFORMANCE INDICATORS			
Description	KPI target 2025/2026	Description	KPI target 2025/2026	Result 2025/2026	Achieved
Data and Insights Provide up-to-date and accurate data and insights to inform decision making via regional data dashboards and repository.	Complete data repository and advanced analytic functions (subject to funding).	Data and Insights Provide up-to-date and accurate data and insights to inform decision making via development of a schedule of regular reports through Data Insights Southland Hub (DISH).	- Schedule of data reports are produced across three focus areas including; Housing, Economic and Tourism. - Evaluate options for the storage and use of Geospatial Data and the use of AI data analysis tools.	- Tourism, Housing and Economic data published as scheduled, with these reports made available on Data Insights Southland Hub (DISH). - An MoU was signed with Environment Southland to align Spatial Planning and natural hazard data. - DataSing presented AI tools to support staff for day-to-day operations.	- Achieved - Achieved
Develop and circulate regular data reports derived from the regional dashboards (Dashboards may include: housing, regional indicators, tourism and environmental / climate change data).	Produce and distribute regular reports. Source additional datasets (subject to funding).			While this was not a separate KPI in 2025/2026 financial year, the reports were delivered as identified above	Achieved
Advocacy and Submission Advocate for and/or prepare submissions regarding key issues including housing, telecommunications, skills development, roading and transport, carbon forestry.	Hold bi-annual meetings with central government officials at MBIE, NZTE, MHUD, MfE, MPI etc.	Advocacy and Submission Advocate for and/or prepare submissions and funding applications for issues of importance to the region.	- Prepare a minimum of two submissions on issues of regional significance. - Advocate for increased mobile coverage and reliable terrestrial fibre optic cable services for all of the region. - Support councils and stakeholders to apply for Government funds as applicable.	- Four submissions prepared and submitted. - Report completed with recommendations for further action and follow up with National Infrastructure Funding and Financing and the Rural Connectivity Group. - Data available through DISH continues to support councils, however there were no requests from councils for support applications for Government funding. - Bi-annual meetings also completed; one in July 2025 and the second in May 2026.	- Achieved - Achieved - Achieved - Achieved

Housing Build on regional housing planning undertaken in 2023/2024 as part of Beyond 2025.	Facilitate implementation of the Regional Housing Action Plan, including any regional housing forums. Maintain Regional Digital Housing Portal and website.	Housing Facilitate regional coordination of housing and implement priorities from the Murihiku Southland Housing Action Plan.	- Facilitate regional coordination of housing including delivery of two projects. - Support individual councils with their housing planning (including Spatial Planning) considering current and future community and industry needs.	- Project 1: Ageing Sector Investigation. Project 2: Case study of innovation and diverse housing solutions reports completed. - Supporting SDC and ICC with their Spatial Planning processes. - Presented housing summary of likely future housing needs at the Murihiku Regeneration Hui. - Build Southland website developed and maintained.	- Achieved - Achieved - Achieved
Water Investigate current and future water resilience.	Support implementation of the Water Resilience Plan in partnership with Environment Southland and wider industry. Findings and data from Sky TEM airborne survey submitted to councils for decision making.			This was not a SOI KPI in 2025/2026 financial year.	Not achieved
Transport Data and insights provided to support decision making around regional transport network.	Deliver Integrated Transport Plan (subject to funding).			This was not a SOI KPI in 2025/2026 financial year.	Not achieved
Economic Diversification Encourage regional economic diversification by providing data and supporting investigation.	Update and maintain the Regional Industry Capability Profile.			While this was not a KPI in 2025/2026 financial year we completed three Regional Industry Capability reports created for; Hydrogen production, Windfarm Development and Data Centre Development.	Achieved
Support agricultural sector land - use and support farmer decision making.	100 farmers are using the land-use data. Undertake ongoing analysis and monitoring of regional farming (livestock numbers, forestry growth, and water allocation).	Agriculture Support agricultural sector land use and support farmer decision making.	- Undertake analysis of relevant agricultural sector data to feed into the Regional Emissions Report for 2026. - Investigate opportunities for new high value crops and establish links into new and emerging industries.	- This information was incorporated into the Southland Regional Greenhouse Gas Emissions Inventory Report 2026. - Diverse Crops of Murihiku Southland report completed.	- Achieved - Achieved

			Develop a Murihiku Southland Agriculture Strategy alongside key stakeholders which also looks at new farm revenue opportunities.	- Draft scoping study completed, however due to the proposed changes to the RMA, it was determined that it was prudent to delay this work until resource management changes were known. - We have monitored and reported on livestock numbers, forestry changes through the Net Zero work, as below (under 'Monitor Emissions') - The number of farmers using the land-use data was not a SOI KPI in 2025/2026 financial year.	- Not Achieved - Achieved - Not Achieved
Forestry Working with Councils, support further investigation of the impacts of unrestricted forestry in our region.	Provide data and insights to support carbon forestry advocacy for regulatory certainty.	Forestry Support further investigation of the impacts and possible opportunities associated with unrestricted forestry.	- Provide data and insights relating to changing land use and the impacts of carbon forestry. - Identify new opportunities to convert forestry waste low grade logs into biomass fuel supply. - Advocate for the establishment of a Regional Forestry plan and for value added wood processes.	- Land use changes in forestry cover undertaken and incorporated into the Southland Regional Greenhouse Gas Emissions Inventory Report 2026. - Southland Region Biomass Supply and Demand Outlook report completed. - Collaborating with MPI to develop a Forestry Strategy which will roll over to 2026/2027 financial year.	- Achieved - Achieved - Not Achieved
Regional Strategic Planning Facilitate and deliver regional strategies, feasibility assessments and plans as required by shareholders.	Implement two key priorities from the Aquaculture Strategy (subject to funding). TBA depending on investigation.	Aquaculture Facilitate and develop a regional approach to realise the benefits of Aquaculture as a diversification opportunity and implementation of The Regional Aquaculture Strategy/Plan.	- Implement agreed actions (max two) from the Regional Aquaculture Strategy. - Coordinate actions needed from councils and others to achieve aspirations as per the Regional Aquaculture Strategy.	- The Murihiku Southland aquaculture Infrastructure and Supply Chain project completed. - Undertook two hui with education providers and funders to discuss and align future aquaculture workforce needs. - Aligned with ES's Haul Out and Vessel Cleaning project, with ICC and SDC's Spatial Planning processes.	- Achieved - Achieved

Digital Presence Great South website redesigned to ensure accurate and up-to- date information is provided to shareholders and wider communities.	10% increase in visitor numbers from the previous year.			- This was not a SOI KPI in 2025/2026 financial year. However, data available on DISH shows: - Milford Sound Passenger numbers increased by 9.1% (from 757,000 to 827,000). - Visitor spend increased by 5% (from \$357 million to \$374 million). - Regional Events hosting 500+ people grew by 6.5% from 139 events to 148 events.	Not achieved
Building Capability in our Businesses Continue support for businesses via a range of services including Regional Business Partner (RBP), workshops, events, webinars, Callaghan Innovation Research and Development.	Great South Business Consultations 150. Great South Business Engagements 250 (MBIE Contract ends 2024/2025).	Business in Southland - A Regional Guide Resource document that outlines useful information for new and potential businesses to the region.	Maintain the regional guide to support new businesses to Southland.	- The Murihiku Southland Business Guide, a condensed version of the guide and several Regional Industry Capability reports have been established. - RBP Business engagements and consultation KPIs were not included as SOI KPIs however, the team successfully delivered 166 Business Consultations (discoveries) and 266 Business Engagements.	- Achieved - Achieved
Content Focus on Web, Social, PR/Media and Partnerships (e.g., Air New Zealand).	Ensure 85% of website traffic comes from key markets in New Zealand, Australia, North America, Europe, Asia. Five to eight media Famils held. Forty-five media results achieved.	Consumer Marketing Promote Murihiku Southland as a year- round destination for travellers from New Zealand, Australia and other key markets resulting in more visitors.	Ensure 85% of website traffic comes from key markets in New Zealand, Australia, North America, Europe, Asia with two partnered digital campaigns.	- Southland NZ – 91.9% of traffic came from target markets. - Fiordland NZ – 91.4% of traffic came from target markets. - Ten digital campaigns delivered alongside five Tourism Boost Funding partner campaigns.	Achieved
		Media Increase positive travel media coverage for Murihiku Southland, promoting the region's diverse activities and experiences and drive regional spread, growth and seasonality.	- Three media famils. - Fifteen media results and where possible measurement of reach and equivalent advertising value (EAV).	- Fifteen media famils completed. 357 media results achieved with a reach of 517,119,114 cumulative audience and an AVE (Advertising Value Equivalent) of US\$6,240,091.26.	- Achieved - Achieved
Showcasing Our Region Trade Events, Trade Famils and TRENZ.	Attend five Trade Shows, two partnered Famils.	Showcasing Our Region Trade Events, Trade Famils and TRENZ.	Attend five trade shows.	Five trade shows attended including: TRENZ, TNZ Regional Showcase 2026 Event, RTNZ RTO Inbound Avent,	Achieved

			- Attend two partnered famils. - Two Murihiku itineraries in line with Milford Opportunities Project pillars supporting regional and seasonal spread.	Southern Way Trade Events, TNZ Connect. - Six partnered trade famils. - Three Murihiku itineraries developed and further supported two itineraries developed by trade partners.	- Achieved - Achieved
		New Experiences	- Introduce one new iwi partnered experience. - Establish local cruise network.	- This is work in progress and will carry on in 2026/2027 financial year. - Local cruise network established with pre and post meetings in Bluff.	- Not Achieved - Achieved
Business Events Deliver Business Events Strategy.	Attend three conference events. Confirm six new conferences for the region. Host two Famils in Murihiku.	Business Events Develop Murihiku Southland as a Business Events destination in line with Business Events Strategy.	- Attend min three conference events. - Events sales calls.	- Three conferences attended including: IAPCO, Meetings26, PCOA conference. - Seven face-to-face sales calls made. - Business Events Famils were not a SOI KPI, however the team hosted two famils: - Distinction Group four conference specialists. - NZ Association of Orthodontists. - A law firm from Auckland. - The Conference and Events Management team. - Eight conferences were brought to the region.	- Achieved - Achieved - Achieved - Achieved
Destination Development Progress key projects from the Murihiku Southland Destination Strategy 2023 - 2029.	Progress at least five projects from the Murihiku Southland Destination Strategy 2023 – 2029.	Destination Development Progress projects from the Murihiku Southland Destination Strategy (MSDS).	Progress three projects from the Murihiku Southland Destination Strategy (MSDS).	- Three projects progressed including; Murihiku Southland as a Dark Skies destination, progress on Bluff Motupohue Tourism Master Plan (BMTMP). - Progressing the Taurapa feasibility and supporting the Matariki Pou project.	Achieved

Murihiku Southland Sustainable Tourism Programme.	Two Murihiku Sustainable Tourism Programmes held.			This was not a SOI KPI in 2025/2026 financial year.	Not Achieved
Maintain website calendar listings for regional events.	5% increase on number of events listed 2024/2025. 5% increase on number of overall page views 2024/2025. 10% increase on number of pageviews from within Southland based on 2024/2025 (baseline: 14,000).	Regional Events Calendar Maintain Southlandnz.com website calendar listings for regional events.	10% increase on number of events listed (target: 759 events). 10% increase on number of overall page views (target: 44,000 views). 15% increase on number of overall page views from within Southland (target: 16,100 views).	635 events listed. 40,915 page views for the year (93% of target). 12,580 views from Southland based users (78.1% of target).	- Not Achieved¹ - Not Achieved¹ - Not Achieved¹ <i>*1 The Events Manager position was vacant for app. 6 months of the financial year</i>
Support Major Southland Events	Support delivery of Burt Munro Challenge. Deliver ILT Kidzone Festival.	Unmissable Regional Events	- Support delivery of Burt Munro Challenge. - Identify areas to develop capability of the BMC.	- Burt Munro successfully delivered in February 2026. - Introduced digital capability which Great South will continue to lead next year. - In April 2026, an RFP process to identify a new operator to deliver ILT Kidzone in 2027 was undertaken. The event was not delivered in 2025.	- Achieved - Achieved - Not Achieved
		Regional Marketing of Events	- Six cluster events. - Four seasonal campaigns - Marketing of unmissable events	- The six cluster events included: Food and Culinary, Culture, Heritage and Arts, Walking and Outdoor, Agritourism and Rural, Sport and Recreational Community, Music and Seasonal events. - Eleven seasonal campaigns delivered. - Seventy-four posts created to promote our five main unmissable events. This year our unmissable events were featured in Kia Ora magazine, under 'Places to be'.	- Achieved - Achieved - Achieved

Monitor Emissions Complete annual regional emissions reporting by emissions source.	Produce annual emissions report.	Monitor Emissions Complete annual regional emissions reporting as soon as national monitoring data becomes available.	Produce the Regional Emissions Report for 2024 as soon as national monitoring data becomes available.	Southland Regional Greenhouse Gas Emissions Inventory Report for 2024 completed.	Achieved
Deliver business decarbonisation outreach and public socialisation workshops.	Two information workshops and at least one Decarbonisation Workshop Series held.			This was not a SOI KPI in 2025/2026 financial year.	Not Achieved
Energy Planning Implement the Net Zero Southland report.	Implement Net Zero Southland Strategy and support Regional Climate Change Strategic Planning.	Net Zero Planning Implement the Net Zero Southland Plan and Emissions Reduction.	- Evaluate the Southland Regional Emissions Reduction against the 1990 emissions and report on the findings by September 2025. - Seek public feedback on the revised Net Zero Southland Plan (2025) and publish the final report by March 2026.	- The 1990's emissions target was set at 5% reduction. Southlands came out with the figure of 5.7% below which equates to 49,500 tonnes below our international obligations. - This work was delayed due to late information from two of our region's largest industries. The public consultation will take place in 2026/2027 financial year.	- Achieved - Not Achieved
Implement the Regional Energy Strategy.	Implement two actions from the reports.	Implementation of the Regional Energy Strategy	Support the Regional Energy Project Implementation including New Renewable energy projects, energy efficiency, wind, solar, biomass and methane recovery and use cases.	(Solar) Powering Southland public event held and Solar and Wind Energy maps created.	Achieved

Financial Management

Te Whakahaere Pūtea

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

This section includes:

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

All figures are GST exclusive unless otherwise stated.

Notes to the Financial Statements

Statement of comprehensive revenue and expense

Tauākī o ngā Moni Whiwhi me ngā Whakapaunga Whānui

For the year ended 30 June 2026

		Council Actual 2026 (\$000)	Council Budget 2026 (\$000)	Restated* Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Restated* Group Actual 2025 (\$000)
Note						
Revenue						
Rates revenue	2.1	89,909	85,019	82,126	89,909	82,126
Fines		1,606	1,571	1,827	1,606	1,827
Subsidies and grants	2.4	13,387	13,749	13,811	13,411	13,835
Direct charges revenue	2.5	28,280	31,998	26,866	61,184	55,563
Rental revenue		3,642	3,763	3,514	6,322	6,050
Finance revenue	5	2,292	2,493	3,216	3,001	4,780
Dividend income		9,577	9,577	14,457	-	-
Vested assets	11.3	2,396	-	2,284	2,396	2,284
Other revenue		-	-	-	1,732	-
Total revenue (excluding gains)		151,089	148,170	148,101	179,561	166,465
Expenditure						
Employee expenses	3	39,386	38,452	37,398	41,502	39,405
Depreciation and amortisation	4	42,066	48,951	42,109	50,607	49,682
General expenses	6	72,530	65,675	65,853	91,225	83,104
Finance expenses	5	6,414	7,021	5,896	6,878	8,164
Total expenditure		160,396	160,099	151,256	190,212	180,355
Other gains/(losses)	2.2	816	1,451	1,026	1,261	1,810
Operating surplus (deficit) before tax		(8,491)	(10,478)	(2,129)	(9,390)	(12,080)
Share of associates' and joint ventures' surplus (deficit)	17,18	-	-	-	2,456	2,685
Surplus (deficit) before tax		(8,491)	(10,478)	(2,129)	(6,934)	(9,395)
Income tax expense	7.1	-	-	(29)	2,729	1,550
Surplus (deficit) after tax from continuing operations		(8,491)	(10,478)	(2,100)	(9,663)	(10,945)
Surplus (deficit) after tax from discontinued operations	33	-	-	-	-	21,539
Surplus (deficit) after tax		(8,491)	(10,478)	(2,100)	(9,663)	10,594
Attributable to:						
Invercargill City Council		(8,491)	(10,478)	(2,100)	(9,735)	10,553
Minority interest		-	-	-	72	41
		(8,491)	(10,478)	(2,100)	(9,663)	10,594
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		-	35,099	170,892	991	175,691
Carbon credit revaluation gains/(losses)	2.2	(127)	-	264	(127)	264
Cash flow hedges		(24)	-	(821)	(24)	(1,419)
Total other comprehensive revenue and expense		(151)	35,099	170,335	840	174,536
Total comprehensive revenue and expense		(8,642)	24,621	168,235	(8,823)	185,130
Total comprehensive revenue and expense attributable to:						
Equity holders of the Council		(8,642)	24,621	168,235	(8,895)	185,089
Minority interest		-	-	-	72	41
		(8,642)	24,621	168,235	(8,823)	185,130

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

In the 2024/2025 year items of revenue and expenditure have been restated for both Council and the Group. Refer to Note 34 for further details of these corrections.

Notes to the Financial Statements

Statement of changes in equity

Tauākī o ngā panoni tūnga pūtea

For the year ended 30 June 2026

Note	Council Actual 2026 (\$000)	Council Budget 2026 (\$000)	Restated* Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Restated* Group Actual 2025 (\$000)
Balance at 1 July	1,367,058	1,213,723	1,198,823	1,474,880	1,289,750
Total comprehensive revenue and expense for the year	(8,642)	24,621	168,235	(8,823)	185,130
Dividend Paid to Minority Interests	-	-	-	(13)	-
Balance at 30 June	1,358,416	1,238,344	1,367,058	1,466,044	1,474,880
Attributable to:					
Invercargill City Council	1,358,416	1,238,344	1,367,058	1,464,123	1,473,059
Minority interest	-	-	-	1,921	1,821
Balance at 30 June	1,358,416	1,238,344	1,367,058	1,466,044	1,474,880

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

There has been a restatement of opening equity at 1 July 2024 for both Council and the Group. Refer to note 34 for further details of this correction.

Notes to the Financial Statements

Statement of financial position

Tauākī o te Tūnga Pūtea

As at 30 June 2026

		Council Actual 2026 (\$000)	Council Budget 2026 (\$000)	Restated* Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Restated* Group Actual 2025 (\$000)
Note						
Assets						
Current assets						
Cash and cash equivalents	8	18,180	12,042	11,103	24,244	29,620
Receivables	9.1	14,291	14,002	16,000	16,715	18,110
Prepayments		2,080	1,776	2,267	2,107	2,267
Tax receivables	7.2	-	-	-	79	-
Inventories		210	378	222	258	254
Other financial assets	18.1	21,186	30,050	25,595	21,186	25,595
Total current assets		55,947	58,248	55,187	64,589	75,846
Non-current assets						
Work in progress	11.2, 12.1, 16	72,671	-	46,602	79,186	51,443
Property, plant and equipment	11.1	1,325,341	1,292,782	1,315,787	1,502,230	1,480,157
Intangible assets	12.1	2,181	11,504	2,491	2,181	2,491
Biological assets	13	4,341	4,147	3,937	4,341	3,937
Investment property	16	28,425	26,383	28,290	42,050	39,595
Investment in associates and joint ventures	17.1, 18.1	656	-	656	17,895	13,352
Advances to associates and joint ventures	17.1, 18.1	12,700	17,000	16,250	14,022	17,528
Investment in CCOs and other similar entities	17.1, 18.1	76,569	76,569	76,569	-	2,087
Other financial assets	18.1	6,566	4,058	3,408	7,313	3,655
Derivative financial instruments	19.1	-	365	-	-	-
Other Investments		-	-	-	4	-
Total non-current assets		1,529,450	1,432,808	1,493,990	1,669,222	1,614,245
Total assets		1,585,397	1,491,056	1,549,177	1,733,811	1,690,091
Liabilities						
Current liabilities						
Trade and other payables	10	19,223	16,087	21,050	24,944	26,326
Provisions	20	200	92	300	200	4,195
Employee benefit liabilities	21	5,128	4,575	4,726	5,485	4,966
Borrowings and other financial liabilities	19.2	57,328	46,144	67,435	57,328	67,435
Tax payable	7.2	-	-	-	1,911	1,607
Total current liabilities		81,879	66,898	93,511	89,868	104,529
Non-current liabilities						
Provisions	20	816	1,116	816	816	816
Borrowings and other financial liabilities	19.2	143,806	184,698	87,336	153,806	87,336
Deferred tax liabilities	7.3	-	-	-	22,797	22,074
Derivative financial instruments	19.1	480	-	456	480	456
Total non-current liabilities		145,102	185,814	88,608	177,899	110,682
Total liabilities		226,981	252,712	182,119	267,767	215,211
Equity						
Retained earnings	22	338,509	344,982	350,829	406,804	419,861
Other reserves	22	1,019,907	893,362	1,016,229	1,059,240	1,055,019
Total equity		1,358,416	1,238,344	1,367,058	1,466,044	1,474,880
Total liabilities and equity		1,585,397	1,491,056	1,549,177	1,733,811	1,690,091
Total equity attributable to the Council		1,358,416	1,238,344	1,367,058	1,464,123	1,473,059
Total equity attributable to the minority interests		-	-	-	1,921	1,821
Total equity		1,358,416	1,238,344	1,367,058	1,466,044	1,474,880

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

In the 2024/2025 year there has been a correction to work in progress for both Council and the Group. Refer to Note 34 for further details of this correction.

