

Investments Activity Plan

Preface

Introduction / Summary

The Investments Activity Management Plan (AMP) covers one of many activities addressed in the Invercargill City Council Long-Term Plan (LTP). This Plan is, therefore strongly linked to the overall strategic direction for the District. The LTP is the document and process that alerts the Community to the key issues and strategies contained in this document.

The purpose of this Plan is to outline and to summarise in one place, the Council's strategic approach for the delivery of the Investments Activity.

The AMP demonstrates responsible management of the function on behalf of ratepayers and stakeholders and assists with the achievement of community outcomes and statutory compliance. The AMP combines management, financial, and technical practices to ensure that the level of service required by the law and expected by the Community is provided in the most operationally effective and sustainable manner.

This AMP is based on existing levels of service, currently available information, and the existing knowledge/judgement of the Council staff.

1. What we deliver

1 Activity Overview

Council's Investment Activity includes all of the investing activities of Council. Those investments are comprised of:

- Invercargill City Holdings Limited - This is a Council Controlled Trading Organisation that is wholly owned by ICC. It owns:
 - Electricity Invercargill Limited (EIL) shares, and through EIL various interests in a range of subsidiaries in electricity generation and supply lines.
 - Invercargill Airport Limited (IAL) (97.2%). IAL is seen as a Strategic Asset for the City within the Investment Portfolio.
 - Shares in Invercargill Central Limited that owns a significant interest in the Inner City mall currently being developed.
- Financial investments in Term deposits. Council has a significant level of debt, and also a number of term deposits. Council's Treasury policy is based on a concept of net debt. Net debt is the total external debt minus cash holdings and term deposits. These term deposits ensure that Council has funds when necessary, and assists in keeping a sound credit rating that reduces the total cost of funds to the organisation. Our investment portfolio typically earns higher interest than the cost of borrowing. The investments are actively managed in short term deposits.
- Property investments. Council has a range of property investments managed by the Property team.

Council's investment property portfolio is made up of:

- Endowment land.
- Strategic land.
- Trading land.
- Infrastructure land (including Reclamation Endowment land).
- Vacant land.

1.1 Endowment Land

The majority of Council's endowment property is leased by way of perpetual 21 year ground leases with rental reviews either five yearly, seven yearly or upon renewal. All outgoings (rates and maintenance) are paid by the tenant. The exception to this is 20 Don Street which is a large multi-tenanted multi-storey building in the centre of Invercargill. Rentals are set at market rates and have various review methods including annual CPI adjustment to regular market reviews.

There has been a trend recently by lessees requesting to purchase the freehold of their property at market rate and these are assessed on a case by case basis, dependent upon location and future use by Council to maintain part or all of the property. All moneys obtained from disposal of endowment land must be utilised by Council for the purpose of the endowment.

1.2 Strategic Land

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. Awarua does receive rentals from its tenancies at the German Heritage Precinct and a run-off block for the farm but the bulk of income is from the Share-milking activity which Council is engaged at Awarua. Outgoings on these lands are the responsibility of Council.

1.3 Trading Land

Council holds a small trading property portfolio and rentals are at market rate with regular rent reviews. Leases are a mix of ground leases and land and building leases with mixed outgoings responsibilities.

1.4 Infrastructure Land

Infrastructure land includes ground lease land (some by way of perpetual 21 year leases) which has an endowment status as well some other infrastructure lands purchased and held for future car parking use, drainage use or other infrastructure use. Again, there has been a trend by lessees wishing to purchase the freehold of the property or interest by outside parties in land which has been vacant with no return.

A summary table of all Investment Property is set out overleaf.

