# NOTICE OF MEETING

## Notice is hereby given of the Extraordinary Meeting of the Invercargill City Council to be held in the Council Chamber, First Floor, Civic Theatre, 88 Tay Street, Invercargill on Monday 2 November 2026 at 10.00 am

Mayor T Campbell
Cr A J Arnold
Cr R I D Bond
Cr P M Boyle
Cr S J Broad
Cr A H Crackett
Cr A L de Vries
Cr G M Dermody
Cr D J Ludlow
Cr M Lush
Cr I R Pottinger
Cr B R Stewart
Cr L Tou-McNaughton

MICHAEL DAY
CHIEF EXECUTIVE

# Extraordinary Council - Public

02 November 2026 10:00 AM

## Agenda Topic


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# 2025/2026 ANNUAL REPORT ADOPTION

| | |
|---|---|
| **To:** | Council |
| **Meeting Date:** | Monday 2 November 2026 |
| **From:** | Bryan Staunton, Chief Financial Officer |
| **Approved:** | Patricia Christie, Group Manager - Corporate Services |
| **Approved Date:** | Thursday 29 October 2026 |
| **Open Agenda:** | Yes |

## Purpose and Summary

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

**Key Issues**

The Risk and Assurance Committee considered the draft Annual Report at its meeting on 27 October 2026 and the recommendations from the Committee to Council are outlined below.

Since the Committee meeting:

- The Audit Office have completed their audit work, and technical sign offs have been received.
- Management have signed their letter of representation to Council.
- The Audit Office have completed their report to Council (Attachment 5).

It is noted that the annual report has received an unqualified audit opinion (Attachment 4). It does contain an emphasis of matter in relation to the significant uncertainty faced by Council as a result of the Simplifying Local Government reform and it references both Invercargill City Council's Headstart Proposal submission and the Local Government Commission's investigation into reorganisation of local government in Southland.

## Recommendations

That Council:

1. Receives the report '2025/2026 Annual Report Adoption.

2. 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.
   c. Has reviewed the Letters of Representation and recommends the Letter of Representation to The Audit Office for signing.

3. Adopts the 2025/2026 Annual Report for Invercargill City Council (11316808).

4. Authorises the Mayor to sign The Audit Office's Letter of Representation for the 2026 Annual Report.

5. Authorises the Mayor and Chief Executive to sign the Statement of Compliance on page 35 of the 2026 Annual Report.

6. Authorises the Group Manager Corporate Services to make minor changes to the 2025/2026 Annual Report prior to publication, where necessary.

7. Notes that 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 Compliance Statement.
    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

The draft Annual Report was presented to the Risk and Assurance Committee on 27 October for review and recommendation to Council. As the Audit Office had not completed their audit at that time, delegation was given to the Chair of Risk and Assurance and the Mayor to approve on behalf of the Committee the annual report for adoption by Council on receipt of:

- Sign off of the annual report from the Audit Office;
- The final audit opinion from the Audit Office; and
- A signed letter of representation from Management.

These were received on 29 October 2026.

It is noted that The Audit Office requested a number of minor changes to the wording of the draft Annual Report that was presented to the Risk and Assurance Committee. Attachment 1 is the Final Annual Report document.

**Preparation of Summary Annual Report**

The draft Summary Annual Report is in the process of being prepared and has a statutory 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 The Audit Office will review it once the audit opinion is provided on the main document. A delegation to the Committee Chair, Chief Executive and Group Manager Corporate Services 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 Representation letter for the full Annual Report is attached as Attachment 3.

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 provided a back-to-back letter to the representations Council are making to The Audit Office. This is included in Attachment 2.

**Audit Opinion**

An unmodified audit opinion will be issued in relation to all audited information.

The audit opinion does however contain an emphasis of matter in relation to the significant uncertainty faced by Council in relation to the Simplifying Local Government reform. This references both Invercargill City Council's Headstart Proposal submission and the Local Government Commission's investigation into reorganisation of local government in Southland.

**Audit Office Report to Governors**

Since the Risk and Assurance Committee meeting, the Audit Office has completed its written report regarding the audit focus areas and its findings, assessment of judgements made in the preparation of the annual report and its assessment as to the quality and timeliness of the information provided for audit, this is included as Attachment 5.

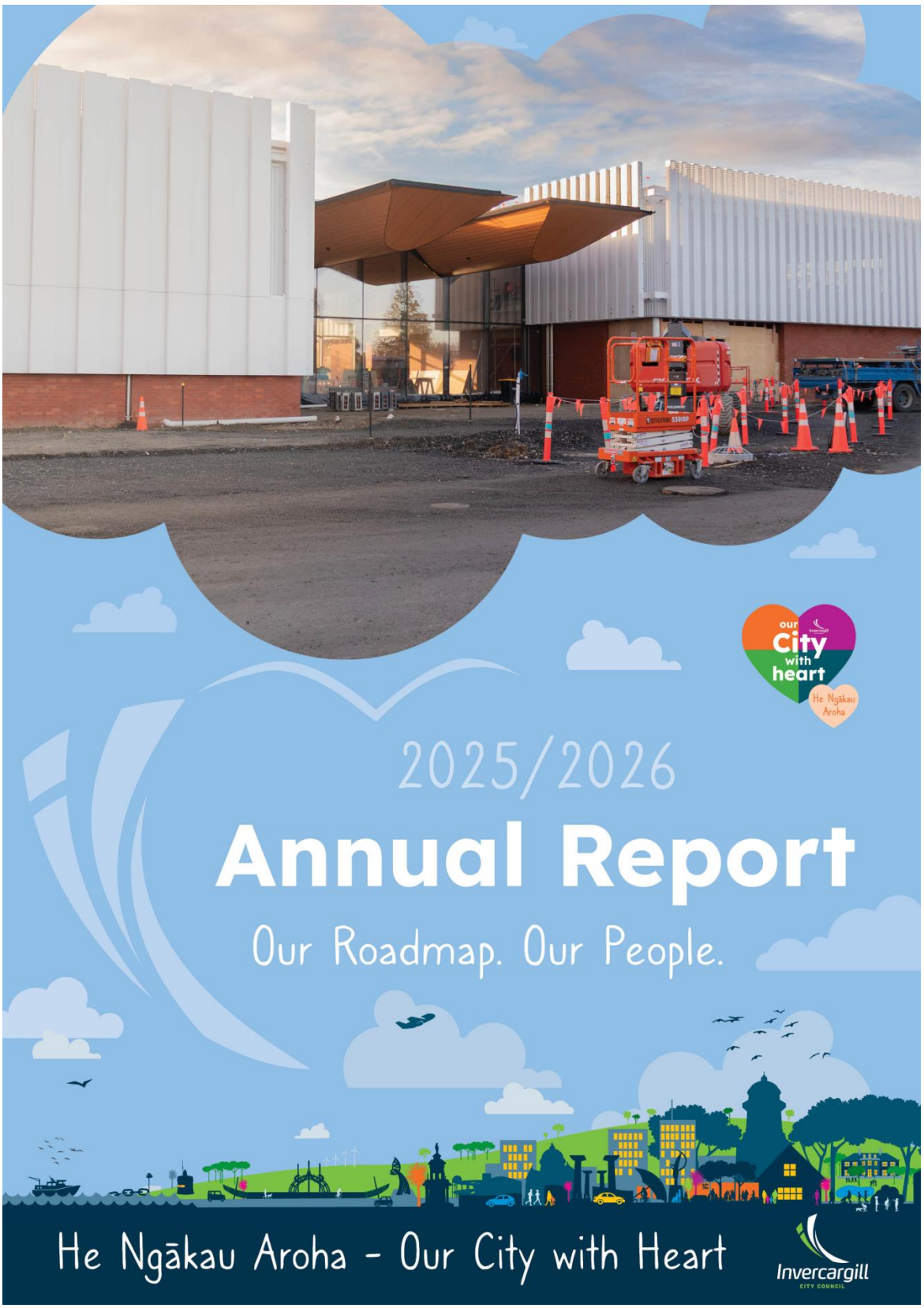
## Next Steps

Prior to the Council meeting, staff are expecting to:

1. Receive the final The Audit Office audit opinion (to be tabled).
2. Continue drafting the Summary Annual Report.

## Attachments

1. ICC 2025/2026 Annual Report – (11316808)
2. Letter of Representation from Management to Council on the Annual Report (11315194).
3. Letter of Representation from Council to The Audit Office (11316484).
4. Draft Audit Opinion (11316821).
5. Audit Office Report to the Council (11316500).
6. Final Signed Audit Opinion – to be tabled.


our City with heart
He Ngākau Aroha
2025/2026
Annual Report
Our Roadmap. Our People.
He Ngākau Aroha - Our City with Heart
Invercargill
CITY COUNCIL

Front Cover: Te Unua Museum of Southland

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# Invercargill introduced
## Nau mai ki Waihōpai

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

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

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

All figures are GST exclusive unless otherwise stated

# 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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# 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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# 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 Branxholm 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.



**Mayor Tom Campbell**
**Mayor of Invercargill**



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# 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**



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# 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 decisons 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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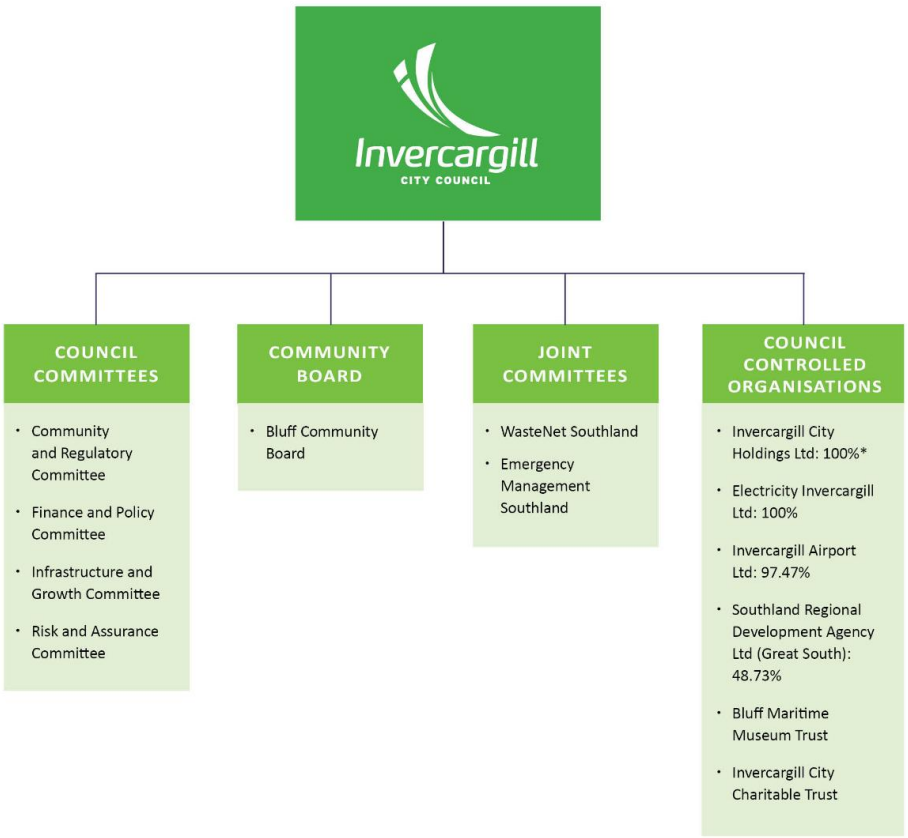
# Council Structure (at 30 June 2026)

## Te hanganga kaunihera




*Refer to Group Structure on page 122.



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# 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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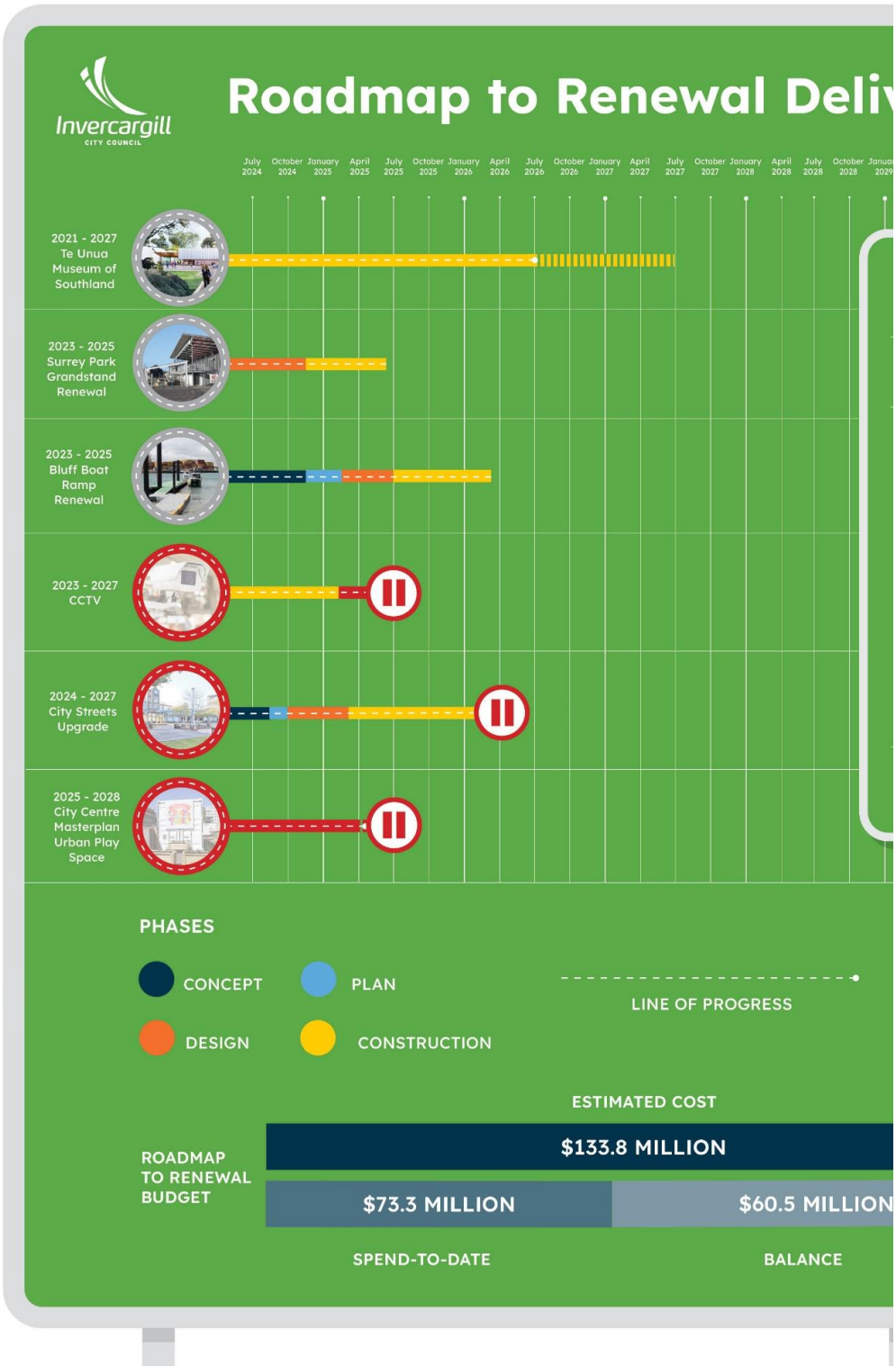




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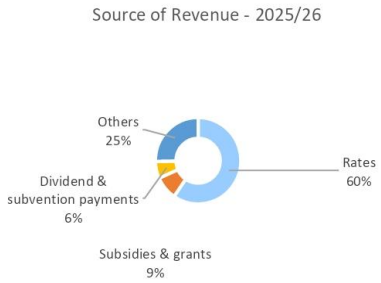
# Financial Overview

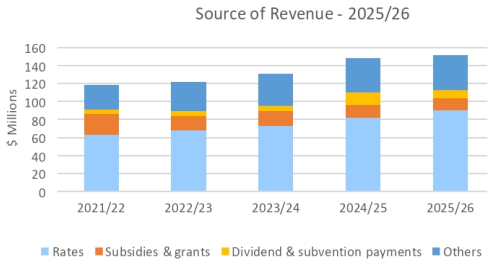
**Overall Result – Council**
Council had an operational deficit after tax of $8.5 million, including a vested assets contribution of $2.4 million, which was $2.0 million better than the planned deficit of $10.5 million and was $6.4 million worse than the 2025 deficit. Revaluation losses on carbon credits 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.




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**

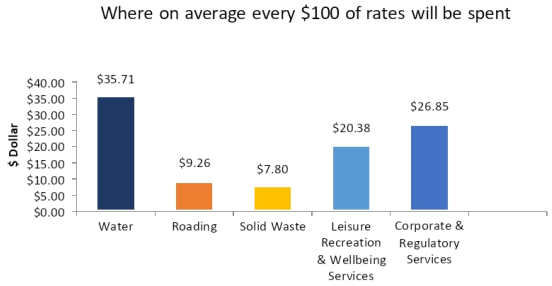
- Rates revenue has consistently increased, with increases in both the number of rating units and higher rates charges.
- Subsidies and grant revenue has decreased consistently since 2021/2022 with less government funding available to contribute towards capital projects.
- Other revenue has slowly increased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

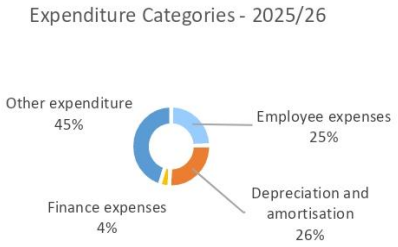
**Where do my rates go?**

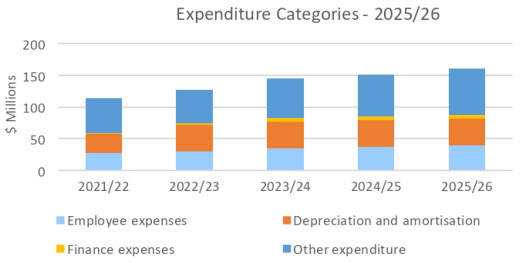
**On average for every $100 of rates, this is where the funds go:**

- $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.




**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.



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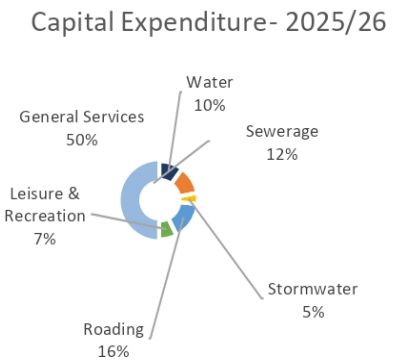
### Capital expenditure

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)




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).

# 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
Rates increase affordability – met
Debt affordability benchmark – met
Balanced budget benchmark – not met
Essential services benchmark – met
Debt servicing benchmark – met
Debt control benchmark – met
Operations control benchmark – not met

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

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.

Additionally, during the year it was identified that a prior year restatement was required to expense costs which were previously classified as intangible asset work-in-progress. The impact of the classification correction on the financial prudence benchmarks was as follows:

Debt Affordability Benchmark – actual debt remains at or within limit for all years, however the percentage of total assets has changed due to the write-off of intangible asset work in progress for the 2021/2022, 2022/2023, 2023/2024 and 2024/2025 financial years.

Balanced Budget Benchmark – the benchmark remains as not met for the 2022/2023, 2023/2024 and 2024/2025 financial years, and met within the 2021/2022 financial year, however the balanced budget position has worsened in each of these years due to the write-off of intangible asset work in progress.

Operations Control Benchmark – the benchmark remains as not met for the 2021/2022, 2023/2024 and 2024/2025 financial years, and met in the 2022/2023 financial year. However, the percentage of actual to budgeted net cash flows from operations has worsened in each of these years due to intangible asset purchases being reclassified to payments to suppliers and employees in the cashflow statement.

### 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.



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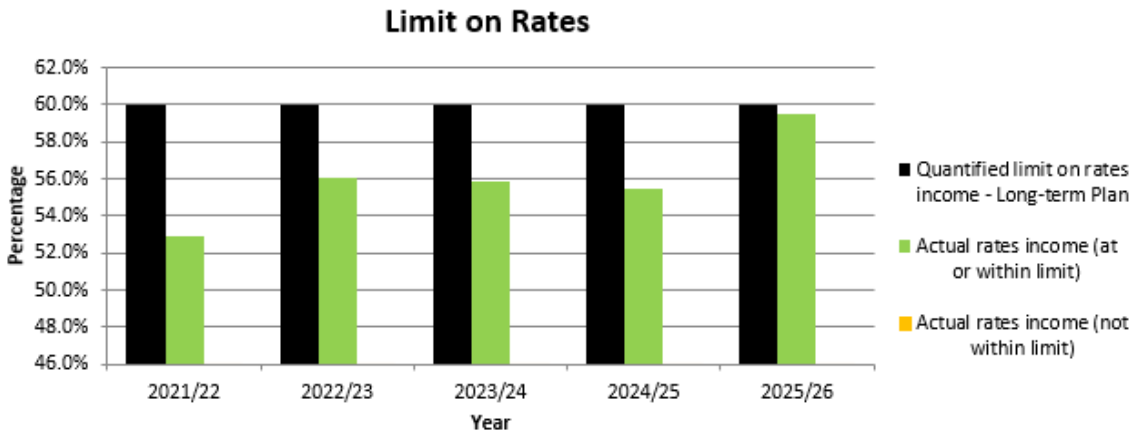
### Rates (Income) Affordability Benchmark

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* 2021/22 ($000) | Restated* 2022/23 ($000) | Restated* 2023/24 ($000) | Restated* 2024/25 ($000) | Year of Annual Report 2025/26 ($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 |

A correction has been made to the classification of metered water revenue which was previously classified as fees and charges rather than targeted rates. Refer to note 34 for further details.



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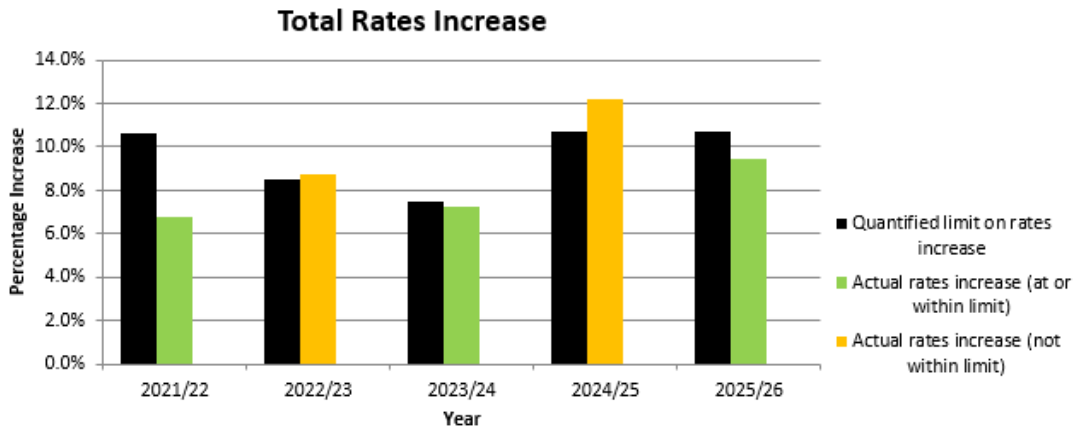
### Rates (Increases) Affordability

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 three of the last five financial years. For 2022/2023 the increase in the rates revenue was 8.5% equalling the limit, however after restatement of targeted rates as detailed in note 34, the benchmark was no longer met. The 2024/2025 rates increase also exceeded the limit due to the restatement. While there was a lower rate increase for existing ratepayers, rates revenue increased by 8% due to growth in the rating base.

| | Restated* 2021/22 ($000) | Restated* 2022/23 ($000) | Restated* 2023/24 ($000) | Restated* 2024/25 ($000) | Year of Annual Report 2025/26 ($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% |

A correction has been made to the classification of metered water revenue which was previously classified as fees and charges rather than targeted rates. Refer to note 34 for further details.