Notes to the Financial Statements

Statement of Cash flows

Tauākī o ngā rerenga moni

For the year ended 30 June 2026

				Restated*		Restated*
		Council Actual 2026 (\$000)	Council Budget 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
	Note					
Cash flows from operating activities						
Receipts from rates revenue		90,379	85,019	80,986	90,379	80,986
Receipts from other revenue		47,911	51,081	45,535	84,854	76,251
Interest received		2,355	2,493	3,362	2,785	4,696
Dividends received		9,577	9,577	14,457	-	-
Payments to suppliers and employees		(114,012)	(104,237)	(97,867)	(134,769)	(115,047)
Interest paid		(6,026)	(7,021)	(5,918)	(6,462)	(8,144)
Income tax (paid) refund		(1)	-	(2)	(1,646)	(2,016)
Goods and services tax (net)		1,235	-	(1,341)	1,055	(1,072)
Net cash flows from operating activities	24.1	31,418	36,912	39,212	36,196	35,654
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		346	1,293	258	356	263
Proceeds from sale of investment property		155	300	276	155	276
Proceeds from sale of investments		14,713	-	24,831	14,713	156,976
Advances repaid by subsidiaries and associates		4,350	-	21,740	4,350	18,699
Purchase of property, plant and equipment		(75,565)	(91,410)	(57,040)	(101,054)	(67,662)
Purchase of investments		(9,685)	(4,968)	(31,774)	(9,689)	(31,774)
Purchase of investment property		(276)	(209)	-	(1,442)	(1,319)
Purchase of intangible assets		-	(3,629)	(571)	-	(571)
Advances made to associates and joint ventures		(800)	-	(850)	(870)	(1,240)
Dividends received from associates and joint ventures		-	-	-	-	586
Net cash flows from investing activities		(66,762)	(98,623)	(43,130)	(93,481)	74,234
Cash flows from financing activities						
Proceeds from borrowings		195,675	64,522	125,011	205,175	125,011
Repayment of borrowings		(153,254)	(2,891)	(122,364)	(153,254)	(219,329)
Dividends paid		-	-	-	(12)	(5)
Net cash flows from financing activities	24.2	42,421	61,631	2,647	51,909	(94,323)
Net increase (decrease) in cash, cash equivalents and bank overdrafts		7,077	(80)	(1,270)	(5,376)	15,566
Cash, cash equivalents and bank overdrafts at the beginning of the year		11,103	12,122	12,373	29,620	14,054
Cash, cash equivalents and bank overdrafts at the end of the year	8	18,180	12,042	11,103	24,244	29,620

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

In the 2024/2025 year there has been a correction to work in progress for both Council and the Group. Refer to Note 34 for further details of this correction.

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Notes to the Financial Statements

1 Statement of Accounting Policies
Tauākī o ngā kaupapa here kaute**Reporting entity**

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

Council is a territorial authority governed by the Local Government Act 2002. The consolidated entity consists of Invercargill City Council and its subsidiaries, Invercargill City Holdings Limited (100% owned); and Invercargill City Charitable Trust (100% owned). The Council has one joint venture, a joint operation being WasteNet (56% share). Council has two associates being Emergency Management Southland (28% share of voting rights) and Southland Regional Development Agency Limited (48.73% share of voting rights). Council previously held a 64% share of voting rights in Southland Regional Heritage Committee however it is no longer a party to this committee.

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

- Electricity Invercargill Limited (100% owned). (Refer to page 113 for additional structure information). Electricity Invercargill Limited has a balance date of 31 March.
- Invercargill Airport Limited (97% owned).
- HWCP Management Limited (49.9% owned). Invercargill City Property Limited (100% owned) was amalgamated with ICHL at 3 July 2024. (Refer to page 112 for additional structure information).
- Invercargill Central Limited is an associate of Invercargill City Holdings Limited (47.78% owned).

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

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

The financial statements of Council are for the year ended 30 June 2026. The financial statements were approved by Council on **ADD DATE**.

Basis of preparation - Measurement base

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

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

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

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

Foreign currency transactions

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

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

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

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

Notes to the Financial Statements

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

Goods and Services Tax (GST)

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

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

Commitments and contingencies are shown exclusive of GST.

Cost allocations

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

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

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

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

Plan values disclosed

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

Net Assets / Equity

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

Implementation of new accounting standards**PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services**

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

Standard issued but not yet effective

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

Standards issued and not yet effective, and not early adopted PBE IPSAS 3.35,36

Standards and amendments issued but not yet effective that have not been early adopted and that are relevant to the Council and group are: 2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1) This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. The amendment is effective for the year ended 30 June 2027. The Council has not yet assessed in detail the impact of these amendments.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and will replace PBE IFRS 4. This standard is effective for the year ended 30 June 2027. This standard is not expected to have a significant impact.

Notes to the Financial Statements

Basis of consolidation

Consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

Comparatives

Certain prior period items have been reclassified and updated for consistency with the current period.

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Notes to the Financial Statements

2. Revenue

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

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

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

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

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

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

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

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

2.1 Rates revenue

Accounting Policy / Kaupapahere Kaute

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

The following policies for rates have been applied:

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

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

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

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

Notes to the Financial Statements

	Council Actual 2026 (\$000)	* Restated Council Actual 2025 (\$000)
General rates	48,451	46,794
Rates penalties	975	877
	49,426	47,671
Targeted rates attributable to activities		
Water	16,167	13,202
Sewerage and drainage	12,037	10,478
Refuse and recycling	5,467	4,815
Other activities	6,899	6,043
Total revenue from rates	89,996	82,209

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
Halls, museums and other similar groups	2	2
Organisations whose object is the health and well-being of the community	34	34
Organisations whose principal object is the promotion of the arts or recreation	37	35
Organisations using premises for branches of the arts	10	8
Organisations using premises for historic conservation purposes	4	4
Total remissions	87	83
Rates revenue net of remissions	89,909	82,126

*In the 2024/2025-year, metered water revenue has been reclassified to targeted rates. Refer to Note 34 for further details of the correction.

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

LGFA Guarantee and Indemnity Deed

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. The Multi-Issuer Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by the Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2026 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

Notes to the Financial Statements

Commentary / Whakaaro

The increase in annual rates collected by Council reflects the 7.11% rise as part of the Annual plan 2025-26 and growth in rating units. Note that the 7.11% rates increase is before any forecast growth in the ratepayer base and rates penalties increases are taken into account. The final increase in rates per the Statement of Comprehensive Revenue and Expenses is 9.48%

The annual rates revenue of the Council for the year ended 30 June 2026 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the "Rates revenue net of remissions" shown above.

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

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

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

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$2.39 million (2025: \$2.51 million). For the Group, rates of \$2.46 million (2025: \$2.63 million) have not been eliminated.

2.1(a) Rating base information

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

	Council Actual 2026	Council Actual 2025
Number of rating units within the Invercargill City Council	27,424	27,310
	(\$000)	(\$000)
Total rateable land value within the Invercargill City Council	6,300,397	6,285,118
Total rateable capital value within the Invercargill City Council	16,380,077	16,255,676

Commentary / Whakaaro

The rating database as at 30 June 2025 is used to determine the rates revenue for the 2025/2026 year. This information is verified with Quotable Value Limited.

Notes to the Financial Statements

2.2 Other gains and losses

*Accounting Policy / Kaupapahere Kaute***Realised gains and losses in surplus / deficit**

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

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

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
<i>Recognised in Retained Earnings</i>				
Change in fair value and harvesting of biological assets (refer Note 13)	522	60	522	60
Change in fair value of investment property (refer Note 16)	34	1,080	505	1,704
Change in fair value of investments	287	-	261	160
Net gain/(loss) on sale of property, plant and equipment	(27)	(10)	(27)	(10)
Impairment on property, plant and equipment	-	(104)	-	(104)
	816	1,026	1,261	1,810
<i>Recognised in Other comprehensive revenue and expense</i>				
Change in fair value of carbon credits	(127)	264	(127)	264
Change in fair value of cash flow hedges	(24)	(821)	(24)	(1,419)
Total other gains and losses	665	469	1,110	655

Notes to the Financial Statements

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

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
General rates, uniform annual general charges, rates penalties	49,340	47,587
Targeted rates	40,570	31,273
Total rates revenue as per Funding Impact Statement	89,910	78,860
Rates excluding targeted water supply rates	73,808	68,989
Rates - Targeted water supply rates	16,101	9,871
Total rates revenue as per Statement of Comprehensive Revenue and Expense	89,909	78,860

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
Total operating funding as per Funding Impact Statement	141,996	137,670
Plus: Capital funding - Subsidies and grants for capital expenditure		
- Roading activity	5,775	4,119
- Corporate and Regulatory activities	900	3,500
- Leisure, Recreation and Wellbeing Services activities	24	528
Plus: Vested assets	2,396	2,284
Total revenue (excluding gains)	151,091	148,101
Plus: Non cash revaluations		
Other Gains / (losses)		
- Investment property revaluation gain/(loss)	34	1,080
- Biological assets revaluation gain/(loss)	521	60
- De-recognition of property, plant and equipment gain/(loss)	(27)	(10)
- Impairment on property, plant and equipment	-	(104)
	816	1,026
Other comprehensive revenue and expense		
- Carbon credits revaluation gain/(loss)	(129)	264
- Cash flow hedges revaluation gain/(loss)	(24)	(821)
Total revenue funding as per Statement of Comprehensive Revenue and Expense	151,754	148,570

Notes to the Financial Statements

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
Per Statement of Comprehensive Revenue and Expense		
Rates excluding targeted water supply rates	73,808	68,989
Targeted rates for water supply	16,101	9,871
Finance revenue	2,292	3,216
Subsidies and grants	13,387	13,811
Other revenue	45,501	52,214
Total revenue (excluding gains)	151,089	148,101
Other Gains / (losses)		
Change in fair value and harvesting of biological assets	521	60
Change in fair value of investment property	34	1,080
Gain/(Loss) on sale of assets	(27)	(10)
Impairment on property, plant and equipment	-	(104)
	816	1,026
Other comprehensive revenue and expense		
Change in fair value of carbon credits	(127)	264
Change in fair value of cash flow hedges	(24)	(821)
Total revenue as per Statement of Comprehensive Revenue and Expense	151,754	148,570
Operating expenditure reconciliation from Funding Impact Statement to Statement of Comprehensive Revenue and Expense		
	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
Total applications of operating funding as per Funding Impact Statement	118,330	107,286
Per Statement of Comprehensive Revenue and Expense		
Employee benefit expenses	39,386	37,398
Other expenses	72,530	65,853
Finance expenses	6,414	5,896
	118,330	109,147
Plus: depreciation expense (not in Funding Impact Statement)	42,066	42,109
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	160,396	151,256

Notes to the Financial Statements

2.4 Subsidies and grants

Accounting Policy / Kaupapahere Kaute

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

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Waka Kotahi (NZ Transport Agency)				
- Operating	6,343	5,183	6,343	5,183
- Capital	5,798	4,118	5,798	4,118
Other grants and subsidies				
- Operating	347	482	371	506
- Capital	899	4,028	899	4,028
Total subsidies and grants	13,387	13,811	13,411	13,835

Commentary / Whakaaro

Subsidies and grants are a mix of capital and operating grants from the Crown and other organisations. The Council received material Crown funding from Waka Kotahi and Invercargill Licensing Trust Foundation.

Waka Kotahi funding of \$12.1 million was received (2025: \$9.3 million) which funded road, footpath and public transport operating activities and capital projects.

Invercargill Licensing Trust Foundation funding of \$0.8 million was received (2025: \$0.5 million) which funded Te Unua (New Museum).

Notes to the Financial Statements

2.5 Direct Charges Revenue

	*Restated		*Restated	
	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2026	2025	2026	2025
	(\$000)	(\$000)	(\$000)	(\$000)
Recoveries	2,733	2,251	2,134	1,612
Regulatory revenue	5,256	5,577	5,256	5,577
User fees and charges	11,011	10,833	11,011	10,833
Commissions revenue	1,355	1,225	1,355	1,225
General admission revenue	1,005	737	1,005	737
Local Authority contribution	1,191	1,616	1,191	1,616
Car parking revenue	1,318	1,108	2,651	2,328
Aircraft movement and terminal charges	-	-	7,438	5,812
Electricity Delivery Services	-	-	23,454	20,020
Other Fees and Charges	4,411	3,519	5,690	5,803
Total Direct Charges Revenue	28,280	26,866	61,184	55,563

*In the 2024/2025-year, metered water revenue has been reclassified to targeted rates. Refer to Note 34 for further details of the correction.

Commentary / Whakaaro

Direct Charges Revenue is predominantly derived from User Fees and Charges. This includes a number of revenue sources such as Solid Waste Transfer Station Fees, volumetric water usage, building and resource consent charges, aquatics, parks, libraries, parking fees and parking infringement revenue.

3 Employee expenses

Accounting Policy / Kaupapahere Kaute

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

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2026	2025	2026	2025
	(\$000)	(\$000)	(\$000)	(\$000)
Wages and salaries	36,350	34,488	38,399	36,443
Contributions to defined contribution plans	995	959	995	959
Increase/(Decrease) in employee benefits	113	173	180	226
Other employment related expenses	1,928	1,778	1,928	1,778
Total	39,386	37,398	41,502	39,406

Commentary / Whakaaro

Council made seven (2025: twelve) severance payments (these include \$149, \$123 and legal fees, but exclude notice period payments) during the year ended 30 June 2026 totalling \$212,100 (\$5,025, \$25,000, \$14,000, \$31,409, \$99,059, \$21,107 and \$16,500). 2025: totalling \$149,885 (\$39,600, \$29,885, \$6,000, \$11,500, \$10,000, \$7,500, \$6,000, \$900, \$6,500, \$10,000, \$5,000, \$17,000).

Notes to the Financial Statements

4 Depreciation and amortisation expense by group of activity

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
Roading	12,864	13,661
Sewerage	7,086	7,081
Solid waste management	135	115
Stormwater	4,703	4,824
Water supply	6,838	6,656
General Services	6,802	5,697
Leisure, Recreation and Wellbeing Services	3,638	4,075
Total depreciation and amortisation expense by group of activity	42,066	42,109

5 Net Finance costs

Accounting Policy / Kaupapahere Kaute

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

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

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Finance expenses				
- Borrowings	6,407	5,735	6,870	8,109
- Other	7	161	8	55
Total Financial expenses	6,414	5,896	6,878	8,164
Finance revenue				
- Cash and cash equivalents	(361)	(505)	(368)	(518)
- Other Financial Assets	(990)	(1,529)	(1,416)	(3,264)
- Related Party Investments	(941)	(1,182)	(1,217)	(998)
Total Financial revenue	(2,292)	(3,216)	(3,001)	(4,780)
Net Finance Cost	4,122	2,680	3,877	3,384

Commentary / Whakaaro

Council has entered into interest rate swap agreements to fix the cost of current and future borrowing. Market interest rates have increased in 2025/2026, however with the majority of the Council's debt set on fixed rates the financing costs have been relatively stable.

Invercargill Central Limited (ICL) owed Council \$12.7 million (2025: \$16.3 million) in loan funding for its city centre development. Interest is charged at market rates on the loan.

Notes to the Financial Statements

6 General expenses

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

	Council Actual 2026 (\$000)	Restated* Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Restated* Group Actual 2025 (\$000)
Audit fees (Note 6.1)	454	441	870	933
Bad and doubtful debts	10	39	10	39
Impairment Expense	-	-	-	537
Directors' fees	-	-	574	539
Elected members' remuneration	949	847	949	847
Operating lease expenses	1,325	424	1,325	424
Donations and Grants expenses	5,538	6,154	5,538	6,154
Direct operating expenses (including repairs and maintenance) arising on investment properties	653	699	1,389	699
Direct operating expenses (including repairs and maintenance) arising on other Council activities	48,894	43,266	48,894	43,266
Biological assets cost of goods sold	117	17	117	17
Other expenses	14,590	13,966	31,559	29,649
Total General Expenses	72,530	65,853	91,225	83,104

*Consulting fees include Regulatory Forecasting and Price Setting Compliance Statement

*In the 2024/2025-year, direct operating expenses (including repairs and maintenance) arising on other Council activities have been restated to include an adjustment for expenditure previously classified as intangible asset work-in-progress. Refer to Note 34 for further details of this correction.

Notes to the Financial Statements

6.1 Remuneration of auditors

Accounting Policy / Kaupapahere Kaute

The Council and group's financial statements and service performance information for the year ended 30 June 2026 (the "financial report" are audited by The Audit Office on behalf of the Auditor-General.

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Auditor's remuneration to The Audit Office comprises:				
- Audit of the financial report	445	432	637	617
- Cost recovery from audit of last year's financial report	-	-	22	50
Audit or review related services:				
- Assurance engagement in relation to the Debenture Trust Deed	9	9	9	9
Auditor's remuneration to other auditors comprises:				
- Audit of financial statements	-	-	87	123
- Audit of default price path	-	-	47	39
- Audit of regulatory disclosures	-	-	68	95
Total	454	441	870	933

Commentary / Whakaaro

The audit fee disclosed for the financial report represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards, as described in the audit report on pages 29 - 34. This fee also includes the audit of the summary annual report, also a statutory requirement, which is completed in conjunction with this engagement and not billed separately.

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

Notes to the Financial Statements

7 Income taxes

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

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

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

7.1 Components of tax expense

	Council Actual 2026 (\$000)	*Restated Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	*Restated Group Actual 2025 (\$000)
Current tax expense				
Current tax	-	(29)	2,238	1,795
Adjustment to current tax for prior years	-	-	(6)	(1,968)
Total current tax expense	-	(29)	2,232	(173)
Deferred tax expense				
Origination and reversal of temporary differences	-	-	496	47
Adjustment for prior periods	-	-	1	(62)
Effect of change in tax legislation	-	-	-	2,257
Total deferred tax expense	-	-	497	2,242
Total income tax expense	-	(29)	2,729	2,069
Reconciliation of effective tax rate				
Surplus (deficit) before tax from continuing operations	(8,491)	(2,129)	(6,934)	(8,083)
Surplus (deficit) before tax from discontinued operations	-	-	-	22,058
Surplus (deficit) for the period	(8,491)	(2,129)	(6,934)	13,975
Tax at 28%	(2,377)	(596)	(1,942)	3,913
Permanent differences	-	-	(1,691)	237
Non-deductible expenses	-	-	22	38
Net non-taxable other income/non-deductible expenditure	2,377	596	3,578	5,432
Elimination of share of associate income	-	-	-	(7,581)
Under/(Over) provided in prior periods	-	(29)	9	(30)
Effect of change in tax legislation	-	-	-	60
Total income tax expense	-	(29)	(24)	2,069
Tax expense relating to continuing operations	-	(29)	2,729	1,550
Tax expense relating to discontinued operations	-	-	-	519
	-	(29)	2,729	2,069

Notes to the Financial Statements

*In the 2024/2025-year, the tax impact of direct operating expenses (including repairs and maintenance) arising on other Council activities have been restated to include an adjustment for expenditure previously classified as intangible asset work-in-progress. Refer to Note 34 for further details of this correction.

7.2 Current tax assets and liabilities

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Current tax payable				
Income tax payable	-	-	1,911	1,607
Total current tax liabilities	-	-	1,911	1,607

7.3 Deferred tax balance

Group

Movements in temporary differences during the year

	Balance 1 July 2024 (\$000)	Recognised in surplus or deficit (\$000)	Recognised in equity (\$000)	Disposal of Subsidiary (\$000)	Balance 30 June 2025 (\$000)	Recognised in surplus or deficit (\$000)	Recognised in equity (\$000)	Disposal of Subsidiary (\$000)	Balance 30 June 2026 (\$000)
Property, plant and equipment	27,761	2,215	1,462	(10,248)	21,190	396	225	-	21,811
Investment property	368	159	-	-	527	87	-	-	614
Derivatives	232	(41)	(191)	-	-	-	-	-	-
Provisions	(16)	(29)	-	-	(45)	4	-	-	(41)
Other items	836	(63)	-	(370)	403	11	-	-	414
Total movements	29,181	2,241	1,271	(10,618)	22,074	498	225	-	22,797

7.4 Unrecognised tax losses

Commentary / Whakaaro

Council does not have any deferred tax assets or liabilities (2025: \$Nil). However, a deferred tax liability has been recognised at a Group level.