Table 1*Investments Activity Asset List*

Asset	Address	Group	Description	Area (Ha)
Commercial Leases and Building	20 Don St	Endowment	Land and Building	0.4048
Commercial Lease	115 Barrow St	Endowment	Land Lease	0.1012
Commercial Lease	118-122 Dee St	Endowment	Land Lease	0.1012
Commercial Lease	29 Yarrow St	Endowment	Land Lease	0.1012
Commercial Lease	26 Tyne St	Endowment	Land Lease	0.0809
Commercial Lease	194 Conon St	Endowment	Land Lease	0.0320
Commercial Lease	99-101 Spey St	Endowment	Land Lease	0.1012
Commercial Lease	71 Barrow St	Endowment	Land Lease	0.1012
Commercial Lease	72 Barrow St	Endowment	Land Lease	0.0326
Residential Lease	91 Earn St	Endowment	Land Lease	0.0692
Residential Lease	50 Teviot St	Endowment	Land Lease	0.1012
Residential Lease	118 Bowmont St	Endowment	Land Lease	0.1012
Awarua Farm / Industrial	136-150 Colyer Rd	Strategic	Land and Associated Farm Buildings + House	213.8394
Awarua Farm / Industrial	167 Colyer Rd	Strategic	Land and Associated Farm Buildings + House	20.4771
Awarua Farm / Industrial	5 Hamilton Rd	Strategic	Land and Associated Farm Buildings + House	41.1178
Awarua Farm / Industrial	90 Hamilton Rd	Strategic	Land and Associated Farm Buildings	70.5697
Awarua Farm / Industrial	99 Awarua Siding Road	Strategic	Land and Associated Farm Buildings	169.1342
Awarua Farm / Industrial	62 Colyer Rd	Strategic	Land lease	1.0217
Awarua Heritage Precinct	1276 Bluff Highway	Strategic	Land and Buildings Leases - <i>La Trobe University Radar</i> <i>Awarua Communications Museum</i> <i>3 x German Cottages Homestead</i>	96.6131
Development	6 Esk St West	Strategic	Land and Building	0.0321
Development	8 Esk St West	Strategic	Land and Building	0.0846
Development	10 Esk St West	Strategic	Land and Building	0.0306
Development	12 - 16 Esk St West	Strategic	Land and Building	0.0267
Development	18 Esk St West	Strategic	Land and Building	0.0160
Development	9 Leven St (10 carparks)		Land Lease	0.0089
Development	66 Dee St	Strategic	Land	0.0607
Development	135 Grace St	Strategic	Land Lease	0.0933
Development	262 Ness St	Strategic	Land Lease	0.0853
Industrial Lease	55 Crinan St	Trading Land	Land Lease	0.2427
Industrial Lease	116 Otepuni Ave	Trading Land	Land Lease	0.0506
Industrial Lease	20 Spey St	Trading Land	Land and Buildings Leases	0.6855
Industrial Lease / Building	69 Don St	Infrastructure	Land and Building Lease	0.0202
Industrial Lease / Building	141 Bond Street	Infrastructure	Land and Buildings Lease	2.4746
Industrial Lease	94 Preston St	Infrastructure	Land Lease	0.0343
Industrial Lease	99 Preston St	Infrastructure	Land Lease	0.0340

Asset	Address	Group	Description	Area (Ha)
Industrial Lease	90 Mersey St	Infrastructure	Land Lease	0.0960
Industrial Lease	91 Mersey St	Infrastructure	Land Lease	0.4147
Industrial Lease	152 Mersey St,	Infrastructure	Land Lease	0.3999
Industrial Lease	14 Mersey St	Infrastructure	Land Lease	0.1937
Industrial Lease	192 Bond St	Infrastructure	Land Lease	0.4047
Industrial Lease	210 Mersey St	Infrastructure	Land Lease	0.4378
Farm and Grazing Lease	155 Stead St	Infrastructure	Land Lease	101.0700
Farm and Grazing Lease	14 Kekeno Place	Infrastructure	Land Lease	19.2445
Farm and Grazing Lease	313 Bay Road	Infrastructure	Land Lease	23.6445
Lease	3 Hyde Street	Vacant Land		0.3142
Lease	98 Stanley Township Road	Vacant Land		0.1012

1.5 Community outcomes

Table 2

Community Outcomes

Community Outcomes	Council's Role in Achieving	How the Activity Contributes
Enhance our City	Invercargill's economy continues to grow and diversify. Attract a diverse range of business and industry to Invercargill, targeting business that offers high skills job opportunities.	Investments support appropriate commercial and economic development in the District environs through the acquisition, disposal and/or lease of land and buildings.