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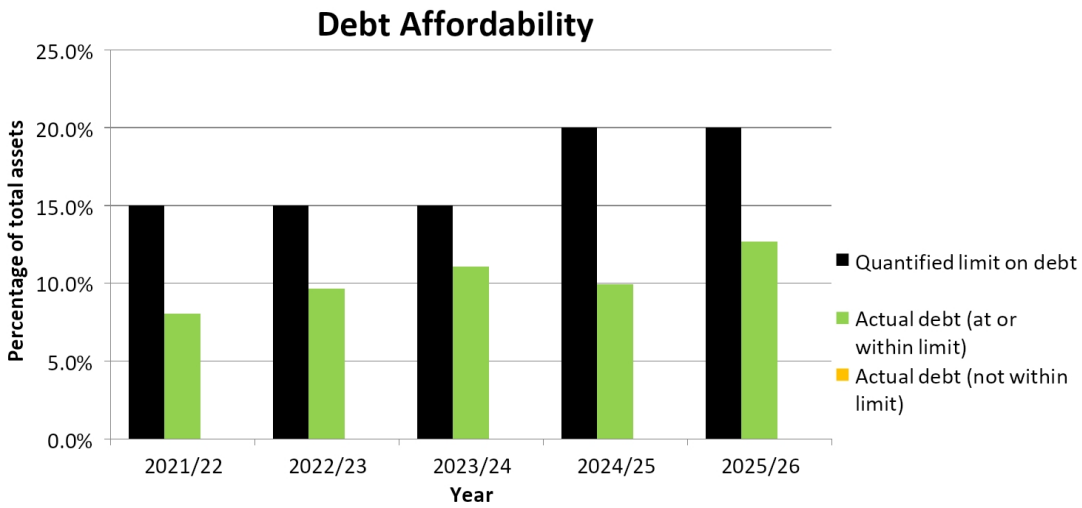
### Debt Affordability Benchmark

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.

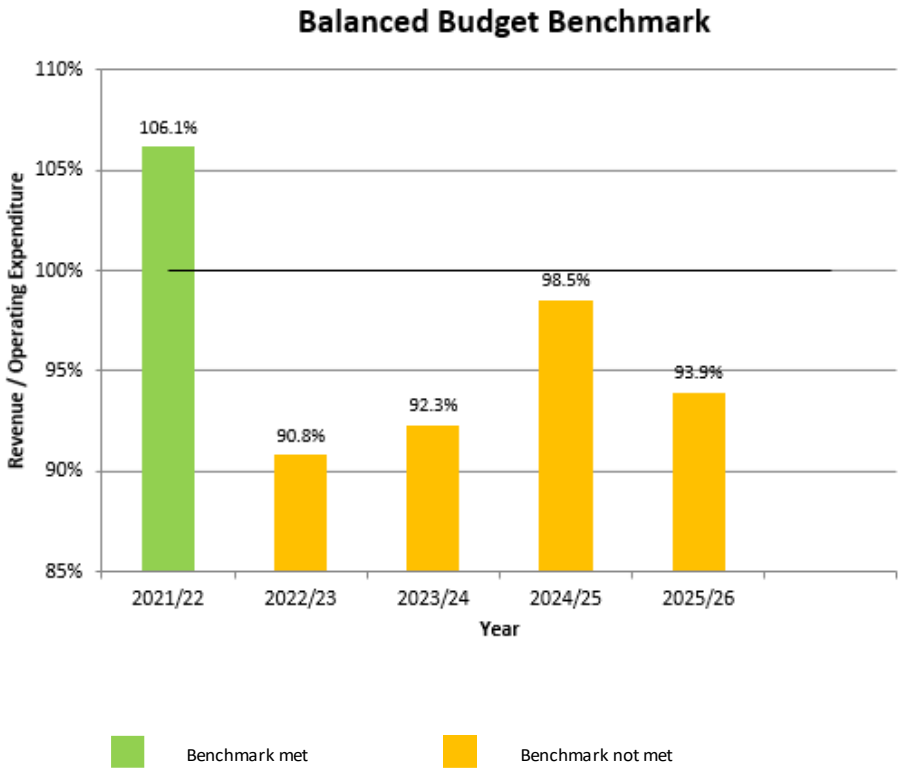
| | Restated* | Restated* | Restated* | Restated* | Year of Annual Report |
|---|---|---|---|---|---|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | ($000) | ($000) | ($000) | ($000) | ($000) |
| Total assets - Annual Report | 1,267,289 | 1,285,628 | 1,374,967 | 1,549,177 | 1,585,397 |
| External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

A correction has been made to the classification intangible work in progress which has now been expensed. Refer to note 34 for further details.

### 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.

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. The position has deteriorated since 2024/2025 as a result of the write off on intangibles work in progress in the 2024/2025 year as detailed in note 34. 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.



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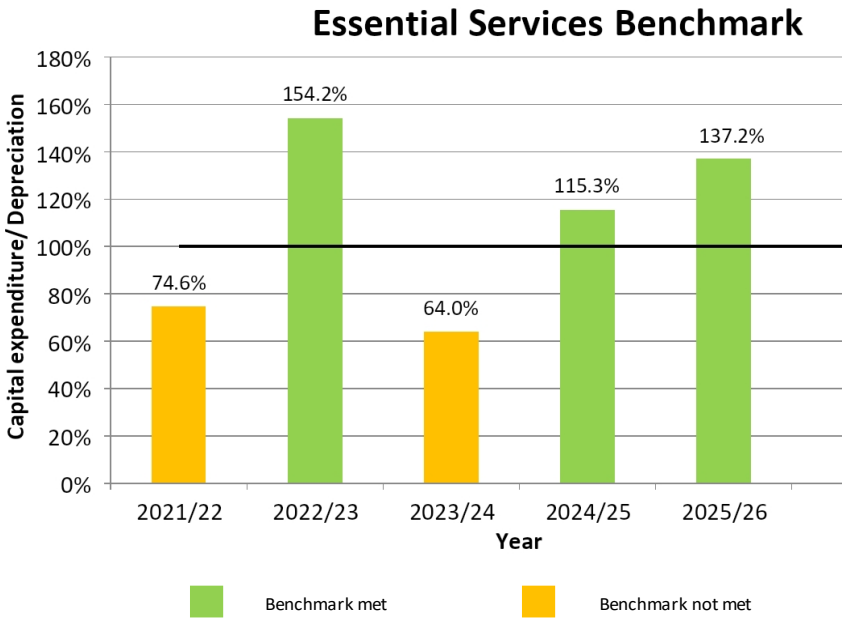
| | Restated* 2021/22 ($000) | Restated* 2022/23 ($000) | Restated* 2023/24 ($000) | Restated* 2024/25 ($000) | Year of Annual Report 2025/26 ($000) |
|---|---|---|---|---|---|
| Total revenue (excluding *) | 120,237 | 123,157 | 134,507 | 149,111 | 150,574 |
| Total expenditure (excluding ^) | 113,292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

A correction has been made to the classification intangible work in progress which has now been expensed. Refer to note 34 for further details.

### 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.



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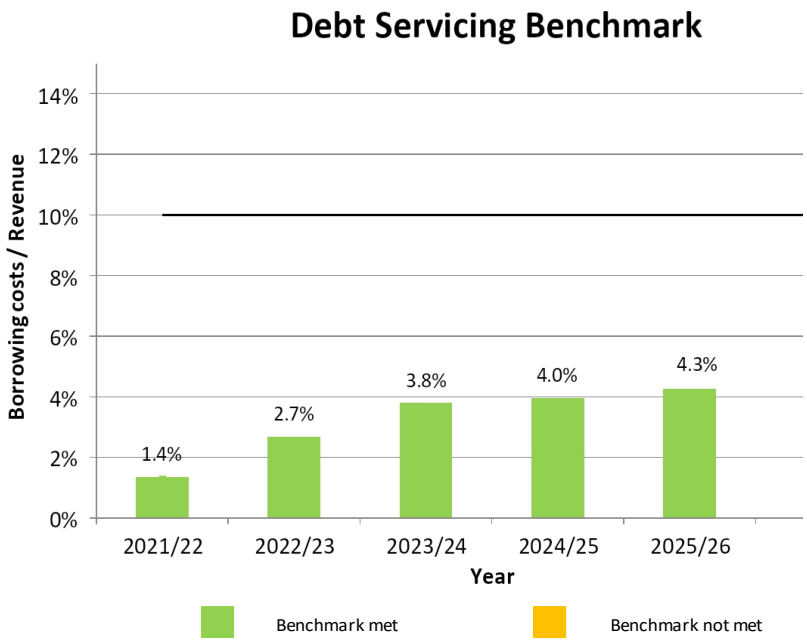
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Year of Annual Report 2025/26 |
|---|---|---|---|---|---|
| | ($000) | ($000) | ($000) | ($000) | ($000) |
| Capital expenditure additions * | 16,402 | 48,499 | 20,986 | 36,876 | 42,648 |
| Depreciation ^ | 21,980 | 31,453 | 32,781 | 31,974 | 31,084 |

### 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 |



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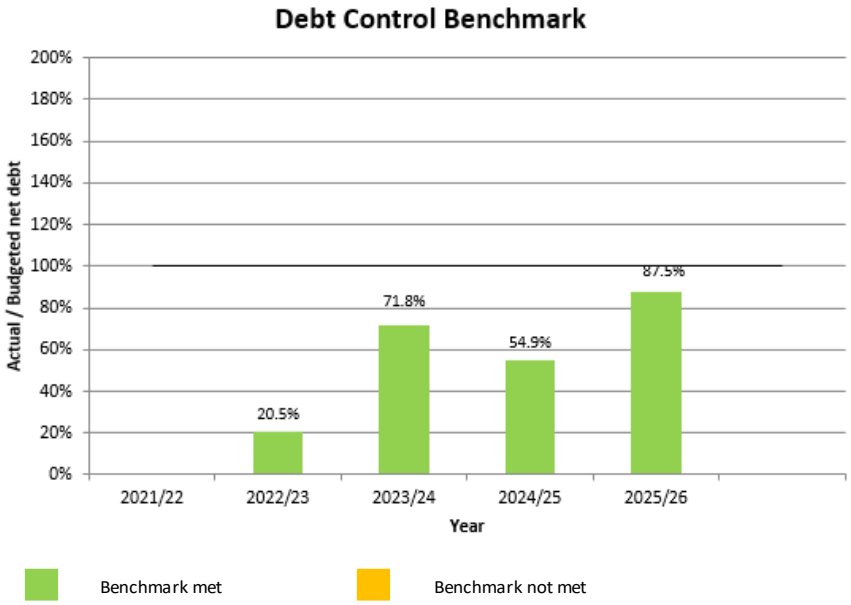
### Debt Control Benchmark

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.

| | Restated* 2021/22 ($000) | Restated* 2022/23 ($000) | Restated* 2023/24 ($000) | Restated* 2024/25 ($000) | Year of Annual Report 2025/26 ($000) |
|---|---|---|---|---|---|
| **Actual** | | | | | |
| Financial assets - Annual Report * | 135,883 | 136,887 | 149,309 | 133,581 | 122,501 |
| Financial liabilities - Annual Report ^ | 117,371 | 143,182 | 167,732 | 175,821 | 220,357 |
| Actual net debt | -18,512 | 6,295 | 18,423 | 42,240 | 97,856 |
| | | | | | |
| **Planned** | | | | | |
| Financial assets * | 121,852 | 139,996 | 140,790 | 123,948 | 128,889 |
| Financial liabilities ^ | 142,670 | 170,641 | 166,462 | 200,834 | 240,704 |
| Budgeted net debt | 20,818 | 30,645 | 25,672 | 76,886 | 111,815 |

The debt control benchmark has been restated for comparative years. The benchmark was previously calculated using financial assets that did not meet the definition of financial assets per the accounting standards. Comparative benchmark results have been recalculated including the investment in CCOs as financial assets. This restatement has resulted in the benchmarks still being met.

*Financial Assets consist of cash and cash equivalents, total other financial assets as per note 18.1, and investments in CCOs and other similar entities as set out in the annual report or the long-term plan.



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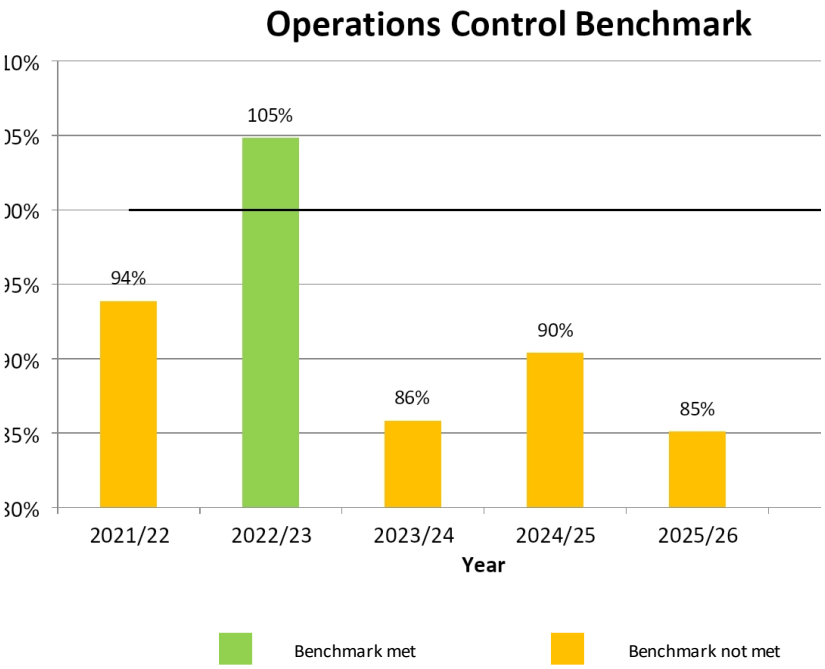
^ Financial Liabilities - consist of trade and other payables and borrowings and other financial liabilities as per note 19.2 as set out in the annual report or long-term plan.

### 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* 2021/22 ($000) | Restated* 2022/23 ($000) | Restated* 2023/24 ($000) | Restated* 2024/25 ($000) | Year of Annual Report 2025/26 ($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 |

A correction has been made to the classification intangible work in progress which has now been expensed. Refer to note 34 for further details.



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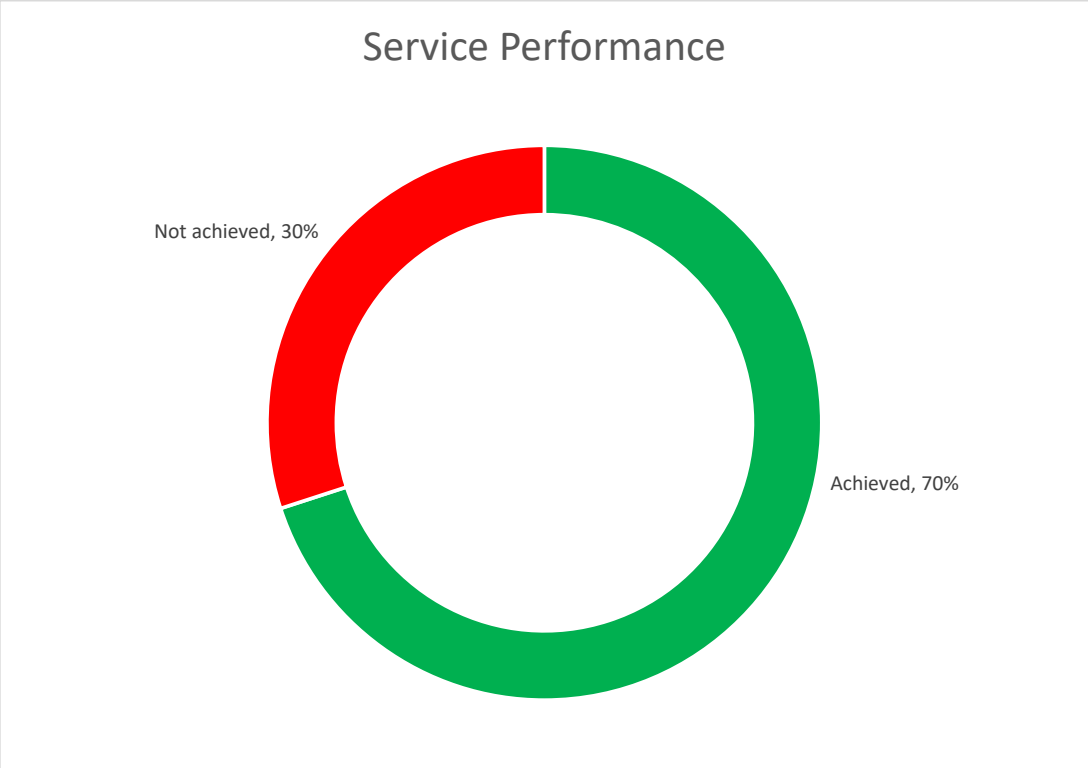
# Summary of Service

## Whakarāpopototanga 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 a decrease from 2024/2025 where 71% of service measures were achieved.

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.

# Auditor’s Opinion

Ngā korero a te kaitātari kaute



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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 2 November 2026.

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

Council adopted this Annual Report on 2 November 2026 and complies with all statutory requirements in relation to the Annual Report.

T Campbell
MAYOR

M Day
CHIEF EXECUTIVE

# Our Activities

## Ngā ngohe

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

This section is divided into seven groups of activities:

- Water
- Stormwater
- Sewerage
- Roading
- 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 suppling 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.

Roading
The Roading 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.



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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, 44-48, 51-53, 55-57, 60-63, 66-67,70, 72-74, 76-90, 92-97, 99-106, 108-110, 112-113). Note 2.3 to the Financial Statements 147-149).

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 viewed 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 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 informs 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' 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.

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 decisions-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 increased to 33% (from 23% in 2024/2025). Open ended survey feedback showed that more residents appreciated Council’s communication efforts, but the top common concern was that Council does not listen to the community. However, the percentage of residents reporting Council does not listen has decreased 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.

## 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.

## Summary of depreciation and amortisation expenses charged to Activities

| Group of Activity | Actual 2026 ($000) | Plan 2026 ($000) | Depreciation Actual 2025 ($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 | 44,984 |
| - to replace existing assets | 38,088 | 28,570 | 32,227 | 30,780 |
| Increase (decrease) in reserves | - | 6,362 | 29 | 3,830 |
| Increase (decrease) in investments | (12,988) | (24,255) | 4,889 | (2,329) |
| **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.



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# 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 Branxholme supply main renewal project was completed during 2025/2026. Scoping work for the Branxholme 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).<br><br>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).<br><br>Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site<br><br>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.<br><br>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. |

| | | |
|---|---|---|
| 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).<br><br>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%**<br>**2023/24 Achieved 100%**<br>2022/23: Achieved 100%<br>2021/22: Achieved 100%<br>2020/21: Achieved 100% |
| (i) 4.10.2 T3 Protozoal Rules; | 100% | 100% | Achieved[1] | All met - 100% | **2024/25 Achieved 100%**<br>**2023/24 Achieved 100%**<br>2022/23: Achieved 100%<br>2021/22: Achieved 100%<br>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%**<br>**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%**<br>**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 Branxholme 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]**<br>**2023/24 Achieved 17.9%**<br>2022/23: Achieved 18.5%<br>2021/22: Achieved 9.7% |

| 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 – Branxholme - 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.<br><br>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 Branxholme 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**<br>**2023/24: Achieved 234 litres/day**<br>2022/23: Achieved 231 litres/day<br>2021/22: Achieved 271 litres/day<br>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**<br>**2023/24 Achieved 25 minutes**<br>2022/23: Achieved 28 minutes<br>2021/22: Achieved 25 minutes<br>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**<br>**2023/24 Achieved 1 hour 45 minutes**<br>2022/23: 1 hour 47 minutes<br>2021/22: Achieved 1 hour and 26 minutes<br>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**<br>**2023/24 Achieved 3 days, 0 hours and 2 minutes**<br>2022/23: Achieved – 4 days, 00 hours and 28 minutes<br>2021/22: Not achieved - 5 days, 22 hours and 51 minutes |

| 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**<br>**2023/24 Achieved 3 days, 22 hours and 19 minutes**<br>2022/23: Achieved – 5 days, 1 hour 44 minutes<br>2021/22: Achieved - 6 days, 4 hours and 14 minutes<br>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:<br>- Drinking water clarity<br>- Drinking water taste<br>- Drinking water odour<br>- Drinking water pressure of flow<br>- Continuity of supply<br>- 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**<br>**2023/24: 1.02 Achieved**<br>2022/23: 1.82 Achieved<br>2021/22: 2.11 Achieved<br>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 | | | | | |

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.

## 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 - Branholme 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.

**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) |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.

# 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 | Level of Service | Measure |
|---|---|---|
| Environmental/Social/Economic Wellbeing | Council monitors and effectively manages the stormwater network to support community wellbeing and environmental health | DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district.<br><br>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<br>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.<br><br>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**<br>**2023/24 Achieved - 0**<br>2022/23: Achieved - 0<br>2021/22: Not Achieved – 2 |

| 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**<br>**2023/24 Achieved - 0**<br>2022/23: Achieved - 0<br>2021/22: Achieved – 0<br>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.<br>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)<br>Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:<br>- Abatement notices<br>- Infringement notices<br>- Enforcement orders<br>- Successful prosecution | 0 | <br><br><br><br>0<br>0<br>0<br>0 | <br><br><br><br>Achieved | <br><br><br><br>0<br>0<br>0<br>0 | **2024/25 Achieved - 0**<br>**2023/24 Achieved - 0**<br>2022/23: Achieved - 0<br>2021/22: Achieved – 0<br>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**<br>**2023/24 Achieved - 0**<br>2022/23: Achieved - 0<br>2021/22: Achieved – 21 minutes<br>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.<br>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**<br>**2023/24 Not Achieved – 4.25**<br>2022/23: Achieved – 1.8<br>2021/22: Not Achieved – 4.2 |



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| Measure | Baseline 2022/2023 | Target 2025/2026 | Achieved | Result 2025/2026 | Prior Years |
|---|---|---|---|---|---|
| | | | | | 2020/201: 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.<br>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.

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

Council activities and services - Community 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 | 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))** | **-** | **-** | **-** |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.

# 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 | Level of Service | Measure |
|---|---|---|
| Environmental/Social/Economic Wellbeing | Council monitors and effectively manages the sewerage network to support community wellbeing and environmental health | Number of dry weather sewerage overflows per 1,000 properties - DIA Performance Measure 1 (system and adequacy). |
| Environmental Wellbeing | | 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. |
| Environmental/Social/Economic Wellbeing | Council is responsive to the community in order to manage the sewerage network to support environmental health and efficient use of resources | DIA Performance Measure 3 (fault response times):<br>a) The median response time from notification to arrival on-site to attend sewerage overflows resulting from a blockage or other fault in the sewerage system<br>b) The median response time from notification to resolution of sewerage overflows resulting from a blockage or other fault in the sewerage system<br>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**<br>**2023/24: Achieved – 0.88**<br>2022/23: Achieved – 0.72<br>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)<br>(a) Number of abatement notices<br>(b) Number of infringement notices<br>(c) Number of enforcement orders<br>(d) Numbers of convictions<br>Received by the Council in relation those resource consents. | 0 | 0 | Achieved | 0 - 100% compliance | **2024/25 Achieved - 100% compliance**<br>**2023/24: Achieved – 100% compliance**<br>2022/23: Achieved - 100% compliance<br>2021/22: Achieved – 100% compliance<br>2020/21: Achieved – 100% compliance |
| ***What does it mean:*** Compliance is determined by:<br>• Checking laboratory test data against the requirements of the resource consents for the Clifton and Bluff Waste Water Treatment Plants<br>• Checking flow data for the Clifton and Bluff Waste Water Treatment Plants<br>• Confirming that compliance data has been supplied to Environment Southland within required time.<br>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 Plans. 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):<br>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**<br>**2023/24: Achieved – 26 minutes**<br>2022/23: Achieved – 16 minutes<br>2021/22: Achieved – 16 minutes<br>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**<br>**2023/24: Achieved – 45 minutes**<br>2022/23: Achieved – 1 hour and 19 minutes<br>2021/22: Achieved – 1 hour and 15 minutes<br>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.<br>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. | | | | | |

| 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:<br>1. sewage odour<br>2. system faults<br>3. system blockages<br>4. Council's responsiveness<br>(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**<br>**2023/24: Not achieved – 4.69 complaints per 1,000 connections**<br>2022/23: Achieved – 2.25 complaints per 1,000 connections<br>2021/22: Achieved – 3.4 complaints per 1,000 connections<br>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.<br>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.<br>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.<br>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.

## 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.



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**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))** | **-** | **-** | **-** |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.



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# Roading

## Ratonga rori

The Roading 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 Roading 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.