Notes to the Financial Statements

8 Cash and cash equivalents

Accounting Policy / Kaupapahere Kaute

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

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Bank balances	18,168	11,089	24,232	29,606
Cash on hand	12	14	12	14
Cash and cash equivalents in the Statement of Cash Flows	18,180	11,103	24,244	29,620

Commentary / Whakaaro

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

Within the balances above, Council holds:

- \$790,574 (2025: \$722,981) of funds relating to the WasteNet Southland joint arrangement. The other partners' share of this balance is included within Trade and other payables.
- \$28,620 (2025: \$26,020) of funds relating to the Kiwibank Lotto operation. The other partners' share of this balance is included within Trade and other payables.

9 Receivables and prepayments

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

Notes to the Financial Statements

9.1 Receivables

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Rates and water receivables	5,279	5,117	5,279	5,116
Related party receivables	1,585	1,475	908	185
Sundry debtors	2,870	4,070	5,147	6,659
Accrued Revenue	3,838	3,374	4,527	4,134
Goods and services tax	1,173	2,408	1,308	2,460
	14,745	16,444	17,169	18,554
Less provision for impairment of receivables	(454)	(444)	(454)	(444)
Total	14,291	16,000	16,715	18,110
Total receivables comprises:				
Receivables from non-exchange transactions	8,065	9,205	8,200	9,257
Receivables from exchange transactions	6,226	6,795	8,515	8,423
Total	14,291	16,000	16,715	17,680

Commentary / Whakaaro

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

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

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

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

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

The Chief Executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows:
Section 90A: \$Nil (2025: \$Nil) and Section 90B: \$Nil (2025: \$Nil).

9.2 Movement in provision for impairment of receivables:

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
At 1 July	(444)	(397)	(444)	(495)
Additional provisions made during the year	(19)	(44)	(19)	(44)
Receivables written off during the period	-	2	-	2
Provision for bad and doubtful debts	9	(5)	9	93
At 30 June	(454)	(444)	(454)	(444)

Notes to the Financial Statements

Commentary / Whakaaro

As of 30 June 2026, and 2025, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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

9.3 Credit risks aging of trade receivables

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Current (less than 3 months)	12,654	10,856	15,076	12,955
3 to 6 months	713	4,627	715	4,638
6 to 9 months	60	72	60	72
9 to 12 months	-	-	-	-
> 12 months	1,318	889	1,318	889
Carrying amount	14,745	16,444	17,169	18,554

Commentary / Whakaaro

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

10 Payables

Accounting Policy / Kaupapahere Kaute

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Trade payables and Accrued expenses	15,737	18,678	21,281	23,733
Amounts due from related parties	-	-	(31)	81
Revenue in advance	3,486	2,372	3,655	2,512
Retentions	-	-	39	-
Total	19,223	21,050	24,944	26,326
Total payables comprises:				
Payables from non-exchange transactions	3,487	2,372	3,486	2,372
Payables from exchange transactions	15,736	18,678	21,458	23,954
Total trade and other payables	19,223	21,050	24,944	26,326

Commentary / Whakaaro

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

Notes to the Financial Statements

11 Property, plant & equipment

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

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

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

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

Leasing - The net carrying amount of plant and equipment held under finance leases is \$37,881 (2025: \$52,645). Note 19.2 provides further information about finance leases.

Unrecognised heritage assets

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

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

Council Operation Assets	Depreciation Rates	Council Infrastructural Assets	Depreciation Rates
Building - Structure	0.83%-5% SL	Total Pavement Layers	0.47%-9.23% SL
Building - Roof	1.67% - 2.86% SL	Total Roadway Assets	1% - 2.15% SL
Building - Electrical	2.22% - 2.50% SL	Traffic Signs	3.62% - 9.76% SL
Building - Plumbing	1.43% - 4% SL	Street Lights	2.21% - 9.77% SL
Building - Internal Fit Out	2.22% - 6.67% SL	Other Asset	1.25% - 5.77% SL
Building - Plant	1.25% - 6.67% SL	Formation	0%
Library Books	10% - 14.29% SL	Stormwater	0.79% - 2.42% SL
Plant and Equipment	2% - 40% DV	Wastewater	1.10% - 2.77% SL
Motor Vehicles	31% DV	Water	1.11% - 5.42% SL
Monuments and Statues	2% SL		
Hard Surfaces and Appurtenance	1% - 21.60% SL/DV/NOND		
Furniture and Fittings	21%- 33%DV		
Subsidiaries			
Buildings	1.4%-23.2% SL	Airport Facilities	
Furniture and Fittings	9.6% - 30% DV & 2.6% - 80.6% SL	Runway, Apron & Taxiway (Base-course & sub-base)	3% SL
Plant	8% - 50% DV & 5% - 67% SL	Top Surface (Runway)	6.7% SL
Motor Vehicle	10% - 15.6% DV & 7%-25% SL	Top Surface (Apron and Taxiway)	6.7% SL
Network Assets	1.4% - 50% SL	Roads, carparks, fencing and stop banks	1% - 30% SL

Notes to the Financial Statements

11.1 Property, plant and equipment

2026	Council operational assets						Council infrastructural assets						Council restricted assets			Subsidiaries property, plant and equipment		
	Cost / Revaluation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000	Additions and transfers \$000	Disposals / De- recognition \$000	Current year disposals accumulated depreciation \$000	Cost transfers \$000	Depreciation transfers \$000	Impairment charges \$000	Depreciation \$000	Revaluation adjustment - Cost \$000	Revaluation adjustment - Accumulated depreciation \$000	Cost / Revaluation \$000	Accumulated depreciation charges \$000	Carrying amount \$000	Cost transfers \$000	Depreciation transfers \$000	Impairment charges \$000
	1-Jul-25	1-Jul-25	1-Jul-25										30-Jun-26	30-Jun-26	30-Jun-26			
Council operational assets																		
Land	25,215	-	25,215	-	(49)	-	-	-	-	-	-	-	25,166	-	25,166	-	-	-
Buildings	137,891	-	137,891	5,839	(261)	32	(599)	599	-	(7,431)	-	-	142,870	(6,800)	136,070	-	-	-
Library books	2,456	-	2,456	484	-	-	(154)	154	-	(303)	-	-	2,786	(149)	2,637	-	-	-
Plant and equipment	16,675	(10,349)	6,325	1,644	(2)	-	(11)	11	-	(1,678)	-	-	18,306	(12,016)	6,289	-	-	-
Motor vehicles	6,568	(4,135)	2,433	789	(833)	761	-	-	-	(899)	-	-	6,524	(4,273)	2,251	-	-	-
Furniture and fittings	1,911	(1,370)	541	159	-	-	-	-	-	(133)	-	-	2,070	(1,503)	567	-	-	-
Total Council operational assets	190,716	(15,854)	174,862	8,915	(1,145)	793	(764)	764	-	(10,444)	-	-	197,722	(24,741)	172,981			
Council infrastructural assets																		
Roads, bridges and footpaths	443,383	-	443,383	14,231	-	-	(5,381)	5,381	-	(12,494)	-	-	452,233	(7,113)	445,120	-	-	-
Stormwater systems	211,770	(2,308)	209,461	2,726	-	-	(2,010)	2,010	-	(4,703)	-	-	212,486	(5,001)	207,485	-	-	-
Wastewater systems - Treatment plants facilities	31,252	(661)	30,591	692	-	-	(692)	692	-	(1,580)	-	-	31,252	(1,549)	29,703	-	-	-
Wastewater systems - Other assets	155,909	(2,224)	153,685	5,495	-	-	(4,899)	4,899	-	(5,502)	-	-	156,505	(2,827)	153,678	-	-	-
Water systems - Treatment plants facilities	9,793	(438)	9,355	244	-	-	(244)	244	-	(662)	-	-	9,793	(856)	8,937	-	-	-
Water systems - Other assets	226,676	1,464	228,140	19,260	-	-	(5,100)	5,100	-	(6,143)	-	-	240,836	421	241,257	-	-	-
Land under roads	45,046	-	45,046	-	-	-	-	-	-	-	-	-	45,046	-	45,046	-	-	-
Total Council infrastructural assets	1,123,829	(4,167)	1,119,661	42,648	-	-	(18,326)	18,326	-	(31,084)	-	-	1,148,151	(16,925)	1,131,226			
Council restricted assets																		
Land	9,154	-	9,154	-	-	-	-	-	-	-	-	-	9,154	-	9,154	-	-	-
Land - Forestry	1,670	-	1,670	-	-	-	-	-	-	-	-	-	1,670	-	1,670	-	-	-
Monuments and statues	1,258	(113)	1,145	-	-	-	-	-	-	(25)	-	-	1,259	(138)	1,121	-	-	-
Hard surfaces and appurtenance	11,247	(1,950)	9,296	164	-	-	(22)	22	-	(270)	-	-	11,389	(2,198)	9,190	-	-	-
Total Council restricted assets	23,329	(2,063)	21,265	165	-	-	(22)	22	-	(295)	-	-	23,472	(2,336)	21,135			
Total Council property, plant and equipment	1,337,874	(22,085)	1,315,787	51,728	(1,145)	793	(19,112)	19,112	-	(41,823)	-	-	1,369,345	(44,003)	1,325,341			
Subsidiaries property, plant and equipment																		
Land	2,768	(12)	2,756	-	-	-	(294)	-	-	-	411	-	2,885	(12)	2,873	-	-	-
Land Improvements	2,721	-	2,721	553	-	-	-	-	-	(147)	-	-	3,274	(147)	3,127	-	-	-
Buildings, Yards and Terminals	26,958	(7,355)	19,603	2,291	(5)	-	-	-	(5)	(1,532)	-	-	29,244	(8,882)	20,362	-	-	-
Gravel and fencing	4,933	(2,188)	2,745	254	-	-	(1,068)	-	-	(186)	714	91	4,833	(2,283)	2,550	-	-	-
Network assets	173,539	(45,720)	127,819	6,793	(1,067)	148	-	-	-	(5,201)	-	-	179,261	(50,773)	128,488	-	-	-
Plant and equipment	3,309	(2,353)	956	1,078	(41)	39	-	-	-	(239)	-	-	4,346	(2,553)	1,793	-	-	-
Motor vehicles	3,879	(2,790)	1,089	-	(1)	1	-	-	-	(92)	-	-	3,878	(2,881)	997	-	-	-
Furniture and fittings	5,820	(4,139)	1,681	3,365	(240)	140	-	-	-	(389)	-	-	8,945	(4,388)	4,557	-	-	-
Runways and taxi ways	18,049	(13,044)	5,005	7,891	(4,588)	4,588	-	-	-	(755)	-	-	21,352	(9,211)	12,141	-	-	-
Total subsidiaries property, plant and equipment	241,976	(77,601)	164,375	22,225	(5,942)	4,916	(1,362)	-	(5)	(8,541)	1,125	91	258,018	(81,130)	176,888			
Total Group property, plant and equipment	1,579,850	(99,686)	1,480,158	73,953	(7,087)	5,709	(20,474)	19,112	(5)	(50,364)	1,125	91	1,627,363	(125,133)	1,502,230			

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

Notes to the Financial Statements

2025															
	Cost /	Accumulated	Carrying	Additions and	Disposals / De-	Current year	Cost	Depreciation	Impairment		Revaluation	Revaluation	Cost /	Accumulated	Carrying
	Revaluation	depreciation and	amount	transfers	recognition	disposals	transfers	transfers	charges	Depreciation	adjustment -	adjustment -	Revaluation	depreciation	amount
	\$000	impairment	\$000	\$000	\$000	accumulated	\$000	\$000	\$000	\$000	Cost	Accumulated	\$000	\$000	\$000
	1-Jul-24	1-Jul-24	1-Jul-24			depreciation					\$000	\$000	30-Jun-25	30-Jun-25	30-Jun-25
Council operational assets															
Land	25,415	-	25,415	-	-	-	-	-	-	-	(200)	-	25,215	-	25,215
Buildings	301,775	(188,496)	113,279	6,738	-	-	(3,237)	3,237	-	(6,925)	8,557	16,242	137,891	-	137,891
Library books	4,379	(398)	3,981	422	-	-	(422)	422	-	(572)	(1,923)	548	2,456	-	2,456
Plant and equipment	17,074	(13,443)	3,631	4,129	(4,501)	4,241	(27)	27	-	(1,174)	-	-	16,675	(10,349)	6,325
Motor vehicles	5,879	(3,931)	1,948	1,282	(593)	585	-	-	-	(789)	-	-	6,568	(4,135)	2,433
Furniture and fittings	1,819	(1,240)	579	92	-	-	-	-	-	(130)	-	-	1,911	(1,370)	541
Total Council operational assets	356,341	(207,508)	148,833	12,663	(5,094)	4,826	(3,686)	3,686	-	(9,590)	6,434	16,790	190,716	(15,854)	174,862
Council infrastructural assets															
Roads, bridges and footpaths	734,049	(434,851)	299,198	8,694	-	-	(6,631)	6,631	-	(13,473)	87,530	61,434	443,383	-	443,383
Stormwater systems	211,483	-	211,483	2,516	-	-	(2,516)	2,516	-	(4,824)	287	-	211,770	(2,308)	209,461
Wastewater systems - Treatment plants facilities	31,252	-	31,252	919	-	-	(919)	919	-	(1,580)	-	-	31,252	(661)	30,591
Wastewater systems - Other assets	155,567	-	155,567	3,314	-	-	(3,271)	3,271	-	(5,495)	299	-	155,909	(2,224)	153,685
Water systems - Treatment plants facilities	9,793	-	9,793	205	-	-	(205)	205	-	(643)	-	-	9,793	(438)	9,355
Water systems - Other assets	212,489	-	212,489	21,228	-	-	(7,423)	7,423	-	(5,959)	382	-	226,676	1,464	228,140
Land under roads	45,046	-	45,046	-	-	-	-	-	-	-	-	-	45,046	-	45,046
Total Council infrastructural assets	1,399,679	(434,851)	964,828	36,876	-	-	(20,965)	20,965	-	(31,974)	88,498	61,434	1,123,829	(4,167)	1,119,661
Council restricted assets															
Land	9,154	-	9,154	-	-	-	-	-	-	-	-	-	9,154	-	9,154
Land - Forestry	1,670	-	1,670	-	-	-	-	-	-	-	-	-	1,670	-	1,670
Monuments and statues	1,258	(88)	1,170	-	-	-	-	-	-	(25)	-	-	1,258	(113)	1,145
Hard surfaces and appurtenance	9,805	(1,885)	7,920	1,598	-	-	(6)	6	-	(240)	(150)	169	11,247	(1,950)	9,296
Total Council restricted assets	21,887	(1,973)	19,914	1,598	-	-	(6)	6	-	(265)	(150)	169	23,329	(2,063)	21,265
Total Council property, plant and equipment	1,777,907	(644,332)	1,133,575	51,137	(5,094)	4,826	(24,657)	24,657	-	(41,829)	94,782	78,393	1,337,874	(22,085)	1,315,787
Subsidiaries property, plant and equipment															
Land	2,768	-	2,768	2,721	-	-	-	-	-	(12)	-	-	5,489	(12)	5,477
Terminals	7,400	(1,976)	5,424	1,129	(21)	-	-	-	-	(226)	-	-	8,508	(2,202)	6,306
Gravel and fencing	4,526	(2,011)	2,515	407	-	-	-	-	-	(177)	-	-	4,933	(2,188)	2,745
Buildings and yards	16,072	(4,144)	11,928	1,339	-	-	-	-	-	(1,009)	1,039	-	18,450	(5,153)	13,297
Network assets	160,087	(40,824)	119,263	8,377	(135)	65	-	-	-	(4,961)	5,220	-	173,539	(45,720)	127,819
Plant and equipment	3,010	(2,527)	483	604	(305)	305	-	-	-	(131)	-	-	3,309	(2,353)	956
Motor vehicles	3,877	(2,673)	1,204	2	-	-	-	-	-	(117)	-	-	3,879	(2,790)	1,089
Furniture and fittings	5,788	(3,795)	1,993	32	-	-	-	-	-	(344)	-	-	5,820	(4,139)	1,681
Runways and taxi ways	17,391	(12,448)	4,943	658	-	-	-	-	-	(596)	-	-	18,049	(13,044)	5,005
Total subsidiaries property, plant and equipment	220,919	(70,398)	150,521	15,269	(471)	370	-	-	-	(7,573)	6,259	-	241,976	(77,601)	164,370
Total Group property, plant and equipment	1,998,826	(714,730)	1,284,096	66,406	(5,565)	5,196	(24,657)	24,657	-	(49,402)	101,041	78,393	1,579,850	(99,686)	1,480,158

Notes to the Financial Statements

11.2 Work in progress

Accounting Policy / Kaupapahere Kaute

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Land	18	18	18	18
Buildings	59,016	25,511	59,290	27,404
Network assets	4	-	2,910	2,566
Plant and equipment	267	102	2,624	272
Motor vehicles	114	40	136	62
Roads, bridges and footpaths	1,826	2,930	1,826	2,930
Stormwater systems	1,172	865	1,172	865
Wastewater systems	5,593	2,177	5,593	2,177
Water systems	2,813	13,387	2,813	13,387
Restricted land	511	35	511	35
Hard surfaces and appurtenance	7	-	7	-
Runaways and taxi ways	-	-	64	190
Investment property	-	43	876	43
Furniture and Fittings	-	-	1	-
Gravel and Fencing	-	-	15	-
Total work in progress	71,341	45,108	77,856	49,949

Commentary / Whakaaro

Council has commenced a number of significant capital projects during 2025/2026 of which many were still in progress as at 30 June 2026. The most significant is the Te Unua Museum of Southland build. The most significant projects completed this year include the Branxholme pipeline project (Water) and the Millar Street Elderly Housing complex.

Notes to the Financial Statements

11.3 Core infrastructure asset disclosures

	Closing book value (\$000)	Additions: constructed by Council (\$000)	Additions: transferred to Council (\$000)	Most recent replacement cost estimate for revalued assets (\$000)
2026				
Roads, bridges and footpaths	446,946	16,057	883	822,441
Stormwater systems	208,657	3,898	716	453,062
Wastewater systems - Treatment plants and facilities	29,703	692	-	76,884
Wastewater systems - Other assets	159,271	11,088	596	446,869
Water systems - Treatment plants and facilities	8,937	244	-	31,983
Water systems - Other assets	244,070	22,073	198	446,517
Land under roads	45,046	-	3	45,046
	<u>1,142,630</u>	<u>54,052</u>	<u>2,396</u>	<u>2,322,802</u>
2025				
Roads, bridges and footpaths	446,313	11,624	1,316	822,441
Stormwater systems	210,326	3,381	287	453,062
Wastewater systems - Treatment plants and facilities	30,591	919	-	76,884
Wastewater systems - Other assets	155,862	5,491	299	446,869
Water systems - Treatment plants and facilities	9,355	205	-	31,983
Water systems - Other assets	241,527	34,615	382	446,517
Land under roads	45,046	-	-	45,046
	<u>1,139,020</u>	<u>56,235</u>	<u>2,284</u>	<u>2,322,802</u>

Commentary / Whakaaro

The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location.

Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.

Notes to the Financial Statements

11.4 Revaluations

Accounting Policy / Kaupapahere Kaute

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

Infrastructural assets:**Land under Roads**

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

Roads, Bridges and Footpaths

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

Stormwater, Wastewater and Water Systems

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

Vested assets

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

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

Review of Asset Estimated Useful Life

The network assets of EIL were revalued as at 31 March 2025, there was no material change to the average useful lives of the assets.

Impairment and Fair Value Assessment for 2026

There were no events or circumstances identified that indicate the electricity network assets may be impaired as at 31 March 2026. Presently the listed assets of the electricity distribution network and other property, plant and equipment are generating business cash flow, the value of the assets are not deemed to require an impairment adjustment. Network assets were revalued at 31 March 2025.

Accounting for revaluations

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

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

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

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

Fair Value Assessment undertaken in 2026

Management has undertaken a fair value assessment of asset values at 30 June 2025 excluding the operational land and buildings and roading assets that have been independently valued at 30 June 2025. Management considered that the current book value of all other assets was reflective of the fair value. An independent valuation of 3 waters assets was completed at 30 June 2025.

Notes to the Financial Statements

Operational land and buildings

Operational land and buildings were valued by Quotable Value Limited (independent valuers) as at 30 June 2025. Residential and commercial properties have been valued at fair market value in relation to market-based evidence. Specialised buildings have been valued at fair value using optimised depreciated replacement cost because no reliable market data is available for such buildings. Replacement cost rates have been estimated from construction contracts of like assets, reference to publications such as QV Cost Builder, recent costings obtained from construction details and Property Institute of New Zealand's cost information. The effective age of the structures has been sourced from the records held by Quotable Value Ltd where available, otherwise based on visual inspection. This resulted in a revaluation reserve increase movement of \$24.62 million in 2025.