2. How we determine what we do

2.1 Our Strategic Framework

Activity Management Plans underpin the activities in the Long Term Plan, they record the current and desired Levels of Service and Maintenance, Capital Works Programmes and budgets (if applicable) required to ensure the activity meets the desired Levels of Service.

Adoption of the budgets for these programmes is carried out through the Long Term Plan process. Changes to budgets for programmes may occur during the consultation process and adoption of Long Term Plan budgets.



Activity Management Plan Strategic Framework



2.2 Our Levels of Service

Investment Property supports appropriate commercial and economic development in the District environs through the purchase, sale and/or lease of land.

A commercial return is received on Endowment and Trading Properties (excluding land purchased for strategic purposes and acquired through rating sales).

Table 3

Investments Measures for Levels of Service

MEASURE 2021-2031	TARGET
All properties, excluding those prepared, are leased	95%
Lease agreements are current at market rental levels	100%
Net rate of return	Market interest rate (historic and current)

Table 4

Investments Baseline Measures and Targets

Baseline	Measure	2021/22 Target	2022/23 Target	2023/24 Target	2024-31 Target
At 30 June 2020 100% properties are leased	All properties, excluding those prepared, are leased	95%	95%	95%	95%
At 30 June 2020 100% lease agreements are at current market rentals	Lease agreements are current at market rental levels	100%	100%	100%	100%
At 30 June 2020 the current market interest rate was 1.65% and the net return was 5.61%	Net rate of return	Market interest rate (historic and current)	Market interest rate (historic and current)	Market interest rate (historic and current)	Market interest rate (historic and current)

3. What we're planning

The assumptions we've made

Table 5

Key Assumptions from 2021-2031 LTP related to Investments

Economy				
	Assumption	Level of certainty	Impact of uncertainty	Council response
Significant Assumption	<p>COVID-19 The lockdown and potential future impacts of COVID-19 may negatively impact residents' ability to pay rates. This could lead to a short term cashflow impact and increased rates arrears. Rates arrears could increase further.</p>	Medium	To date there has been little impact on our rates receipts and the response to the new rates postponement and remission policy has led to a number of ratepayers contacting Council to go onto a payment plan for their rates.	Council has adopted an additional policy for postponement and remission of rates. This policy allows ratepayers financially impacted by COVID-19, to delay payment of up to 1 year's rates. Council staff will work with affected ratepayers to set up affordable payment plans.
Significant Assumption	<p>Economy A recessionary period is expected for the first five years of the LTP and longer-term structural changes to the economy beyond this time. This will lead to higher unemployment and lower GDP.¹</p>	Medium	The shape of the recession (u or v) is as yet unknown. The relative impact across regions, based on industries impacted most by COVID-19, as well as potential impacts of proposed Tiwai closure and SIT becoming a subsidiary of Te Pūkenga needs to be better understood by Council in order to reduce this uncertainty. Significant errors in this area could have a significant impact on Councils budgets over the forecast period ² .	<p>Council will focus on efficiency savings. Investment will only be made in activities which can be serviced.</p> <p>Council will continue to review its work programme and priorities as the level of uncertainty reduces.</p>

¹ BERL Local Government Cost Adjustor Forecasts – Three Scenarios Reference No: #6109

²<https://www.infometrics.co.nz/industry-concentrations-and-the-fall-of-think-big/> ; <https://www.infometrics.co.nz/examining-the-nz-industries-hit-hardest-by-the-covid-19-pandemic/> ; BERL Local Government Cost Adjustor Forecasts – Three Scenarios Reference No: #6109