Roading performance achieved five of the six 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 did not meet 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. |
| | | The number of crashes involving intersections. |
| Social/Economic Wellbeing | | The average quality of ride, on a sealed local road network, measured by smooth travel exposure. |
| Social Wellbeing | The road network is designed and managed to support ease of use | The percentage of the sealed local road network that is resurfaced. |
| Environmental/Social/Economic Wellbeing | | 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 – Roading

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]**<br>**2023/24: Achieved – 10 less crashes reported (7 crashes in total, 7 people with serious injuries and no fatalities)**<br>2022/23: Not Achieved – Two additional crashes (17 crashes, including 1 fatality and 17 people with serious injuries)<br>2021/22: Not Achieved – 15 crashes (4 fatalities, 18 people with serious injuries)<br>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 revere 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 crashes[2]**<br>**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%<br>Rural - 98% | Higher than previous annual national average (2024/25)<br>Urban – 93%<br>Rural – 97% | Not Achieved [3] | Urban – 90%<br>Rural – 98%<br>Total – 93% | **2024/25: Achieved - urban 93%, rural 97%**<br>**2023/24: Achieved - urban 85%, rural 97%**<br>2022/23: Achieved – urban 85%; rural 98%<br>2021/22: Achieved – urban 85%; rural 98%<br>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:<br>**Traffic counts** – to estimate how much driving happens on each road.<br>**Road condition data** – to measure how rough or smooth the road surfaces are.<br>After working withThe 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.<br>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%**<br>**2023/24: Not Achieved- 5.3%**<br>2022/23: Achieved – 6.6%<br>2021/22: Not Achieved – 3.97%<br>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**<br>**2023/24: Achieved - 1.81% in very poor condition**<br>2022/23: Achieved – 1.8% in very poor condition<br>2021/22: Achieved – 0.5% in a very poor condition<br>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%**<br>**2023/24: Achieved - 91%**<br>2022/23: Achieved - 83%<br>2021/22: Achieved – 78%<br>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.<br>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).<br>A response to customer service requests must be provided withing five business days of the request being raised.<br>The percentage of customer service requests relating to roads and footpaths reported is based on the number of requests responded to withing five business days. | | | | | |

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 Roading 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

| 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 |
| 6 | Unsealed Road Metalling renewals | 188 | 289 |
| 7 | Chipseal Resurfacing renewals | 3,337 | 3,079 |
| 8 | Asphalt Resurfacing renewals | 2,878 | 2,337 |
| 9 | Surface water channel renewals | 922 | 603 |
| 10 | Drainage renewals | 116 | 52 |
| 11 | Sump renewals | 45 | 149 |
| 12 | Culvert renewals | 45 | - |
| 13 | Sealed Road Pavement Rehabilitation renewals | 616 | 3,424 |
| 14 | Bridge renewals | 510 | 31 |
| 15 | Traffic sign renewals | 67 | 85 |
| 16 | Traffic signal renewals | 72 | 51 |
| 17 | Street light pole renewals | 63 | 168 |
| 18 | Road marking renewals | 224 | 323 |
| 19 | General renewals | 85 | 46 |
| 20 | Footpath renewals | 1,477 | 702 |
| 21 | On-street parking meter renewals | 20 | - |
| 22 | 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.

Notes 6 – 20 - These works are part of the NZTA programme funded triennium. Some of the work was deferred and is to be completed by 2026/2027.

21. On-street parking meter renewals - No reactive renewals were required this year.

22. Adjustments for NZTA indicative allocations for continuous programmes 2025-2027 - These works are part of the NZTA programme funded triennium. Some of the work was deferred and is to be completed by 2026/2027.

Council activities and services - Community services

**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))** | **-** | **-** | **-** |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.



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# 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 supressed, 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. |

### 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 | ≥56 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.

## 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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Council activities and services - Community services

**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))** | **-** | **-** | **-** |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.

# 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.

Council activities and services - Community services

**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))** | **-** | **-** | **-** |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.



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# 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:<br>• Percentage of users per head of (Invercargill city) population<br>• Total number of park user counts |
| Social Wellbeing | Council is responsive to the community in order to effectively manage the parks and reserves | Percentage of urgent requests for Parks and Recreation services are completed within specified timeframes. |
| Social/Cultural Wellbeing | | Number of Active Partnerships in place to support activation of Parks and Recreation Space |

## 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<br>2023/24: Achieved<br>2022/23: Achieved<br>2021/22: Achieved<br>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%<br>2023/24: Not Achieved – 75%<br>2022/23: Achieved – 80%<br>2021/22: Achieved – 80%<br>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%<br>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<br>2023/24: Achieved – 1,179,345<br>2022/23: Not Achieved – 939,291<br>2021/22: Not Achieved – 967,869<br>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.<br>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%<br>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]<br>2023/24: N/A – New Measure |

| 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.

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 redevelopement | 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)<br>Percentage of residents satisfied with the library service |
| | Libraries are well utilised to support wellbeing | Annual number of library users:<br>• Physical visitors + website engagement = total number of Library users<br>• Total number of users (physical visitors + website engagement) per head of (Invercargill city) population |

## 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%<br>2023/24: - Not Achieved – 54%<br>2022/23: Achieved – 63%<br>2021/22: Achieved – 60.5%<br>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%<br>2023/24: - Not Achieved – 81%<br>2022/23: Not Achieved – 84%<br>2021/22: Achieved – 87%<br>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<br>2023/24: N/A New Measure |
| | Physical visitors + website engagement = total number of Library users | 485,535 | 500,000 | Achieved | 588,847 | 2024/25: - Achieved – 523,444<br>2023/24: - Not Achieved – 462.462<br>2022/23: Not Achieved – 485,535<br>2021/22: Not Achieved – 462,647<br>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

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:<br>• Number of users per head of (Invercargill City) population<br>• Total number of Splash Palace users<br><br>Learn to swim participation. |
| | Pools support wellbeing through providing safe, quality and appropriate premises and services | 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.<br><br>Percentage of residents satisfied with the Splash Palace. |
| | Pools service is reliable and available | Time when a minimum of four 25 metre public lanes are available for swimming.<br><br>The number of unplanned pool closures. |

## 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<br>2023/24: Achieved – 6.7 visits<br>2022/23: Achieved – 6.6 visits<br>2021/22: Not Achieved – 4.57 visits<br>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<br>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<br>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%<br>2023/24: Achieved – 100%<br>2022/23: Achieved – 100%<br>2021/22: Achieved – 100%<br>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 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%<br>2023/24: Not Achieved – 56%<br>2022/23: Not Achieved – 67%<br>2021/22: Not Achieved – 74%<br>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%<br>2023/24: Achieved – 98%<br>2022/23: Achieved – 98%<br>2021/22: Not Achieved – 88%<br>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<br>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. | | | | | |

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 | Arts, culture and heritage services are well utilised to support community wellbeing | Annual number of He Waka Tuia users:<br>• Number of users per head of (Invercargill City) population<br>• Total number of He Waka Tuia users |
| Social/Cultural Wellbeing | | Te Pātaka Taoka Southern Regional Collections Facility:<br>• Annual number of visits to access the collection<br>• Annual number of school visits |
| Cultural/Economic Wellbeing | | Annual number of Te Unua - Museum of Southland users<br>• Total number of Te Unua - Museum of Southland users<br>• 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.<br><br>Number of onsite and off-site exhibitions which celebrate our collections and the stories of Southland. |

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<br>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)<br>2023/24: Achieved – 18,473 (target of 14,000)<br>2022/23: Achieved – 18,553 (target of 14,000)<br>2021/22: Not Achieved – 7,875 (target of 14,000)<br>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%<br>2023/24: Not Achieved – 23% (target of 7-8, equating to 70-80%)<br>2022/23: Not Achieved – 17% (target of 7-8, equating to 70-80%)<br>2021/22: Not Achieved – 19% (target of 7-8, equating to 70-80%)<br>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<br>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<br>2023/24: N/A New Measure |
| Annual number of school visits | | New measure | 10 | Not Achieved[2] | 0 | 2024/25: Not Achieved<br>2023/24: N/A New Measure |

| 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.* | | | | | | |

## 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.

# 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

Thirteen 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.<br>Civic Theatre Occupancy - Auxiliary Rooms.<br>Civic Theatre – Hirage - Not for Profit-Local, Not for Profit - National/ International, Commercial – Local, Commercial - National/ International.<br>Scottish Hall – Occupancy.<br>Scottish Hall – Hirage - Not for Profit-Local, Not for Profit - National/ International, Commercial – Local, Commercial - National/ International.<br>Rugby Park – Occupancy.<br>Rugby Park – Hirage - Not for Profit-Local, Not for Profit - National/ International, Commercial – Local, Commercial - National/ International.<br>Annual number of users across all venues:<br>• Number of users per head of (Invercargill City) population<br>• Total number of venue users. |
| | City venues support wellbeing through enabling culturally and socially enriching experiences | Percentage of residents satisfied with the Civic Theatre<br>Percentage of residents satisfied with the Scottish Hall<br>Percentage of residents satisfied with Rugby Park |



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## 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%)<br>2023/24: Achieved – 32.5% (target greater than 28%)<br>2022/23: Achieved – 30% (target greater than 28%)<br>2021/22: Not Achieved – 21% (target greater than 28%)<br>2020/21 – 26% |
| Civic Theatre Occupancy - Auxiliary Rooms | | 62% Occupancy Rate | 40% | Not Achieved[1] | 33.8% | 2024/25: Not Achieved – 26.25%<br>2023/24: Achieved – 26% (target greater than 11%)<br>2022/23: Achieved – 62% (target greater than 11%)<br>2021/22: Achieved – 100% (target greater than 11%)<br>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 - Hirage | Not for Profit-Local | New measure | ≥35 | Not Achieved[2] | 32 | 2024/25: Achieved – 43<br>2023/24: N/A New measure |
| | Not for Profit - National/ International | New measure | ≥20 | Not Achieved[3] | 3 | 2024/25: Not Achieved - 0<br>2023/24: N/A New measure |
| | Commercial - Local | New measure | ≥15 | Not Achieved[4] | 6 | 2024/25: Not Achieved – 3 (target of 10)<br>2023/24: N/A New measure |
| | Commercial - National/ International | New measure | ≥35 | Achieved | 44 | 2024/25: Achieved – 43 (target of 30)<br>2023/24: N/A New measure |
| Percentage of residents satisfied with the Civic Theatre | | New measure | 80% | Achieved[5] | 88% | 2024/25: Not Achieved – 71%<br>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%) |

| Measure | | Baseline 2022/2023 | Target 2025/2026 | Achieved | Result 2025/2026 | Prior Years |
|---|---|---|---|---|---|---|
| | | | | | | 2023/24: Achieved – 45%<br>2022/23: Achieved – 33%<br>2021/22: Achieved – 19%<br>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<br>2023/24: N/A New measure |
| | Not for Profit - National/ International | New measure | ≥5 | Not Achieved[6] | 2 | 2024/25: Not Achieved - 0<br>2023/24: N/A New measure |
| | Commercial - Local | New measure | ≥8 | Not Achieved[7] | 4 | 2024/25: Achieved – 5 (target of 5)<br>2023/24: N/A New measure |
| | Commercial - National/ International | New measure | ≥3 | Achieved[8] | 3 | 2024/25: Not Achieved – 2<br>2023/24: N/A New measure |
| Percentage of residents satisfied with the Scottish Hall | | New measure | 60% | Not Achieved[5] | 53% | 2024/25: Not Achieved – 51%<br>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 | | 7% Occupancy Rate | 8% | Achieved[9] | 17% | 2024/25: Achieved – 12% (target of 7%)<br>2023/24: Not Achieved – 4%<br>2022/23: Not Achieved – 7%<br>2021/22: Not Achieved – 7%<br>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[9] | 26 | 2024/25: Not Achieved – 6 (target of 10)<br>2023/24: N/A New measure |
| | Not for Profit - National/ International | New measure | ≥2 | Not Achieved[10] | 1 | 2024/25: Achieved – 5<br>2023/24: N/A New measure |
| | Commercial - Local | New measure | ≥5 | Achieved | 7 | 2024/25: Achieved – 9 (target of 2)<br>2023/24: N/A New measure |

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

| Measure | | Baseline 2022/2023 | Target 2025/2026 | Achieved | Result 2025/2026 | Prior Years |
|---|---|---|---|---|---|---|
| | Commercial - National/ International | New measure | ≥8 | Not Achieved[11] | 1 | 2024/25: Not Achieved – 3<br>2023/24: N/A New measure |
| ***What does it mean:*** The hireage rates for the Civic Theatre, Scottish Hall, and Rugby Park are calculated based on the booking status. These statuses include:<br><br>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.<br><br>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.<br><br>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.<br><br>Commercial – National/International (recorded in Ticketek) – these represent the shows and events that sell tickets to the public with the intend 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[5] | 41% | 2024/25: Not Achieved – 34%<br>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[12] | 1.35 | 2024/25: Achieved – 1.52 Vph (target of 1.1)<br>2023/24: Achieved – 1.64 Vph<br>2022/23: Achieved – 1.5 vph<br>2021/22: Achieved – 1.6 vph<br>2020/21: N/A New Measure |
| | Total number of venue users | 80,648 | 70,000 | Achieved[12] | 78,289 | 2024/25: Achieved – 87,135 (target of 63,000)<br>2023/24: Achieved – 94,082 visits<br>2022/23: Achieved – 80,648 visits<br>2021/22: Achieved – 89,970 visits<br>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.<br><br>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. | | | | | | |

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 hirage of Wikitoria and Drawing Rooms only.

**2. Civic Theatre – Hirage – Not for profit local**
Local not for profit hires were slightly lower than the previous year but remained strong overall, falling just three bookings short of the target. The decrease is likely influenced by current economic pressures on local community and not-for-profit organisations.

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

The target for Civic Theatre Hirage – 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.

**8. 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.

**9. 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.

**10. Rugby Park – Hireage – Not for Profit – 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. 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.

**12. 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.

## 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:<br>• Number of users per head of (Invercargill City) population<br>• 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.<br><br>Percentage of residents satisfied with price of bus service. |

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<br>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)<br>2023/24: Achieved – 157,141<br>2022/23: Achieved – 141,837<br>2021/22: Not Achieved – 109,471<br>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%<br>2023/24: Not Achieved – 46% (target 70%)<br>2022/23: Not Achieved – 40% (target 70%)<br>2021/22: Not Achieved – 55% (target 70%)<br>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%<br>2023/24: Not Achieved – 48% (target of 80%)<br>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). | | | | | | |

## 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 | - |

1. 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 |
|---|---|---|
| | Elderly persons housing is well utilised to support community wellbeing | Units are occupied 95% of the time |
| Cultural/Social Wellbeing | 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%<br>2023/24: Achieved – 96%<br>2022/23: Achieved – 98%<br>2021/22: Achieved – 98%<br>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<br>2023/24: Achieved – 100% completed within 24 hours |

| 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<br>2021/22: Not Achieved – 80% completed within 24 hours<br>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<br>2023/24: Not Achieved – 99.8% completed within 5 days (266 of 267)<br>2022/23: Not Achieved – 99% completed within 5 days<br>2021/22: Not Achieved – 99% completed within 5 days<br>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%<br>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 2025/26.

## 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 |

1. Housing - replacement and new build programme - Planned work for the Miller Street property, deferred from 2024/2025, was completed in 2025/2026.

2. 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.

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

| | Long-term Plan 2024 - 2034 | Long-term Plan 2024 - 2034 | Actual |
|---|---|---|---|
| | 2024/25 | 2025/26 | 2025/26 |
| | $ 000 | $ 000 | $ 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 | 37,820 |
| - to replace existing assets | 9,261 | 6,172 | - |
| 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))** | **-** | **-** | **-** |

In accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, interest and dividends from investments are included in other receipts. This differs to the disclosure in the 2024-2034 Long term plan.

# 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.<br><br>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. |



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## 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%)<br>2023/24: Not Achieved – 22% (target 50%)<br>2022/23: Not Achieved - 19%<br>2021/22: Not Achieved – 18%<br>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<br>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<br>2023/24: Achieved – 68 (target 25)<br>2022/23: Achieved - 53<br>2021/22: Achieved - 55<br>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.<br>Non-notified resource consents not requiring a hearing are granted within statutory timeframe.<br>Code Compliance Certificates are issued within statutory timeframe.<br>Food premises are registered within 20 working days.<br>Alcohol licences not requiring a hearing are granted within 30 days.<br>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.<br>Percentage of residents satisfied with the building and/or resource consent process. |

| | |
|---|---|
| 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)<br>2023/24: Not Achieved - 99% (2327 of 2369)<br>2022/23: Not Achieved - 98%<br>2021/22: Not Achieved – 99%<br>2020/21: Achieved – 100% |
| ***What does it mean:*** The percentage of building consents that are granted withing 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)<br>2023/24: Not Achieved - 98% (174 of 177)<br>2022/23: Not Achieved - 96%<br>2021/22: Not Achieved – 85%<br>2020/21: Achieved – 100% |
| ***What does it mean:*** The percentage of non-notified resource consents that are granted withing 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)<br>2023/24: N/A – New Measure |
| ***What does it mean:*** The percentage of Code Compliance Certificates that are issued withing 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)<br>2023/24: Not Achieved - 96% (57 of 59)<br>2022/23: Achieved – 100%<br>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)<br>2023/24: Achieved - 100% (338)<br>2022/23: Achieved – 100%<br>2021/22: Achieved – 100%<br>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)<br>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%<br>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%<br>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%<br>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 issues during 2025/2026, with 52 of these being issues 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:<br>• Customers are provided with a 24-hour 7 day a week call centre<br>• Invercargill customers are provided with face-to-face customer services<br>• Bluff customers are provided with face-to-face customer 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%)<br>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%)<br>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%<br>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<br>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<br>2023/24: N/A – New Measure |
| ***What does it mean:***<br>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).<br>The year-end result is the average of the four quarterly results.<br>Face to face customer services - The total service hours for Te Hinaki Civic Administration Budling 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.

## Significant Capital Works Projects

| Note | Project | 2025/26 Long-term Plan ($000) | 2025/26 Actual ($000) |
|---|---|---|---|
| 1 | Roadmap Programme Contengency | 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). |
| | | Percentage of residents satisfied with public toilet facilities in Invercargill District |
| Social/Environmental | | 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) |

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)<br>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)<br>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%<br>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%<br>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%<br>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%<br>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%<br>2023/24: Achieved – 97%<br>2022/23: Achieved – 95%<br>2021/22: achieved – 95% |

| 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 |
| 12 | Crematorium building - General renewals | - | 65 |
| 13 | Parks buildings - General renewals | 179 | 21 |
| 14 | Public Toilets - Stirling Point | - | 47 |
| 15 | Public Toilets - Bluff Service Centre | - | 262 |
| 16 | Public Toilets - Greenpoint | 179 | - |
| 17 | Public Toilets - General renewals | 224 | 8 |

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:<br>• Total portfolio<br>• 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. |



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## 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%<br>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%<br>2023/24: N/A – New Measure |
| | Portfolio excluding Strategic, Development and Vacant land | New measure | 5% | Achieved | 5.90% | 2024/25: Achieved – 6.02%<br>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%<br>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%<br>$13,709 | 2024/25: Not Achieved - ($148,952)<br>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<br>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.

# 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 word-class standard. This facility has provided and will continue to provide significant sporting, cultural, educational, art and | 700 | 700 |

| 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 125 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,



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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 127 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 utilitised 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.

**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 evert 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.

## 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



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# 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.

| 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%<br>2024/25: 19.32%<br>2023/24: 11.56%<br>2022/23: 3.6%<br>2021/22: -27.57%<br>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:

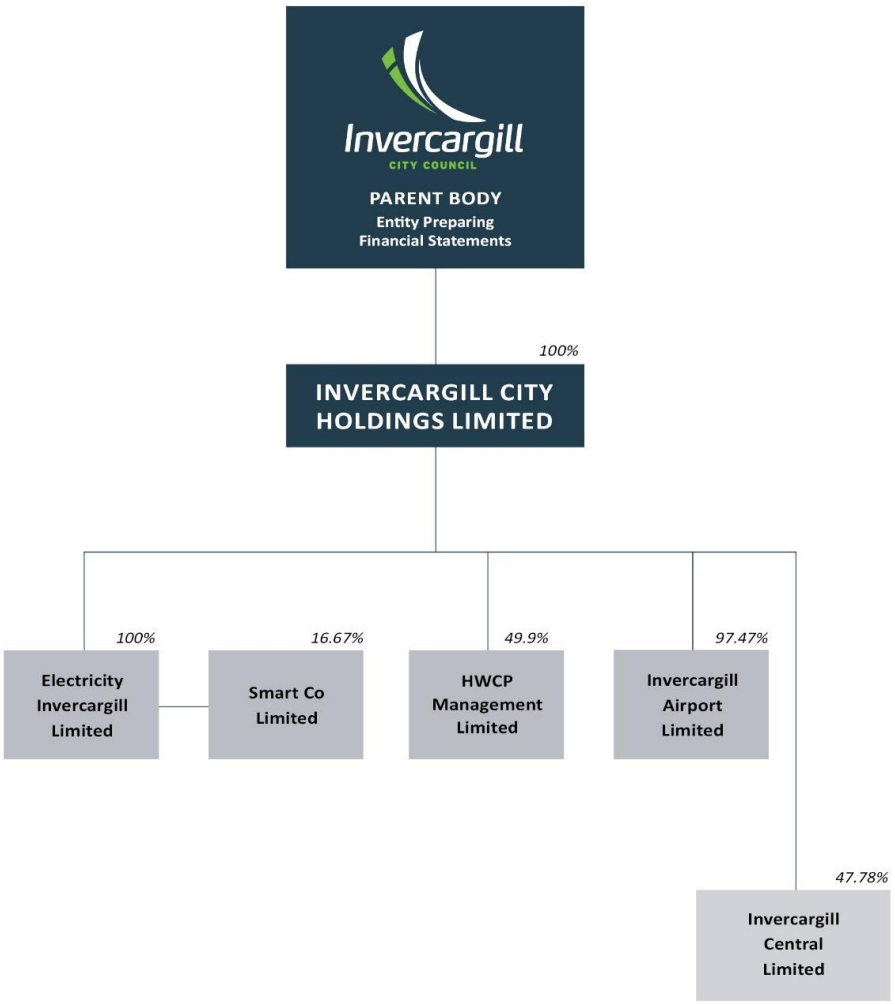
| | Group 2026 Target $000 | Group 2026 Actual $000 | Group 2025 Actual $000 |
|---|---|---|---|
| Group net profit (Loss) after tax | 7,197 | 9,889 | 31,279 |
| Dividend to Invercargill City Council | 9,577 | 9,577 | 14,457 |
| Shareholder Funds to total assets | 76.44% | 79.67% | 82.64% |

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.*



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# 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)<br>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<br>2023/24: 13.82 |
| | Unplanned | 13.60 | 25.92 | 2024/25: 20.98<br>2023/24: 17.80 |
| | System Average Interruption Frequency Index (SAIFI)<br>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<br>2023/24: 0.09 |
| | Unplanned | 0.29 | 0.42 | 2024/25: 0.35<br>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.<br>Total Recordable Injury Frequency Rate Contractor Targets (TRIFR) | | | |
| | TRIFR | Target 2026 | Actual 2026 | Previous results |
| | | 3.1 | 0.0 | 2024/25: 4.0<br>2023/24: 1.0 |



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# 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** | **Actual 2026** |
| | Passenger movements | 384,761 | 327,635 |
| **Operations** | Retain aerodrome certification via assessment from the Civil Aviation Authority | | Achieved |
| **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.<br><br>During 2025/2026, the Trust continued to undertake maintenance and repairs to the museum building, as well as the Oyster Boat Monica.<br><br>The Museum continued to be visited by schools during the year.<br><br>3,534 people visited the Museum in 2025/26, compared to 4,320 in 2024/25, 4,134 in 2023/24, 3,884 in 2022/23 and 2,799 in 2021/22. |



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# 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.