The Invercargill City Charitable Trust Board property, plant and equipment was valued by Quotable Value Ltd at 30 June 2025 as \$15,382,200 (2024: \$14,011,500), with fair value being determined on the basis of optimised depreciated replacement cost for property plant and equipment. The land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Council infrastructural assets

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

Revaluation resulted in the following increases in 2024:

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

Council's roads, bridges and footpaths were valued IAM Consulting Limited (independent valuer) as at 30 June 2025. Assets were valued using optimised depreciated replacement cost (ODRC). Where the relevant market price data is not available (i.e., no recent construction contract) then indexing has been used as part of the method to determine fair value of assets. This resulted in an increase of \$147 million. The valuation of roads involves key judgments and estimation when developing assumptions. The increase in the road valuation in 2025 was largely impacted the changes in the following significant assumptions:

- Increase in the useful life estimates for road surface. This change was based on the most recent condition and performance information.
- Increase in the useful life estimates for the sub-base and base layer components of the road assets. While there is limited recent market information the unit rates for these components have also driven the increase in the value. The increased unit rates are based on reference to changes in contracts rates at similar neighbouring councils.
- Improvements in the assumptions relating to formation depth and width have also resulted in an increase in the value of the formation component of the road assets.

Previously, in June 2023, roading assets were revalued at \$302 million when management performed the revaluation using indexation, resulting in an increase of \$5.07 million.

Optimised Depreciated Replacement Cost (ODRC)

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

Library books

Council's library collections were valued by Council staff as at 30 June 2025. All assets were valued using depreciated replacement cost (DRC), being gross replacement cost less accumulated depreciation to date, based on the current age profile compared to useful life. This resulted in a decrease in value of \$1.37 million in 2025.

Notes to the Financial Statements

Network assets*Valuation*

The network assets of Electricity Invercargill Ltd were revalued to fair value using discounted cash flow methodology on 31 March 2025 by Deloitte, who is an independent valuer. This resulted in a favourable revaluation movement of \$5,220,000.

The primary valuation method is the discounted cash flow (DCF) method over a 10-year period, plus terminal value. The following valuation assumptions were adopted:

- The free cash flows were based on the Company's forecast of capital expenditure (capex) and operational expenditure (opex) as sourced from latest asset management plan (AMP), adjusted to exclude expenditure related to network expansion.
 - Adopted the Commerce Commission's determination of regulatory average cost of capital (WACC) of 7.1% for default price-quality path four (DPP4) and assumed a regulatory WACC of 7.32% for DPP5.
 - Considers the impact of Incremental Rolling Incentive Scheme (IRIS) adjustment until the end of DPP4.
 - The corporate tax rate used was 28%.
 - The weighted average cost of capital (WACC) used was 6.5%.
 - RAB multiple range of 1.0 times for the terminal value.
- 11.5 Insurance of assets (Council)

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)
Total value of all assets covered by insurance contracts	2,239,260	2,172,632
Maximum amount to which these assets are insured	2,320,212	2,263,092

Commentary / Whakaaro

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

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

12 Intangible Assets*Accounting Policy / Kaupapahere Kaute***Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software - 40% DV

Impairment of intangible assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant, and equipment in Note 11.

Notes to the Financial Statements

	Council and Group		
	Computer software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July 2024	3,256	1,627	4,883
Additions	136	-	136
Change in fair value	-	264	264
Balance at 30 June 2025	3,392	1,891	5,283
Additions	60	-	60
Change in fair value	-	(127)	(127)
Balance at 30 June 2026	3,452	1,764	5,216
Amortisation and impairment charges			
Balance at 1 July 2024	2,503	-	2,503
Amortisation for the year	290	-	290
Balance at 30 June 2025	2,792	-	2,792
Amortisation for the year	243	-	243
Balance at 30 June 2026	3,035	-	3,035
Net book value			
Balance at 30 June 2026	417	1,764	2,181
Balance at 30 June 2025	600	1,891	2,491
Work in progress	Restated*		
Balance at 30 June 2026	1,330	-	1,330
Balance at 30 June 2025	1,494	-	1,494

*In the 2024/2025-year, the intangible assets work-in-progress balance has been restated to include an adjustment for expenditure previously classified as intangible asset work-in-progress. Refer to Note 34 for further details of this correction.

Commentary / Whakaaro

Restrictions

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

Carbon credits

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

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

Notes to the Financial Statements

13 Biological assets

Accounting Policy / Kaupapahere Kaute

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

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

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

	Council Forestry (\$000)
Balance at 1 July 2024	3,894
Forest assets logged at cost	(17)
Change in fair value less estimated point-of-sale costs	60
Balance at 30 June 2025	<u>3,937</u>
Balance at 1 July 2025	3,937
Forest assets logged at cost	(117)
Change in fair value less estimated point-of-sale costs	521
Balance at 30 June 2026	<u>4,341</u>

At 30 June 2026 standing timber comprised approximately 654.8 hectares (2025: 640.4 hectares) of plantations at one location, which range from newly established plantations to plantations that are 50 years old.

The forests are valued annually effective 30 June. The 2026 valuation was performed by Allan Bell & Associates. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- The valuation excludes funding and taxation as costs.
- The valuation method used was the compounded costs and discounted future revenues methods depending on the age of the trees.
- The discount rate is based on the implied pre-tax discount rate from actual transactions (2025: same method). The pre-tax discount rate chosen for the 2026 valuation of the Invercargill City Council's forests is 8% (2025: 8 %) and the compound rate is 3% (2025: 3%).
- The valuation excludes any increases in value due to biological transformation.
- The valuation excludes any costs associated with future activities of the Council such as those related to enhancing future biological transformation.
- The valuation excludes land as the forests are situated on reserve land.

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

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

Emissions Trading Scheme**Pre 1990 Forests:**

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

Notes to the Financial Statements

Post 1989 Forests:

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

Deforestation Liability

Council has harvested a total of 263.2 (2025: 261.0) hectares of pre 1990 forest. Of this harvested land, 6.5 (2025: 38.57) hectares has not yet been replanted at 30 June 2026 and carries a potential deforestation liability of \$676,217 (2025: 852,970) if the land is not replanted. It is Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Supply and demand risk

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

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

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

Climate and other risks

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

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

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

14 Capital commitments and operating leases*Accounting Policy / Kaupapahere Kaute*

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

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

14.1 Commitments

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Capital expenditure - Infrastructure	7,803	5,741	7,803	5,741
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	17,782	37,781	22,215	41,346
Total commitments	25,585	43,522	30,018	47,087

*Commentary / Whakaaro***ICC**

Council has a number of contracts making up the year-end balance including the experience build for Te Unua Museum of Southland.

Notes to the Financial Statements

Associates and Joint Venture commitments ICHL Group

As at 30 June 2026 there were no capital commitments for Invercargill Central Limited (2025: Nil).

HWCP management Limited has capital commitments as at 30 June 2026 totalling Nil (2025: Nil).

Commitments ICCT

ICCT has an obligation to meet Rugby Southland's lease costs until 2033. No formal lease has been signed in this regard and the value of the lease obligation is not yet known. This obligation will be transferred, with the ownership of Rugby Park stadium, once the asset has been sold or transferred to Invercargill City Council. At year end, ICCT has temporary lease obligations for the alternative premises leased until 30 June 2026 of \$71,400 (2025: \$35,700) for rental of alternate offices at 120A Leet Street.

Commitments Southland Regional Development Agency trading as Great South

As at 30 June 2026, SpaceOps NZ has committed to the completion of Phase 1 of the on-site accommodation at the Awarua Ground Station. The amount committed to complete this build is \$1,454,587 (2025: \$500,000).

14.2(a) Operating leases as lessor – investment property

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Non-cancellable operating leases as lessor - investment property				
Not later than one year	1,410	1,355	2,108	2,275
Later than one year and not later than five years	1,949	2,327	3,544	4,379
Later than five years	859	83	1,371	762
Total non-cancellable operating leases as lessor - investment property	4,218	3,765	7,023	7,416

Commentary / Whakaaro

The Council leases its investment property under 34 operating leases. There are 10 leases that have a non-cancellable term of 21 years or more, 17 leases that range between 6 and 20 years, 3 leases that range from more than 1 year to 5 years, and 4 annual leases.

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

No contingent rents have been recognised during the period.

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

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

14.2(b) Operating leases as lessor – other

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Non-cancellable operating leases as lessor - other				
Not later than one year	24	45	24	45
Later than one year and not later than five years	95	180	95	180
Later than five years	162	361	162	361
Total non-cancellable operating leases as lessor - other	281	586	281	586

Notes to the Financial Statements

Commentary / Whakaaro

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

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

No contingent rents have been recognised during the period.

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

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

14.3 Operating leases as lessee

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Non-cancellable operating leases as lessee				
Not later than one year	1,067	600	1,067	600
Later than one year and not later than five years	2,473	1,550	2,473	1,550
Total non-cancellable operating leases as lessee	3,540	2,150	3,540	2,150

Commentary / Whakaaro

The Council has leased 8 properties under operating leases in the normal course of its business. There are 4 annual leases, which are less than 5 years.

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

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

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

15 Non-current assets held for resale

Accounting Policy / Kaupapahere Kaute

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

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

Notes to the Financial Statements

16 Investment property

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

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

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Balance at 1 July	28,290	27,486	39,595	35,261
Acquisitions	276	-	762	2,906
Disposals	(175)	(276)	(175)	(276)
Transfer (to) from property, plant and equipment	-	-	1,362	-
Change in fair value	34	1,080	506	1,704
Balance at 30 June	28,425	28,290	42,050	39,595

Commentary / Whakaaro

Disposals are for the sale of 26 Tyne Street (2025), 55 Crinan Street and 98 Stanley Township).

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

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

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

The Group's investment properties are valued annually at fair value effective 30 June. Group Investment properties are held by Council and Invercargill Airport Limited. For 2026 and 2025, all investment properties were valued based on the income approach and comparable sales approach. The 2026 and 2025 valuations were performed by Robert Todd, an independent valuer from Telfer-Young from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned by the Group.

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

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

Notes to the Financial Statements

Reconciliation of net surplus on investment properties	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Rental revenue derived from investment properties	1,472	1,423	2,198	3,316
Direct operating expenses (including repairs and maintenance) generating rental revenue	(559)	(556)	(1,282)	(1,002)
Direct operating expenses (including repairs and maintenance) that did not generate rental revenue	(94)	(143)	(107)	(192)
Surplus/(Deficit) arising from investment properties carried at fair value	819	724	809	2,122

17 Investments in associates and joint arrangements

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

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

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

Notes to the Financial Statements

17.1 Investment in Associates

	Percentage held by Group		Balance date
	2026	2025	
Associate entities			
Emergency Management Southland	28.30%	28.30%	30-Jun
Invercargill Central Limited	47.78%	47.78%	30-Jun
HWCP Management Limited	49.90%	49.90%	30-Jun
Southland Regional Development Agency Limited trading as Great South	48.70%	48.70%	30-Jun

Movement in carrying value of associates	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
	2026 (\$000)	2025 (\$000)
Balance at 1 July	15,439	133,490
Share of profit/(loss)	2,456	2,663
Reclassification of Investment in Associate	-	656
Profit / (loss) from discontinued operations	-	21,539
Adjustment for share of net surplus not recognised	-	22
Sale of Associates	-	(6,820)
Distributions	-	(586)
Investments disposed	-	(135,525)
Assets classified as held for sale	-	-
Balance at 30 June	17,895	15,439

Notes to the Financial Statements

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

	Cash and cash equivalents (\$000)	Current assets(\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)	Non-current liabilities (\$000)	Total liabilities (\$000)	Net assets (\$000)
2026								
Emergency Management Southland	-	1,115	-	1,115	-	-	-	1,115
Invercargill Central Limited	491	631	88,431	89,553	2,020	52,648	54,668	34,885
HWCP Management Limited	3	56	2,800	2,859	1,374	4,629	6,003	(3,144)
Southland Regional Development Agency Limited trading as Great South	3,256	1,077	4,134	8,467	2,921	387	3,308	5,159
	3,750	2,879	95,365	101,994	6,315	57,664	63,979	38,015
2025								
Emergency Management Southland	-	1,005	-	1,005	-	-	-	1,005
Invercargill Central Limited	528	856	83,138	84,522	12,296	46,251	58,547	25,975
HWCP Management Limited	5	56	2,115	2,176	1,098	4,559	5,657	(3,481)
Southland Regional Development Agency Limited trading as Great South	3,142	1,263	2,966	7,371	2,942	88	3,030	4,341
	3,675	3,180	88,219	95,074	16,336	50,898	67,234	27,840

Notes to the Financial Statements

	Operating revenue (\$000)	Interest revenue (\$000)	Interest expense (\$000)	Depreciation (\$000)	Profit before tax from continuing activities (\$000)	Income tax expense (\$000)	Profit after tax (\$000)
2026							
Emergency Management Southland	1,627	-	-	27	10	-	10
Invercargill Central Limited	8,916	23	1,987	2,372	8,911	-	8,911
HWCP Management Limited	685	-	276	-	336	-	336
Southland Regional Development Agency Limited trading as Great South	10,188	62	-	254	1,208	(332)	876
	21,416	85	2,263	2,653	10,465	(332)	10,133
2025							
Emergency Management Southland	1,986	-	-	31	45	-	45
Invercargill Central Limited	8,342	50	2,247	2,391	13,612	(3,679)	9,933
HWCP Management Limited	-	-	267	-	(606)	-	(606)
Southland Regional Development Agency Limited trading as Great South	9,339	37	-	216	1,316	(371)	945
	19,667	87	2,514	2,638	14,367	(4,050)	10,317

Notes to the Financial Statements

Commentary / Whakaaro

The initial investment in HWCP Management Limited of \$200,000 has been reduced to nil after the share of losses have been recognised. A 2026 profit of \$336,000 (2025 – loss of \$274,000) has not been recognised given that the Group's share of the company's overall losses continues to exceed its interest in the associate.

The HWCP Management Limited associate has contingent liabilities as at 30 June 2026 of \$nil (2025: nil).

Invercargill Central Limited

For the year ended 30 June 2026, the impairment adjustment was reversed with the group's interest in ICL adjusted to \$15.066 million (2025: 12.411 million). This was a result of the market revaluation of ICL's Investment property as at 30 June 2026.

17.2 Joint Operation

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

The Council's interest in WasteNet is as follows:

	Actual 2026 (\$000)	Actual 2025 (\$000)
Current assets	854	2,013
Current liabilities	423	673
Reserves	1,340	1,262
Profit	(118)	78

18 Other financial assets*Accounting Policy / Kaupapahere Kaute*

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

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

Financial assets measured at amortised cost

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

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

Fair value through other comprehensive revenue or expense (FVTOCRE)

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

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

Notes to the Financial Statements

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

Fair value through surplus or deficit

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

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

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

Shares in subsidiaries (at cost)

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

Impairment of financial assets

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

The Council recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCRE. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

18.1 Other financial assets

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Current financial assets				
LGFA Borrower notes	1,266	873	1,266	873
Short term deposits	19,920	24,723	19,920	24,723
Total current financial assets	21,186	25,596	21,186	25,596
Non-current financial assets				
LGFA Borrower notes	6,175	3,016	6,675	3,016
Other investments	24	24	24	24
Equity share investments	367	367	614	614
Total non-current financial assets	6,566	3,407	7,313	3,654
Total other financial assets	27,752	29,003	28,499	29,250
Investment in CCOs and other similar entities	76,569	76,569	-	2,087
Advances to associates and joint ventures	12,700	16,250	14,022	17,528

Commentary / Whakaaro

Short term deposits reflect the carrying amount and fair value of term deposits.

As at 30 June 2026, Council had a balance of \$12.7 million (2025: 16.3 million) advanced to Invercargill Central Limited (ICL) in loan funding for its city centre development. During the year, ICL repaid \$4.4 million (2025: \$3.7 million), and withdrew \$0.8 million (2025: \$0.9 million). Interest is charged at market rates on the loan. The loan to ICL has a facility limit of \$31.45 million and is split into a fixed portion (\$10.0 million) and a floating portion. The fixed portion currently has a 27 June 2027 maturity date however this will be reviewed prior to maturity with the expectation that the loan will be refinanced for a similar future term.

Notes to the Financial Statements

19 Derivatives and Borrowing

19.1. Derivatives

Accounting Policy / Kaupapahere Kaute

The Council and Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective Group entities, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially and subsequently at fair value. Changes in fair value are recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Council uses derivatives to hedge its exposure to interest rate risks. The derivatives are designated as either cash flow hedges (hedging highly probable future transactions (borrowing)) or fair value hedges (hedging the fair value of recognised assets or liabilities). The full fair value of a hedge- accounted derivatives are classified as non-current if the remaining maturity of the hedged item is more than 12 months and as current if the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense, limited to the cumulative change in the fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. When the hedging relationship ceases to meet the criteria for hedge accounting any gain or loss recognised in other comprehensive revenue and expense and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in surplus or deficit. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in surplus or deficit.

If the hedging relationship no longer meets the criteria for hedge accounting, including when the hedging instrument expires or is sold, terminated, exercised, or revoked, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transactions occurs.

When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to surplus or deficit and included in finance costs.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. The cashflow hedges, the Council and group assesses that there is an economic relationship between the hedged item and the hedging instrument because the terms of the interest rate swaps match the terms of the fixed rate loan (that is, notional amount, maturity, and payment and reset dates).

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Non-current derivative financial instruments				
Interest rate swaps (cash flow hedges) - liabilities	(480)	(456)	(480)	(456)
	(480)	(456)	(480)	(456)
Total derivative financial instruments	(480)	(456)	(480)	(456)

Notes to the Financial Statements

19.2 Borrowings and other financial liabilities

Accounting Policy / Kaupapahere Kaute

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 2.5% of the total borrowing from LGFA. LGFA will redeem borrower notes when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.

Financial guarantee contracts

A financial guarantee contract requires the Council or Group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred, discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with expected credit loss (ECL) model over the lifetime of the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Current				
Secured loans	2	2	2	2
LGFA Debt	57,294	67,404	57,294	67,404
Finance lease liabilities	32	29	32	29
Total Current	57,328	67,435	57,328	67,435
Non-current				
LGFA Debt	143,756	87,256	153,756	87,256
Finance lease liabilities	50	80	50	80
Total Non-Current	143,806	87,336	153,806	87,336
Total Borrowings	201,134	154,771	211,134	154,771

Notes to the Financial Statements

Maturity analysis and effective interest rate (excluding finance leases)*Commentary / Whakaaro*

Secured loans of the Council are secured by a special rate over the rateable land value of the Invercargill City area provided by the LGFA.

Council also has a \$10 million multi-option facility which expires on 12 November 2028. The undrawn amount of this facility is \$10 million.

The Council's secured loans are a mixture of fixed and floating rates of interest. For the \$145.5 million (2025: \$77 million) of secured debt held at floating rate, the interest rate is reset quarterly based on the 90-day bank bill rate.

Council has issued \$199.8 million of bonds and notes (2025: \$153.8 million) with security being a charge over the rates revenue of the issuer. Terms of the bonds are between one and eight years.

The debentures are at fixed and floating interest rates. The floating interest rate is reset quarterly based on the NZD-BBR- FRA rate (from BKBM page) plus a margin for credit risk.

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Less than one year	57,328	67,435	57,328	67,435
Later than one year but no more than five years	143,806	87,336	153,806	87,336
Later than five years	-	-	-	-
	201,134	154,771	211,134	154,771

Interest rates on the Council secured loans have an effective interest rate of 3.46% (2025: 3.76%) with hedging refer to Note 19.3. Other Group loans have an effective interest rate of 2.88% (2025: 0.00%). Refer to Note 19.3 for further detail.

Due to interest rates on debt resetting to the market rate every three months the carrying amounts of secured loans approximate their fair values.

Finance lease liabilities*Accounting Policy / Kaupapahere Kaute***As Lessee**

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Notes to the Financial Statements

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Not later than one year	37	36	37	36
Later than one year but no more than five years	53	87	53	87
Minimum lease payments				
Less: future finance charges	(8)	(15)	(8)	(15)
Present value of minimum lease payments	82	108	82	108
Minimum future lease payments				
Not later than one year	32	29	32	29
Later than one year but no more than five years	50	80	50	80
Later than five years	-	-	-	-
Total present value of minimum lease payments	82	109	82	109
Represented by:				
Current portion	32	29	32	29
non-current portion	50	80	50	80
Total finance leases	82	109	82	109

Commentary / Whakaaro

Council leases 31 photocopiers situated in its various locations from Canon New Zealand Limited. The lease commenced in December 2024 and is for a term of 5 years. The annual lease payment is \$37,173 plus GST.