Significant Assumption	Community funding Council can expect to see increased funding applications from groups as a result of Covid-19 and its impact on Community Trust of Southland and Invercargill Licencing Trust's ability to fund.	Medium	The immediate impact of Covid-19 has been seen in the local community, with reduced funding available from major community funders including the Community Trust of Southland and Invercargill Licencing Trust and Foundation.	Council acknowledges the potential community expectation that Council will be positioned to distribute grants to fund community wellbeing related activities.
Significant Assumption	Economic diversification Volatility in the global economy may affect one or more of Invercargill's key export industries. This will drive diversification but will slow growth. There may be a delayed effect through the risk of impacted industries abandoning properties.	Medium	The relative impact needs to be better understood by Council to reduce uncertainty, as significant errors could have a significant impact on Council budgets over the forecast period ³ . This may directly impact rates and ability of Council to fund projects.	Council will continue to monitor changes in the global markets.
Activity Report Level	Central Business District Following a period of static activity until 2023 when the City Block development is complete, the CBD will become more vibrant and have increased connectivity. Council will work in collaboration with others to enable strategic activities and initiatives to support the success of the CBD.	High	The city centre is at the centre of Council's vision. As with any major investment of this type there is a level of uncertainty as to the impact of the development on future use patterns within the city. If the development does not succeed in drawing people to the city centre it will have an impact on Council strategy.	Council strategic activities and economic development activities delivered through Great South will align to support the success of the city centre projects Streetscape works will be designed to support connectivity to the city centre. Council will need to plan for the structural change this is anticipated to involve. Council has support for heritage buildings through the Regional

³ <https://www.infometrics.co.nz/industry-concentrations-and-the-fall-of-think-big/> and <https://www.infometrics.co.nz/examining-the-nz-industries-hit-hardest-by-the-covid-19-pandemic/>

				Heritage Strategy and associated funds to support businesses managing high costs of older buildings.
Significant Assumption	Tourism Tourism numbers will slowly increase, returning to 2019 levels by 2031.	Low	The tourism sector is the hardest hit in the economy and is not expected to fully recover out to 2030. This may have an impact on the Airport and other infrastructure needs that may or may not be required in short term as tourist numbers reduce.	Council expects some impact, but tourism is not a major proportion of Invercargill's GDP so the effect is expected to be relatively minor.
Significant Assumption	International education The numbers of International students studying at the Southern Institute of Technology will slowly increase back to 2019 levels by 2031.	Low	Students are an important part of the economy, creating significant demand. The impact on retail, hospitality and housing could be significant.	Council is working with Great South on economic development.

Council operations				
	Assumption	Level of certainty	Impact of uncertainty	Council response
Significant Assumption	Council services and structure Council is planning for the current structure to deliver the current set of services, with the exception of water and sewerage.	Medium	If amalgamation does occur, costs to the ratepayer will remain the same, although revenue and financing will be done by a different operator.	Council will proactively engage with neighbouring authorities and central government to ensure that the best result is achieved from any amalgamation.

<p>Asset/Activity Level</p>	<p>Water Reform As a result of the Central Government directed Waters Reform, it is assumed there will be a change in water reticulation and sewerage delivery services within the life of the plan.</p> <p>This will result in a structural change for Council in relation to the ownership of assets and associated debt capacity.</p> <p>The services will continue to be delivered, but these will be provided by another party.</p> <p>This will include increased regulatory requirements as required by the new regulatory authority.</p>	<p>High</p>	<p>The services will continue to be delivered but these will be provided by another party.</p> <p>This will be managed in line with Government best practice, and will remain within the Council financial and 10-year assumptions.</p>	<p>Council will assess proposed reform options when Central Government has provided their final recommendations to Local Government entities.</p> <p>Council will proactively engage with neighbouring authorities and central government to ensure that the best result is achieved from any reforms.</p> <p>Council is incorporating management of this potential outcome through planning for management of debt.</p>
<p>Asset/Activity Level</p> <p>Significant Assumption</p>	<p>Legislative changes There will be changes to legislation that have an impact on how Council will provide services. These changes may affect the Council organizational structure but not change the level of service received by the customer/ratepayer.</p>	<p>High</p>	<p>Changes may affect the Council organizational structure but not change the level of service received by the customer/ratepayer.</p>	<p>Management will continue to engage with Government and plan for changes in services in response to policy and regulation changes as these arise.</p>