# Southland Regional Development Agency Limited Trading as Great South

GREAT SOUTH

www.greatsouth.nz

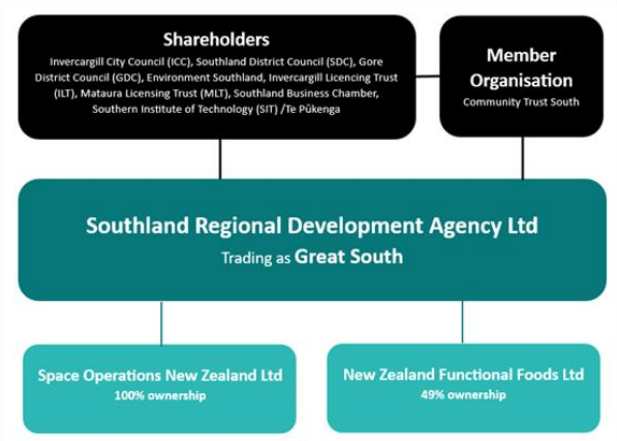
Great South was established as Southland's regional development agency in March 2019 for the joint benefit of the wider Southland communities.
Great South is responsible for economic development and promotion of Murihiku Southland. This involves managing Murihiku Southland's two Regional Tourism Organisations (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, Mataura 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.



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| LTP<br>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**<br>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**<br>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.<br>• 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).<br>• An MoU was signed with Environment Southland to align Spatial Planning and natural hazard data.<br>• DataSing presented AI tools to support staff for day-to-day operations. | • Achieved<br>• 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.<br><br>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**<br>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**<br>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.<br>• Advocate for increased mobile coverage and reliable terrestrial fibre optic cable services for all of the region.<br>• Support councils and stakeholders to apply for Government funds as applicable. | • Four submissions prepared and submitted.<br>• Report completed with recommendations for further action and follow up with National Infrastructure Funding and Financing and the Rural Connectivity Group.<br>• Data available through DISH continues to support councils, however there were no requests from councils for support applications for Government funding.<br>• Bi-annual meetings also completed; one in July 2025 and the second in May 2026. | • Achieved<br>• Achieved<br>• Achieved<br>• Achieved |



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| | | | | | |
|---|---|---|---|---|---|
| **Housing**<br>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.<br><br>Maintain Regional Digital Housing Portal and website. | **Housing**<br>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.<br><br>• 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.<br><br>• Supporting SDC and ICC with their Spatial Planning processes.<br>• Presented housing summary of likely future housing needs at the Murihiku Regeneration Hui.<br><br>• Build Southland website developed and maintained. | • Achieved<br><br>• Achieved<br><br>• Achieved |
| **Water**<br>Investigate current and future water resilience. | Support implementation of the Water Resilience Plan in partnership with Environment Southland and wider industry.<br><br>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**<br>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**<br>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.<br><br>Undertake ongoing analysis and monitoring of regional farming (livestock numbers, forestry growth, and water allocation). | **Agriculture**<br>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.<br><br>• 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.<br><br>• Diverse Crops of Murihiku Southland report completed. | • Achieved<br><br>• Achieved |



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|---|---|---|---|---|---|
| | | | • 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.<br>• We have monitored and reported on livestock numbers, forestry changes through the Net Zero work, as below (under 'Monitor Emissions')<br>• The number of farmers using the land-use data was not a SOI KPI in 2025/2026 financial year. | • Not Achieved<br>• Achieved<br>• Not Achieved |
| **Forestry**<br>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**<br>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.<br>• Identify new opportunities to convert forestry waste low grade logs into biomass fuel supply.<br>• 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.<br>• Southland Region Biomass Supply and Demand Outlook report completed.<br>• Collaborating with MPI to develop a Forestry Strategy which will roll over to 2026/2027 financial year. | • Achieved<br>• Achieved<br>• Not Achieved |
| **Regional Strategic Planning**<br>Facilitate and deliver regional strategies, feasibility assessments and plans as required by shareholders. | Implement two key priorities from the Aquaculture Strategy (subject to funding).<br>TBA depending on investigation. | **Aquaculture**<br>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.<br>• 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.<br>• Undertook two hui with education providers and funders to discuss and align future aquaculture workforce needs.<br>• Aligned with ES's Haul Out and Vessel Cleaning project, with ICC and SDC's Spatial Planning processes. | • Achieved<br>• Achieved |



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|---|---|---|---|---|---|
| **Digital Presence**<br>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.<br>However, data available on DISH shows:<br>▪ Milford Sound Passenger numbers increased by 9.1% (from 757,000 to 827,000).<br>▪ Visitor spend increased by 5% (from $357 million to $374 million).<br>▪ Regional Events hosting 500+ people grew by 6.5% from 139 events to 148 events. | • Not achieved |
| **Building Capability in our Businesses**<br>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.<br><br>Great South Business Engagements 250 (MBIE Contract ends 2024/2025). | **Business in Southland - A Regional Guide**<br>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.<br><br>• 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<br><br>• Achieved |
| **Content**<br>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.<br><br>Five to eight media Famils held.<br><br>Forty-five media results achieved. | **Consumer Marketing**<br>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.<br><br>• Fiordland NZ – 91.4% of traffic came from target markets.<br><br>• Ten digital campaigns delivered alongside five Tourism Boost Funding partner campaigns. | • Achieved |
| | | **Media**<br>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.<br><br>• Fifteen media results and where possible measurement of reach and equivalent advertising value (EAV). | • Fifteen media famils completed.<br><br>• 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<br><br>• Achieved |
| **Showcasing Our Region**<br>Trade Events, Trade Famils and TRENZ. | Attend five Trade Shows, two partnered Famils. | **Showcasing Our Region**<br>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 |



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



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| | | | | | |
|---|---|---|---|---|---|
| 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.<br><br>5% increase on number of overall page views 2024/2025.<br><br>10% increase on number of pageviews from within Southland based on 2024/2025 (baseline: 14,000). | **Regional Events Calendar**<br>Maintain Southlandnz.com website calendar listings for regional events. | • 10% increase on number of events listed (target: 759 events).<br><br>• 10% increase on number of overall page views (target: 44,000 views).<br><br>• 15% increase on number of overall page views from within Southland (target: 16,100 views). | • 635 events listed.<br><br>• 40,915 page views for the year (93% of target).<br><br>• 12,580 views from Southland based users (78.1% of target). | • Not Achieved[1]<br><br>• Not Achieved[1]<br><br>• Not Achieved[1]<br>*[1] *The Events Manager position was vacant for app., 6 months of the financial year* |
| **Support Major Southland Events** | Support delivery of Burt Munro Challenge.<br><br>Deliver ILT Kidzone Festival. | **Unmissable Regional Events** | • Support delivery of Burt Munro Challenge.<br><br>• Identify areas to develop capability of the BMC. | • Burt Munro successfully delivered in February 2026.<br><br>• Introduced digital capability which Great South will continue to lead next year.<br><br>• 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<br><br>• Achieved<br><br>• Not Achieved |
| | | **Regional Marketing of Events** | • Six cluster events.<br><br>• Four seasonal campaigns<br><br>• 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.<br><br>• Eleven seasonal campaigns delivered.<br><br>• 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<br><br>• Achieved<br><br>• Achieved |



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| | | | | | |
|---|---|---|---|---|---|
| **Monitor Emissions**<br>Complete annual regional emissions reporting by emissions source. | Produce annual emissions report. | **Monitor Emissions**<br>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**<br>Implement the Net Zero Southland report. | Implement Net Zero Southland Strategy and support Regional Climate Change Strategic Planning. | **Net Zero Planning**<br>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.<br>• 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.<br>• This work was delayed due to late information from two our region's largest industries. The public consultation will take place in 2026/2027 financial year. | • Achieved<br>• 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 |



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# 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.



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# Statement of comprehensive revenue and expense

## Tauākī o ngā Moni Whiwhi me ngā Whakapaunga Whānui

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) |
|---|---|---|---|---|---|---|
| **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.



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# 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 | 1,203,034 | 1,474,880 | 1,293,961 |
| Adjustment to opening equity | 34 | - | - | (4,211) | - | (4,211) |
| 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.



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# Statement of financial position

## Tauākī o te Tūnga Pūtea

As at 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) |
|---|---|---|---|---|---|---|
| **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.



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# Statement of Cash flows

## Tauākī o ngā rerenga moni

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) |
|---|---|---|---|---|---|---|
| **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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## 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 2 November 2026.

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

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

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

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

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

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

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

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

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

### Goods and Services Tax (GST)

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

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

Commitments and contingencies are shown exclusive of GST.

### Cost allocations

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.
Council operates an internal treasury function that funds the net debt balance of each activity. Finance costs are allocated based on the net debt balance. The funding impact statements for each activity show the finance cost and debt movement for the year.

### Plan values disclosed

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

### Net Assets / Equity

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

### 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.



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### 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.

## 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.



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| | 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** | | |
| Metered Water Supply | 4,760 | 3,266 |
| Other Water Rates | 11,407 | 9,936 |
| 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.

***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.



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## 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) |
|---|---|---|---|---|
| *Recognised in surplus or deficit* | | | | |
| 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 |
| *Recognised in Other comprehensive revenue and expense* | | | | |
| 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 |

## 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



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| | 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 |



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| | 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 |



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## 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).



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## 2.5 Direct Charges Revenue

| | Council Actual 2026 ($000) | *Restated Council Actual 2025 ($000) | Group Actual 2026 ($000) | *Restated Group Actual 2025 ($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 Actual 2026 ($000) | Council Actual 2025 ($000) | Group Actual 2026 ($000) | Group Actual 2025 ($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 s149, s123 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).



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## 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.



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## 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.



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## 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.

## 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 nether 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 | - | - | - | 237 |
| Non-deductible expenses | - | - | 22 | 38 |
| Net non-taxable other income/non-deductible expenditure | 2,377 | 596 | 4,640 | 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)** | **2,729** | **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** |



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*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.



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## 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 | 12,087 | 11,089 | 18,151 | 29,606 |
| Term deposits | 6,081 | - | 6,081 | - |
| 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.



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## 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).



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## 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) |

***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.



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| | 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.

## 11 Property, plant & equipment

Accounting Policy / Kaupapahere Kaute

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Leasing –** The net carrying amount of plant and equipment held under finance leases is $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 |



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## 11.1 Property, plant and equipment

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| 2026 | Cost / Revaluation $000 1-Jul-25 | Accumulated depreciation and impairment charges $000 1-Jul-25 | Carrying amount $000 1-Jul-25 | 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 30-Jun-26 | Accumulated depreciation and impairment charges $000 30-Jun-26 | Carrying amount $000 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 | 1 | - | - | - | - | - | (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.



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| 2025 | Cost / Revaluation $000 1-Jul-24 | Accumulated depreciation and impairment charges $000 1-Jul-24 | Carrying amount $000 1-Jul-24 | 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 30-Jun-25 | Accumulated depreciation and impairment charges $000 30-Jun-25 | Carrying amount $000 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 | (145) | 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** |



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## 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.

## 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 |
| | 1,142,630 | 54,052 | 2,396 | 2,322,802 |
| 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 |
| | 1,139,020 | 56,235 | 2,284 | 2,322,802 |

***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.

## 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 as at 30 June 2026. Management considered that the current book value of all assets were reflective of their fair value. An independent valuation of 3 waters assets was completed at 30 June 2024and operational land and buildings and roading assets were independently revalued at 30 June 2025.



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**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.

**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.

| | 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.



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## 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 | 3,937 |
| 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 | 4,341 |

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.

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 |



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*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.

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.



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### 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 |

***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.



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## 15 Non-current assets held for resale

*Accounting Policy / Kaupapahere Kaute*

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

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

## 16 Investment property

*Accounting Policy / Kaupapahere Kaute*

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

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

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

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

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

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

| | Council Actual 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.

| 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.



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## 17.1 Investment in Associates

| | Percentage held by Group | | |
|---|---|---|---|
| | 2026 | 2025 | Balance date |
| **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) |
|---|---|---|
| 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 |



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

| 2026 | 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) |
|---|---|---|---|---|---|---|---|---|
| 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 Cental 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 |



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| 2026 | 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) |
|---|---|---|---|---|---|---|---|
| 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 Cental 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 |



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*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.

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 and is split into a fixed portion ($10.0 million) and a floating portion.

## 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) |



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## 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 |



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**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.



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| | 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 | | | Maturity dates | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount ($000) | Contractual cash flows ($000) | < 1 Year ($000) | 1 - 3 Years ($000) | > 3 Years ($000) | Total | ($000) |
| **Financial liabilities** | | | | | | | |
| Derivative financial instruments | 480 | 787 | 621 | 190 | (24) | | 787 |
| Total financial liabilities | 480 | 787 | 621 | 190 | (24) | | 787 |

| Council 2025 | | | Maturity dates | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount ($000) | Contractual cash flows ($000) | < 1 Year ($000) | 1 - 3 Years ($000) | > 3 Years ($000) | Total | ($000) |
| **Financial liabilities** | | | | | | | |
| Derivative financial instruments | 456 | 570 | 178 | 438 | (46) | | 570 |
| Total financial liabilities | 456 | 570 | 178 | 438 | (46) | | 570 |



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| Group 2026 | Carrying amount ($000) | Contractual cash flows ($000) | Maturity dates < 1 Year ($000) | 1 - 3 Years ($000) | > 3 Years ($000) | Total | ($000) |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Derivative financial instruments | 480 | 787 | 621 | 190 | (24) | | 787 |
| Total financial liabilities | 480 | 787 | 621 | 190 | (24) | | 787 |

| Group 2025 | Carrying amount ($000) | Contractual cash flows ($000) | Maturity dates < 1 Year ($000) | 1 - 3 Years ($000) | > 3 Years ($000) | Total | ($000) |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Derivative financial instruments | 456 | 570 | 178 | 438 | (46) | | 570 |
| Total financial liabilities | 456 | 570 | 178 | 438 | (46) | | 570 |

**The notional values of interest rate swaps are summarised below:**

| | Council Actual 2026 ($000) Liability | Council Actual 2025 ($000) Liability | Group Actual 2026 ($000) Liability | Group Actual 2025 ($000) 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.

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 directly.
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.



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For the purpose of measurement, the groups and council's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

| Categories | Subsequent measurement | Treatment of gains and loss |
|---|---|---|
| Fair value through surplus or deficit | Fair value | Surplus or deficit |
| Fair value through other comprehensive revenue and expenditure | Fair value | Other comprehensive revenue and expenditure |
| Financial assets at amortised cost | Amortised cost less provision for impairment | Surplus or deficit |
| Financial liabilities at amortised cost | Amortised cost | Surplus or deficit |

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

The fair value hierarchy for the council and group are as follows:

The fair value hierarchy for the council and group are as follows:

| | Level | Council Actual 2026 ($000) | Council Actual 2025 ($000) | Group Actual 2026 ($000) | Group Actual 2025 ($000) |
|---|---|---|---|---|---|
| **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 |

| | 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 liabilities 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 |
| Payables & 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 |



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| | Group 2026 | | Group 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 | 7,941 | 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.



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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.

The Council is exposed to credit risk as a guarantor of all of the LGFA's guaranteed borrowings. Information about this exposure is explained in note 23.

### 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.



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**Effectiveness of cash flow hedges**
The matched items method is used in applying hedges. In all cases the terms of both the hedge instrument (interest rate swap derivative) and the underlying transaction are matched.

| | Council 2026 % | Council 2025 % | Group 2026 % | Group 2025 % |
|---|---|---|---|---|
| Effectiveness | 100 | 100 | 100 | 100 |

**Sensitivity analysis on financial instruments**

Investments:
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 liability: 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% ($000) | Equity change -1% ($000) |
|---|---|---|---|
| Council | 480 | 3,769 | (3,946) |

| Interest rate swaps | Carrying amount Year 2025 ($000) | Equity change 1% ($000) | Equity change -1% ($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.



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### 19.5(b) Liquidity risk management

Liquidity risk is the risk that the Council and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Council and Group manages its investments and borrowings in accordance with its written investment policies. In general, the Council and Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The Council and Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

***Commentary / Whakaaro***

The Council is exposed to liquidity risk as a guarantor of all of LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The exposure relating to the guarantee is classified as a contingent liability by the Council and is explained further in note 23.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

| **Council 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 | |



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| Group 2026 | Carrying amount ($000) | Contractual cash flows ($000) | Maturity dates < 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 | 7,965 | 22,015 | 14,866 | 5,345 | 1,804 | 22,015 |
| Total financial assets | 62,871 | 76,921 | 69,158 | 5,345 | 2,418 | 76,921 |
| **Financial liabilities** | | | | | | |
| Payables & accruals (excluding income received in advance) | 21,250 | 21,250 | 21,250 | - | - | 21,250 |
| Borrowings - secured loans | 211,134 | 224,868 | 62,256 | 111,121 | 51,491 | 224,868 |
| Total financial liabilities | 232,384 | 246,118 | 83,506 | 111,121 | 51,491 | 246,118 |

| Group 2025 | Carrying amount ($000) | Contractual cash flows ($000) | Maturity dates < 1 Year ($000) | 1 - 3 Years ($000) | > 3 Years ($000) | Total ($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



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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.

| | 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.



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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).

## 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.



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## 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 hedg | (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 | 133,961 | 133,961 |
| Library books | 8,250 | 8,250 | 8,250 | 8,250 |
| Infrastructural assets | 822,242 | 822,242 | 822,242 | 822,242 |
| Subsidiaries property, plant and equipment | - | - | 39,333 | 38,790 |
| Total asset revaluation reserve | 964,453 | 964,453 | 1,003,787 | 1,003,243 |
| Total other reserves | 1,019,907 | 1,016,230 | 1,059,240 | 1,055,019 |



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*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.

| | 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. | | | | |
| Category A (Legal restriction) | 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 | | | | |
| Category B (Capital-only restriction) | 13,799 | 283 | - | 14,082 |
| These reserves are invested in property that provides a return to (Investment property, library and infrastructure activities) | | | | |
| Category C (Specific purpose) | 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. | | | | |
| Category A (Legal restriction) | 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 | | | | |
| Category B (Capital-only restriction) | 13,304 | 495 | - | 13,799 |
| These reserves are invested in property that provides a return to (Investment property, library and infrastructure activities) | | | | |
| Category C (Specific purpose) | 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 |



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## 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.

## 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.



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## 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.



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### 24.2 Reconciliation of movement in financial liabilities to net cash flows from financing activities

| | Council | | Group | |
|---|---|---|---|---|
| | Borrowings from external parties ($000) | Finance lease liabilities ($000) | Borrowings from external parties ($000) | Finance lease liabilities ($000) |
| Balance as at 1 July 2024 | 152,023 | 123 | 248,988 | 123 |
| **Add/(less) cash items liabililties 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 | - | - | - | - |
| **Balance as at 30 June 2025** | 154,663 | 108 | 154,663 | 108 |
| **Add/(less) cash items liabililties 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 | - | - | - | - |
| Borrowers Notes | 3,553 | - | 4,054 | - |
| **Less equity and other items** | | | | |
| Dividends Paid to minority interests | - | - | - | - |
| **Balance as at 30 June 2026** | 201,052 | 82 | 211,052 | 82 |

## 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.

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | Related Party Transactions ($000) | 30 June Balance ($000) | Related Party Transactions ($000) | 30 June Balance ($000) |
| Invercargill City Holdings Limited - parent company | 445 | 36 | 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 | 43 | 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.



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## 26 Major budget variations (Council only)

| Statement of Comprehensive Revenue and Expense - Council | | Actual 2026 ($000) | Budget 2026 ($000) | *Restated Actual 2025 ($000) | Variance to Budget 2026 ($000) | *Restated Variance to Actual 2025 ($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.



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**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.

7 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.

8 Depreciation expenses are higher than 2025 due to additional assets capitalised during the 2026 year.

9 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.

| Statement of Financial Position - Council | | Actual 2026 ($000) | Budget 2026 ($000) | *Restated Actual 2025 ($000) | Variance to Budget 2026 ($000) | *Restated Variance to Actual 2025 ($000) |
|---|---|---|---|---|---|---|
| **Current assets** | | | | | | |
| Cash and cash equivalents | 1 | 18,180 | 12,042 | 11,103 | 6,138 | 7,077 |
| Receivables | 2 | 14,291 | 14,002 | 16,000 | 289 | (1,709) |
| Prepayments | 3 | 2,078 | 1,776 | 2,267 | 302 | (189) |
| Inventories | | 210 | 378 | 222 | (168) | (12) |
| Other financial assets | 4 | 21,186 | 30,050 | 25,595 | (8,864) | (4,409) |
| **Non-current assets** | | | | | | |
| Work in progress | 5 | 72,671 | - | 46,603 | 72,671 | 26,068 |
| Property, plant and equipment | 6 | 1,325,341 | 1,292,782 | 1,315,787 | 32,559 | 9,554 |
| Intangible assets | 7 | 2,181 | 11,504 | 2,491 | (9,323) | (310) |
| Biological assets | 8 | 4,341 | 4,147 | 3,937 | 194 | 404 |
| Investment property | 9 | 28,425 | 26,383 | 28,290 | 2,042 | 135 |
| Investment in associates and joint ventures | 4 | 656 | - | 656 | 656 | - |
| Advances to associates and joint ventures | 4 | 12,700 | 17,000 | 16,250 | (4,300) | (3,550) |
| Investment in CCOs and other similar entities | | 76,569 | 76,569 | 76,569 | - | - |
| Other financial assets | 4 | 6,566 | 4,058 | 3,408 | 2,508 | 3,158 |
| Derivative financial instruments | 10 | - | 365 | - | (365) | - |
| **Current liabilities** | | | | | | |
| Trade and other payables | 11 | 19,223 | 16,087 | 21,050 | 3,136 | (1,827) |
| Provisions | 12 | 200 | 92 | 300 | 108 | (100) |
| Employee benefit liabilities | 13 | 5,128 | 4,575 | 4,725 | 553 | 403 |
| Borrowings and other financial liabilities | 14 | 57,328 | 46,144 | 67,435 | 11,184 | (10,107) |
| **Non-current liabilities** | | | | | | |
| Provisions | | 816 | 1,116 | 816 | (300) | - |
| Borrowings and other financial liabilities | 14 | 143,806 | 184,698 | 87,336 | (40,892) | 56,470 |
| Derivative financial instruments | 10 | 480 | - | 456 | 480 | 24 |
| **Equity** | | | | | | |
| Retained earnings | 15 | 338,509 | 344,982 | 350,829 | (6,473) | (12,320) |
| Other reserves | 15 | 1,019,907 | 893,362 | 1,016,229 | 126,545 | 3,678 |
| **Total equity** | | 1,358,416 | 1,238,344 | 1,367,058 | 120,072 | (8,642) |

**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 being transferred to operating expenditure.

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.

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 reapportioning parts of the capital programme to a later year. This includes parts of Te Unua, Project 1225 and Mersey Street Rising Main Duplication projects.

15 Retained Earnings is lower than budget due to the write-off of intangible asset work in progress during the current year, with costs incurred in prior years recognised within opening retained earnings. Other Reserves are higher than budget due to the impact of the asset revaluations completed as at 30 June 2025, which have increased the reserve balance as at 30 June 2026.

**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.

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.

15 Retained Earnings has decreased from 2025 due to Council’s deficit after tax as shown in the Statement of Comprehensive Revenue and Expense. Other Reserves have not moved significantly during the 2026 financial year as no asset revaluations were completed other than Investment Property, for which revaluation gains or losses are recognised in the Statement of Comprehensive Income and Expense.

The above comments have only focused on major variances.

## 27 Remuneration

***Accounting Policy / Kaupapahere Kaute***

Section 32 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the remuneration of the mayor, chairpersons, members and chief executive of local authorities. The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

### 27.1 Key management personnel

***Accounting Policy / Kaupapahere Kaute***

Key management personnel of the Council include the Chief Executive, Elected members and Executive Leadership Team.

| | Council Actual 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 |
| | 2,905,825 | 2,738,838 |

| **Number of persons recognised as key management personnel** | **Council Actual 2026** | **Council Actual 2025** |
|---|---|---|
| Elected members or directors | 19 | 20 |
| Executive Leadership Team (including the Chief Executive) | 7.03 | 6.55 |
| Total key management personnel | 26.03 | 26.55 |

***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).

### 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:



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| | 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 |
| | 409,432 | 393,942 |

### 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 |
| | 1,546,580 | 1,480,997 |

### 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 | - |
| | 116,208 | - |
| **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 |
| | 50,044 | 161,380 |

*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 | - |
| 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 |
| | 753,038 | 673,911 |

| | 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 | - |
| | 30,523 | 28,608 |
| Total elected representatives' remuneration | 949,813 | 863,899 |

*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 |
| | 505 |

| | Actual 2025 |
|---|---|
| < $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 |
| | 496 |

*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.



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**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.

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 deprecation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines

published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers review the Council's infrastructural asset revaluations. 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 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.