19.3 Hedging activities and derivatives

Council 2026

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial liabilities							
Derivative financial instruments	480	787	621	190	(24)	787	
Total financial liabilities	480	787	621	190	(24)	787	

Council 2025

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial liabilities							
Derivative financial instruments	456	570	178	438	(46)	570	
Total financial liabilities	456	570	178	438	(46)	570	

Notes to the Financial Statements

Group 2026		Maturity dates			Total	(\$000)
		Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)
Financial liabilities						
Derivative financial instruments		480	787	621	190	(24)
Total financial liabilities		480	787	621	190	(24)

Group 2025		Maturity dates			Total	(\$000)
		Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)
Financial liabilities						
Derivative financial instruments		456	570	178	438	(46)
Total financial liabilities		456	570	178	438	(46)

The notional values of interest rate swaps are summarised below:

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	4,000	5,000	4,000	5,000
Maturity 1-2 years	20,000	4,000	20,000	4,000
Maturity 2-3 years	10,000	20,000	10,000	20,000
Maturity 3-4 years	32,000	10,000	32,000	10,000
Maturity 4-5 years	15,000	32,000	15,000	32,000
Maturity 5-6 years	32,500	7,500	32,500	7,500
	113,500	78,500	113,500	78,500

Derivative financial instruments are carried at fair value based on the prevailing market rates as at valuation date. Any changes in the value of derivative instruments from inception date are included in either the surplus or deficit (for the ineffective portion of cash flow hedges, fair value hedges and any derivative instruments not designated in a hedging relationship) or in net asset / equity (for effective portion of cash flow hedges).

Derivative contracts are primarily entered into to hedge against any exposure to underlying risks associated with the hedged item. The risk management strategy of the Council and Group are discussed in note 19.5 of the financial statements.

Council and Group derivative financial instruments include the following:

Interest rate swaps

Council and Group enter into interest rate swap contracts to hedge their interest rate exposure on outstanding borrowings. The interest rate fluctuation impacts the fair value (for fixed-rated) and cash flow settlement (for floating) relating to the underlying hedged item.

Interest rate swaps contracts are carried at their fair value based on prevailing market interest rates at valuation date.

At 30 June 2026, the Council had interest rate swaps in place with a notional amount of \$113.5 million (2025: \$78.5 million) where the Council pays an average fixed interest rate of 3.69% (2025: 3.66%). This interest rate is used to determine the fair value (mark to market) of the swaps at balance date.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swaps are identical to the hedged risk components.

Notes to the Financial Statements

There are two types of hedge economic relationships:

- For interest rate swap contracts with the expected highly probable forecast transactions. To test the hedge effectiveness, the Group uses the forecast loan transactions that are highly probable and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks, or
- For interest rate swap contracts with variable rate loans. To test the hedge effectiveness, the Group uses a hypothetical derivative that is a proposed swap and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument.
- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The ineffectiveness is recognised in surplus or deficit.

19.4 Classification and fair value of financial instruments

Accounting Policy / Kaupapahere Kaute

Categories of financial assets and liabilities

Financial instruments are classified into one of the following categories:

- Financial assets and liabilities carried at amortised cost,
- Financial assets and liabilities measured at fair value through surplus and deficit,
- Financial assets measured at fair value through other comprehensive revenue and expense.

The classification into each category depends on the nature and management's intention over the financial instruments.

Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described below:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following methods and assumptions were used to estimate fair value for each class of financial instrument for which it is practicable to estimate such value:

Interest bearing financial assets and liabilities - Fixed rated instruments with quoted market prices are based on the quoted market price as of valuation date (Level 1) and for non-quoted securities, fair values were determined using discounted cash flow based on market observable rates (Level 2). Instruments with floating interest rates approximate fair value because of recent and regular repricing based on market conditions (Level 2).

The fair values of non-interest bearing debt securities and loans are determined using discounted cash flow based on Council's effective cost of borrowing for the year (calculated based on applicable market rate plus Council's credit spread) (Level 2). Foreign-currency denominated debt instruments are valued based on discounted future cash flows using the prevailing foreign exchange rate at valuation date (Level 2).

Derivative financial instruments - The fair values were computed as the present value of estimated future cash flows using market interest rates as at valuation date. The valuation techniques consider various inputs including the credit quality of counterparties (Level 2). The fair value forward exchange rate contracts are determined based on the discounted future cash flow using the market currency exchange and interest rates between the New Zealand dollar and relevant foreign currency at valuation date.

For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the group and the council is the bid price at balance date.

Level 2 - Inputs other than quoted prices included within Level 1 using observable market inputs for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the assets or liability that are not based on observable market data

Refer to Note 19.4 for the valuation techniques used to value derivative financial instruments and other financial assets, respectively.

For the purpose of measurement, the groups and council's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and

Notes to the Financial Statements

liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and loss
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

The fair value hierarchy for the council and group are as follows:

The fair value hierarchy for the council and group are as follows:

		Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
	Level				
Financial assets at fair value through surplus or deficit					
LGFA Borrower notes	2	7,441	3,889	7,941	3,889
Other investments	3	24	24	24	271
Equity share investments	3	367	367	614	614
		7,832	4,280	8,579	4,774
Total financial assets		7,832	4,280	8,579	4,774

Notes to the Financial Statements

	Council 2026		Council 2025	
	Carrying Amount (\$000)	Fair value (\$000)	Carrying Amount (\$000)	Fair value (\$000)
Assets				
Financial assets at fair value through surplus or deficit				
LGFA Borrower notes	7,441	7,441	3,889	3,889
Other investments	24	24	24	24
Equity share investments	367	367	367	367
	7,832	7,832	4,280	4,280
Financial assets at amortised cost				
Cash & cash equivalents	18,180	18,180	11,103	11,103
Receivables (excluding GST receivables & rates debtors)	7,839	7,839	8,475	8,475
Short term deposits	19,920	19,920	24,723	24,723
Advances to associates and joint ventures	12,700	12,700	16,250	16,250
	58,639	58,639	60,551	60,551
Total assets	66,471	66,471	64,831	64,831
Liabilities				
Financial assets at fair value through other comprehensive revenue and expenditure				
Derivative	480	480	456	456
Financial liabilities at amortised cost				
Borrowings	201,134	201,134	154,771	154,771
Pavables & accruals (excluding income received in advance)	15,737	15,737	18,678	18,678
	216,871	216,871	173,449	173,449
Total Liabilities	217,351	217,351	173,905	173,905

Notes to the Financial Statements

	Group 2026		Group 2025	
	Carrying Amount (\$000)	Fairvalue (\$000)	Carrying Amount (\$000)	Fairvalue (\$000)
Assets				
Financial assets at fair value through surplus or deficit				
LGFA Borrower notes	7,941	7,941	3,889	3,889
Other investments	24	24	271	271
Equity share investments	614	614	367	367
	8,579	8,579	4,527	4,527
Financial assets at amortised cost				
Cash & cash equivalents	24,244	24,244	29,620	29,620
Receivables (excluding GST receivables & rates debtors)	10,128	10,128	10,534	10,534
Short term deposits	19,920	19,920	24,723	24,723
Advances to associates and joint ventures	14,022	14,022	17,528	17,528
	68,314	68,314	82,405	82,405
Total assets	76,893	76,893	86,932	86,932
Liabilities				
Financial assets at fair value through other comprehensive revenue and expenditure				
Derivative	480	480	456	456
Financial liabilities at amortised cost				
Borrowings	211,134	211,134	154,771	154,771
Payables & accruals (excluding income received in advance)	21,250	21,250	25,725	23,814
Tax Payable	1,911	1,911	1,607	1,607
	234,295	234,295	182,103	180,192
Total Liabilities	234,775	234,775	182,559	180,648

Commentary / Whakaaro

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

19.5 Financial risk management

*Risk Management Policy / Kaupapahere Whakahaere Risk***Financial risk management objectives**

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

Financial risks

The risks associated with the financial assets and liabilities of the Council and Group include market risk, liquidity risk and credit risk.

Notes to the Financial Statements

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, short term investments, trade and receivables, foreign exchange transactions and other financial instruments.

The Council only invests funds in deposits with registered banks and local authority stock, and its investment policy limits the amount of credit exposure to any one institution or organisation.

The Council and group are exposed to credit risk through loan investments. Should there be events which lead to a change in the credit quality of the loans including but not limited to increases in interest rates it will be necessary to consider whether the loans are impaired or not.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities.

For counterparties with credit ratings, the cash at bank and deposits are held in banks with credit ratings from BBB+ to AA-. Derivative financial instrument assets are held with banks with credit ratings of AA-. For counterparties without credit ratings, the community (non-subsidiary) and related party loans are with parties that have had no defaults in the past.

The carrying amount of financial assets represents the maximum credit exposure.

19.5(a) Interest rate risk management

The following tables summarise the Council's and Group's interest rate re-pricing analysis with respect to its financial assets and liabilities subject to interest rate risk:

The financial assets and liabilities are exposed to interest rate risk as follows:

Financial assets

Cash and cash equivalents	Variable interest rates
Trade and other receivables	Non-interest bearing
Dividends receivable	Non-interest bearing
Derivative financial instruments (interest rate swaps)	Variable interest rates

Short term investments	Variable interest rates
------------------------	-------------------------

Financial liabilities

Trade and other payables	Non-interest bearing
Dividends payable	Non-interest bearing
Borrowings - secured loans	Fixed and variable interest rates
Derivative financial instruments (interest rate swaps)	Variable interest rates

Commentary / Whakaaro

Council and Group have entered into interest rate swap contracts to hedge against the risk due to interest rate fluctuations. The notional amount and maturities of interest rate swap contracts are presented in note 19.3 of the financial statements.

Effectiveness of cash flow hedges

The matched items method is used in applying hedges. In all cases the terms of both the hedge instrument (interest rate swap derivative) and the underlying transaction are matched.

Notes to the Financial Statements

	Council 2026 %	Council 2025 %	Group 2026 %	Group 2025 %
Effectiveness	100	100	100	100

Sensitivity analysis on financial instrumentsInvestments:

If interest rates on investments at 30 June 2026 had fluctuated by plus or minus 1%, (2025: 1%) the effect would have been to decrease/increase the surplus after tax by \$393,141 (2025: \$397,314).

Borrowings:

If interest rates on borrowings at 30 June 2026 had fluctuated by plus or minus 1%, (2025: 1%) the effect would have been to decrease/increase the surplus after tax. This is as a result of higher/lower interest expense on floating rate borrowings for Council by \$951,534 (2025: \$421,370) and for Invercargill City Holdings Limited \$10,411 (2025: \$ Nil).

Cash and cash equivalents:

Cash and cash equivalents included deposits at call which are at floating interest rates. Sensitivity to a 1% (2025: 1%) movement in rates is immaterial as these cash deposits are very short term.

Derivative asset: Cash flow hedge

The derivatives are hedge accounted and managed by the company to be 100% effective and thus there is no sensitivity to the profit and loss to change in the interest rates.

Sensitivity to a 1% (2025: 1%) movement in rates is as follows and affects the equity balance of the Group Interest rate sensitivity analysis

Interest rate swaps	Carrying amount Year 2026 (\$000)	Equity change 1% -1% (\$000) (\$000)	
Council	480	3,769	(3,946)
Interest rate swaps	Carrying amount Year 2025 (\$000)	Equity change 1% -1% (\$000) (\$000)	
Council	456	2,362	(2,476)

All ICHL borrowings were repaid and interest rate swaps were settled prior to 30 June 2025. ICHL did not hold any interest rate swaps as at 30 June 2026, despite ICHL drawing down an additional \$10 million of debt in the year ended 30 June 2026.

19.5(b) Liquidity risk management

Liquidity risk is the risk that the Council and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Council and Group manages its investments and borrowings in accordance with its written investment policies. In general, the Council and Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The Council and Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Notes to the Financial Statements

Commentary / Whakaaro

The Council is exposed to liquidity risk as a guarantor of all of LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The exposure relating to the guarantee is classified as a contingent liability by the Council and is explained further in note 23.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

Council 2026		Maturity dates				
Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)	Total (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	18,180	18,180	18,180	-	-	18,180
Receivables (excluding GST receivables & rates debtors)	7,839	7,839	7,839	-	-	7,839
Equity share investments	367	367	-	-	367	367
Short term investments	19,920	19,920	19,920	-	-	19,920
Other investments	7,465	21,467	14,852	5,074	1,541	21,467
Total financial assets	53,771	67,773	60,791	5,074	1,908	67,773
Financial liabilities						
Payables & accruals (excluding income received in advance)	15,737	15,737	15,737	-	-	15,737
Borrowings - secured loans	201,134	213,818	61,941	105,675	46,202	213,818
Total financial liabilities	216,871	229,555	77,678	105,675	46,202	229,555
Council 2025		Maturity dates				
Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)	Total (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	11,103	11,103	11,103	-	-	11,103
Receivables (excluding GST receivables & rates debtors)	8,475	8,475	8,475	-	-	8,475
Equity share investments	1,023	1,023	-	-	1,023	1,023
Short term investments	24,723	24,723	24,723	-	-	24,723
Other investments	20,163	22,826	7,252	13,746	1,828	22,826
Total financial assets	65,487	68,150	51,553	13,746	2,851	68,150
Financial liabilities						
Payables & accruals (excluding income received in advance)	18,678	18,678	18,678	-	-	18,678
Borrowings - secured loans	154,771	168,300	32,798	88,515	46,987	168,300
Total financial liabilities	173,449	186,978	51,476	88,515	46,987	186,978
Group 2026		Maturity dates				
Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)	Total (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	24,244	24,244	24,244	-	-	24,244
Receivables (excluding GST receivables & rates debtors)	10,128	10,128	10,128	-	-	10,128
Equity share investments	614	614	-	-	614	614
Short term investments	19,920	19,920	19,920	-	-	19,920
Other investments	8,579	21,467	14,852	5,074	1,541	21,467
Total financial assets	63,485	76,373	69,144	5,074	2,155	76,373
Financial liabilities						
Payables & accruals (excluding income received in advance)	21,250	21,250	21,250	-	-	21,250
Borrowings - secured loans	211,134	213,818	61,941	105,675	46,202	213,818
Total financial liabilities	232,384	235,068	83,191	105,675	46,202	235,068

Notes to the Financial Statements

Group 2025	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial assets							
Cash, cash equivalents and bank overdrafts	29,620	29,620	29,620	-	-	29,620	
Receivables (excluding GST receivables & rates debtors)	10,534	10,534	10,534	-	-	10,534	
Equity share investments	1,023	1,023	-	-	1,023	1,023	
Short term investments	24,723	24,723	24,723	-	-	24,723	
Other investments	20,410	23,073	7,499	13,746	1,828	23,073	
Total financial assets	86,310	88,973	72,376	13,746	2,851	88,973	
Financial liabilities							
Payables & accruals (excluding income received in advance)	25,725	25,725	25,725	-	-	25,725	
Borrowings - secured loans	154,771	168,300	32,798	88,515	46,987	168,300	
Total financial liabilities	180,496	194,025	58,523	88,515	46,987	194,025	

20 Provisions

Accounting Policy / Kaupapahere Kaute

Provisions

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Landfill Post Closure Costs

The Council has a legal obligation under the Resource Consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rate applied is 7% which represents the risk-free discount rate.

Parking Refund Provision

Council needs to be careful and precise in its bylaw and revenue raising policies. It is the approval process and clarity of the parking bylaw content that enables the collection of the parking fines and charges. The Court hearing on 21 February 2024 determined that the current Council Parking Bylaw did not empower the issue of \$40 infringements that required the activation of the parking meter by registering a number plate.

A provision for parking refunds was recognised as a liability for the revenue collected from the date the new parking meters were installed on 1 July 2022 to the date the \$40 fines were no longer issued on 29 February 2024. The provision was measured based on the cost of all fines issued and paid between those dates, including the \$30 court administration cost if incurred. Since the provision was created \$0.1 million has been refunded to users incorrectly fined. This represents 15% of the total population of incorrectly collected fines. While Council still has an obligation to refund, the likelihood of having to refund the full amount is unlikely. It is for this reason that the provision has been reduced by \$100,000 (2025: \$264,000).

Lessee Improvements Settlement Provision

A provision was recognised in 2024 for the estimated cost of settlement for improvements made to Invercargill Airport land by a former lessee. Under the terms of the leases and in accordance with the Public Bodies Leases Act 1969, the Company was required to provide compensation for improvements made during the tenure of the leases. During the current year, the Company settled its obligation relating to the improvements made to Invercargill Airport land by a former lessee. As a result, the provision has been fully utilised and released upon payment of the settlement amount. Accordingly, no provision remains outstanding in respect of this matter at balance date.

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	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Landfill aftercare provision				
Balance 1 July	928	928	928	928
Balance at 30 June	928	928	928	928
Parking ticket refund provision				
Balance 1 July	188	501	188	501
Creation of provision	-	-	-	-
Partial release of provision	(100)	(264)	(100)	(264)
Amounts refunded	-	(49)	-	(49)
Balance at 30 June	88	188	88	188
Lessee improvements settlement provision				
Balance 1 July	-	-	3,895	3,885
Creation of provision	-	-	-	10
Provisions Released	-	-	(3,895)	-
Balance at 30 June	-	-	-	3,895
	1,016	1,116	1,016	5,011
Current	200	300	200	4,195
Non-current	816	816	816	816
Total Provisions	1,016	1,116	1,016	5,011

Commentary / Whakaaro

Landfill Provision

The Council's current resource consent for the operation of its landfill expired in 2006. The Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities including the following:

Closure responsibilities

- Site
- Planting and maintenance of vegetation; and
- Development of roading and walking tracks.

Post-closure responsibilities

- Ongoing maintenance of roading and walking tracks
- Treatment and monitoring of leachate; and
- Maintenance of vegetation.

The management of the closed landfill has been in line with the resource consent conditions established at the time of closure.

The conditions were established based on good practice guidelines known at the time. Recent regulatory changes aimed at improving the conditions of waterways and estuaries across the country have heightened awareness regarding the closed landfill.

Maintaining the provision at current levels is appropriate given the uncertainty around future consent requirements.

Parking Refund Provision

The parking refund provision is the total of all fines issued and paid from 1 July 2022 to 29 February 2024, including the \$30 court administration cost, that are eligible to be refunded. The provision is affected by the number of people who decide to contact the Council and claim the refund. Most of the liability is expected to be incurred over the first year. As a result of the low uptake of refunds, \$100,000 of the provision has been released at 30 June 2026 (2025: \$264,000).

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21 Employee benefit liabilities

*Accounting Policy / Kaupapahere Kaute***Short-term benefits**

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

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

Long-term benefits

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

Superannuation schemes

Defined contribution schemes:

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

	Council Actual 2026 (\$000)	Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Group Actual 2025 (\$000)
Accrued pay	1,936	1,645	2,161	1,645
Annual leave	2,422	2,233	2,554	2,473
Long service leave	262	278	262	278
Retirement gratuities	508	570	508	570
	5,128	4,726	5,485	4,966
Current	5,128	4,726	5,485	4,966
Total employee benefit liabilities	5,128	4,726	5,485	4,966

*Commentary / Whakaaro***Employee Entitlements**

Annual leave, long service and some retirement gratuities are classified as current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Non-Current Entitlements

The provision for retirement gratuities is an assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next ten years.

Notes to the Financial Statements

22 Equity

	Council Actual 2026 (\$000)	Restated* Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Restated* Group Actual 2025 (\$000)
Retained earnings				
As at 1 July	350,829	359,291	419,861	399,299
Transfers to:				
Restricted and non-restricted reserves	(4,829)	(7,740)	(4,829)	(7,740)
Transfers from:				
Restricted and non-restricted reserves	1,000	1,378	1,000	1,378
Transfer of revaluation reserve to retained earnings	-	-	447	16,330
Surplus/(Deficit) for the year	(8,490)	(2,100)	(9,662)	10,594
Dividend Paid to Minority Interests	-	-	(13)	-
As at 30 June	338,509	350,829	406,804	419,861
Restricted and non-restricted reserves				
As at 1 July	50,561	44,199	50,561	44,199
Transfers to retained earnings	(1,000)	(1,378)	(1,000)	(1,378)
Transfers from retained earnings	4,829	7,740	4,829	7,740
As at 30 June	54,390	50,561	54,390	50,561
Hedging reserve				
As at 1 July	(456)	365	(457)	962
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cash flow hedges	(25)	(821)	(25)	(1,419)
As at 30 June	(481)	(456)	(482)	(457)
Carbon credit revaluation reserve				
As at 1 July	1,672	1,408	1,672	1,408
Other comprehensive revenue and expenses:				
Change in fair value of carbon credits	(127)	264	(127)	264
As at 30 June	1,545	1,672	1,545	1,672
Asset revaluation reserve				
As at 1 July	964,453	793,561	1,003,243	843,882
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	-	170,892	991	175,691
Transfer of revaluation reserve to retained earnings due to asset disposal	-	-	(447)	(16,330)
As at 30 June	964,453	964,453	1,003,787	1,003,243
Asset revaluation reserves consist of:				
Land and buildings	133,961	133,961	138,095	137,106
Library books	8,250	8,250	8,250	8,250
Infrastructural assets	822,242	822,242	857,442	857,887
Total asset revaluation reserve	964,453	964,453	1,003,787	1,003,243
Total other reserves	1,019,907	1,016,229	1,059,240	1,055,019

*In the 2024/2025-year, there has been a restatement of opening equity as at 1 July 2024. Refer to Note 34 for further details of this correction.