Asset/Activity Level	Consents Council will continue to carry out legislation-directed ordinary functions while factoring in an increase to required quality for consent conditions.	Medium	If unexpected consent conditions are imposed there may be unexpected costs to compliance.	Council will work with the Regional Council early to minimise the risk of unexpected consent conditions. The cost of obtaining consents, knowing environmental standards are increasing, will be built into activities.
Asset/Activity Level	The Funding Assistance Rate (as advised from Waka Kotahi NZTA) will reduce by 1% each year until reaching 51% funding assistance in the 2023/2024 and then remain at 51% for the life of the plan.	High	Increase in demand on rate funding for roading activities, including the forecast NZTA portion of the city centre streetscape project.	Continue to engage with NZTA on funding assistance.
Asset/Activity Level Significant Assumption	Asset life Assets will remain useful until the end of their average useful life, assuming asset average life expectancy assumptions are correct. ⁴ Infrastructure installed in the 1920s are nearing the end of their lives and require renewal within the term of the Infrastructure Strategy.	High	Assets may need renewal earlier if this assumption is incorrect and change the renewal profile. Or may allow delayed renewal in other cases.	Review the appropriateness of assets at the time of renewal including, where appropriate, whole of life cycle assessment. Increase knowledge of asset conditions to better predict the average use of life if assumptions are lower than expected.
Asset/Activity Level Significant Assumption	Investment Property and Forestry Investment Property and Forestry Assets are valued on a yearly basis. They are expected to increase in line with inflation. This is reflected in our Financial	High	Variation in valuations have no cash flow implications for Council.	Continue to value Investment Property and Forestry assets on an annual basis.

⁴ Council will use national standards is asset revaluation.