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.



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## 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

## 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 which was previously classified as fees and charges rather than targeted rates. The impact of the change is as follows:

| | Before Adjustments | | Correction | After Adjustments | |
|---|---|---|---|---|---|
| | Council Actual 2025 ($000) | Group Actual 2025 ($000) | ($000s) | Council Actual 2025 ($000) | Group Actual 2025 ($000) |
| **Statement of Comprehensive Revenue and Expense** | | | | | |
| **Revenue** | | | | | |
| Rates revenue - Targeted rates - Water (note 2.1) | 78,860 | 78,860 | 3,266 | 82,126 | 82,126 |
| Direct charges revenue - user fees and changes (note 2.5) | 30,132 | 58,829 | (3,266) | 26,866 | 55,563 |
| **Statement of Cash Flows** | | | | | |
| **Cash flow from operating activities** | | | | | |
| Receipts from rates revenue | 77,720 | 77,720 | 3,266 | 80,986 | 80,986 |
| Receipts from other revenue | 48,801 | 79,517 | (3,266) | 45,535 | 76,251 |

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. The above reclassification of rates revenue has also resulted in the restatement of the rates (income) affordability and rates (increase) affordability benchmarks refer to pages 20 and 21 respectively.

**Write-off of Intangible Asset work in progress**

Some of the costs relating to Council's digital enhancement program had been incorrectly capitalised as intangible asset work in progress rather than being expensed to general expenses. As a result, the 2025 financial statements have been restated to correct this error. The amount relating to years prior to 2025 was corrected through an opening equity adjustment as at 1 July 2024.

| | Before Adjustments | | Correction | After Adjustments | |
|---|---|---|---|---|---|
| | Council Actual 2025 ($000) | Group Actual 2025 ($000) | ($000) | Council Actual 2025 ($000) | Group Actual 2025 ($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 |
| **Statement of Financial Position** | | | | | |
| **Non-current Assets** | | | | | |
| Work in progress at 1 July | 44,473 | 54,825 | (4,211) | 40,262 | 50,614 |
| Work in Progress at 30 June | 52,644 | 57,485 | (6,042) | 46,602 | 51,443 |
| **Equity** | | | | | |
| Retained earnings at 1 July | 363,502 | 403,510 | (4,211) | 359,291 | 399,299 |
| Retained earnings at 30 June | 356,871 | 425,903 | (6,042) | 350,829 | 419,861 |
| **Statement of Cash Flows** | | | | | |
| **Cash flow from Operating activities** | | | | | |
| Payment to suppliers and employees | (96,036) | (113,216) | (1,831) | (97,867) | (115,047) |
| **Cash flow from Investing activities** | | | | | |
| Purchase of intangible assets | (2,402) | (2,402) | 1,831 | (571) | (571) |
| **Statement of Changes in Equity** | | | | | |
| Adjustment to opening equity | - | - | (4,211) | (4,211) | (4,211) |
| Total comprehensive revenue and expense for the year | 170,066 | 186,961 | (1,831) | 168,235 | 185,130 |
| Balance at 30 June | 1,373,100 | 1,480,922 | (6,042) | 1,367,058 | 1,474,880 |

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

These restatements had a consequential impact on the financial prudence benchmarks, the Water supply Funding Impact Statements, Corporate and Regulatory Services Funding Impact statements and the Whole of Council Funding Impact Statement, which have also been restated.



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# 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**

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 Rōpū 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 Rōpū 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, Mataura 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:

• 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 Motupōhue 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.

# Glossary

| | |
|---|---|
| BCA | Building Consent Authority |
| CCOs | Council Controlled Organisations |
| CCTOs | Council Controlled Trading Organisations |
| CGU | Cash Generating Unit |
| Council | Invercargill City Council |
| COVID-19 | 2019 Novel Coronavirus Global pandemic |
| Cr | Councillor |
| DIA | Department of Internal Affairs |
| DRC | Depreciated replacement cost |
| ECL | Expected credit loss |
| EIL | Electricity Invercargill Limited |
| EOC | Emergency operations centre |
| EMS | Emergency Management Southland |
| ERL | |
| ETS | Emissions trading scheme |
| Exchange revenue | Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange |
| FAP | Financial assistance package |
| FDA | Financial delegation authority |
| FRS | Financial reporting standard |
| FVOCRE | Fair value through other comprehensive revenue or expenses |
| Group | As outlined in Group Structure section of the Annual Report |
| GST | Goods and services tax |
| IANZ | International Accreditation New Zealand |
| IAL | Invercargill Airport Limited |
| ICC | Invercargill City Council |
| ICL | Invercargill Central Limited |
| ICHL | Invercargill City Holdings Limited |
| ICPL | Invercargill City Property Limited |
| IPSAS | International Public Sector Accounting Standards |
| ISP | Internal service providers |
| ILT | Invercargill Licencing Trust |
| LGFA | New Zealand Local Government Funding Agency Limited |
| LIMs | Land Information Memorandums |
| LOS | Level of service |
| LTP | Long Term Plan |
| KPI | Key Performance Indicators |
| MBIE | Ministry of Business, Innovation and Employment |
| MLT | Mataura Licencing Trust |
| MOU | Memorandum of Understanding |
| NABERSNZ | National Australian Built Environment Rating System New Zealand |
| NBS | New building standard |
| Non exchange revenue | Revenue from transactions that are not exchange transactions |
| NPS | National policy statement |
| NZ GAAP | General accepted accounting practice in New Zealand |
| NZ IAS | New Zealand equivalent to International Accounting Standard |
| NZ IFRS | New Zealand equivalents to International Financial Reporting Standards |
| NZLGIC | New Zealand Local Government Insurance Corporation |
| NZTA | New Zealand Transport Agency |
| NZTE | New Zealand Trade and Enterprise |
| NZU | New Zealand Emissions Units |
| NZX | New Zealand Stock Exchange |
| ORDC | Optimised depreciated replacement cost |

| | |
|---|---|
| PBE | Public benefit entity |
| PIM | Project Information Memorandum |
| RFID | Radio frequency identification |
| SAIDI | System Average Interruption Duration Index |
| SAIFI | System Average Interruption Frequency Index |
| SOI | Statement of Intent |
| SoRDS | Southland Regional Development Strategy |
| Vested assets | Assets received by Council for no consideration |
| WIP | Work in progress |
| WINZ | Water Information New Zealand |
| XRB | External Reporting Board |



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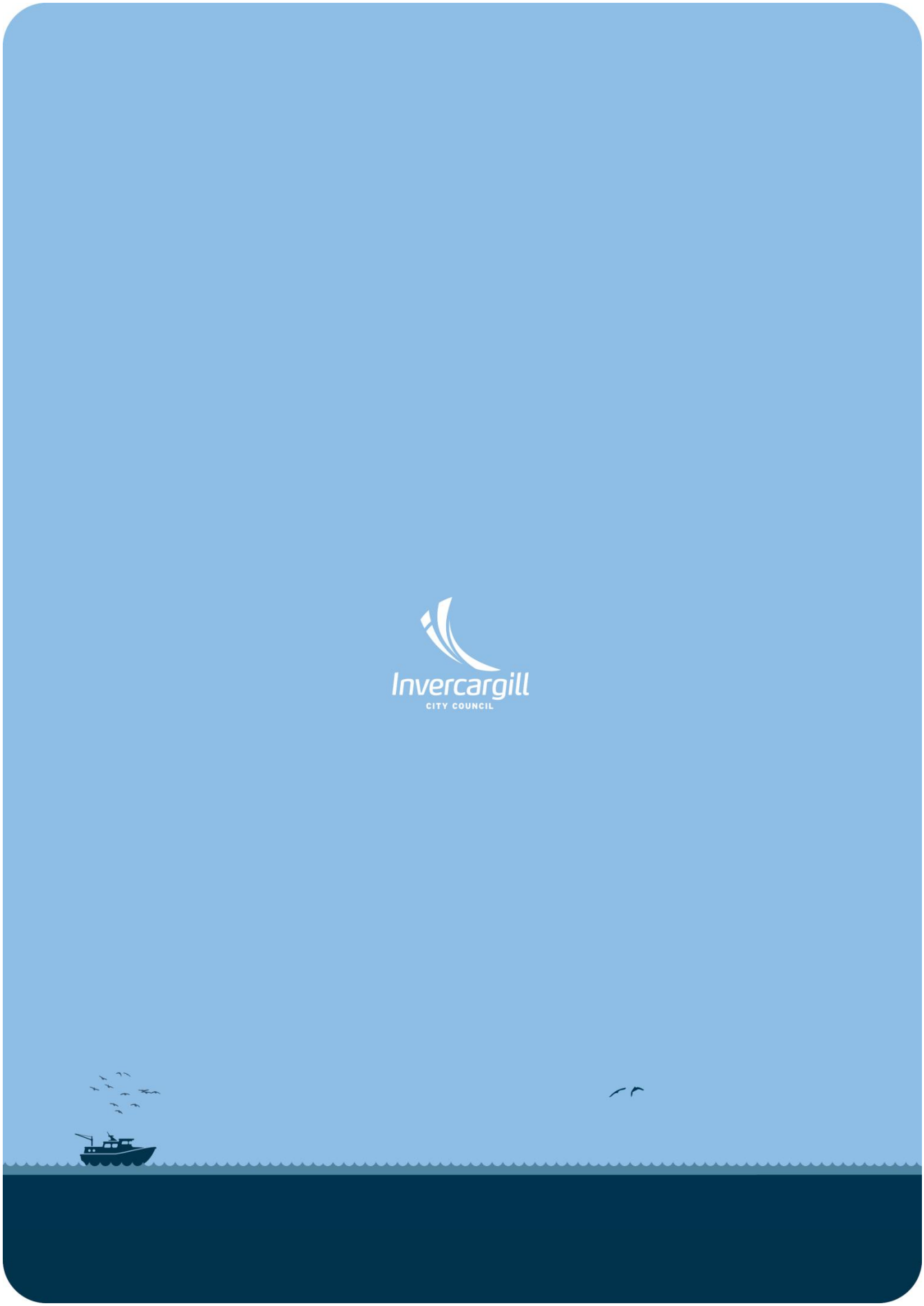
Version: 1, Version Date: 29/10/2026


Invercargill
CITY COUNCIL

02 November 2026

Councillors
Invercargill City Council
101 Esk Street
Invercargill 9840

Dear Councillors

**Representation Letter from Management to Council for the year ended 30 June 2026**

This representation letter is provided by Council management in connection with the Annual Report audit of the Council Group, carried out on behalf of the Auditor-General, including the financial statements of Council and group and statement of service performance for the year ended 30 June 2026. The purpose of this letter is to provide additional assurance to Councillors to support the letter of representation from the Mayor and Chief Executive to the Audit Office 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:

    - 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; and

- 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 the Audit Office 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 the 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;

- Council has complied with our statutory obligations including laws, regulations, and contractual requirements;

- Council has carried out our decisions and actions with due regard to minimising waste;

- Council has 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.

It is also acknowledged that management 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 and the statement of performance that are free from material misstatement whether due to fraud or error.

**Representations on the Financial Statements and the 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, 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 and the statement of service performance 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;
- Fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan;
- 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:

- Council has provided the Audit Office 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 the Audit Office determined it necessary to obtain audit evidence;
- We have disclosed to the Audit Office 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;
- We have disclosed to the Audit Office 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;
- We have disclosed to the Audit Office 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 the Audit Office 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 the Audit Office with all the other documents ("other information") which will accompany the financial statements and the statement of service
- performance which are consistent with one another, and the other information 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 those 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 City Council and group.

**Sign-off on these Representations**

These representations are made at the request of the Audit Office, and to supplement information obtained by the Audit Office from the records of the Council and Group and to confirm information given to the Audit Office orally.

Yours sincerely





Bryan Stauton
**Chief Financial Officer**

Patricia Christie
**Group Manager – Corporate Services**

# Appendix 1: Uncorrected Misstatements

**Judgmental Misstatements**

Judgmental 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 the Audit Office 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.

This will remain until the Three Waters assets are revalued again. This is currently planned for 30 June 2027.

02 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;
    - 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 02 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<br>$000 | Cr<br>$000 | Dr<br>$000 | Cr<br>$000 |
| 1 | | | 8,443 | 8,443 |

### 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.

The Audit Office
Te Mana Arotake

## Independent Auditor's Report

## To the readers of the annual report of Invercargill City Council for the year ended 30 June 2026

The Auditor-General is the auditor of Invercargill City Council (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of The Audit Office, to carry out the audit on his behalf.

We have audited the information in the annual report of the Council and the Group that we are required to audit in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

### Opinion on the audited information

In our opinion:

- the financial statements on pages 140 to 228 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 on pages 38 to 42 and pages 44 to 121:
    - 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

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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 on page 43 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 on pages 44 to 121 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 on pages 44 to 121, have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

## Report on the disclosure requirements

We report that:

- 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.

## Emphasis of matter: Simplifying local government reform

The Government has announced it wants to simplify local government, including reducing the number of local authorities by amalgamations within regions. As described in note 33, Invercargill City Council submitted a proposal to form a single Southland unitary authority and take on the functions of Environment Southland, which if approved, would be implemented before the 2028 local elections. At the same time, the Local Government Commission is investigating a reorganisation proposal lodged by Southland District Council in February 2025. It is not yet clear how these separate processes will align or which one will determine the final outcome.

The eventual outcome for the council may depend on future Cabinet decisions and enabling legislation (if the Head Start process prevails) or on a voter poll and an Order in Council (if the Local Government Commission process prevails).

Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

## Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing

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(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. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audited information and the disclosure requirements* section of our report.

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

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

## Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act. The Council's responsibilities include the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of service provision, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

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

The Council's responsibilities arise under the Act and the Regulations.

## Responsibilities of the auditor

### Responsibilities for the audited information

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Council's service performance.
- We evaluate whether the service performance information is prepared in accordance with the Council's measurement bases or evaluation methods, and presents fairly, in all material respects, in accordance with Public Benefit Entity Standards, the actual service performance achieved compared with the intended levels of service.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Council and Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council and Group to cease to continue as a going concern.

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- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

**Responsibilities for the disclosure requirements**

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and

- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Act and the Public Audit Act 2001.

## Other information

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

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## Independence

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

In addition to the audit and our report on the disclosure requirements, we have carried out a limited assurance engagement related to the Council's Debenture Trust Deed, which is compatible with those independence requirements.

Other than these engagements, we have no relationship with, or interests, in the Council or any of its subsidiaries and controlled entities.

Rudie Tomlinson
The Audit Office
On behalf of the Auditor-General
Dunedin, New Zealand
2 November 2026

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The Audit Office
Te Mana Arotake



# Report to the Council

## on the audit of Invercargill City Council and Group

For the year ended 30 June 2026

2026

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# Introduction

We are pleased to present our report to the Council for the audit of Invercargill City Council (the Council) and Group for the year ended 30 June 2026.

Our role as your auditor is to give an independent opinion on your financial statements and service performance information.

The purpose of this report is to communicate significant matters arising from the audit and to assist the Council in its oversight of the Council and Group's financial reporting and service performance reporting processes. We also recommend improvements we identify during the audit.

In addition to this report provided to the Council, we will provide a report to management which includes improvements we identify during the audit.

Yours sincerely



**Rudie Tomlinson**
Appointed Auditor

27 October 2026

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Audit focus areas and our findings .....4
Other findings .....10
Financial statements and service performance information .....11
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# A snapshot

### Auditor's report

We intend to issue an unmodified opinion on the financial statements and performance information for the year ended 30 June 2026.

However, our auditor's report includes an Emphasis of Matter drawing attention to the significant uncertainty created for local authorities in general by the Government's local government reform proposals, and for the Council specifically by the Local Government Commission's investigation of a reorganisation proposal.

### Audit focus areas

We identified

**5**

focus areas of most significance to the audit. Our response to these areas, as well as other matters that arose during the audit, are described on pages 4 to 9.

### Outstanding matters

Our audit is nearly complete, subject to the following outstanding matters:

- Review of the final version of the annual report.
- Subsequent events.
- Receiving the signed representation letter.
- Reviewing the printer's proof of the annual report.

### Recommendations

We have not identified any significant internal control deficiencies. Other observations and recommendations will be communicated separately to management.

### Uncorrected audit misstatements in the financial statements

Financial, performance and disclosure misstatements identified during the audit were corrected apart from an extrapolated error relating to the 2024 revaluation of three waters assets. The effect of this error is to overstate property, plant and equipment (PPE) and equity by $8.4 million.

### Materiality for the financial statements

**$112M**
**Materiality for PPE revaluations**

**$3.2M**
**Materiality used for all other items**

Our audit procedures for the valuation of PPE have been performed using a materiality set based on the total value of PPE.

All other audit procedures have been performed using a materiality set based on expenditure levels.

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# Audit focus areas and our findings

## 1 Fair value assessment of infrastructure assets (non-revaluation year)

**We agree with the Council that no revaluation was required for the asset classes that were not revalued.**

### Risk description

The assessment should incorporate local cost information, relevant and reliable price movement indicators, and consultation with valuers where necessary.

A significant movement may require a full or, where criteria are met, index-based revaluation.

### Action taken

We carried out our planned audit approach, including:

- reviewing the Council's fair value assessment; and
- considering whether the identified movement required a full revaluation or qualified for an index-based revaluation.

### Our findings

Our fair value assessment indicated a potential increase in PPE asset value that was below our materiality. We therefore agree with the Council that no revaluation was required for the asset classes that were not revalued.



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## 2 Fair value of investment property

**We are satisfied that the investment property valuation is reasonable and appropriately reflected in the financial statements.**

### Risk description

The fair value assessment depends on the valuer's judgements, assumptions, and source data.

Classification must be appropriate, and movements should be explained at an individual property level.

External valuations should be subject to appropriate quality review.

### Action taken

We carried out our planned audit approach, including:

- reviewing the classification of investment properties;
- reviewing the valuation report and discussing the methodology, judgements, assumptions, and source data with management and the valuer;
- assessing the valuer's expertise and objectivity and evaluating compliance with accounting standards;
- engaging an auditor's expert to review the significant assumptions for a selection of investment properties; and
- reviewing the related accounting treatment and disclosures.

### Our findings

The properties are appropriately classified in accordance with the applicable financial reporting standards.

The valuation methodology is appropriate, and we did not identify any material issues with the significant judgements, assumptions, or source data used in the valuations.

The valuers had the appropriate expertise and were sufficiently objective for the purpose of the valuations.

The resulting fair value movements were appropriately reflected and disclosed in the financial statements.



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# 3 Accounting for impairment, capitalisation of costs and recognition of completed assets

**The Council appropriately accounted for impairment, capitalised costs, and the timely recognition of completed assets.**

## Risk description

Assets and long-running projects must be assessed for indicators of impairment.

Old, abandoned, or significantly overspent work in progress (WIP) balances may require write-off or impairment.

Direct and indirect capital costs must be identified appropriately, and completed assets transferred from WIP promptly so depreciation begins when ready for use.

## Action taken

We carried out our planned audit approach, including:

- updating our understanding of policies and processes for identifying and capitalising direct and indirect costs;
- reviewing processes for timely capitalisation of completed work in progress projects;
- assessing management's process for identifying potentially impaired balances; and
- reviewing significant work in progress balances and management's ageing analysis.

## Our findings

Our review of PPE, intangible assets, and WIP identified material amounts capitalised in the current and prior years that did not meet the requirement of the relevant accounting standards.

Management's adjustment of these errors increased the current year reported deficit before tax by $4.3 million and decreased the prior year's equity by $6.0 million.

After these adjustments, our conclusion was that management's assessment of assets for impairment, including work in progress, was materially correct and compliant with the financial reporting standards.

We recommend that management review WIP schedules monthly, with periodic oversight from the Risk and Assurance Committee, to ensure that:

- only active, incomplete projects are included;



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## Risk description

## Action taken

## Our findings

- costs where projects are not progressing or where costs have escalated above budget are specifically considered for write-off; and
- capitalisation is in line with the applicable accounting standards.



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# 4 Local Water Done Well

**The Council appropriately disclosed the water services reform programme in their annual report.**

## Risk description

The Council adopted the in-house model of delivery of three waters in the Council meeting on 27 May 2025, and the water services delivery plan giving effect to this was approved by the Secretary for Local Government on 10 October 2025.

## Action taken

We reviewed the disclosures made by the Council, including the description of the agreed model or arrangement for delivering water services as set out in the water services delivery plan. This included assessing whether the disclosures clearly identified the water services to be transferred, including whether stormwater services were to transfer or remain with the territorial authority.

## Our findings

We have reviewed the relevant note disclosures in the annual report and confirmed that appropriate disclosures have been made.



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# 5 The risk of management override of internal controls

**No instances of management override of controls or fraudulent financial reporting were identified.**

## Risk description

There is an inherent risk of fraud in every organisation due to management override of internal controls.

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Auditing standards require this to be treated as a risk on every audit.

## Action taken

We carried out our planned audit approach, including:

- testing the appropriateness of selected journal entries;
- reviewing accounting estimates for indication of bias; and
- evaluating any unusual or one-off transactions, including those with related parties.

## Our findings

No matters were identified that indicated management override of controls or fraudulent financial reporting.



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# Other findings

| Matter | Description or finding |
|---|---|
| Financial statements and service performance information | We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. The financial statements contain two material prior period error corrections. The first relates to the misinterpretation of the legal requirement to disclose a volumetric water rate as a targeted rate, whilst the second relates to incorrect capitalisation of assets.<br><br>Management has corrected the errors in the current and prior years. The financial statements reflect appropriate disclosures in respect of these matters, including restated comparative financial information and graphs, where required.<br><br>Overall, we believe that these adjustments and disclosures are appropriate. We recommend increased oversight by the Risk and Assurance Committee to confirm compliance with rating legislation and accounting standards as it relates to the recognition and impairment of assets. |
| Significant control deficiencies identified | No significant control deficiencies were identified. |
| Group audit matters | *(Invercargill City Holdings Limited) Carrying value and accounting for associate and joint venture investments*<br><br>We reviewed and obtained an understanding of any changes in the Group's investments and any future plans. For impairment assessments, our audit procedures included reviewing and challenging management's assessment of whether any impairment indicators were present. |



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# Financial statements and service performance information

### Judgements made in significant accounting estimates

| Judgement areas | Misstated | Cautious | Balanced | Optimistic | Misstated |
|---|---|---|---|---|---|
| (Council) PPE at fair value in a non-revaluation year ($1,247 million) | | | | | |
| (Council) Investment property valuation ($28.425 million) | | | | | |
| (Council) Loan to Invercargill Central Limited ($12.7 million) | | | | | |
| (Group) Deferred tax ($22.797 million) | | | | | |



These are our views on the level of prudence in key judgements in this year's financial statements, relating to accounting estimates.

# Commentary

### Judgements made in significant accounting policies, disclosures, and related matters

**PPE at fair value in a non-revaluation year**

The most significant estimates in the financial statements relate to the fair value assessment of roading and three waters infrastructure assets. We reviewed management's fair value assessments, key assumptions, asset condition information, useful life estimates, and supporting data used by management and the valuers and concluded that these were reasonable.

Overall, we considered the judgements applied in these estimates to be balanced.

**Investment property valuation**

The properties are appropriately classified in accordance with the applicable financial reporting standards.

The valuation methodology is appropriate, and we did not identify any material issues with the significant judgements, assumptions, or source data used in the valuations.



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The valuers had the appropriate expertise and were sufficiently objective for the purpose of the valuations.

The resulting fair value movements were appropriately reflected and disclosed in the financial statements.

**Loan to Invercargill Central Limited**

Our reading of the unsigned loan documentation indicates the possibility that the $10 million fixed-interest component of the loan matures in June 2027 and should therefore be classified as current.

Invercargill Central Limited, in its financial statements, classified the loan as long-term following KPMG's review. We have requested a specific representation from the Council on this matter and recommended that the agreement be formalised and signed as a matter of urgency.

**Deferred tax**

Deferred tax balances were audited by the relevant component auditors. As group auditor, we evaluated the component auditors' work and findings. Based on this evaluation, no material matters were identified for the Group audit, and we consider the Group's deferred tax balance to be reasonable.

We did not identify evidence of management bias in the significant accounting estimates. We also considered the significant accounting judgements and disclosures applied in preparing the financial statements to be appropriate.