Notes to the Financial Statements

Council Actual 2026				
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	Closing Balance (\$000)
Restricted reserves				
The reserves can only be used for designated purposes.				
<u>Category A (Legal restriction)</u>	451	9	-	460
The restriction is designated from a statute or legal document.				
These reserves restrictions include the capital and interest or				
This reserve is related to the Parks activity and is to maintain the				
<u>Category B (Capital-only restriction)</u>	13,799	283	-	14,082
These reserves are invested in property that provides a return to				
(Investment property, library and infrastructure activities)				
<u>Category C (Specific purpose)</u>	14,368	386	(492)	14,262
These reserves are to maintain and provide for improvements to				
(Parks, crematorium and cemetery, community centres, waste				
Non-restricted reserves				
The reserves can be used for purposes other than the purpose				
Council created reserves	21,943	4,151	(508)	25,586
To provide funding for the ongoing operations and replacement				
(All activities)				
	50,561	4,829	(1,000)	54,390

Council Actual 2025				
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	Closing Balance (\$000)
Restricted reserves				
The reserves can only be used for designated purposes.				
<u>Category A (Legal restriction)</u>	435	16	-	451
The restriction is designated from a statute or legal document.				
These reserves restrictions include the capital and interest or				
This reserve is related to the Parks activity and is to maintain the				
<u>Category B (Capital-only restriction)</u>	13,304	495	-	13,799
These reserves are invested in property that provides a return to				
(Investment property, library and infrastructure activities)				
<u>Category C (Specific purpose)</u>	13,473	928	(33)	14,368
These reserves are to maintain and provide for improvements to				
(Parks, crematorium and cemetery, community centres, waste				
Non-restricted reserves				
The reserves can be used for purposes other than the purpose				
Council created reserves	16,987	6,301	(1,345)	21,943
To provide funding for the ongoing operations and replacement				
(All activities)				
	44,199	7,740	(1,378)	50,561

Notes to the Financial Statements

23 Contingent liabilities and assets**23.1 Contingent liabilities****New Zealand Local Government Funding Agency****Guarantees**

As at 30 June 2026, the Council is one of 74 local authority guarantors of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. As at 30 June 2026 the LGFA has a local currency credit rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Together with the other guarantors, the Council is a guarantor of all of the LGFA's guaranteed borrowings. Any call on the guarantee will be made on a pro-rata basis according to each guarantor's prior year annual rates revenue. If a guarantor fails to pay its pro-rata share, the other guarantors will be called on for payment on a pro-rata basis. At 30 June 2026, the LGFA had guaranteed borrowings totalling \$26.55 billion (2025: \$25.53 billion).

PBE Accounting Standards require the council to measure the LGFA guarantee liability at the higher of, the loss allowance at balance date determined by the ECL model, and the amount initially recognised. At the end of the financial year, the Council has assessed the 12-month expected credit losses of the guarantee liability, based on market information on the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- It is not aware of any local authority debt default events being notified in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Council has borrowed \$200.8 million (2025: \$154.6 million) from the LGFA which is recognised as a liability in the parent and group financial statements.

Ongoing obligation relating to New Zealand Mutual Liability Riskpool Scheme

ICC previously obtained public liability and professional indemnity insurance cover as a member of the New Zealand Mutual Liability Riskpool scheme until 30 June 2017. Riskpool operated as a mutual fund where each member made an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. The scheme is in wind-down. ICC has an on-going obligation to contribute to the scheme should a funding call be made in respect of historical claims (to the extent those claims are not covered by reinsurance or where reinsurance recovery is delayed), and to fund the on-going operations of the scheme. Ongoing litigation involving other Council members of Riskpool has introduced a high level of uncertainty about both the level of the council's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters.

Forestry

Council has harvested a total of 263.2 hectares (2025: 261.0 hectares) of pre 1990 forest. Of this harvested land, 6.5 (2025: 38.57) hectares has not yet been replanted at 30 June 2026 and carries a potential deforestation liability of \$676,217 (2025: \$852,970) if the land is not replanted. It is Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Property and other legal proceedings

Council has five ongoing disputes and proceedings in relation to property, its role as a building consent authority and other matters. A number of these relate to leases and other property matters which are being progressed. Settlement costs are estimated at approximately to \$500,000.

In addition to the above, the Council is exposed to various legal claims on an ongoing basis. The maximum financial exposure under those additional claims is likely to be less than \$2 million.

Notes to the Financial Statements

Group contingent liabilities

Invercargill Airport Limited

During 2020 Invercargill Airport Limited received a \$500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12-month pilot of scheduled jet services from Auckland to Invercargill on 25 August 2019 and Invercargill Airport Limited needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services. A contingency for repayment exists for a 10-year term from 31 October 2019 if the Company either:

- Sells, disposes or transfers the asset, without the Ministry's prior written consent;
- or the asset will no longer be used for the purpose intended.

There are no other contingent liabilities or assets at 30 June 2026 (2025: Nil).

Invercargill Central Limited

The Invercargill Central Limited Shareholders Agreement provides that if acting reasonably the Company determines that it requires further funding it may call on O'Donnell CBD Limited and Invercargill City Holdings Limited to fund a further \$16.5m.

The Invercargill City Holdings Limited subscription agreement with Invercargill Central Limited provides that, on similar terms to the Shareholders Agreement, Invercargill Central Limited may call on Invercargill City Holdings Limited to purchase a further \$4m in shares from Invercargill Central Limited.\

Invercargill Central Limited is involved in an ongoing dispute with a tenant in relation to representations alleged to have been made during negotiation of the Agreement to Lease. Invercargill Central Limited dispute the tenant's allegations and continues to address the matter with that tenant and its legal advisers.

Rugby Park Stadium

The Invercargill City Charitable Trust Board which owns Rugby Park Stadium has an in principal agreement to transfer the asset to the Council. Council through the Invercargill City Charitable Trust Board has received a report identifying the west-end stand as being unsafe and seismic strengthening work is required, also identified is 75% of the seats in this section of the stadium have suffered UV light deterioration and require immediate replacement. The Council in the Long-term Plan has agreed to provide \$4,900,000 to make Rugby Park a structurally sound and flexible use facility. Council and the Invercargill City Charitable Trust Board are negotiating terms of settlement.

23.2 Contingent assets

Share of reserves in the Southland Regional Heritage Committee (SRHC)

The Council withdraw from the SRHC effective 30 September 2024. The Council's share in the reserves of SRHC are \$0.5 million. Council are still seeking to recover these reserves.

Outstanding insurance claims for October 2025 wind storm

Council has submitted claims to its insurer for property damage and business interruption costs as a result of the 23 October 2025 windstorm. The total amount of the claim is still being assessed by the insurer.

Notes to the Financial Statements

24. Cash flow reconciliations

24.1. Reconciliation of surplus for the period to net cash flows from operating activities

	Council Actual 2026 (\$000)	Restated* Council Actual 2025 (\$000)	Group Actual 2026 (\$000)	Restated* Group Actual 2025 (\$000)
Net surplus/(deficit) after taxation	(8,491)	(269)	(9,663)	12,425
Add non-cash items:				
Depreciation and amortisation of intangibles	42,066	42,119	50,607	49,682
(Gain)/Loss on sale of assets	27	10	1,038	107
Change in fair value of biological assets	(521)	(60)	(522)	(60)
Change in fair value of investment property	(34)	(1,080)	(506)	(1,704)
Vested Assets Recognised	(2,396)	(2,284)	(2,396)	(2,284)
Release of Provision	(100)	-	(100)	-
Impairment of other financial assets	-	-	-	537
Increase/(Decrease) in deferred taxation	-	-	713	(14)
Increase/(Decrease) in current years tax	-	-	649	-
Biological assets - Cost of goods sold	117	17	117	17
Associate and Joint Venture post-acquisition profits	-	-	(2,459)	(468)
Impairment of trade receivables	-	-	-	-
(Profit) / loss from discontinued operations	-	-	-	(21,683)
Impairment of advance to associate	-	-	-	(2,640)
Non-cash movements in associates and joint ventures	-	-	-	270
Net (profit) / loss on derivatives	-	-	-	510
Accrued Interest Revenue	-	-	(276)	-
Change in fair value of loan	-	-	27	-
Prior Year Adjustment	-	-	(361)	-
	30,668	38,453	36,868	34,695
Add/(Less) movements in other working capital items:				
(Increase)/Decrease in stock, receivables and WIP	736	(1,487)	608	(1,671)
Increase/(Decrease) in sundry creditors	(1,220)	3,617	(2,168)	3,983
(Increase)/Decrease in GST and taxation	1,234	(1,371)	888	(1,353)
	750	759	(672)	959
Net cash from operating activities	31,418	39,212	36,196	35,654

*In the 2024/2025-year, there has been a restatement of the movements in the other working capital items. Refer to Note 34 for further details of this correction.

Notes to the Financial Statements

24.2 Reconciliation of movement in financial liabilities to net cash flows from financing activities

	borrowings from external parties (\$000)	Council Finance lease liabilities (\$000)	Derivative Instruments - liability (\$000)	Dividends paid to minority interests (\$000)		borrowings from external parties (\$000)	Group Finance lease liabilities (\$000)	Derivative Instruments - liability (\$000)	Dividends paid to minority interests (\$000)
Balance as at 1 July 2024	152,023	123	(365)	-		248,988	123	(1,196)	-
Add/(less) cash items liabilities arising from financing activities:									
Proceeds	125,000	11	-	-		125,000	11	-	-
Repayments	(122,338)	(26)	-	-		(219,303)	(26)	-	-
Add/(less) non-cash items:									
Movement in year end accrued interest	(22)	-	-	-		(22)	-	-	-
Cash Flow hedges	-	-	821	-		-	-	1,652	-
Balance as at 30 June 2025	154,663	108	456	-		154,663	108	456	-
Add/(less) cash items liabilities arising from financing activities:									
Proceeds	195,675	-	-	-		205,175	-	-	-
Repayments	(153,228)	(26)	-	-		(153,228)	(26)	-	-
Add/(less) non-cash items:									
Movement in year end accrued interest	389	-	-	-		389	-	-	-
Cash Flow hedges	-	-	24	-		-	-	24	-
Borrowers Notes	3,553	-	-	-		4,054	-	-	-
Less equity and other items									
Dividends Paid to minority interests	-	-	-	-		-	-	-	(13)
Balance as at 30 June 2026	201,052	82	480	-		211,052	82	480	(13)

25 Related parties

Accounting Policy / Kaupapahere Kaute

Council is the ultimate parent of the Group. Details of subsidiaries, and associates over which Council has significant influence, are set out on in the Group structure on page 112. Joint ventures are set out in the Council Structure on page 11.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

The Council provides grants and operational funding to a number of group entities and entities or organisations where the Mayor, Councillors or Executive Leadership Team are members of the organisations or their governing bodies. Such funding is agreed by Council on the same basis as other organisations with no such direct links.

Related Party Transactions required to be disclosed include provision of services, grants, non-standard commercial contracts and intercompany taxation activity.

25.1 Related party transactions

Council provided accounting, administrative, financial and IT services and wage subsidies to the related entities listed below. Council does not provide such services to non-related entities. Council provides related party loans to Invercargill Central Limited. This is disclosed under Note 18.1 Other financial assets.

Notes to the Financial Statements

	2026		2025	
	Related Party Transactions (\$000)	30 June Balance (\$000)	Related Party Transactions (\$000)	30 June Balance (\$000)
Invercargill City Holdings Limited	441	43	670	3
Invercargill Airport Limited	161	11	158	2
Invercargill City Charitable Trust	10	1,316	23	23
Te Kupeka Tiaki Taoka - Southland Regional Collections Trust	4	1	405	1
Invercargill Central Limited	801	12,766	1,730	16,370
Invercargill Public Art Gallery Inc	4	3	7	10
Southland Regional Development Agency Limited trading as Great South	3	5	3	-
Southland Regional Heritage Committee	-	-	198	-

Council also provides accounting and administrative services for its joint operation, WasteNet Southland. The cost of the services provided for the year were \$489,243 (2025: \$331,985).

25.2 Grants

Council has provided a number of grants to related parties, and some of these are considered non-arm's length transactions. These grants are outlined in the table below:

	Actual 2026 (\$000)	Actual 2025 (\$000)	Reason for non-arm's length
Bluff Maritime Museum	35	40	Non-contestable funding
Emergency Management Southland	467	454	Non-contestable funding
Southland Indoor Leisure Centre Charitable Trust	700	700	Non-contestable funding
Te Kupeka Tiaki Taoka - Southland Regional Collections Trust	70	70	Non-contestable funding
Southland Regional Heritage Committee	-	358	Non-contestable funding
Southland Regional Development Agency Limited trading as Great South	2,144	2,055	Non-contestable funding
Invercargill Public Art Gallery Inc	613	613	Non-contestable funding
Invercargill City Charitable Trust	24	22	Non-contestable funding

25.3 Other commercial contracts

Council has a contract with the WasteNet Joint Committee for waste collection and management. In 2025/2026 Council paid \$10.4 million (2025: \$8.6 million) to WasteNet and at year end \$1.1 million (2025: \$1.1 million) was outstanding.

Council has a loan to Invercargill Central Limited of \$12.7 million as at 30 June 2026 (2025: \$16.25 million) at a commercial rate of interest.

25.4 Key management personnel

Details of transactions between Council and key management personnel are disclosed as part of Note 27 Remuneration.

Notes to the Financial Statements

26 Major budget variations (Council only)

Statement of Comprehensive Revenue and Expense - Council

		Actual	Budget	*Restated	Variance to	*Restated
		2026	2026	2025	Budget	Variance to
		(\$000)	(\$000)	(\$000)	2026	2025
					(\$000)	(\$000)
Revenue						
Rates revenue	1	89,909	85,019	82,126	4,890	7,783
Fines	2	1,606	1,571	1,827	35	(221)
Subsidies and grants		13,387	13,749	13,811	(362)	(424)
Direct charges revenue	3	28,280	31,998	26,866	(3,718)	1,414
Rental revenue		3,642	3,763	3,514	(121)	128
Finance revenue	4	2,292	2,493	3,216	(201)	(924)
Dividend income	5	9,577	9,577	14,457	-	(4,880)
Vested assets	6	2,396	-	2,284	2,396	112
Expenditure						
Employee expenses	7	39,386	38,452	37,398	934	1,988
Depreciation and amortisation	8	42,066	48,951	42,109	(6,885)	(43)
General expenses	9	72,530	65,675	65,852	6,855	6,678
Finance expenses	10	6,414	7,021	5,896	(607)	518
Other gains/(losses)	11	816	1,451	1,026	(635)	(210)
Income tax expense		-	-	(29)	-	29
Other comprehensive revenue						
Property, plant and equipment revaluation gains/(losses)	12	-	35,099	170,892	(35,099)	(170,892)
Carbon credit revaluation gains/(losses)		(127)	-	264	(127)	(391)
Cash flow hedges		(24)	-	(821)	(24)	797
Total Comprehensive Revenue and Expense		(8,642)	24,621	168,235	(33,263)	(176,878)

*In the 2024/2025-year, general expenses have been restated to include an adjustment for expenditure previously classified as intangible asset work-in-progress. Refer to Note 34 for further details of this correction.

2026 Variance analysis against 2026 Budget

- 3 Direct charges revenue is lower than budget due to metered water revenue being reclassified to targeted rates. This has been offset by the following revenue streams being higher than budget: A) Increased harvesting of forestry due to the October 2025 weather event; B) Higher State Highway maintenance recovery revenue was received from NZTA; C) An uplift in consents volumes.
- 4 Finance revenue is lower than budget due to A) differences in the movements of interest rates on term deposits compared to budgets; and B) the average balance of the Invercargill Central Limited advance is lower than planned due to repayments received.
- 6 Vested asset revenue was not budgeted as the timing of when this will be received cannot be reliably determined.
- 8 Depreciation expenses is lower than budget due to depreciation being overstated in the 2025-2026 Annual Plan.
- 9 General expenses are higher than budget due to unplanned recovery expenditure incurred from an October 2025 weather event and higher operating lease expenditure than planned at the time of setting the budget.
- 10 Finance expenses are lower than budget due to lower average level of Council borrowing and interest rates on borrowings compared to budget assumptions.
- 11 Other gains/(losses) are lower than budget due to a lower than expected increase in fair value of investment property.
- 12 No property, plant and equipment revaluation was undertaken in 2026.

Notes to the Financial Statements

2026 Variance analysis against 2025 Actuals

- 1 Rates revenue is higher than 2025 due to an overall average rates increase of 7.11% on existing ratepayers plus a greater than expected growth above the projected rating base. Further, metered water revenue has been reclassified to targeted rates therefore increasing rates revenue.
- 2 Fines revenue is lower than 2025 due to then 2025 introduction of a parking infringement refund provision. This was created for all parking tickets between 1 July 2022 and 29 February 2024 that were incorrectly issued under the current Parking Control Bylaw. In 2026 this provision was reduced to reflect the lower level of refund requests being received.
- 3 Direct charges revenue is higher than 2025 due to higher user fees income received from the transfer station, water consumption, Splash Palace admission fees and forestry harvesting revenue.
- 4 Finance revenue is lower than 2025 due to A) lower interest rates on term deposits; and B) the average balance of the Invercargill Central Limited advance is lower than 2025 due to repayments received.
- 5 Dividend income is lower than 2025 due to Council only receiving one additional dividend from Invercargill City Holdings Limited in 2026 compared to two dividends received in 2025.
- 6 Employee expenses are higher than 2025 due to timing differences between projected staffing levels combined with salary increases and an increase in staff headcount as reflected in Note 27.
- 7 Depreciation expenses are higher than 2025 due to additional assets capitalised during the 2026 year.
- 8 General expenses are higher than 2025 due to unplanned recovery expenditure incurred from an October 2025 weather event and higher operating lease expenditure due to relocation of staff to new premises.
- 10 Other gains/(losses) are lower than 2025 due to a lower than expected increase in fair value of investment property.
- 11 No property, plant and equipment revaluation was undertaken in 2026.

*In the 2024/2025-year, work in progress has been restated to include an adjustment for expenditure previously classified as intangible asset work-in-progress. Refer to Note 34 for further details of this correction.

2026 Variance against 2026 Budget

- 1 Cash and cash equivalents are higher than budget due to a short-term deposit that is due to mature within 3 months of balance date and is therefore deemed to be cash.
- 3 Prepayments are higher than budget due to timing differences of prepaid software license against the planned level at the time of setting the budget.
- 4 Other financial assets are lower than budget due to higher repayments received on the loan advance to Invercargill Central Limited and less funds held on term deposit compared to plan.
- 5 Work in progress budget is included within the Property, plant and equipment.
- 6 Property, plant and equipment is higher than budget due to a higher opening balance in 2025 compared to the budget assumption as a result of the 2025 revaluation of Roading and Property assets.
- 7 Intangible Assets are lower than budget due to some software projects remaining within the Work in Progress balance as they were not completed by balance date.
- 9 Investment property is higher than budget due to a higher opening balance in 2025 compared to the budget assumption.
- 10 Derivative financial instruments are lower than budget due to changes to the value of the contractual undiscounted cash flows of the financial instruments compared to the budget assumption.
- 11 Trade and other payables are higher than budget due to timing differences of larger contractor payments which have been accrued in June 2025 & 2026.
- 12 Provisions are lower than budget due to the provision for the refunding of parking infringements for all parking tickets between 1 July 2022 and 29 February 2024 that were incorrectly issued under the current Parking Control Bylaw being revised to reflect the lower level of refund requests being received.

Notes to the Financial Statements

- 13 Employee benefit liabilities are higher than budget due to higher accrued leave balances as at 30 June, including the impact of an increase in headcount and salary increases as reflected in Note 27.
- 14 Total borrowings are lower than budget due to the Council deferring and reappportioning parts of the capital programme to a later year. This includes parts of Te Unua, Project 1225 and Mersey Street Rising Main Duplication projects.