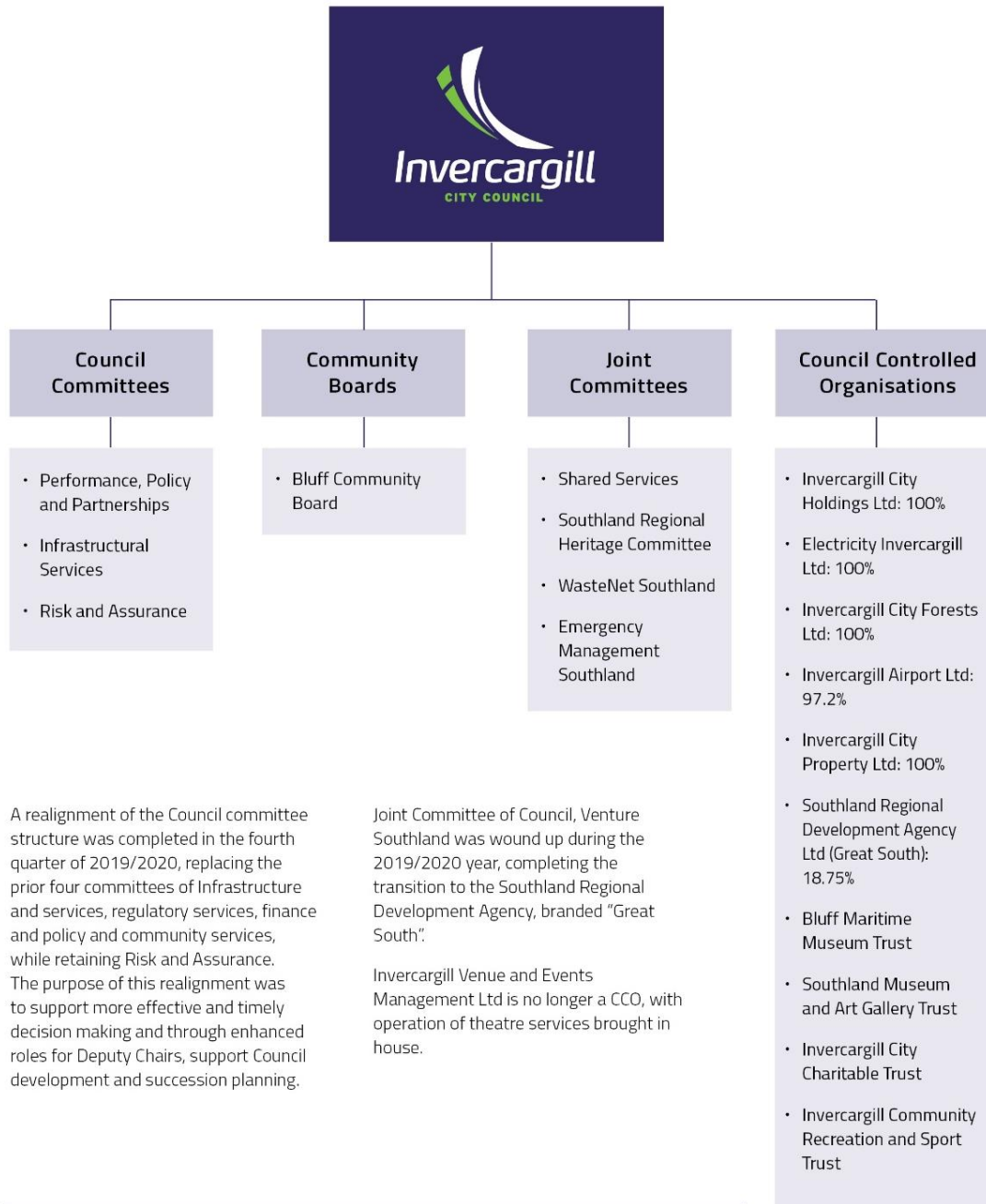
	Strategy, and Accounting policies.			
Asset/Activity Level	Capital programme delivery Implementation of a Project Management Office will increase effectiveness of delivery of the capital programme over the Long-term Plan. 75% of the capital programme will be delivered In Year 1, 80% in Year 2, 85% in Year 3.	High	It may take longer to implement the Project Management Office than expected, including as a result of challenges in attracting qualified personnel. Availability of contractors may have a greater impact than expected. Delay in the programme will result in higher costs as a result of inflation.	Active management of project processes, including engaging consultants as required, active and early engagement with contractors. Management of the programme rather than individual projects will enable contractor availability as well as funding levels to be actively managed. The financial risk of higher levels of delivery than expected across multiple areas will be monitored. Any impact of delayed capital expenditure on renewals on maintenance budgets will be actively managed.
Financial forecasting				
	Assumption	Level of certainty	Impact of uncertainty	Council response
Significant Assumption	Inflation Operational forecasts and capital work programmes will increase by the accumulated Local Government Cost Index inflation forecast by BERL.	Medium	Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations to inflation would have an impact on Council's financial management.	Council will continue on the planned pathway for the Capital Works programme and review operational revenue & expenses each year.
Significant Assumption	Asset revaluation Asset values will increase by the accumulated Local Government Cost Index inflation forecast be BERL on the last valuation value. Revaluation occurs in 2021/22 and	Medium	Changes in the valuation or life of Council assets may have a significant impact on Council's financial management and capital programme.	Council will continue on the planned pathway for the Capital Works programme and monitor with after each revaluation cycle.