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# Appendices

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# Appendix 1: Uncorrected misstatements

**Judgemental 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.**

The uncorrected misstatements have been included as part of the Council's letter of representation to us.

| Description | Line items affected | Revenue ($'000s) Dr (Cr) | Expenses ($'000s) Dr (Cr) | Assets ($'000s) Dr (Cr) | Liabilities ($'000s) Dr (Cr) | Equity ($'000s) Dr (Cr) |
|---|---|---|---|---|---|---|
| Carry forward of the estimated overstatement of PPE. The 30 June 2024 revaluation of three water assets was based on forecasted cost indices which were higher than actual published indices. | Dr Equity | | | | | 8,443 |
| | Cr PPE | | | (8,443) | | |



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# Appendix 2: Other communications

We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.

The audit of the financial statements and performance information does not relieve management or the Council of their responsibilities. Our audit engagement letter contains a detailed explanation of the responsibilities of the auditor and the Council.

### Auditing standards

We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements and performance information. The Council and management are responsible for implementing and maintaining a system of internal control for detecting these matters.

### Independence

We confirm that, for the audit of the Council and Group's financial statements and performance information for the year ended 30 June 2026, we have maintained our independence in accordance with the requirements of the Auditor-General's standards, which incorporate the independence requirements of the External Reporting Board.

### Our responsibilities in conducting the audit

In addition to the audit, we have carried out statutory and regulatory engagements for the Council's subsidiaries and associates and performed a limited assurance engagement related to the Council's Debenture Trust Deed, which are compatible with those independence requirements.

Other than the audit and these engagements, we have no relationship with or interests in the Council or its subsidiaries.

### Use of Artificial Intelligence (AI)

The Audit Office may use AI to assist with analytical tasks as part of its audit methodology, including analysis of client data where appropriate and in accordance with The Audit Office's internal AI policy. We do not use client data to train our approved AI tools. AI is used as a supporting tool only, and does not replace professional judgement. Auditors retain full responsibility for all audit decisions, conclusions, opinions, and reporting outcomes.

### Fees

The audit fee for the year is $445,060 (GST exclusive), as detailed in our audit proposal letter. Other fees charged in the period are $9,000 for the annual assurance engagement relating to the Council's Debenture Trust Deed.



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# Appendix 3: Quality and timeliness of information provided for audit

The Council's responsibilities include understanding whether management produce quality information, and whether there are adequate resources, skills, and expertise applied in the reporting process. Our expectations were informed by the FMA's *Audit Quality Monitoring Report* (expectations for directors) and *Guidance and expectations for keeping proper accounting records.*

| Expectation | Needs attention ... Excellent | Explanation |
|---|---|---|
| Financial statements prepared by management comply with accounting standards | | Further quality assurance procedures are needed to ensure consistency between the financial statements and supporting note disclosures. |
| Quality supporting financial information is prepared and available on a timely basis | | These are often prepared after auditor queries. |
| Management prepares accounting papers for unusual or more complex transactions and estimates | | These are often prepared after auditor queries. |
| Governors challenge the process and the outcomes of management's judgements | | We encourage councillors to be more proactively involved in assessing the judgements made by management and/or its experts. |
| Service performance reporting prepared by management complies with accounting standards | | |
| Quality supporting service performance information is prepared and available on a timely basis | | |



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| Expectation | | Explanation |
|---|---|---|
| Issues raised in our previous reports are addressed in a timely manner |  | Some previous recommendations were addressed while some remain outstanding. |



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The Audit Office
Te Mana Arotake

The Audit Office
PO Box 232, Dunedin 9054

Website: www.ao.parliament.nz

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# GREAT SOUTH LETTER OF EXPECTATION 2027-2030

| | |
|---|---|
| **To:** | Council |
| **Meeting Date:** | Monday 2 November 2026 |
| **From:** | Michal Gray, Governance Specialist |
| **Approved:** | Trudie Hurst, Deputy Chief Executive |
| **Approved Date:** | 28 October 2026 |
| **Open Agenda:** | Yes |
| **Public Excluded Agenda:** | No |

## Purpose and Summary

This report provides Council with the opportunity to consider its input for the combined Letter of Expectation 2027-2030 for Great South.

## Recommendations

**That Council:**

1. Receives the report "Great South Letter of Expectation 2027-2030".

2. Agrees/disagrees to provide the following feedback from Invercargill City Council for the combined Letter of Expectation from the Joint Shareholders Committee to Great South:
   a) Continued support for the following regional priorities:
      i. regional development leadership
      ii. regional promotion
      iii. business support & diversification
      iv. Net Zero Southland
      v. SpaceOps – growth to support dividend payments to Great South.
   b) financial reporting provides visibility of both parent entity and group performance.
   c) reporting clearly identifies costs of supporting subsidiary companies.
   d) Reporting that demonstrates value for money for ratepayers.
   e) expenditure is clearly attributable to Statement of Intent-funded activities and separately funded workstreams.
   f) Great South maintains a prudent approach to any discretionary spending and demonstrates careful stewardship of Council (Ratepayer) funding.
   g) a continued "no surprises" relationship with Shareholders on matters with material financial, political or public implications.
   h) KPIs are clear, measurable and linked to agreed regional priorities.
   i) Reporting demonstrates progress toward outcomes



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3. Indicate an intention to continue Invercargill City Council's core funding contribution, with an inflationary adjustment (and based on the most recent Statistics NZ survey as per the formula) subject to final decisions through the 2027-2037 Long-term Plan process.

4. Delegates to the Mayor to finalise Council's input to the combined Letter of Expectation, consistent with Council's feedback.

## Background

Great South (Southland Regional Development Agency Limited) is a Council-controlled organisation. Invercargill City Council is one of four Class A Shareholders, alongside Southland District Council, Gore District Council and Environment Southland.

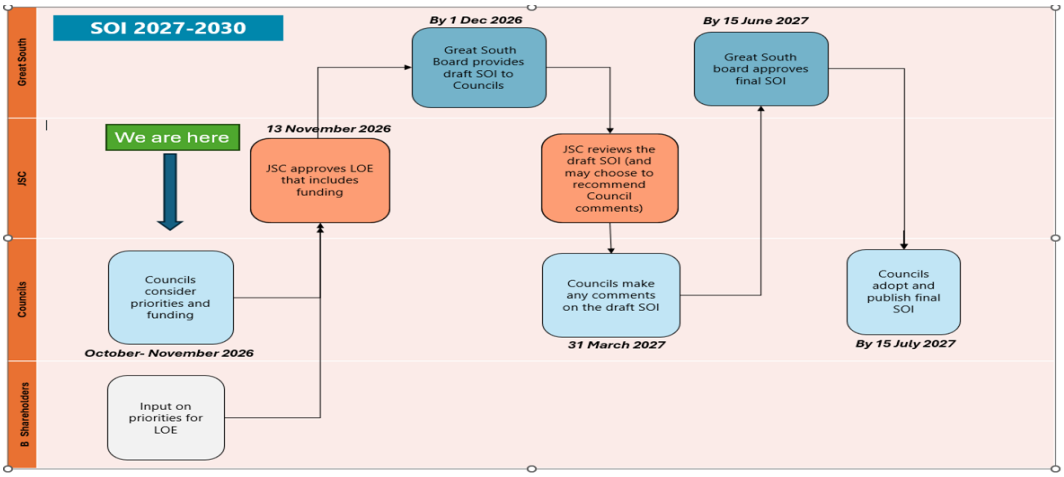
Council-controlled organisations (CCO) are required to prepare a Statement of Intent (Statement of Intent) each year. The Statement of Intent outlines the strategic direction and priorities of the CCO for the following three-year period. Shareholders may provide a Letter of Expectation to the CCO to provide guidance and direction as the CCO prepares its Statement of Intent.

Representatives of the Shareholders form the Great South Joint Shareholders Committee (JSC) which is responsible for delivering a combined Letter of Expectation to Great South. The Letter of Expectation gives Great South direction on regional priorities, services, funding and performance expectations before its Board prepares the Statement of Intent.

The JSC intends to provide a three-year Letter of Expectation for the period of 2027-2030 to align with the first three years of the Council Shareholders' LTP cycle.

Shareholder input will be used to prepare a combined draft Letter of Expectation 2027-2030 that will be presented to the JSC at its meeting on 13 November 2026. Great South is then required to provide its draft Statement of Intent to Shareholders by 1 December 2026, with Shareholders having a further opportunity to provide feedback before the Statement of Intent is finalised.

The diagram below sets out the process and key dates:






Document Set ID: 11310395
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## Issues and Options

The JSC is seeking Council's input on the following for the Letter of Expectation:

- regional priorities for 2027-2030;
- services or activities Great South should continue to provide;
- Shareholder visions, community outcomes and relevant levels of service;
- specific Shareholder priorities to be reflected in the wider work programme;
- financial, performance and reporting expectations; and
- intended funding contributions.

**Council input**

Council is unable to provide input on any Council specific services and contract funding as Council is currently considering its Long-term Plan budgets.

Officers have already provided Great South with Council's draft levels of service for Long-term Plan.

Council can at this time provide feedback on:
- Great South's regional priorities for 2027-2030
- Financial performance and reporting expectations of Great South
- Intended core funding contributions

**Regional priorities**

The current regional priorities are:
- regional development leadership
- regional promotion
- business support & diversification
- Net Zero Southland
- SpaceOps – growth to support dividend payments to Great South.

Council is able to provide any feedback on these priorities.

**Financial, performance and reporting expectations**

Council may wish to consider providing the following input:
- financial reporting provides visibility of both parent entity and group performance.
- financial reporting clearly identifies costs of supporting subsidiary companies.
- expenditure is clearly attributable to Statement of Intent-funded activities and separately funded workstreams.
- Great South maintains a prudent approach to any discretionary spending and demonstrates careful stewardship of Council (Ratepayer) funding.
- a continued "no surprises" relationship with Shareholders on matters with material financial, political or public implications.
- KPIs are clear, measurable and linked to agreed regional priorities.
- Reporting demonstrates progress toward outcomes and value for money for Ratepayers.



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**Funding intentions**

Council provides core and contract funding to Great South.

The core funding contribution of Council towards the core costs of Great South is calculated using a population-based formula that is set out in Schedule 4 of the Shareholders Agreement.

Contract funding is for Council specific services that Council requests are delivered by Great South.

Council will consider LTP budgets later in November, and it is anticipated that on 24 November Council will make decisions on budgets for both core and contract funding of Great South and for specific activities that Great South is able to deliver.

At this time Council can give an indication of its intention to continue its core funding contribution (as required under the Shareholder Agreement) for the three-year period 2027-2030 in line with previous years but with an inflationary adjustment. This indication is subject to the final decisions that will be made through the Long-term process. Funding indications for years two and three would also remain subject to Council's annual review processes.

Council is not currently in a position to indicate contract funding levels. This will be considered alongside all other Council priorities and budget requirements through the Long-term plan process.

**Significance**

Officers have assessed this decision on feedback for the Letter of Expectation as not significant in relation to Council's Significance and Engagement Policy. This decision is requesting an indication of funding in line with current core funding, the final funding decisions will be made through the Long-term plan process. Great South have indicated there would not be a significant increase in core over the 10-year Long-term plan period.

## Community Views

Views of the community on the levels of service and KPIs that will be delivered by Great South through the Statement of Intent will be obtained through the 2027-2037 Long-Term plan consultation.

## Implications and Risks

**Strategic Consistency**

The Statement of Intent delivers some of Council's levels of service that will be included in the draft 2027-2037 Long-Term plan.

Council's eventual funding decisions will be considered through Council's Long-Term Plan process.



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**Financial Implications**

The formula for calculating Council's share of the Core funding from schedule 4 of the Shareholders Agreement is set out below:

> The formula: (A/B) X (C-D)
>
> (A) The number of people living within the ICC boundaries divided by (B) the total number of people living within the ICC and SDC boundaries. Multiplied by the (C) total sum of the Core Costs minus (D) the sum payable by ES and GDC.
>
> The number of people living in the boundaries is calculated from the most recent Statistics New Zealand survey at the time of calculation.

For 2026/2027 Council has budgeted $1,099,627 for Core funding for Great South.

**Legal Implications**

Great South is a Council-controlled organisation as defined in section 6 of the LGA and is subject to the statement of intent process requirements outlined under section 64 and Schedule 8 of the Act. Great South's Constitution and the Shareholder Agreement also set out requirements on the statement of intent process.

Council's obligations as a Shareholder include contribution to the core costs as set out in the Shareholder Agreement.

**Climate Change**

Net Zero Southland is one of the existing priorities of Great South.

**Risk**

There is a risk of misalignment between Council priorities and expectations and Great South work and officers suggest that Council's input into the priorities of Great South will mitigate this risk.

## Next Steps

The Mayor will finalise Council's input in the combined draft Letter of Expectation to. The draft Letter of Expectation will be provided to the JSC on 13 November, and if approved by the JSC, delivered to Great South.

Great South are required to provide the draft Statement of Intent by 1 December 2026.

Council will be able to provide feedback on the draft Statement of Intent in 2027.

## Attachments

Nil



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# APPOINTED MEMBERS - COMMITTEE VOTING RIGHTS

| | |
|---|---|
| **To:** | Council |
| **Meeting Date:** | Monday 2 November 2026 |
| **From:** | Michael Morris, Manager - Governance |
| **Approved:** | Trudy Hurst, Deputy Chief Executive |
| **Approved Date:** | 30 October 2026 |
| **Open Agenda:** | Yes |
| **Public Excluded Agenda:** | No |

## Purpose and Summary

This report sets out the implications of the Local Government (Systems Improvements) Amendment Act 2026 (the Act) in relation to the removal of voting rights on all Council Committees of appointed persons and sets out the exception process that the current Minister for Local Government as established.

## Recommendations

That Council:

1. Receives the report "Appointed Members - Committee Voting Rights"

2. Resolves to seek an exception order for:
   a) Matua Mike Bain for Water, Infrastructure and Growth, Community and Regulatory Committees
   b) Water Committee (One Independent Member)
   c) Risk and Assurance Committee (The Chair and One Independent Member)
   d) Community Well-being Fund Subcommittee (Three members (Community (2) and Youth (1))
   e) District Plan Change and Spatial Planning Subcommittee (One Representative of Te Ao Marama)

3. Delegate to the Mayor and Chief Executive final approval of the exception applications *(Only if recommendation 2 is to resolve to seek an exception)*



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## Background

On 2 June 2026 the Minister for Local Government announced that the government would make a change to the (then) Local Government (Systems Improvements) Bill that would remove voting rights for all appointed members to any committee of Council.

This change was made after public consultation was concluded, meaning there was no opportunity for councils to raise objections or advise of the implications this interference in each councils' democratic arrangements will mean.

A Regulatory Impact Statement has been prepared by the then Department of Internal Affairs for this change, it provides the Departments advice on the options considered by the Government and provides some of the Policy background Council is required to consider. It is clear that the Government believes that all decision making of councils should be by those who are publicly elected, and face the public every three years in an election.

This change subsequently passed into law and received Royal Assent on 18 September 2026. Councils have been given six months from the date of Royal Assent to make the required changes to their committees and governance documents.

At the same time an exception process was established to allow councils to seek either a committee exception or an exception for certain appointments.

**Impacted Committees and Subcommittees of Council**

The following committees have Members appointed to them:

- Water Committee (Matua Mike Bain, Lee Babe Deputy Chair)
- Infrastructure and Growth (Matua Mike Bain)
- Community and Regulatory (Matua Mike Bain)
- Risk and Assurance (Ross Jackson, Chair and Lesley Soper, Deputy Chair)
- Community Wellbeing Subcommittee (N Burdon, A Nikora-Wilson, T Willis)
- District Plan Change and Spatial Planning Subcommittee (Dean Whaanga)
- Great South Joint Shareholders Committee (all non-Council members)

The Act defines committee as being a specified committee as:

> **Specified committee**, in relation to a local authority, means—
> (a)
> a committee or joint committee established under clause 19B of Schedule 3; or
> (b)
> a committee, standing committee, special committee, or joint committee appointed under clause 30 of Schedule 7; or
> (c)
> a subcommittee of a committee described in paragraph (a) or (b); or
> (d)
> another subordinate decision-making body appointed under clause 30 of Schedule 7

The committees listed above all fall into this category meaning voting rights, and the ability to count towards quorum must be ended by 18 march 2027 - unless an exception is approved.



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**The Exception Process**

The Act does not specify the exact process to apply for an exception. It allows for there to be a process, but it has not been set out.

It is clear if no exception is made or the application is declined, then Council must amend the committees to remove the voting rights. Appointed members may be retained on the committees in an advisory role only.

On 29 September 2026 the Minster for Local Government sent a letter to all Mayors and Chairs setting out the exception process. It is attached to this report as Attachment One.

To apply for an exception Council must:

- Supply a copy of the resolution in support of the exception
- Information about the issue the exception would address, why existing governance arrangements would not address the issue and how Council would manage without an exception
- Information about the role of the committee, the proposed role of non-elected members and the steps that would be taken to maintain democratic legitimacy and public accountability
- Information about how the exception fits within the broader statutory framework, including any comparable precedents.

This must be submitted by 18 November 2026 to be considered in February 2027 ahead of the deadline.

The Minister has made it clear exceptions will rarely be granted.

**Options for Council**

There are three options:

1. Remove all appointed members voting rights
2. Seek an exception for some or all of the current appointed members.
3. Find alternative models for some or all of the committees.

**1. Removal of all voting rights for appointed members**

This is the most straight forward, as at the February 2027 Council meeting a report would be presented to amend the Governance documents to remove all voting rights and amend the quorums for each affected committee.

**2. Seek an exception for some or all of the current appointed members**

The current exception process allows Council to apply for an exception, order for a role/ appointment or a select committee.

To do so, Council must resolve to do so and supply the Minister with the information as set out above.

The information must be mindful of the public policy the Government set out when this late amendment was announced and that exceptions will be rarely granted.

Council is able for apply for an exception for all current appointment members, however in Officers views this is unlikely to be successful given the reasons used by the Minster to justify this change.

It is clear that no exception will be granted to the role currently fulfilled by Matua Mike Bain based on the statements made by the Government when this Policy was announced. That, of course, does not mean that Council should not apply for one.

The role held for a representative of Te Rūnaka o Awarua will be affected by the current law. The role sits in abeyance for the time, this can continue. The exception process makes it clear that we would need to apply for an exception order should Te Rūnaka o Awarua decide to take up this role this term. Given the current, clear, policy direction from the Minister, applying for an exception order for a vacant role will not advisable and will not be granted.

That leaves the Water Committee, Risk and Assurance Committee, District Plan Change and Spatial Planning Subcommittee and Community Well-being Fund Sub-Committee,

Looking at each:

**Water Committee**

The Water Committee is a required part of the approved Water Services Delivery Plan submitted by Council.

One of the approved requirements is the use of an Independent Member on that committee.

Mr Babe was appointed for has knowledge, experience and skills following a formal recruitment process.

The committee is responsible for overseeing the delivery of the Water Services Plan on behalf of Council. The fact this is a requirement of our approved plan should assist in having an exception confirmed.

**Risk and Assurance**

It has been long standing advice of the officer of the Auditor-General for councils to have a Risk and Assurance type committee and to have at least one independent member, often the Chair.

Many councils have at least two independent members who have audit, accounting or governance experience to help ensure there is a high level of oversight in this committee of the audit process and Council's assurance practices while maintaining observance of risk within the organisation.

This fits within the framework of the Government.



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**District Plan Change and Spatial Planning Subcommittee**

Mr Whaanga was recently added to the Subcommittee to represent the Waihōpai Rūnaka and Te Rūnaka O Awarua. If this was the regional committee it would be exempt from this process as that committee is required under the Planning Act 2026. This Subcommittee is this Councils version to do the work for the city district which means it does not qualify for that exception.

Given the importance of this work as Council prepares for the new Spatial Plans, and work with the regional level committee this could align for an exception application.

**Community Well-being Fund Subcommittee**

Many councils have models like this to help ensure Community voices are heard in funding decisions, and that there is a balance to the views of Councillors.

However, this type of approach is at odds with the overall approach of the Government in making this change, in that only elected members should be making decisions for the community's that elect them not have that diluted by appointee members.

The exception would likely be harder to achieve for this Committee.

**Great South Joint Shareholders**

It is considered unlikely that the non-Council members of the Great South Joint Shareholders will receive an exception given the nature and work that Great South is charged with delivering on behalf of Council and give the Policy direction indicated by the Government.

Great South Joint Shareholders Committee will need to develop a plan on how to address this issue- and if an exception is to be requested all four Councils will need to resolve to apply following a recommendation from the Joint Committee.

## 3. Alternative Options

The only option for Matua Mike Bain is to become an advisory role only and speak to matters so Council can understand views from the Waihōpai Rūnaka. It would the same for Mr Whaanga in the District Plan Change and Spatial Planning Subcommittee.

Likewise, there are no other options that are viable for the Water Committee and Risk and Assurance other than to have the current members remain as advisory members only.

This is likely to require an amendment to the approved Water Services Delivery Plan.

The Community Well-being Fund does have another option, although it is far from ideal.

The Fund could set up a Community Advisory Body (CAB). The CAB would be responsible for the first review of all applications, and the accountabilities and make recommendations on each of those applications to the Fund, made up of Councillors.

It is envisioned that this could be done at the same time to avoid duplication and additional burdens of two meetings on officers.



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The CAB would be subject to all the requirements the appointed members are currently under, but could expand to include a wider group of Community members that are currently possible.

The CAB would then make a formal recommendation to the Sub Committee who will be able to debate and discuss the recommendations before resolving on the outcomes.

The CAB and the Sub Committee will both attend the hearings and they could be present for each other's discussions.

The downside of this is a slower process for the Fund likely resulting in longer meetings as well as a likely impact on officer time as there will be additional support required. The positive would be the possibility of a larger community voice able to be heard.

For Great South, the non-Council members could become advisory and develop into an advisory committee to ensure their views are considered. This is not Great South Policy and is only an indication of one possible option.

## Community Views

No engagement was undertaken by the Government.

The Waihōpai Rūnaka were engaged with and have provided this statement:

*Waihōpai Rūnaka support the Council paper as forwarded on the 20 October 2026, regarding Appointed Members – Committee Voting Rights in seeking an exception order for the Committees and representatives as outlined. We note our interest in the Manawhenua Role and how this enables and gives effect to Te Tiriti o Waitangi and acknowledges the specialist skills and expertise this role brings.*
*Thank you for seeking Waihōpai Rūnaka input into this and we look forward to hearing a successful outcome.*

The Rūnaka are supportive of Council seeking an exception for Matua Mike on the Committees he is currently appointed to.

Should Te Rūnaka o Awarua seek to nominate a representative for the role held in abeyance for them, a similar exception process would need to be undertaken at that time.

## Implications and Risks

### Strategic Consistency

Seeking exceptions would be consistent with the Council's current strategic approach for including non-elected members in decision making.

### Financial Implications

There is no budget impact per se. Advisory members will continue to receive their current remuneration as agreed with each.



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**Legal Implications**

Council must comply with the Act regardless of an exception being granted or not.

**Climate Change**

No impact

**Risk**

Seeking input from independent members is one of the primary mechanisms for managing risk within Council. If an exception is not achieved further consideration may need to be given to this.

## Next Steps

If approvals are requested officers will prepare the applications.

**Attachments**

1. Letter from Minster Watts, Minister of Local Government – ID 11316138
2. 2026 Regulatory Impact Statement – ID 11316136



Document Set ID: 11312254
Version: 11, Version Date: 30/10/2026

**Hon Simon Watts**

Minister for Building and Construction
Minister of Climate Change
Minister of Local Government
Minister of Revenue
Minister for Auckland

29 SEP 2026

Mayors and regional council chairs
*By email*

Dear Mayors and Chairs

**Voting at council committee meetings**

On 18 September 2026, the Local Government (System Improvements) Amendment Act 2026 received Royal assent. The Act reserves voting rights on council committees, joint committees, subcommittees, and other subordinate decision-making bodies ("specified committees") for elected members only.

As I have stated previously, the purpose of this change is to strengthen democratic accountability. Councils may continue to appoint non-elected members to specified committees to provide expertise, stakeholder perspectives, or community representation. However, unless an exception applies, non-elected members must not vote and are not counted toward the quorum of the meeting.

Your council must comply with the Act from 18 March 2027. The purpose of this transition period is to ensure you have enough time to change the structure of or delegations to your council's specified committees, if required.

The Act also provides for certain exceptions. These include committees or appointments that are required under or for the purposes of another enactment and arrangements required to give effect to Treaty settlements.