2026 Variance against 2025 Actuals

- 1 Cash and cash equivalents are higher than 2025 due to differences in cashflow movements of Council for the year.
- 2 Trade and other receivables are lower than 2025 due to timing differences of rates and invoice collection as at 30 June 2025 & 2026.
- 3 Prepayments are lower than 2025 due to timing differences of prepaid software licenses.
- 4 Other financial assets are lower than 2025 due to a short-term deposit that is due to mature within 3 months of balance date and is therefore deemed to be cash. .
- 5 Work in Progress is higher than 2025 due to projects in progress, namely the Te Unua Museum of Southland building project, not completed at balance date.
- 6 Property, plant and equipment is higher than 2025 due to Council's spending on capital works exceeding the value of depreciation for the year.
- 7 Intangible Assets are higher than 2025 due to Council's spending on capital works was more than the depreciation for the year.
- 8 Biological assets are higher than 2025 due to the revaluation of forestry assets as at 30 June 2026.
- 12 Provisions are lower than 2025 due to the provision for the refunding of parking infringements for all parking tickets between 1 July 2022 and 29 February 2024 that were incorrectly issued under the current Parking Control Bylaw being revised to reflect the lower level of refund requests being received.
- 13 Employee benefit liabilities are higher than 2025 due to higher accrued leave balances as at 30 June, combined with an increase in headcount and salary increases as detailed in Note 27.
- 14 Total borrowings are higher than 2025 due to additional funding requirements for delivering the Councils capital programme in 2026.

The above comments have only focused on major variances.

Notes to the Financial Statements

27 Remuneration

Accounting Policy / Kaupapahere Kaute

Section 32 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the remuneration of the mayor, chairpersons, members and chief executive of local authorities. The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

27.1 Key management personnel

Accounting Policy / Kaupapahere Kaute

Key management personnel of the Council include the Chief Executive, Elected members and Executive Leadership Team.

	Council Actual 2026 \$	Council Actual 2025 \$
Short-term employee benefits	2,815,682	2,645,154
Vehicle (market value plus FBT)	31,412	39,902
Retirement benefits	58,731	53,782
	<u>2,905,825</u>	<u>2,738,838</u>

	Council Actual 2026	Council Actual 2025
Number of persons recognised as key management personnel		
Elected members or directors	19	20
Executive Leadership Team (including the Chief Executive)	7.03	6.55
Total key management personnel	<u>26.03</u>	<u>26.55</u>

Commentary / Whakaaro

Key management personnel of the Council include: The Chief Executive, Councillors and Executive Leadership Team.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2025: \$Nil).

The Council did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2025: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2025: \$Nil).

Notes to the Financial Statements

27.2 Chief Executive

Accounting Policy / Kaupapahere Kaute

The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive, as per the above, for the year to 30 June 2026 was:

	Council Actual 2026 \$	Council Actual 2025 \$
M Day - Chief Executive (appointed 19 March 2023)		
Short-term employee benefits	387,371	373,910
Vehicle (market value plus FBT)	9,664	8,815
Retirement benefits	12,397	11,217
	<u>409,432</u>	<u>393,942</u>

27.3 Executive Leadership Team

	Council Actual 2026 \$	Council Actual 2025 \$
Short-term employee benefits	1,482,041	1,418,843
Vehicle (market value plus FBT)	18,205	19,589
Retirement benefits	46,334	42,565
	<u>1,546,580</u>	<u>1,480,997</u>

Notes to the Financial Statements

27.4 Elected members and Mana Whenua representatives – Council

Accounting Policy / Kaupapahere Kaute

The Remuneration Authority determines the remuneration, allowances and expenses payable to mayors, deputy mayors, members of local authorities plus chairpersons and members of community boards. Refer Schedule 7 of the Local Government Act 2002. The remuneration of Mana Whenua representatives is determined by Council.

	Council Actual 2026 \$	Council Actual 2025 \$
T Campbell (Mayor) (appointed 18 October 2025)		
Short-term employee benefits	116,208	-
	<u>116,208</u>	<u>-</u>
W S Clark (Mayor) (ceased 17 October 2025)		
Short-term employee benefits	46,501	149,882
Vehicle (market value plus FBT)	3,543	11,498
	<u>50,044</u>	<u>161,380</u>

Commentary / Whakaaro

Mayor Clark utilised an existing pool vehicle as his mayoral vehicle. As at 30 June 2026, the vehicle value for the purpose of determining Mayor Clark's remuneration was \$60,165 (2025: \$60,165).

Full private usage of a vehicle is available to the Mayor should they elect to receive this benefit.

	Council Actual 2026 \$	Council Actual 2025 \$
Councillors and Mana Whenua representatives		
G M Dermody (Deputy Mayor) (appointed 18 October 2025)	56,879	-
G M Dermody (ceased 17 October 2025)	19,304	62,294
T Campbell (Deputy Mayor) (ceased 17 October 2025)	20,396	65,820
A De Vries (appointed 18 October 2025)	41,723	-
L Tou McNaughton (appointed 18 October 2025)	38,117	-
A J Arnold	51,766	44,042
R I D Bond	51,944	44,145
P M Boyle	63,022	44,043
M Bain (appointed 24 March 2026)	13,365	-
E A Cook (ceased 17 October 2025)	17,017	37,193
P T Coote (ceased 17 October 2025)	17,017	37,193
A H Crackett	63,022	44,043
P W Kett (ceased 17 October 2025)	13,648	44,298
D J Ludlow	71,177	61,244
M Lush (appointed 18 October 2025)	38,117	-

Notes to the Financial Statements

I R Pottinger	51,766	44,043
N D Skelt	-	-
L F Soper (ceased 17 October 2025)	17,697	57,467
B R Stewart	51,766	44,043
S Broad	55,295	44,043
	<u>753,038</u>	<u>673,911</u>

	Council Actual 2026 \$	Council Actual 2025 \$
Bluff Community Board		
R J C Fife	10,175	9,536
S S Graham (ceased 17 October 2025)	1,477	4,768
T M Stockwell (ceased 17 October 2025)	1,477	4,768
J M Sutherland	5,087	4,768
T M Topi (ceased 17 October 2025)	1,477	4,768
J Eruera (appointed 18 October 2025)	3,610	-
F Murdoch (appointed 18 October 2025)	3,610	-
H Simeon (appointed 18 October 2025)	3,610	-
	<u>30,523</u>	<u>28,608</u>
Total elected representatives' remuneration	<u>949,813</u>	<u>863,899</u>

Commentary / Whakaaro

See Note 25 Related Parties for detail on transactions between Council and elected members and key management personnel that were not at arm's length.

27.5 Council employees

Total Remuneration by band for employees at 30 June

	Actual 2026
< \$60,000	164
\$60,000 - \$79,999	135
\$80,000 - \$99,999	102
\$100,000 - \$119,999	41
\$120,000 - \$139,999	29
\$140,000 - \$159,999	16
\$160,000 - \$179,999	7
\$180,000 - \$239,999	6
\$240,000 - \$399,999	5
	<u>505</u>

Notes to the Financial Statements

	<u>Actual 2025</u>
< \$60,000	204
\$60,000 - \$79,999	135
\$80,000 - \$99,999	72
\$100,000 - \$119,999	30
\$120,000 - \$139,999	31
\$140,000 - \$159,999	10
\$160,000 - \$199,999	7
\$200,000 - \$299,999	6
\$300,000 - \$399,999	1
	<u>496</u>

Commentary / Whakaaro

At balance date, the Council employed 324 (2025: 325) full time employees with the balance of employees representing 59.33 (2025: 57.48) full-time equivalent employees. An employee is a full-time employee if they normally work 40 hours or more per working week.

Total remuneration includes non-financial benefits to employees.

28 Capital management

The Council's capital (equity or ratepayer's funds), comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for the renewal and maintenance programmes of major classes of assets to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its LTP and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of the Long-term Plan.

29 Subsequent events

There have been no subsequent events at the time of completing the financial report.

30 Critical judgements, estimates and assumptions in applying Council's accounting policies*Accounting Policy / Kaupapahere Kaute***Council**

Preparing financial statements to conform to PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or in future periods if it also affects future periods.

Notes to the Financial Statements

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

Classification of non-financial assets as cash-generating assets or non-cash-generating assets

For the purpose of assessing impairment indicators and impairment testing, the Group classifies nonfinancial assets as either cash-generating or noncash-generating assets. The Group classifies a nonfinancial asset if the primary objective of the asset is to generate a commercial return. All other assets are classified as non-cash generating assets.

All property, plant and equipment and intangible assets (excluding goodwill) held by Council are classified as non-cash-generating assets, except for rental properties that are earning a market rental. This includes assets that generate fee revenue or other cash flows for Council as these cash flows are generally not sufficient to represent commercial return on the assets.

All property, plant and equipment held by Invercargill City Holdings Limited are classified as cash-generating assets as it is a for-profit entity and the primary objective of its assets is to generate commercial return.

Properties

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

Landfill Aftercare Provision

Council's current resource consent for the operation of its landfill expired in 2006. The Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the site is closed and a provision has been established for this purpose. Maintaining the provision at current levels is appropriate given the uncertainty around future consent requirements.

Infrastructural Assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers review the Council's infrastructural asset revaluations. There was a change in approach for the valuation of roading assets for the 2025 financial year resulting in a valuation gain of \$147 million. The valuation was previously conducted inhouse and then peer reviewed and this year an independent valuer was engaged. The reasons for the valuation increase are:
 - a. Better information coming to light for the depth assumption for formation assets.
 - b. An uplift in unit rates based on recent contracts and comparable information to other territorial authorities.
 - c. Change in the useful lives based on evidence of some assets lasting longer than their standard lives.

Land and Buildings

There are a number of assumptions and estimates used when valuing the assets on a fair value basis in accordance with PBE IPSAS 17. Where relevant fair value was determined under a highest and best use scenario.

Three approaches were used to provide fair value parameters; direct sales comparison approach, income approach or in the situation where the asset is specialised and no market evidence exists the optimised depreciated replacement cost (ODRC) approach.

- The Direct Sales Comparison approach is an estimate of value based on a comparison of the asset to similar assets that have recently sold. Adjustments are made to allow for factors such as; age of sale, size, location, quality, condition, marketability, shape of site, access, contour, aspect and tenure.
- The Income approach is a market value-based valuation approach. It reflects what a prudent investor would pay for an asset, given an expected return with consideration of the risks involved in the investment.
- The ODRC approach is only used when the fair value of an asset cannot be determined by reference to the price in an active market for the same asset or a similar asset. Under these circumstances, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

ODRC begins with assessing the replacement cost of the assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design. The balance of the replacement cost less all forms of obsolescence and over design represents the fair value of the asset. The replacement cost rates are derived from recent costings obtained from construction details and other published cost information. Where possible, buildings have received an internal inspection.

Estimating retirement and long service leave obligations

These included retiring gratuities and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. Employee benefits that

Notes to the Financial Statements

are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on (i) likely future entitlements accruing to employees, based on years of service, years to entitlement, (ii) the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and (iii) the present value of the estimated future cash flows

Other

Management is required to exercise judgement in calculating provisions, assessing the level of unrecoverable work in progress, assessing expected credit loss and calculating provisions for employee benefits.

The determination of whether entities which the Council has an interest in are controlled for accounting purposes requires management to exercise judgement to determine whether the nature of the interest and the benefits, rights and obligations which accrue are sufficient for Council to control the entity.

Subsidiary critical accounting estimates and assumptions**Invercargill Airport Limited - determination of the recoverable amount of assets**

For 2026, due to the impact of decreasing passenger volumes, airline capacity reductions and the New Zealand economic environment, an impairment assessment was carried out.

The following major inputs and assumptions were adopted:

- The forecast free cash flows reflect the charges determined following the 2026 Aeronautical Charges Review.
- Expected revenues reflect expected passenger numbers and other contractual revenues.
- The weighted average cost of capital (WACC) used ranges from 6.75% to 8.52% (2025:6.79% to 8.58%) depending on the asset class.

The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment would have arisen if the WACC for all asset classes had increased by any amount more than 0.94% (resulting in an average WACC of 8.37%).

31 Water services reform programme

The Local Government (Water Services) Act 2025 came into force on 27 August 2025 as part of the New Zealand Government's Local Water Done Well reforms. This Act establishes a new framework for the delivery, funding, planning and reporting of water services by local authorities.

Invercargill City Council has elected to maintain an in-house business unit to deliver water services as outlined in its Water Services Delivery Plan. Under the Act, Council remains responsible for ensuring the provision of water services within its district and for meeting the legislative requirement applying to water service providers.

During the 2025-2026 Financial Year, Council continued its work programme to implement the requirements of the new legislative framework in order to meet the key requirements set out by the Act. This includes the preparation of the first Water Services Strategy and Water Services Annual Report which are both due to be adopted in 2027.

32 Discontinued operations

There are no discontinued operations in the 2025/2026 financial year. Details for the previous year are disclosed below.

The sale of Pylon Limited

On 26 June 2024, Roaring Forties Energy Limited Partnership sold its interest in Southern Generation Limited Partnership and Southern Generation GP Ltd ("collectively Southern Generation"). As a result of this transaction, Roaring Forties Energy Limited recorded cash proceeds of \$105.80 million and a gain on sale of \$26.728 million.

Given the ICHL Group held a 50% interest in Roaring Forties Energy Limited Partnership, the Group recognised its share of the gain on sale of \$13.364 million within the consolidated statement of comprehensive income for the year ended 30 June 2024.

As at 30 June 2024, Roaring Forties Energy Limited Partnership had divested in its sole income generating asset, being its interest in Southern Generation. Accordingly, for the financial year ending 30 June 2024, the investment in Roaring Forties Energy Limited Partnership was reported as a discontinued operation. The comparative Statement of Comprehensive Income and respective notes have been re-presented to show the discontinued operations.

Notes to the Financial Statements

On 19 November 2024 Pylon Limited was sold to the Power Company Ltd effective 1 December 2024 which has been reported in the current period as a discontinued operation.

As a result of the transaction Electricity Invercargill Limited received net cash proceeds of \$78.16 million and recorded a gain on sale of \$21.80 million after tax from the transaction. After accounting for minor differences between the 2024 and 2025 sale transactions, the ICHL Group has disclosed \$21.539 million as its share of profits after tax from discontinued operations.

Profit/(loss) after tax from discontinued operations

	Group 2026 \$000	Group 2025 \$000
Revenue	-	1,096
Expense	-	-
Net profit before income tax	-	1,096
Income tax expense*	-	212
Net profit after income tax	-	883
Share of Roaring Forties Surplus/ (Deficit) (at 50% interest)	-	442
Dividends received	-	586
Share of Roaring Forties Surplus/ (Deficit) to be accounted through equity accounting in the Statement of Comprehensive Income	-	(144)
Change in tax temporary differences	-	-
Share of gain on disposal before income tax	-	22,096
Tax on gain on sale of investments	-	(413)
Share of gain on disposal after income tax	-	21,683
Profit/(loss) after tax from discontinued operations	-	21,539
Tax expenses relating to discontinued operation	-	519

Cashflows from Roaring Forties Energy Limited Partnership

The below table illustrates cash received by the Group from Roaring Forties Energy Limited Partnership

	Group 2026 \$000	Group 2025 \$000
Interest – Net	-	63
Dividends received	-	586
Proceeds from Disposal of Subsidiary/Joint Venture	-	132,144
	-	132,793

Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Notes to the Financial Statements

33 Local Government reform

In May 2026, the New Zealand Government announced the Simplifying Local Government reform, led by the Head Start proposal. Head Start is a voluntary initiative designed to allow local authorities to proactively design and submit their own plans for reorganisation with wider compulsory reform planned after the 2028 local government elections. Local Authorities were issued a deadline of 9 August 2026 by which date all initial Head Start proposals must be submitted. Local Authorities were encouraged to work together with neighbouring partners to submit joint proposals supporting amalgamation and achieving cost savings for ratepayers.

Local authorities who did not file a submission by the required date of 9 August 2026 will be transferred to the Back Stop Process. This process allows central government to mandate amalgamation direction following the 2028 local government elections. It is noted that no legislation supporting this government initiative has been introduced to parliament or drafted for sector consultation.

Also included as part of the Simplifying Local Government reform is the proposed disestablishment of New Zealand's eleven regional councils from 2028 to be replaced with new governance bodies, a proposal which will directly impact territorial local authorities. Furthermore, the Resource Management Act 1991 has now been replaced by the Planning Act 2026 and the Natural Environment Act 2026

As a result, the outcome and the timing of local government reform is uncertain and subject to change depending upon central government directives and legislation. Invercargill City Council's financial statements continue to be prepared on a going concern basis because of the uncertainty surrounding the outcomes and timing of any changes.

Head Start Pathway

On 9 August 2026, Invercargill City Council submitted a voluntary Head Start proposal representing its preferred option of a "One Southland" unitary authority which would amalgamate the three territorial local authorities within the region (Invercargill City Council, Southland District Council and Gore District Council) and take on the functions of the Regional Council (Environment Southland). The Head Start proposal was supported by Environment Southland. Gore District Council originally confirmed its support on 4 August 2026 before later revoking this on 18 August 2026. Southland District Council was invited to participate in the proposal but did not respond to this invitation.

As announced on 24 September, Cabinet is expected to consider these proposals in early 2027. If the proposals are endorsed by Cabinet, they will be developed in detail and considered for final approval later in 2027, with Head Start changes intended to be in place ahead of the 2028 local government elections. If the Head Start proposal is not accepted, there is the potential that the Council may be subject to the Back Stop Process.

Local Government Commission investigation into Local Government reorganisation in Southland

In February 2025, Southland District Council filed a formal request to the Local Government Commission which suggested restructuring Southland's four councils into two unitary authorities – one for the Invercargill City area and one to combine the Southland and Gore districts. In July 2025, the Local Government Commission agreed to launch a formal investigation.

Phase 1 of the investigation was completed in May 2026. This involved consultation with impacted communities to question whether the current structure of local government in Southland would meet future challenges. At the conclusion of Phase 1, the Local Government Commission found sufficient grounds were present to proceed with the investigation.

Phase 2 is currently underway. In June 2026, the Local Government Commission confirmed its support for two potential options for local government reorganisation in Southland, being firstly a single unitary council for the full region, and secondly two unitary councils to cover the Invercargill City area and the wider Southland-Gore district.

At the time of adoption of the Annual Report, the Local Government Commission's investigation is still ongoing with a further decision on the continuation of the investigation expected in November 2026. Should the Local Government Commission's investigation continue, there is expected to be a public poll in 2027.

Next Steps

Staff and governance resources continue to be dedicated as requested to support both reform processes. Requests have been made of Central Government to provide additional resources to support transition costs

Notes to the Financial Statements

34 Prior-period Adjustments

The Council has adjusted its comparative year financial statements for the year ended 30 June 2025 for correction of two prior period errors. This includes an adjustment to the opening equity balances. These adjustments have the same impact on the Group financial statements.

Reclassification Metered water revenue to targeted rates

A correction has been made to the classification of metered water revenue. This was previously classified as fees and charges as per the Annual Plan but is now included in targeted rates. The impact of the change is as follows:

	Council 2026	Council 2025
	\$000	\$000
Targeted rates – Water (note 2.1)	4,760	3,266
Direct charges revenue – User fees and charges (note2.5)	(4,760)	(3,266)

The above reclassification has resulted in a variance between planned and actual targeted rates for the 2025/2026 year as presented in the Statement of Comprehensive Revenue and Expense, the Whole of Council Funding Impact Statement and the Water Funding Impact Statement.

Write-off of Intangible Asset work in progress

During the audit of the 2025/2026 financial results, it was noted that costs relating to Council's digital enhancement programme for prior years had been incorrectly classified as intangible asset work in progress rather than being expensed to general expenses. As a result, the 2025 financial statements – presented as comparative information in the financial statements for the year ended 30 June 2026 – have been restated to correct this error.

	Before Adjustments		Correction	After Adjustments	
	Council	Group		Council	Group
	Actual	Actual		Actual	Actual
	2025	2025		2025	2025
	(\$000)	(\$000)		(\$000)	(\$000)
Statement of Comprehensive Revenue and Expense					
Expenditure					
General Expenses	64,022	81,273	1,831	65,853	83,104
Surplus / (deficit) after tax	(269)	12,425	1,831	(2,100)	10,594
Note 6 General expenses					
Direct operating expenses (including repairs and maintenance) arising on other Council activities	41,435	41,435	1,831	43,266	43,266
Statement of Financial Position					
Non-current Assets					
Work in Progress	52,644	57,485	(6,042)	46,602	51,443
Net assets/equity	1,373,100	1,480,922	(6,042)	1,367,058	1,474,880
Retained earnings	356,871	425,903	(6,042)	350,829	419,861
Statement of Changes in Equity					
Balance at 1 July	1,203,034	1,293,961	(4,211)	1,198,823	1,289,750
Balance at 30 June	1,373,100	1,480,922	(6,042)	1,367,058	1,474,880
Note 22 Equity					
Opening balance retained earnings	363,502	403,510	(4,211)	359,291	399,299
Closing balance retained earnings	356,871	425,903	(6,042)	350,829	419,861

These restatements had a consequential impact on the following notes to the financial statements:

Note 6 – General expenses
 Note 7.1 – Components of tax expense
 Note 12.1 – Intangible assets
 Note 22 – Equity
 Note 24.1 – Cashflow Reconciliations
 Note 26 – Major budget variances

The Financial Prudence Benchmarks have also been restated.

Other information

Te tāpiri pārongo

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Collaboration across councils and mana whenua

Council participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally. There are a variety of other collaborative arrangements in place with local councils and mana whenua.