	every third year therefore.			
Activity Report Level	Interest rates - Borrowing Expected interest rates on borrowing will be 2.5%.	High	The treasury report from Bancorp projects the ICC Borrowing interest rate are currently at 2.20% in 2020, and is expected to fall and remain under 2% for the next 10 years. Significantly higher interest rates would impact Council's financial position.	2.5% would allow some upside if the situation changed (interest rates increase or credit rating decreases); but Council have potential to go to 2.25% or 2% to lower costs.
Activity Report Level	Interest rates – Cash and Deposits Return on cash and term deposits are forecasted to expect a negative rate at some stage within 2020/2021.	Medium	Term deposit rates currently vary from 0.5% for under 6 months to a flat 1% for longer. Most forecasts still expect a negative rate at some stage within 2020/2021.	An assumption of 0.5% should be comfortable and if rates do increase again in the future, this will put Council in a more positive position.
Activity Report Level	Dividends from ICHL will be \$4.8m + CPI.	Medium	This would have a negative impact on Council's overall revenue and cash position, which would increase the burden on ratepayers.	Council will consider strategic reliance on dividends noting increased levels of economic uncertainty.
Activity Report Level	External Funding It is assumed Council will achieve the level of external funding as estimated.	High	The immediate impact of Covid-19 has been seen in the local community, with reduced funding available from major community funders including the Community Trust of Southland and Invercargill Licencing Trust and Foundation.	Council acknowledges the challenge of obtaining external funding at this time. Should Council not be able to obtain funding as indicated this would impact project scope and in some cases require further consultation.

A full list of assumptions can be found online.