Additionally, the Act provides for the Governor-General, on the recommendation of the Minister of Local Government, to grant exceptions where the Minister is satisfied these are necessary or desirable. Exceptions may be time-limited or indefinite, and with or without conditions.

My expectations are that exceptions will be granted rarely. The Government's policy is that non-elected members should generally be non-voting. Councils seeking an exception will therefore need to demonstrate a clear and specific justification that supports the statutory test that the exception is necessary or desirable.

The next page of this letter contains information on how requests for exceptions will be considered.

Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand | +64 4 817 6814 | s.watts@ministers.govt.nz

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If your council considers that an exception may be required, I encourage you to submit a request in writing to the Minister of Local Government by 18 November 2026 enclosing:

- A copy of a resolution from your council in support of the exception.
- Information about the issue the exception would address, why existing governance arrangements would not adequately address the issue, and how the council would manage the issue without an exception.
- Information about the role of the committee, the proposed role of non-elected members, and the steps that would be taken to maintain democratic legitimacy and public accountability.
- Information about how the exception fits within the broader statutory framework, including any comparable precedents.

Requests regarding a joint committee should ideally have the support of all councils who are members of the joint committee.

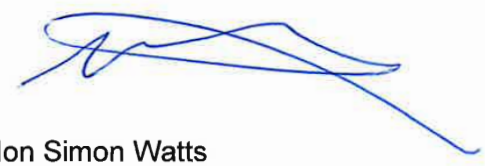
Requests should contain sufficient information for the Minister to recommend the exception to the Governor-General.

Officials at the Ministry for Cities, Environment, Regions and Transport (MCERT) will assess any requests received and provide advice to the Minister of Local Government after the election. It is my intention that decisions will be made and communicated early next year, and exceptions will come into force at the end of the transition period.

If you require more information:

- Visit the MCERT website at www.mcert.govt.nz/our-work/local-government/local-government-system-improvements/.
- Contact your MCERT Local Government Partnership Director.

Yours sincerely



Hon Simon Watts
**Minister of Local Government**

**U N C L A S S I F I E D**

# Hon Simon Watts, Minister of Local Government

Proactive release of Regulatory Impact Statement: Local authority committees
11 June 2026

These documents have been proactively released:

***Regulatory Impact Statement: Local authority committees***

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

**Key to Redaction Codes**:

- **Section 9(2)(f)(iv) - information to maintain the constitutional conventions which protect the confidentiality of advice tendered by Ministers of the Crown.**

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**U N C L A S S I F I E D**

Internal Affairs
Te Tari Taiwhenua

# Regulatory Impact Statement: Local authority committees

| | |
|---|---|
| **Decision sought** | Cabinet policy decisions for authority to issue drafting instructions |
| **Agency responsible** | Department of Internal Affairs |
| **Proposing Ministers** | Minister of Local Government |
| **Date finalised** | 20 May 2026 |

The Minister of Local Government proposes to prevent any person who is appointed to a local authority committee without being an elected member of that local authority from voting on that committee or contributing to the committee's quorum.

The proposal is targeted to instances where a council has used its discretion under the Local Government Act 2002 to establish a committee and to appoint people who are not elected members to that committee. The proposal excludes statutory committees and statutory appointments, including committees and appointments under Treaty of Waitangi settlement and redress legislation, Emergency Management Committees, District Licensing Committees, new spatial plan committees, and joint committees.

Councils will be responsible for implementing the proposal through legislative compliance, subject to the inclusion of this proposal into the Local Government (System Improvements) Amendment Bill at the Committee of the Whole House, the passage of the Bill, and a six-month transition period.

The Minister has agreed that implementation of the proposal will be supported by a secondary legislation mechanism that empowers the Minister to determine other committees to be excluded.

Proactively released by the Department of Internal Affairs



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## Summary: Problem definition and options

**What is the policy problem?**

The policy problem is that councils can delegate their decision-making to committees containing people who are not accountable to the public.

The Government supports councils' right to bring in the expertise they need, but considers it is inappropriate for external members to be delegated the same powers and responsibilities as elected members. The Government's position is that people who have not been elected by the public should not be making decisions on behalf of the public. The Government is interested in ensuring that there is greater consistency in local government transparency and accountability.

**What is the policy objective?**

The objective of the policy change is to restrict significant council decision-making to elected members that can be held accountable by the public for the outcomes of these decisions.

**What policy options have been considered, including any alternatives to regulation?**

The Department of Internal Affairs assessed the following options:

- **Option 1: Status quo.** Under this option, councils can continue to structure their committees as they see fit, appoint external members to committees with or without voting rights, and delegate committees with external members the ability to make decisions on behalf of council.
- **Option 2: Removing voting rights from external members on council committees.** Under this option, external members on committees would not be able to vote.
- **Option 3: Committees with external members cannot be delegated statutory powers, functions and duties or expenditure decisions.** This option would require committees with external members to operate as advisory-only by preventing councils from delegating decisions relating to their statutory powers, functions, and duties, and decisions about council expenditure. Committees excluded from eligibility include statutory committees and committees with statutory appointments.

Option 2 is the Minister's preferred option in the Cabinet paper.

**What consultation has been undertaken?**

Due to time constraints in developing this policy to meet the timeframes for an Amendment Paper to the Local Government (System Improvements) Amendment Bill, consultation with the local government sector, iwi and Māori or other affected groups has not been possible.

Relevant public service departments were consulted on the draft Cabinet paper.

**Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**

No. The preferred option in the Cabinet paper is Option 2. However, this option performs worse against the criteria than the status quo and Option 3.

The analysis shows similar costs and benefits, on balance, between the status quo and Option 3. Option 3 addresses the identified problem but imposes new administrative and governance costs and may impact the effectiveness of local government decision-making.

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If regulatory change is desired by Cabinet, the Department would recommend Option 3, which performs better than Option 2 when considering the effectiveness and feasibility criteria. Option 3 represents a risk-mitigating change to local governance in certain circumstances rather than a clear net improvement over the status quo.

## Summary: Minister's recommended option in the Cabinet paper (Option 2)

| **Costs (Core information)** |
|---|
| Given the legislative timetable and the nature of issues identified, this analysis focuses on qualitative assessment of impacts rather than monetisation. Potential or expected costs are:<br>• Most or all councils will need to undertake one-off governance restructuring.<br>• Committees that are heavily reliant on external members may become less functional. Advisory committees or subcommittees with few or no elected members, and relationship management committees with a 50:50 split between two parties would suffer the most disruption.<br>• There is a greater risk that expertise held by external members will not be effectively integrated into decision-making.<br>• Some external members may perceive reduced influence, which could affect willingness to participate or accept appointment. |
| **Benefits (Core information)** |
| Given the legislative timetable and the nature of issues identified, this analysis focuses on qualitative assessment of impacts rather than monetisation. Potential benefits could be:<br>• Improved clarity and assurance over where accountability over decisions sits.<br>• Local government decision-making system is more consistent from council to council.<br>• Improved democratic accountability and transparency.<br>• Councils retain the ability to involve external expertise. |
| **Balance of benefits and costs (Core information)** |
| **Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?**<br>No. The RIS indicates that the Minister's preferred option has higher non-monetised costs than non-monetised benefits on balance. |
| **Implementation** |
| **How will the proposal be implemented, who will implement it, and what are the risks?**<br>Councils will be responsible for implementing the proposal through legislative compliance. The six-month transition period gives councils time to prepare for implementation. A |



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Proactively released by the Department of Internal Affairs

statutory mechanism for the Minister of Local Government to add more exclusions would let councils identify committees with external members that merit retaining voting rights in the transition or in the future to mitigate the risk of unintended consequences.

There is a risk that in mitigating this councils may reduce access to external expertise. It is acknowledged that some committees or subcommittees as currently constituted will not be workable under this option.

The Ministry for Cities, Environment, Regions and Transport will be responsible for monitoring, evaluation and review as part of its ongoing local government regulatory stewardship obligations.

**Limitations and Constraints on Analysis**

This analysis has been limited by time.

- The Minister of Local Government commissioned policy advice related to external members on council committees from the Department of Internal Affairs on 17 April 2026.
- The Minister agreed to seek Cabinet's agreement to progress an Amendment Paper to the Local Government (System Improvements) Amendment Bill on 23 April 2026 and directed the Department to draft a Cabinet paper in line with Option 3. At this time the Bill had been intended to be passed by 30 June 2026.
- Following feedback from Ministerial consultation on the draft Cabinet paper, the Minister directed on 18 May 2026 that Option 2 is his preferred approach.
- Cabinet and parliamentary timeframes require this analysis to be completed and attached to the Cabinet paper that is lodged on 21 May 2026, for Cabinet consideration on 25 May 2026.

The limited time means that the Department of Internal Affairs has not been able to consult with local authorities, iwi and Māori, or other groups. The accelerated timeframe and delivery of the option through an Amendment Paper means that affected groups and individuals will not have an opportunity to submit on the proposal at a select committee.

The Department of Internal Affairs has a limited evidence base.

- It does not have evidence of adverse outcomes for councils or communities as a result of delegated decision-making by committees with external members.
- It lacks sufficient information to quantify the impact, and councils' perception of the impact, of external members on committee decision-making across all types of committee structure.
- It does not maintain a comprehensive database of external appointments on council committees or delegations to committees in the 2025–2028 term. Data about the number of councils with external appointments in the 2022–2025 term was previously collected and it has been assumed that councils have made similar appointments in the current term.

The constraints on consultation and the limited evidence base have limited the Department's ability to identify and quantify all of the potential impacts on councils as a result of this proposal.

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## Summary: Department's recommended option for regulatory change (Option 3)

| Costs (Core information) |
| --- |
| Given the legislative timetable and the nature of issues identified, this analysis focuses on qualitative assessment of impacts rather than monetisation. Potential or expected costs are:<br>• Some councils will need to undertake one-off governance restructuring.<br>• Councils that withdraw delegations from committees may have ongoing administrative and governance costs that they did not have before.<br>• Decision-making on some matters, at some councils, may be slower.<br>• Committees with external members may have reduced autonomy.<br>• Some external members may perceive reduced influence, which could affect willingness to participate or accept appointment. |
| **Benefits (Core information)** |
| Given the legislative timetable and the nature of issues identified, this analysis focuses on qualitative assessment of impacts rather than monetisation. Potential benefits could be:<br>• Improved clarity and assurance over where accountability over decisions sits.<br>• Local government decision-making system is more consistent from council to council.<br>• Improved democratic accountability and transparency.<br>• Councils retain the ability to involve external expertise in deliberation. |
| **Balance of benefits and costs (Core information)** |
| **Does the RIS indicate that the benefits of this option are likely to outweigh the costs?**<br>The RIS indicates that Option 3, on balance, has similar costs and benefits to the status quo. Over time the benefits may be more strongly felt, because future councils will not incur one-off implementation costs. The constraints on time, consultation and evidence have limited the Department's ability to assess the costs and benefits. |
| **Implementation** |
| **How will the proposal be implemented, who will implement it, and what are the risks?**<br>As above. |
| **Limitations and Constraints on Analysis** |
| As above. |

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**I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

**Responsible Manager(s) signature:**



**Richard Ward**

**General Manager, Local Government Policy, Partnerships and Operations**

**20 May 2026**

| **Quality Assurance Statement** | |
|---|---|
| **Reviewing Agency:** Department of Internal Affairs | **QA rating:** partially meets |

**Panel Comment:**

The panel considers that the information and analysis summarised in the RIS partially meets the quality assurance criteria.

The policy proposal has not been consulted on and the RIS therefore cannot meet the consulted criterion. Inability to consult local government, iwi/Māori or other stakeholders has led to a major lack of evidence concerning:

- the nature, extent and impact of the perceived problem;
- the costs and benefits of the assessed options; and
- the risks of unintended consequences from the implementation of the regulatory options.

The lack of evidence concerning the extent and impact of the identified problem is partly mitigated by the stated problem relating to what is possible under current legislation, rather than relying on speculation or anecdotes about what has happened or is happening. However, the absence of evidence concerning the problem's existence or any adverse outcomes that have arisen also means that the RIS cannot fully meet the convincing criterion.

The RIS has been developed and assessed under a constrained timeframe. Despite this, the RIS does a good job of setting out the context for the issues, the limitations on the analysis, and the risks inherent in those limitations. Importantly, the risks arising from the lack of opportunities for local government to identify possible adverse consequences before the proposal is implemented are mitigated by a proposed process for considering further exemptions after enactment of the legislation.

The panel felt the RIS was well written, concise and complete, despite the time and other constraints under which it was developed. The RIS provides a basis for informed decision-making by Ministers if they are prepared to accept the identified risks.

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## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem and how is the status quo expected to develop?

#### What are council committees and what can they do?

1. Council committees are a type of subordinate decision-making body of a local authority (council) that can be delegated some of the powers to make council decisions in accordance with the Local Government Act 2002. Councils establish committees to manage their workload and increase the efficiency of their decision-making, as otherwise the full council would have to manage all council business regardless of its significance.

2. The Local Government Act 2002 takes an enabling approach to how councils structure their governance arrangements. Councils are not required to create committees and have flexibility in the type of subordinate bodies that are established, who should be members, and what powers they should be delegated. A council can appoint or discharge any member of a committee at any time, including external members.

3. Councils may also establish establish joint committees with other local authorities or public bodies. Joint committees are deemed to be committees of each of the participating bodies, and the provisions that apply to committees are generally applied to joint committees. Some councils have chosen to establish joint committees to oversee multi-council owned water organisations, which include elected members from each shareholder council and may include external members. The water organisations themselves and their internal governance structures (which may include committees with external members) are not local authorities and would not be affected by any changes.

#### Councils can delegate most of their statutory powers to committees

4. Councils may choose to delegate a range of powers and functions to committees, other subordinate bodies, the council chief executive, or any other officer of the local authority. Typically, delegations to chief executives and other staff members are primarily focused on the day-to-day operational management of the council while significant governance decisions remain with the elected members.[1] Decisions on what powers or functions can be delegated and who they can be delegated to are made by the elected members of the council.

5. While most powers or functions can be delegated, the most significant council functions may not be delegated to a level below the governing body of the council. These include the power to set rates, create bylaws, adopt planning and accountability documents (such as the Long-Term Plan and Annual Report), appoint a chief executive, borrow money, and make decisions about asset sales or purchases. While these decisions cannot be delegated, a committee or other subordinate body can be delegated the responsibility to undertake work to inform the council's final decision on these matters.

6. Committees remain under the control of the council and are required to carry out all directions given by the council. Despite delegation of a function to a committee, the legal responsibility to perform that function remains with the council.

7. Delegations must be recorded in the council's local governance statement required to be published under section 40 of the Local Government Act 2002.

[1] Delegations to council chief executives and staff are outside the scope of this proposal.



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8. Councils' delegations differ according to what they perceive to be the most effective governance model. Some councils empower their committees to carry out a lot of council business and act as the council, while others use committees as a vehicle for development before having the final decision made by the council. The result is committees are not used consistently around the country.

### External members on committees under the Local Government Act 2002

9. Councils have the ability to appoint external members to council committees if they have skills, attributes, or knowledge that would assist the committee in its decision-making. There are no legislative restrictions on external members' ability to discuss and vote on committee business. Councils set the conditions for external members' participation, such as whether or not to allow external members to vote.

10. It is common for council committees to have external members. A desktop research-based review of councils in the 2022–2025 term conducted by the Department of Internal Affairs found that every council in New Zealand had at least one committee with an external member. The most frequent type of appointment was an independent member on the council's audit and risk committee. The Audit Office (formerly the Office of the Auditor-General) recommends councils have an external member as chair of a council's audit and risk committee to provide independent audit, governance, or financial expertise that may not be found among the elected members of the committee. Research published by the Taxpayers' Union indicates that at least 72 of 78 councils have one or more independent members on their audit and risk committee.[2]

11. Committees may sometimes include industry representatives on a committee focused on a specific issue, or representatives of a government agency, such as a New Zealand Transport Agency representative on a transport-related committee.

12. External appointments are often used to provide additional expertise not held by any of the elected members. Councils may appoint external members to support representation of Māori and participation in council decision-making to give effect to section 81 of the Local Government Act 2002. Some councils choose to appoint employees of the council to committees to provide detailed technical advice on council operations.

13. The Department of Internal Affairs has not been able to gather comprehensive evidence that councils are delegating significant decision-making powers or functions to committees with external members. Councils delegate powers and functions to committees and subcommittees in accordance with the committee's designated area of responsibility. Some councils delegate very limited decisions to these committees, such as the power to appoint the deputy chair of the committee.[3] Other committees are delegated specific powers to impact local areas, such as designating parking areas, restrictions and setting fees.[4] Many councils delegate the power to approve grants funding within the budget set by the full council. In general, councils that have established committees with a majority of members being external generally limit the committee's powers to advisory and relationship management functions.

[2] https://ratepayersreport.nz/2026/audit-oversight/?type=all

[3] For example, Nelson City Council Audit, Risk and Finance Committee (https://www.nelsoncity.co.nz/assets/Our-council/Downloads/governance/Delegations-Register-and-Committee-Structure-ADOPTED-Dec2022-Updated-03Oct2024.pdf, page 18, last updated 2024)

[4] For example, Christchurch City Council Central City Parking Restrictions Subcommittee (https://ccc.govt.nz/assets/Documents/The-Council/Committees/2022-2025/Central-City-Parking-Restrictions-Committee-Terms-of-Reference-2025.pdf, page 1, last updated 2025)



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14. The wide range of possible ways that external appointments and delegations can be used contributes to a lack of consistency in how they are used around New Zealand. While some appointments are more commonplace (such as to audit and risk committees, or appointments of people representing iwi or hapū) others are more novel and may reflect specific local needs. Variations between councils may contribute to low understanding of how local government works.

15. External members on committees do not have the same public accountability as elected members. They do not need to seek re-election to remain in their position after the end of their term. Their accountability is to the council, which is responsible for appointing them and can dismiss, suspend or replace them. They may also have a shared accountability to an organisation they represent.

**Council committee arrangements established through other legislation**

16. There are a number of types of council committee that are established or required to be established outside of the Local Government Act 2002 but that still function as a council committee.

17. While the Crown holds the Treaty relationship with Māori, councils are often involved in the implementation of Treaty of Waitangi settlement and redress legislation. This most frequently affects regional councils due to their responsibilities for managing natural resources, although is not limited to these matters and often also involves district and city councils. Legislation may provide for the establishment of council committees or joint committees with representatives of iwi or hapū as members of the committee,[5] or may provide for the appointment of representatives of iwi or hapū as members of committees the council established by the council on certain matters.[6]

18. External members may be required or expected on committees established to make quasi-judicial decisions under resource management legislation, such as independent hearings commissioners to hearings panels to hear resource consent applications. Under the Sale and Supply of Alcohol Act 2012, members of District Licensing Committees are required to have experience relating to alcohol licensing matters and may be required to be external if councillors do not have this experience.

19. Regional transport committees are required to have an external member appointed from the New Zealand Transport Agency under the Land Transport Management Act 2003.

20. The Emergency Management Bill (which is before the House as a proposed replacement to the Civil Defence Emergency Management Act 2002) requires every region to have an Emergency Management Committee, which is a joint committee of the local authorities in the region (or a joint committee of local authorities across two or more regions). 9(2)(f)(iv)

21. The Planning Bill (which is before the House as a proposed replacement to part of the Resource Management Act 1991) requires the local authorities of each region to work together to provide terms of reference to a spatial planning committee.

[5] For example, Te Rarawa Claims Settlement Act 2015, Te Aupouri Claims Settlement Act 2015, Ngāti Kuri Claims Settlement Act 2015, and Ngāi Takoto Claims Settlement Act 2015

[6] For example, Taranaki Iwi Claims Settlement Act 2016, Te Atiawa Claims Settlement Act 2016, and Ngāruahine Claims Settlement Act 2016



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### Council appointments of external members have been of recent public interest

22. In the 2022–2025 and 2025–2028 terms of local government, media reports about external member committee appointments at several councils drew public attention. A sample of these include:

    a. youth representatives on committees at Hastings District Council in September 2024;[7]

    b. iwi representatives on committees at Tauranga City Council in February 2024;[8]

    c. hapū representatives on one committee at Far North District Council in April 2026.[9]

### Overall regulatory system

23. The approach taken by the Local Government Act 2002 is to provide a framework that sets the principles councils must act within and gives councils a broad scope in determining how they choose to do this, in consultation with their communities. As a result there is considerable variation in the range of governance arrangements that councils have set up to meet community needs.

24. It is the responsibility of the local authority to ensure that these governance structures and processes are effective, open, and transparent. Councils are required to set this information out every 3 years in a local governance statement following the local elections.

25. If the status quo continues, councils can continue to:

    a. structure their committees as they see fit;

    b. appoint external members to committees with or without voting rights; and

    c. delegate committees with external members the ability to make decisions on behalf of the council.

### Proposed changes to transparency and accountability in local government

26. In 2025, the Minister of Local Government introduced the Local Government (System Improvements) Amendment Bill. The Bill passed its first reading on 17 July 2025.

27. The Bill amends the Local Government Act 2002, including to improve the connection between councils and communities by strengthening council transparency and accountability. The amendments in this area of the Bill are intended to bolster the connection between councils and communities by making public expectations of elected members and council staff clearer and more consistent across the country and supporting elected members to effectively represent local people in local governance.

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[7] "Hastings youth councillors given voting rights on committees." 27 September 2024. *RNZ*. https://www.rnz.co.nz/news/national/529262/hastings-youth-councillors-given-voting-rights-on-committees

[8] "'We will make better decisions': Tauranga mayor on iwi council appointments." 28 March 2025. *RNZ*. https://www.rnz.co.nz/news/national/556483/we-will-make-better-decisions-tauranga-mayor-on-iwi-council-appointments

[9] "Act councillor the only vote against more Māori voices for Far North council committee as mayor says: 'On with the mahi'." 15 April 2026. *The New Zealand Herald*. https://www.nzherald.co.nz/nz/act-councillor-the-only-vote-against-more-maori-voices-for-far-north-council-committee-as-mayor-says-on-with-the-mahi/premium/UGS5U255QJGBRIMAAJF24QMY5Y/



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28. 9(2)(f)(iv) [redacted]

**What is the policy problem or opportunity?**

29. The problem is that councils can delegate their decision-making to committees containing people who are not accountable to the public.

30. Elected members are accountable to their community for their actions and decisions and are held accountable through triennial local elections. The ability to remove a decision-maker through the electoral process is a key feature of the democratic process. It is not possible for individuals that have been appointed by a council to a committee with delegated authority to be held to account by members of the community in the same way as the mayor or councillors.

31. The Government's position is that there should be no responsibility without accountability, and that the delegation of decision-making to committees with external members may reduce the influence of elected members in decision-making. The Government supports councils' right to bring in the expertise they need, but considers it is inappropriate for external members to be delegated the same powers and responsibilities as elected members on committees. As indicated through other amendments being progressed in the Local Government (System Improvements) Amendment Bill, the Government has an interest in ensuring that there is greater consistency in local government when it comes to transparency and accountability.

32. Facets of the problem that have been identified include concerns about:

    a. a potential loss of democratic oversight over committees' delegated decisions;

    b. inconsistent use of delegations involving external appointees around the country; and

    c. unclear or unbalanced accountabilities between different types of decision-makers.

33. The Department of Internal Affairs does not have evidence of adverse outcomes for councils or communities as a result of delegated decision-making by committees with external members. The Department also lacks sufficient information to quantify the impact, and councils' perception of the impact, of external members on committee decision-making across all types of committee structure. The views held by communities about external appointments to council committees have not been sought in the time available to prepare this analysis.

**What objectives are sought in relation to the policy problem?**

34. The objective of the policy change is to restrict significant council decision-making to elected members that can be held accountable by the public for the outcomes of these decisions.

35. Any changes should also aim to support:

    a. good quality decision-making through allowing councils to continue to able to benefit from external input and expertise; and

    b. a local government system that is readily understood through consistent use of delegations.



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**What consultation has been undertaken?**

36. Due to time constraints in developing this policy to meet the timeframes for an Amendment Paper to the Local Government (System Improvements) Amendment Bill, thorough consultation with the local government sector, and any consultation with iwi and Māori or other groups has not been possible. Consultation would have enabled us to gather more evidence about the decisions councils delegate to their committees; the extent of external appointments to council committees and requirements set by council for their participation; and the potential impacts of implementation of the proposal. Progressing the proposal through an Amendment Paper means there is not a select committee process for public scrutiny of the proposal or its legislative drafting.