The following are examples of some of those collaborations.

Building Control

Eleven building consent authorities (BCAs) across Southland and Otago, Canterbury and the wider southern region continued to collaborate through the Southern Building Controls Group during 2025–26. The group provides a forum for BCA managers and quality assurance leaders to share information, resources and good practice, including staff support during periods of increased workload.

The collaboration supports greater consistency in building consent processing and quality assurance practices across participating councils. The group also shares regulatory forms, processes and continuous improvement initiatives, helping councils strengthen their regulatory capability and maintain consistent approaches to building control.

This regional collaboration supports more efficient and consistent delivery of building control services and strengthens the capability and resilience of participating BCAs.

There is also now a new working group made up of BCAs that use Objective Build, the goal is to work together to support all users as well as to go back to Objective Build with improvements that could be made.

Emergency Management

Emergency Management Southland (EMS) is a shared service provided by Invercargill City Council, Southland District Council, Gore District Council, and Environment Southland. EMS works to strengthen community resilience through emergency planning, public education and operational readiness through response capability, training, and stakeholder engagement.

The 2025/2026 year was one of the busiest operational periods for EMS in recent years. The most significant event was the October 2025 windstorm, which resulted in a State of Local Emergency and activation of the Emergency Coordination Centre (ECC) from 23 October to 12 November. The response involved 159 council staff, five EMS staff, 28 surge staff from around NZ, and a range of partner agencies. EMS also responded to and monitored the magnitude 7.6 Tonga earthquake tsunami threat, the magnitude 8.8 Russian earthquake tsunami threat, magnitude 6.0 and 5.1 Southland earthquakes, and several smaller flood monitoring events.

A major achievement during the year was the completion and adoption of the revised Southland Civil Defence Emergency Management (CDEM) Group Plan. The Plan was approved by the Southland CDEM Group Joint Committee and the Minister for Emergency Management and Recovery in May 2026, providing the framework for emergency management across Southland for the next five years. Six Community Response Plans (CRPs) were updated during the year, with two plans consolidated into a single plan, bringing the regional total to 29. Work on the Stewart Island/Rakiura CRP was commenced and other CRPs were identified for future review.

Community engagement remained a key focus. EMS delivered public presentations, workshops, and preparedness activities throughout the year 17 schools were visited with the Earthquake Simulator Programme. The annual Southland region Community Preparedness Survey showed 46% up from 45% participants had an Emergency Plan and this will remain a focus for future community education initiatives.

Training and capability development continued across councils and partner agencies. 263 attendees completed training across 33 courses, including EMS inductions, Foundation, Applied CIMS, and function specific training. Collaboration across the sector remained strong, with EMS facilitating 14 coordination meetings, supporting lifelines, the Te Anau and Milford operations Groups, engaging with mana whenua through the Manu Whenua Emergency Facilitator role, and four Emergency Services Coordination Committee meetings, two Eastern Emergency Services Coordination Committee meetings, three Lifelines meetings, three Welfare Coordination Group meetings, and providing emergency management advice and support where required.

Strengthened public information management and community engagement through EMS social media and digital channels experienced significant growth, with the Facebook page recording 5.5 million views, followers increasing 18.7% to 22,201, and website visits increased 71.5% to 118,328.

Community education and engagement along with the October windstorm response, adoption of the new Southland CDEM Group Plan, ongoing investment in council staff training continues to strengthen Southland's emergency management capability and readiness for future events.

Regional Climate Change Working Group

Other Information

Following the regional climate change hui held in July 2022, Environment Southland, Te Ao Mārama, Gore District Council, Invercargill City Council and Southland District Council established the Regional Climate Change Working Group (RCCWG) to develop a coordinated regional response to climate change. The governance-level group has met regularly since February 2023, providing a forum for collaboration, shared decision-making and communication across partner organisations.

The first phase of the RCCWG programme culminated in the adoption of the Regional Climate Change Strategy for Murihiku Southland 2024. The strategy sets out shared principles, priorities and aspirations to guide how partner agencies work together to address climate change and support coordinated regional action.

The second phase was completed in 2025 with the adoption of the Regional Framework for Action on Climate for Murihiku Southland. The Framework established a pathway for collective climate action and confirmed the ongoing role of the RCCWG as the region's inter-agency governance group. Following the 2025 local government elections, the governance RCCWG was re-established for the new triennium and is now leading the development of Murihiku Southland's first three-year Climate Action Plan. The Framework for Action sets for the first Climate Action Plan to take a ten-year outlook, be refreshed every three years, and align with local authority Long-Term Plans. This approach is intended to embed climate action within regional planning and investment decisions, helping to ensure a coordinated response to both climate change mitigation and adaptation across Murihiku Southland.

While the RCCWG does not operate as a formal joint committee and holds no delegated decision-making authority, it plays a key role in building regional alignment and supporting collaborative climate action across partner organisations. This work represents a significant step toward strengthening Murihiku Southland's collective response to the challenges and opportunities presented by a changing climate.

Te Rōpu Taiao

Local government in Murihiku Southland continues to maintain a long-standing and valued relationship with Ngāi Tahu ki Murihiku, through the four papatipu rūnanga, Te Ao Mārama Inc (TAMI) and Te Rūnanga o Ngāi Tahu. Te Rōpu Taiao provides an important forum for the seven southern councils and the four papatipu rūnanga to share information, strengthen relationships and identify opportunities for collaboration on matters of significance to Murihiku Southland.

During 2025/2026 Financial Year, the Council continued to support Te Ao Mārama Inc and participate in Te Rōpu Taiao. A significant milestone was the completion and approval of the revised Charter of Understanding, He Huarahi mō Ngā Uri Whakatupu – A Pathway for the Generations Coming Through. The refreshed Charter strengthens the foundation for the ongoing relationship

between local government and tangata whenua of Murihiku Southland, while reflecting contemporary legislative and partnership arrangements.

The relationship also continued through joint governance and operational engagement and collaborative initiatives, including work with Te Ao Mārama Inc on environmental, climate, Long Term Planning and regional resilience matters. This partnership continues to support the incorporation of mana whenua perspectives into Council's work and decision-making and contributes to achieving shared outcomes for the environment and communities of Murihiku Southland.

Collaboration Across Southern Libraries

Libraries across Otago and Southland continue to collaborate to improve access to public library services and resources. Reciprocal membership and borrowing arrangements enable residents to access collections and services across participating libraries, supporting greater connectivity and access to information throughout the region.

Participating libraries continue to work together on programmes, resource sharing and service improvements that deliver benefits to their communities and help maximise value for ratepayers. Public libraries across Otago and Southland continue to collaborate through reciprocal lending arrangements and participation in shared library service networks, including the National Library of New Zealand's Kōtui consortium, helping improve access to library resources and services for communities across the region.

Regional Development

Southland Regional Development Agency (known as Great South) is responsible for economic development and promotion of Southland. Great South is a council-controlled organisation that is jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Mātaura Licensing Trust, Southland Business Chamber, SIT, and member organisation Community Trust South.

Great South receives funding from Invercargill City Council, Southland District Council, Gore District Council and Environment Southland. Everything Great South does is to support their vision and of "even better lives through sustainable regional development". They work across four key priority areas including:

- Regional development leadership
- Regional promotion
- Business support and diversification
- Net Zero Southland

During 2025-26, Great South supported the Council's strategic priorities through regional development, data and planning activities, contributing to the long-term sustainability and prosperity of Murihiku Southland.

Key highlights include:

Other Information

- Completion of the sixth Southland Regional Greenhouse Gas Emissions Inventory Report for 2024, identifying a reduction of carbon emissions by 23.6% from the 2018 baseline. This report incorporated detailed forestry and land-use analysis into the regional greenhouse gas inventory.
- Great South and Environment Southland signed a Memorandum of Understanding to strengthen collaboration around spatial planning, environmental datasets and natural hazard information.
- Created the Crops for Murihiku Southland Report, investigating alternative and high-value crop opportunities to support agricultural diversification.
- Created the Southland Region Biomass Supply and Demand Outlook Report, assessing opportunities to utilise forestry residues and biomass resources as part of a circular economy approach.
- Development of enhanced monitoring tools for land-use change and forestry carbon sequestration using satellite imagery and MPI datasets.
- Provided ongoing support for regional renewable energy development through stakeholder engagement and the provision of energy planning information, including regional wind and solar resource mapping.
- Completion of the Murihiku Southland Aquaculture Infrastructure and Supply Chain Pathway Project working alongside Environment Southland marine and coastal planning initiatives and South Port strategic infrastructure planning.
- Progression of the Fiordland International Dark Sky Park initiative, supporting environmental protection and sustainable visitor experiences.
- Continued implementation of the Bluff Motupohue Tourism Master Plan, with a focus on balancing destination growth with environmental and community outcomes.
- Completed an assessment of mobile coverage and telecommunications infrastructure across Southland, advocating for improved digital connectivity in rural and remote communities. Improved telecommunications infrastructure supports emergency management capability, community resilience and economic development across the region.

Regional Planning

Southland councils continue to work collaboratively through the Second-Tier Environmental Group and the Regional Planning and Strategy Managers Group, comprising representatives from Environment Southland, Invercargill City Council, Southland District Council, Gore District Council, Te Ao Mārama Inc., and Great South.

These groups provide a forum to identify, discuss, and coordinate regional planning matters, including emerging risks, opportunities, legislative changes, and matters that may affect the future management of the region's environment.

During the 2025/26 financial year, the focus of this collaboration considering the implications for regional planning processes, and identifying opportunities to

strengthen alignment and coordination across councils and partners.

This included early discussions on regional spatial planning, which will be an important component of the future planning framework. Options for delivering this work collaboratively across the region were explored to support a coordinated, efficient, and outcomes-focused approach.

Future challenges

- Strengthening collaboration and partnerships to address complex regional challenges.
- Adapting to regulatory reforms while maintaining effective services and certainty for our communities.
- Supporting a changing regional economy by adapting to emerging opportunities and increasing development complexity.
- Building organisational capability and resilience by developing the skills needed to meet future demands.
- Addressing climate change and natural hazard resilience through long-term planning and investment.
- Enhancing evidence-based decision-making through robust science, data, monitoring, and reporting.

Other Information

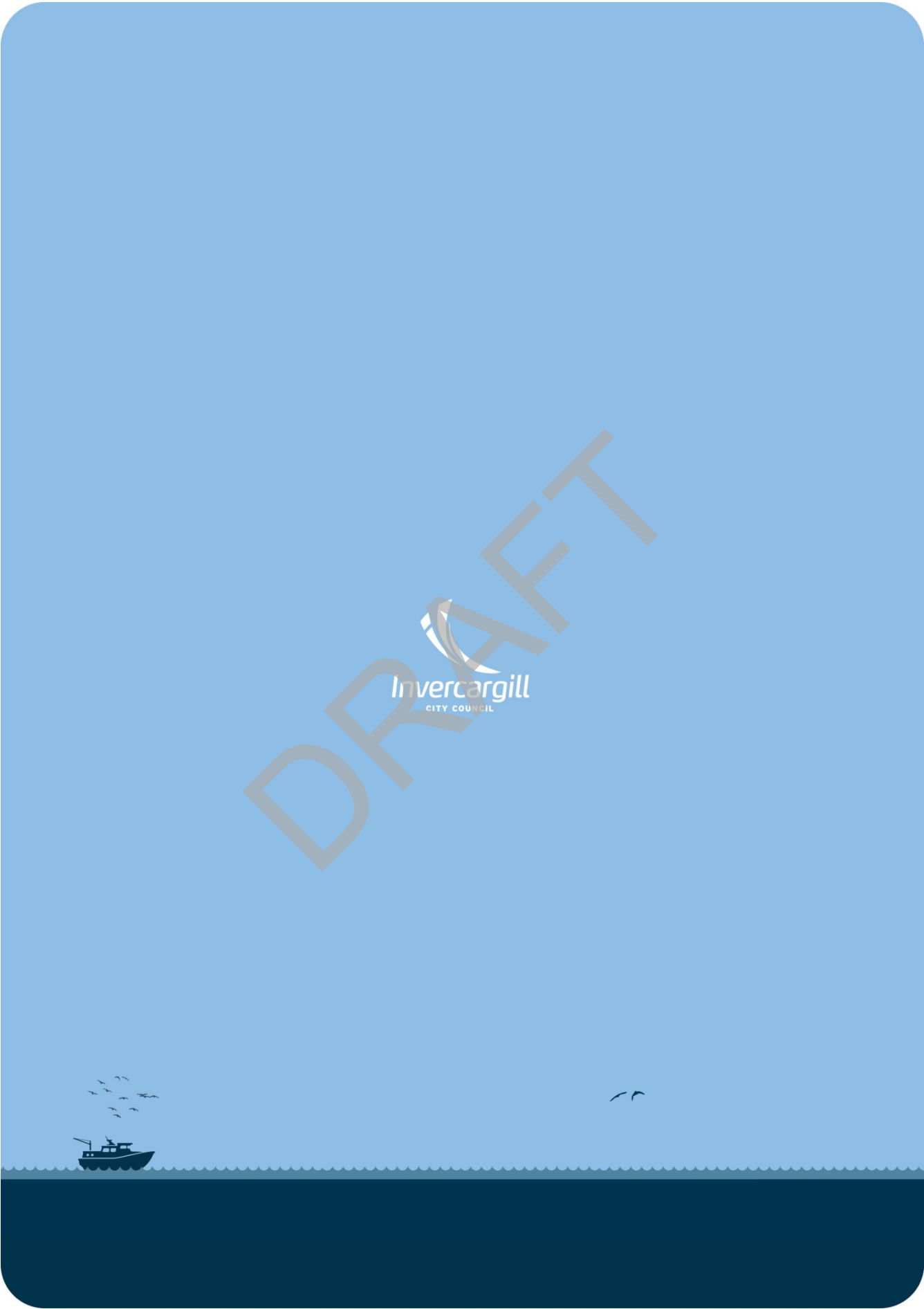
Glossary

BCA	Building Consent Authority
CCOs	Council Controlled Organisations
CCTOs	Council Controlled Trading Organisations
CGU	Cash Generating Unit
Council	Invercargill City Council
COVID-19	2019 Novel Coronavirus Global pandemic
Cr	Councillor
DIA	Department of Internal Affairs
DRC	Depreciated replacement cost
ECL	Expected credit loss
EIL	Electricity Invercargill Limited
EOC	Emergency operations centre
EMS	Emergency Management Southland
ERL	
ETS	Emissions trading scheme
Exchange revenue	Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange
FAP	Financial assistance package
FDA	Financial delegation authority
FRS	Financial reporting standard
FVOCRE	Fair value through other comprehensive revenue or expenses
Group	As outlined in Group Structure section of the Annual Report
GST	Goods and services tax
IANZ	International Accreditation New Zealand
IAL	Invercargill Airport Limited
ICC	Invercargill City Council
ICL	Invercargill Central Limited
ICHL	Invercargill City Holdings Limited
ICPL	Invercargill City Property Limited
IPSAS	International Public Sector Accounting Standards
ISP	Internal service providers
ILT	Invercargill Licencing Trust
LGFA	New Zealand Local Government Funding Agency Limited
LIMs	Land Information Memorandums
LOS	Level of service
LTP	Long Term Plan
KPI	Key Performance Indicators
MBIE	Ministry of Business, Innovation and Employment
MLT	Mataura Licencing Trust
MOU	Memorandum of Understanding
NABERSNZ	National Australian Built Environment Rating System New Zealand
NBS	New building standard
Non exchange revenue	Revenue from transactions that are not exchange transactions
NPS	National policy statement
NZ GAAP	General accepted accounting practice in New Zealand
NZ IAS	New Zealand equivalent to International Accounting Standard
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZLGIC	New Zealand Local Government Insurance Corporation
NZTA	New Zealand Transport Agency
NZTE	New Zealand Trade and Enterprise
NZU	New Zealand Emissions Units
NZX	New Zealand Stock Exchange
ORDC	Optimised depreciated replacement cost

Other Information

PBE	Public benefit entity
PIM	Project Information Memorandum
RFID	Radio frequency identification
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SOI	Statement of Intent
SoRDS	Southland Regional Development Strategy
Vested assets	Assets received by Council for no consideration
WIP	Work in progress
WINZ	Water Information New Zealand
XRB	External Reporting Board

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[ICC Letterhead]

2 November 2026

Rudie Tomlinson
Appointed Auditor
The Audit Office
PO Box 232
Dunedin

Dear Rudie

Representation letter for the year ended 30 June 2026

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of Invercargill City Council (the Council) and Group, statement of service performance and other audited information for the year ended 30 June 2026 for the purpose of expressing an independent opinion about whether:

- the financial statements present fairly, in all material respects, the Council and Group's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with the Public Benefit Entity Standards; and
- the statement of service performance for the year ended 30 June 2026; and
 - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and the applicable financial reporting framework; and
 - presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- the funding impact statement for the year ended 30 June 2026, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;
- the funding impact statements for each group of activities for the year ended 30 June 2026 have been prepared, in all material respects, in accordance with clause 26 of Schedule 10; and
- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026, have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

We understand that you are also required to report on:

- whether the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 for the year ended 30 June 2026; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

We understand that your audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board.

General responsibilities

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Council and Group) to prevent and detect fraud or error, and which enables the preparation of the financial statements, the statement of service performance, other audited information and disclosure requirements that are free from material misstatement whether due to fraud or error.

Representations on the financial statements, statement of service performance, other audited information and disclosure requirements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of service performance, other audited information and disclosure requirements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements, the statement of service performance, the other audited information, and the disclosure requirements as required by the Local Government Act 2002 and, in particular, that:
 - the financial statements present fairly, in all material respects, the Council and Group's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards; and
 - the statement of service performance for the year ended 30 June 2026:
 - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards; and
 - presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- the funding impact statement for the year ended 30 June 2026, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;
- the funding impact statements for each group of activities for the year ended 30 June 2026 have been prepared, in all material respects, in accordance with clause 26 of Schedule 10;
- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026, have been prepared, in all material respects, in accordance with clause 24 of Schedule 10;
- the Council has complied with the information disclosure requirements of Schedule 10 of the Act that apply to the annual report;
- the Council disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations) 2014 are complete and accurate;
- we believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements and statement of service performance appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of Public Benefit Entity Standards;
- we believe that the disclosure of the loan to Invercargill Central Limited as a non-current asset as at 30 June 2026, is appropriate and is reasonable based on our assessment of the terms of the unsigned loan agreement and our understanding of the intentions of the parties;
- we believe the closing balance of work in progress is fairly stated, appropriately reflects capitalisable costs relating to current incomplete projects and that there are no indicators of material impairment;

- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements in accordance with the requirements of Public Benefit Entity Standards;
- we have adjusted for or disclosed all events subsequent to 30 June 2026 that require adjustment or disclosure;
- we believe the effects of uncorrected misstatements are immaterial, both individually or in the aggregate, to the financial statements, statement of service performance, other audited information, and disclosure requirements as a whole (a list of the uncorrected misstatements is attached as Appendix 1 to this representation letter);
- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually or in aggregate, to the financial statements, the statement of service performance, other audited information, and disclosure requirements; and
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Standards.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements, the statement of service performance the other audited information, and the disclosure requirements; and
 - unrestricted access to persons within the Council and Group from whom you determined it necessary to obtain audit evidence; and
- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of service performance may be materially misstated as a result of fraud; and
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and Group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and statement of service performance; and

- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements and statement of service performance communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of service performance, including possible non-compliance with laws for setting rates;
- we have provided you with all the other documents ("other information") which will accompany the financial statements, the statement of service performance, the other audited information and the disclosure requirements. The other information is consistent with the audited information and does not contain any material misstatements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Publication of the financial statements and statement of service performance and related audit report on a website

The Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of service performance.

The electronic version of the audited financial statements and statement of service performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of service performance and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial and statement of service performance and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and statement of service performance is provided on a website, the financial statements and statement of service performance are also provided in full.

Going concern

We confirm that, to the best of our knowledge and belief, the Council and Group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of service performance for the year ended 30 June 2026. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Council and Group during the period of one year from **2 November 2026**, and to

circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and the statement of service performance adequately disclose the circumstances, and any uncertainties, that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Council and Group.

Sign-off on these representations

These representations are made at your request, and to supplement information obtained by you from the records of the Council and Group and to confirm information given to you orally.

Yours sincerely

Tom Campbell
Mayor

Michael Day
Chief executive

Appendix 1: Uncorrected misstatements

Judgmental misstatements

Judgemental misstatements are differences arising from the judgements of management, including those concerning recognition, measurement, presentation, and disclosure in the financial statements (including the selection or application of accounting policies) that we consider unreasonable or inappropriate.

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1	8,442,697			8,442,697

Explanation for uncorrected misstatements

Carry forward of the estimated overstatement of property, plant and equipment. The 30 June 2024 revaluation of three water assets was based on forecasted cost indices which were higher than actual published indices.

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