37. Following public statements made by the Minister of Local Government that he was seeking advice from officials, the Department briefly discussed the issues at a high level with a reference group made up of local government sector experts from a small number of councils. Group members raised some concerns about the potential for any intervention to create an additional administrative burden on the full council and the possibility that it would impact the efficiency of council decision-making.

38. The Department of Internal Affairs consulted with the following agencies on a draft of the Cabinet paper that this Regulatory Impact Statement is attached to: Ministry of Justice, Ministry for the Environment, Department of Conservation, Office of Treaty Settlements and Takutai Moana, Te Puni Kōkiri, Ministry of Business, Innovation and Employment (Regional Economic Development and Investment Unit), Ministry for Regulation, Ministry for Primary Industries, Sport New Zealand, Ministry of Social Development, Ministry of Transport, Infrastructure Commission, National Emergency Management Agency, and Ministry for Culture and Heritage. The Office of the Clerk, the Audit Office, Treasury and the Department of the Prime Minister and Cabinet were informed.

39. Agency feedback on the draft Cabinet paper received during the production of this Regulatory Impact Statement highlighted the low evidence base supporting the existence of a problem and the need for intervention. Some agencies said they did not have sufficient time to consider the implications for their portfolio or considered that councils having external members on committees is low risk for some matters in their portfolio. Agencies also noted the absence of consultation with the local government sector and iwi/Māori.

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## Section 2: Assessing options to address the policy problem

### What criteria will be used to compare options to the status quo?

41. Options to address this problem will be assessed against the following criteria:

| Criteria | Description |
|---|---|
| **Accountability** | Does the option leave final decision-making authority for delegated council functions with elected members who are publicly accountable, while allowing appropriate advisory input from others? |
| **Consistency** | Does the option reduce variation in delegation practices throughout local government? |
| **Effectiveness** | Does the option support timely, well-informed local government decision-making with access to external input where appropriate? |
| **Feasibility** | Can the option be feasibly and efficiently implemented by councils? |

### What scope will options be considered within?

42. The Minister of Local Government directed the Department of Internal Affairs to develop legislative options that can be progressed urgently within existing parliamentary processes. This direction has constrained the scope of options that can be assessed within this Regulatory Impact Statement.

43. The Local Government (System Improvements) Amendment Bill is a Government Bill in the name of the Minister of Local Government. It amends the Local Government Act 2002. 9(2)(f)(iv)

44. Some potential options to address the policy problem are within the scope of the Bill. However, the choice of legislative vehicle provides limitations on options available. Because the Bill is not an Omnibus Bill, the substantive amendments it may make are limited to the Local Government Act 2002. As a result, the options assessed in this Regulatory Impact Statement are limited to targeted legislative amendments to that Act. Substantive amendments to other enactments are out of scope.

45. A regulatory option that is not explored in this Regulatory Impact Statement is the option to make external members on committees publicly accountable in the same way as elected members; i.e., through an electoral process. The regulatory framework electing people to local authority positions is set out in a separate enactment, the Local Electoral Act 2001. There is not a Local Electoral Amendment Bill currently in the House, so this option would be out of the scope set by the Minister for using existing parliamentary processes.

46. A non-regulatory option has been identified. The Department of Internal Affairs could issue guidance on the matters councils should consider when delegating powers and functions to committees. Guidance could be a proportionate response to the policy problem, given the information gaps about the scale and severity of the problem. However, guidance on its own does not prevent external members from being given opportunities to act as councillors so this option has not been developed further.

47. As mentioned earlier, options related to the delegation of functions, powers and duties to officers of the local authority are out of scope of this analysis.

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## What options are being considered?

### Option 1: Status Quo

48. This option would continue the current arrangements under the Local Government Act 2002. Councils would be able to appoint external members to committees with full voting rights and delegate those committees to make decisions on behalf of the council. Councils would continue to exercise autonomy over how they have oversight of committee decisions or the contributions of external members.

49. Because this option does not change the operating model for external members on council committees, it does not address concerns about accountability, consistency of appointments, or effective governance.

### Option 2: Removing voting rights from external members

50. Option 2 is the option that the Minister of Local Government has directed officials to progress. This option would implement policy consistent with part of a member's bill in the name of Cameron Luxton MP, the Local Government (Restoring Democratic Integrity) Amendment Bill. The differences between the member's Bill and Option 2 are explained below.

51. The general policy statement for the member's Bill begins: "This Bill amends the Local Government Act 2002 to prohibit unelected members from being given voting rights on a local authority's committees or subcommittees."

52. The principal amendments in Part 1 of the member's Bill are to clause 31 of Schedule 7 of the Act. The Bill provides that a member of a committee who is not an elected member of the local authority may not vote at any meeting of the committee. The Bill also provides that non-voting members must not be included in the calculation of the meeting's quorum.

53. Part 2 of the member's Bill amends the Local Government (Auckland Council) Act 2009. The Bill specifies that members of Houkura Independent Māori Statutory Board that are required to be appointed by the Board to Auckland Council committees under that Act may not vote at any meeting of those committees. In correspondence with the Department of Internal Affairs, the Office of the Clerk advised that these amendments would not be in scope of the Local Government (System Improvements) Amendment Bill. Therefore, only the policy contained in Part 1 of the Bill is being assessed.

54. This option would achieve the objectives because, when external members do not have the right to vote on committees, the council cannot delegate any shared responsibility for exercising statutory powers, functions and duties to those members.

55. Committees that would be affected by the amendments in Part 1 of the member's Bill include:

    a. council audit and risk committees;

    b. committees established under Treaty of Waitangi settlement and redress legislation; and

    c. community advisory committees.

56. Having an audit and risk committee is best practice but not required. The Audit Office recommends councils appoint at least one external member to their committee, often as chair. The benefit of an external member in this instance is to provide independence, expertise, and a fresh perspective. Research by the Taxpayers' Union showed that in 2026,



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at least 72 councils had at least one external member on their audit and risk committee.[10] Under this option, these members would lose their voting rights. There is no legislative definition of an audit and risk committee, nor common set of functions that these committees must perform. As a result, audit and risk committees may not be easily exempted from any changes that impact external members on committees.

57. The impact of audit and risk committee independent members losing their individual voting rights could include:

    a. reduced formal influence of expert members;

    b. greater reliance on elected members for quorum;

    c. reduced willingness of some members to accept appointment; and

    d. weaker exercise of assurance mechanism.

58. Committees established (or appointments empowered) under Treaty of Waitangi settlement and redress legislation may be impacted unless they are specifically exempted. The Department of Internal Affairs has identified at least 22 instances of settlement legislation that provides for external appointments on council committees (for example, of iwi or hapū representatives).

59. Altering Treaty of Waitangi settlement and redress agreements would raise significant policy and legal issues. Therefore, Option 2 differs from the member's bill by exempting committees or appointments required under Treaty of Waitangi settlements from the policy. Appointments of iwi and hapū representatives outside of settlement arrangements would not be exempt.

60. Committees or appointments required under other statutes would be similarly exempted, in a manner that is consistent with the exclusion regime described under Option 3, below.

61. The Department of Internal Affairs is aware of committees and subcommittees where most or all members are external members. Councils use these committees for advisory purposes. For example, the Hurunui District Council has community committees that operate similarly to a community board, but without remuneration or formal elections. Subcommittees that are entirely comprised of external members would be non-functional if external members lost voting rights. Under this option, these subcommittees would not be able to undertake process-related general business like accepting the minutes of a previous meeting or making recommendations to the council.

62. 9(2)(f)(iv) [redacted]

63. Under this option, councils that find themselves with a governance structure that is no longer workable would need to review their use of committees and consider changes.

[10] https://ratepayersreport.nz/2026/audit-oversight/?type=all



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64. Councils are responsible for setting remuneration policies for external members appointed to committees. Without voting rights on committees, the role of these members would be closer to advisory rather than sharing in decision-making. It will be left to councils to determine whether this change in duties would result in changes to external members' remuneration.

**Option 3: Committees with external members cannot be delegated statutory powers, functions and duties or expenditure decisions**

65. This option would require committees with external members to operate as advisory-only by restricting councils from delegating to these committees:

    a. statutory powers, functions and duties; and

    b. decisions on the expenditure of council funds.

66. As in Option 2, some committees have been proposed to be excluded. The principal test for whether a committee has been proposed to be excluded is around the use of the council's discretion. Committees that would be impacted under this option would be those that meet the following eligibility criteria:

    a. the council has chosen to establish the committee under the Local Government Act 2002;

    b. the council has chosen to appoint external members to the committee under the Local Government Act 2002; and

    c. the committee is not a joint committee with another local authority or public body.

67. Under this option, any committee that meets the eligibility criteria may not be delegated statutory powers, functions and duties. These committees would continue to deliberate and pass resolutions; however, those resolutions would be limited in scope.

68. The Department does not hold information on how many committees in the 2025–2028 term of local government would meet the eligibility criteria.

69. The table below (continues on next page) sets out expectations for how commonly established council committees could operate under delegated authority, if those committees meet the eligibility criteria. The examples are intended to be generic and illustrative, not exhaustive. It is expected that, on matters within their terms of reference, all committees should be able to undertake process-related general business, receive reports and request advice from staff, hear public submissions, and provide advice, reports and recommendations to the council.

| Committee | Could do | Could not do |
|---|---|---|
| **Policy and planning** | Prepare papers (such as a consultation document) for council consideration.<br>Recommend decisions about policies, plans, strategies or expenditure to council.<br>Monitor the implementation of policies, plans, strategies, bylaws and expenditure decisions. | Approve a consultation document.<br>Approve policies, plans, strategies or expenditure. |
| **Grant funding** | Consider applications and recommend funding decisions to council. | Approve expenditure. |



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| Committee | Could do | Could not do |
|---|---|---|
| **Relationship or project specific** | Have oversight of matters related to the relationship or project. | Make statutory decisions or approve expenditure. |
| **Audit and risk** | Assist the council in discharging its responsibilities with due care, diligence and skill.<br>Review council policies, systems and processes as required.<br>Monitor performance and compliance with council policies, systems and processes. | Make statutory decisions or approve expenditure. |

70. The focus on discretionary committees and discretionary appointments has the effect of excluding statutory committees and appointments (under Acts other than the Local Government Act 2002), including committees or appointments provided by Treaty of Waitangi settlements. These committees have been considered separately by Parliament. The Government does not intend to alter Treaty settlement commitments.

71. Joint committees between 2 or more councils or between councils and other public bodies (for example, a joint committee between a council and a government department or a school board of trustees) have been excluded. The principle behind joint committees is enabling more efficient, joined-up decision-making on matters that affect 2 or more public bodies. Restricting the delegation of decisions to joint committees could mean that each member council needs to separately consider the joint committee's recommendation before the decision can be finalised, or a subordinate advisory body to the committee would need to be created to provide advice before decisions could be made. This would limit the value of the joint committee model and create barriers to council collaboration and decision-making.

72. To implement this option, councils with committees that meet the eligibility criteria would need to review their governance structure and consider changes. For example, a council with committees that are not compliant could:

    a. change the committees' membership to remove external members;

    b. change the committees' terms of reference and delegations to be compliant; or

    c. develop a new governance structure that is compliant.

73. A six-month transition period to implement the policy is recommended because this is consistent with other governance changes being proposed in the Local Government (System Improvements) Amendment Bill.

74. It is expected that in some cases the workload of a council may increase (for example, if decisions were previously delegated to committees with external members and the delegations are returned to the council). Subject to the operationalisation decisions of councils, this option has the potential to increase the administrative workload of council staff and restrict the timeliness of governance decisions.

75. This option preserves the availability of external expertise to contribute meaningfully to committee debates and provide input into council decisions. Restricting committees' delegations with respect to statutory powers, functions and duties and expenditure decisions (an alternative would be to restrict committees' ability to pass any resolutions)



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means that committees can make process-related decisions in the preparation of advice or recommendations to council, without needing to report back to council at each step.

76. To support councils' compliance this option would also prohibit:

    a. the delegation of statutory powers or expenditure decisions to established committees with external members; and

    b. the appointment of external members onto a committee that has been delegated statutory powers or expenditure decisions.

77. The Department has assessed changes to the law regarding external members of council committees as having an impact on the participation of Māori in local government. Under section 81 of the Local Government Act 2002, councils must:

    a. establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and

    b. consider ways in which they may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and

    c. provide relevant information to Māori for these purposes.

78. Appointing iwi or hapū representatives who meet the "skills, attributes, or knowledge" threshold to relevant committees is one way that councils exercise this legal requirement. Councils inviting external members to participate in decision-making is a recognition by local government of the relationships they have with iwi or hapū.

79. Option 3 would restrict the decisions that can be delegated to committees with external members, including iwi or hapū representatives. The role of any external member on a committee that had been delegated significant decision-making powers would change if that member continues in their role after the commencement. This could be perceived as a limit on the participation of Māori in local government particularly for iwi and hapū who do not have Treaty settlement arrangements in place. Passing this law change without a select committee process is likely to receive criticism.

80. This option would not limit councils' ability to delegate authority to the chief executive, specific council officers, or individual elected members (including the mayor).

**How do the options compare?**

81. The table on the next page assesses each option against the criteria, relative to the status quo.

82. Given the absence of comprehensive data on current delegation practices and the lack of sector consultation, the comparative assessment reflects the likely direction and relative magnitude of impacts, rather than quantified effects.

| **Example key for qualitative judgements** | |
|---|---|
| ++ | much better than doing nothing/the status quo |
| + | better than doing nothing/the status quo |
| **0** | about the same as doing nothing/the status quo |
| - | worse than doing nothing/the status quo |
| - - | much worse than doing nothing/the status quo |

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| | Option 1: Status quo | Option 2: Remove voting rights | Option 3: Restrict committee delegations |
|---|---|---|---|
| **Accountability** | **0**<br>This option relies on councils making independent choices around what powers committees with external members demonstrate are delegated and how they are held accountable. For example, councils may enable a high-trust environment or provide that such committees are advisory-only. | **+**<br>This option improves accountability by removing external members' ability to vote. Accountability for committee decisions rests solely with elected members. | **+**<br>This option improves accountability by preventing delegation of final decision authority to committees with external members, requiring elected members to retain responsibility for statutory and expenditure decisions. |
| **Consistency** | **0**<br>This option relies on councils making independent choices around how external members are used or functions are delegated to committees. There will be differences from council to council. | **+**<br>This option improves consistency in the participation of external members on committees with delegated decisions (none can vote), while allowing councils to continue making these appointments according to their needs. | **+**<br>This option improves consistency in the delegation of powers, functions and duties, while allowing continued variation in governance structures. |
| **Effectiveness** | **0**<br>This option enables councils to consider delegations and external appointments with few limitations, within the context of their broader governance structure. This supports local government to make decisions effectively. | **-**<br>This option creates risks to effective local government decision-making. The removal of voting rights diminishes the effectiveness of external members and therefore also the effectiveness of committees. External members may be less likely to take up appointments. | **-**<br>Effectiveness may be reduced where councils previously relied on delegation and external appointments for timely and informed decisions. Councils will continue to be able to use external appointments but may respond by reducing committees' access to external input where delegated decision-making is preferred. |
| **Feasibility** | **0**<br>This option does not require implementation. | **--**<br>This option will require councils to significantly change how some of their committees will work. Subcommittees entirely comprised of external members would be non-functional and unable to pass even procedural motions. | **-**<br>This option will require many councils to change their governance model and potentially increase their workload. There will be one-off transition costs and (subject to operational decisions) ongoing administrative and governance costs. |
| **Overall assessment** | **0**<br>Maintains maximum flexibility for councils but does not address the identified problem. | **--**<br>Provides clear, uniform accountability but disrupts governance arrangements. | **0**<br>Reduces accountability risk from discretionary delegation, but creates new costs and efficiency impacts. |



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**What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

83. Neither option is assessed as outperforming the status quo if all criteria are weighted equally. Option 2 is analysed as performing worse than the other options due to its significant and impractical disruption to council governance and is not recommended.

84. The analysis shows similar costs and benefits, on balance, between the status quo and Option 3. Option 3 performs better than the status quo if criteria related to accountability and consistency are weighted more heavily. It addresses the problems that have been identified around accountability and consistency.

85. The status quo does not address the problems.

86. However, Option 3 may not improve the effectiveness of local government decision-making subject to councils' implementation choices. For example, if councils prefer to have committees making delegated decisions (because they consider this process to be timelier), they may choose not to make external appointments; if external appointments historically added value to those decisions, then these councils would be disadvantaged. Due to localised variability in councils' governance arrangements, this option would not improve governance effectiveness at councils that do not need to change their practice.

87. Option 3 also imposes new costs. Councils that have delegated decision-making to committees with external members will incur one-off costs to review the council governance structure and committee membership. Councils that retain external members on committees would need to return delegated functions to the council governing body. The council might need to meet more frequently, or for longer, and this presents ongoing administration and governance costs, including opportunity cost.

88. One-off implementation costs of Option 3 are incurred because the policy is proposed to be implemented midway through the council term, rather than immediately after the triennial local elections when the incoming mayor and council routinely establish a new governance structure. Over time, the benefits of this option might be felt more strongly because these costs will not recur.

89. The status quo does not alter the effectiveness of local government decision-making or change the costs of local governance.

90. In a comparison between Option 2 and Option 3, the most significant difference is that Option 3 enables external members to continue voting on immaterial matters such as approving the minutes of the last meeting, obtaining information from council officials, and making recommendations to the council, and prevents voting on material matters. Option 2 prevents external members from voting on any matter. The impact of Option 2 on the business of some committees and subcommittees and on the status of external members is the reason Option 3 is assessed as better meeting the criteria.

91. On balance, Option 3 represents a risk-mitigating change to local governance in certain circumstances rather than a clear net improvement over the status quo. The Department of Internal Affairs does not consider that new regulation is necessary. If regulatory change is desired by Cabinet, the Department would recommend Option 3.

**Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?**

92. No. The Minister of Local Government's preferred option is Option 2.

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93. The Department of Internal Affairs considers Option 3 to be the better option if regulatory change is directed.

**What are the marginal costs and benefits of the preferred option in the Cabinet paper?**

94. The tables below assess each the marginal costs and benefits of Option 2 and Option 3.

**Option 2: Remove voting rights (Minister's preferred option in the Cabinet paper)**

| Affected groups | Comment | Impact | Evidence Certainty |
|---|---|---|---|
| **Additional costs of Option 2 compared to taking no action** | | | |
| Regulated groups (local authorities) | Almost all (or potentially all) councils will need to undertake one-off governance restructuring (e.g., changes to delegations, terms of reference, or committee composition).<br>Committees heavily reliant on external members (including audit and risk) may become less functional. Advisory committees or subcommittees with few or no elected members would not be able to function, creating significant disruption. Relationship management committees with a 50:50 split between two parties would also be impacted.<br>There is a greater risk that expertise held by external members will not be effectively integrated into decision-making. This may incentivise councils to create compensatory workarounds at an increased administrative burden. | High | Medium |
| Regulators (Crown) | No new costs; relies on council self-implementation through legislative compliance and does not introduce a new regulatory or oversight function. | Low | High |
| Others (communities, external members) | Potential reduction in perceived value of participation by external members, including iwi, hapū, other community representatives and professionals. This may be perceived as limiting meaningful participation compared to Option 3, which preserves clear advisory input into decisions. | High | Medium |
| **Total monetised costs** | None identified. | | |
| **Non-monetised costs** | | High | |

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| Additional benefits of Option 2 compared to taking no action | | | |
|---|---|---|---|
| Regulated groups (local authorities) | Improved clarity and assurance over where accountability over decisions sit. | Medium | Medium |
| Regulators (Crown) | Local government decision-making system is more consistent from council to council. | Low | Medium |
| Others (communities, iwi/ Māori, ratepayers) | Improved democratic accountability and transparency. | Low | Medium |
| **Total monetised benefits** | None identified. | | |
| **Non-monetised benefits** | | Low | |

**Option 3: Restrict committee delegations (Department's preference for regulatory change)**

| Affected groups | Comment | Impact | Evidence Certainty |
|---|---|---|---|
| **Additional costs of Option 3 compared to taking no action** | | | |
| Regulated groups (local authorities) | Some councils will need to undertake one-off governance restructuring (e.g., changes to delegations, terms of reference, or committee composition). Councils that choose to withdraw delegations to committees will have ongoing administrative and governance costs due to the higher workload of the full council. This may include additional reporting and agenda preparation time (administration costs) and meeting time (administration and governance costs).<br>The number of councils impacted will be less than Option 2. Councils that only have external appointments on committees that are advisory-only will not have to change. | Medium | Medium |
| Regulators (Crown) | No new costs; relies on council self-implementation through legislative compliance and does not introduce a new regulatory or oversight function. | Low | High |
| Others (communities, external members) | Potential indirect costs due to slower decision-making for some matters at some councils. Reduced autonomy for committees with external members. Some external members may perceive reduced influence which could affect willingness to participate or accept appointment. | Medium | Medium |

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| | | | |
|---|---|---|---|
| **Total monetised costs** | None identified. | | |
| **Non-monetised costs** | | Low–medium | |
| **Additional benefits of Option 3 compared to taking no action** | | | |
| Regulated groups (local authorities) | Improved clarity and assurance over where accountability over decisions sits. | Medium | Medium |
| Regulators (Crown) | Local government decision-making system is more consistent from council to council. | Low | Medium |
| Others (communities, iwi/ Māori, ratepayers) | Improved democratic accountability and transparency. Retains the ability for councils to involve external expertise (including iwi/Māori specialist knowledge) in deliberation. | Medium | Medium |
| **Total monetised benefits** | None identified. | | |
| **Non-monetised benefits** | | Low–medium | |

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## Section 3: Delivering an option

### How will the proposal be implemented?

95. The Minister has directed this proposal to be implemented by an Amendment Paper to the Local Government (System Improvements) Amendment Bill. That Bill has been reported back from the Governance and Administration Committee and is awaiting its second reading.

96. The Amendment Paper would:

    a. restrict any external member appointed to a committee, subcommittee or subordinate decision-making body of a local authority from exercising a vote or contributing to the meeting's quorum;

    b. identify committees that are exempt from these restrictions;

    c. provide for a transition period.

97. If Parliament approves the Amendment Paper and passes the Bill, councils will be responsible for implementing the proposal through legislative compliance. New oversight mechanisms are not proposed. If a council is not compliant it would open itself up to legal risk including judicial review and potential Ministerial intervention (the Minister of Local Government may intervene in different ways under Part 10 of the Local Government Act 2002 if a council demonstrates a failure to perform its statutory functions or duties).

98. Councils will be informed of the policy by Ministerial announcement.

99. Implementation funding is not available.

100. A transition period will be enabled through a delayed commencement of the provisions relevant to this proposal. The recommended commencement is 6 months after the day of Royal assent. This is consistent with other changes in the Bill to council governance. Councils will be expected to use this transition period to review their existing governance arrangements and implement any changes required to be compliant.

101. It is possible that after the Ministerial announcement and during the transition period (or in the future) additional types of committees may warrant further exclusion from the coverage of this policy. For example, councils may identify strong rationale for external members having voting rights as they work to implement the policy.

102. The Department has not been able to undertake a complete stocktake of committee delegations and the use of external members. To mitigate the risk that, due to the limited available information, committees have not been excluded despite merit, a further option is for the Amendment Paper to allow the Minister of Local Government to recommend other exclusions be added by secondary legislation. If another exclusion were approved, external members on that committee could vote subject to meeting the exclusion criteria.

103. The Minister has indicated his interest in a secondary legislation mechanism for Ministerial exclusions and has directed this to be included in the Cabinet paper.

104. Such a mechanism would not be able to remove statutory exclusions.

105. The implementation of this policy does not impact any decisions taken by committees with external members prior to the commencement date.

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**How will the proposal be monitored, evaluated, and reviewed?**

106. The local government policy function of the Department of Internal Affairs (to be transferred to the Ministry for Cities, Environment, Regions and Transport from 1 July 2026) will consider this proposal as part of its ongoing local government regulatory stewardship obligations. These obligations include monitoring the regulatory framework that supports good governance at local authorities and advising the Minister of Local Government on council governance and performance.

107. The Department does not currently collect data on how councils structure their committees or on what appointments of external members they make. It is not proposed that a monitoring programme to collect this data be established.

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