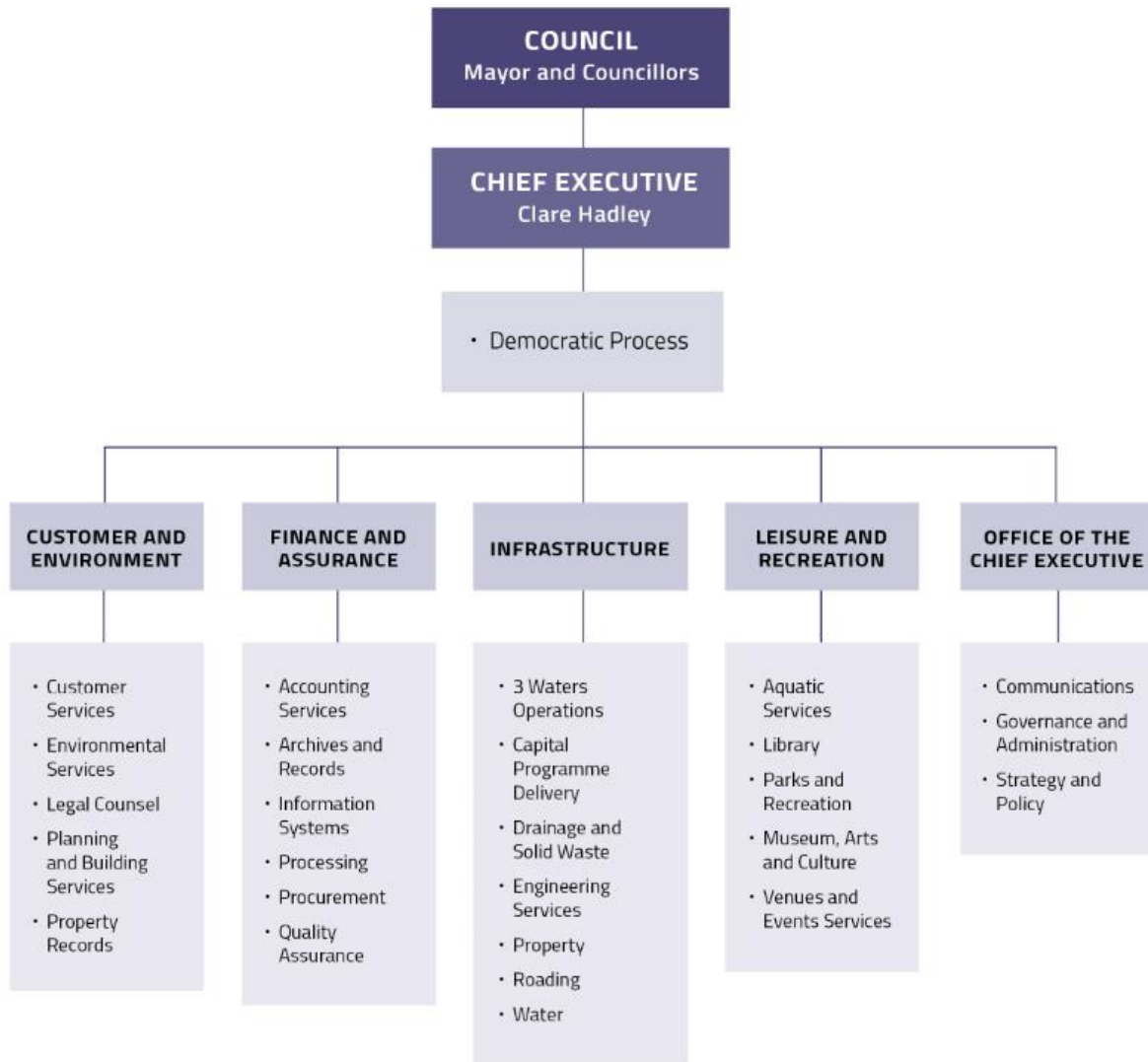
4. How we'll manage what we do

Council Structure



Invercargill introduced

Management Structure



Investment Property is managed by the Property team.

5. How we'll fund it

Table 6

Investments Total Expenditure OPEX and CAPEX 10 years

	2020/21 Annual Plan (\$000)	2020/21 Forecast (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
OPERATING												
Rates revenue	(6,759)	(6,759)	-	-	-	-	-	-	-	-	-	-
Subsidies and grants (Capital)	-	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants (Operational)	-	-	-	-	-	-	-	-	-	-	-	-
Direct charges revenue	866	1,050	1,103	1,147	1,192	-	-	-	-	-	-	-
Rental revenue	1,632	1,560	1,560	1,603	581	500	511	525	538	554	568	583
Finance revenue	1,516	1,081	182	183	184	185	186	186	187	188	189	190
Dividends	4,800	4,800	4,886	5,027	5,154	5,282	5,419	5,555	5,699	5,853	6,012	6,168
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	295	295	295	303	24	24	24	24	26	26	26	29
Internal charges and overheads recovered	56	-	-	-	-	-	-	-	-	-	-	-
Total revenue	2,406	2,027	8,026	8,263	7,135	5,991	6,140	6,290	6,450	6,621	6,795	6,970
Employee expenses	2	1	1	1	1	1	1	1	1	1	1	1
Administration expenses	220	269	269	279	178	172	178	183	184	191	196	199
Grants & subsidies expenses	-	-	-	-	-	-	-	-	-	-	-	-
Operational expenses	736	892	892	991	727	185	189	196	199	207	213	218
Repairs & maintenance expenses	160	190	365	231	174	102	105	108	110	114	118	120
Depreciation and amortisation	16	16	16	16	16	16	16	16	16	16	16	16
Finance expenses	1,436	3,133	2,599	3,087	2,953	3,211	3,866	4,542	4,702	4,927	4,911	5,053
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	2,570	4,501	4,142	4,605	4,049	3,687	4,355	5,046	5,212	5,456	5,455	5,607
OPERATING SURPLUS / (DEFICIT)	(164)	(2,474)	3,884	3,658	3,086	2,304	1,785	1,244	1,238	1,165	1,340	1,363
CAPITAL EXPENDITURE												
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	1,400	3,500	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	108	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE		1,508	3,500									
Gross proceeds from sale of assets	-	-	-	(14,500)	(13,500)	-	-	-	-	-	-	-

Figure 1

Investments Operating Revenue – 10 Years

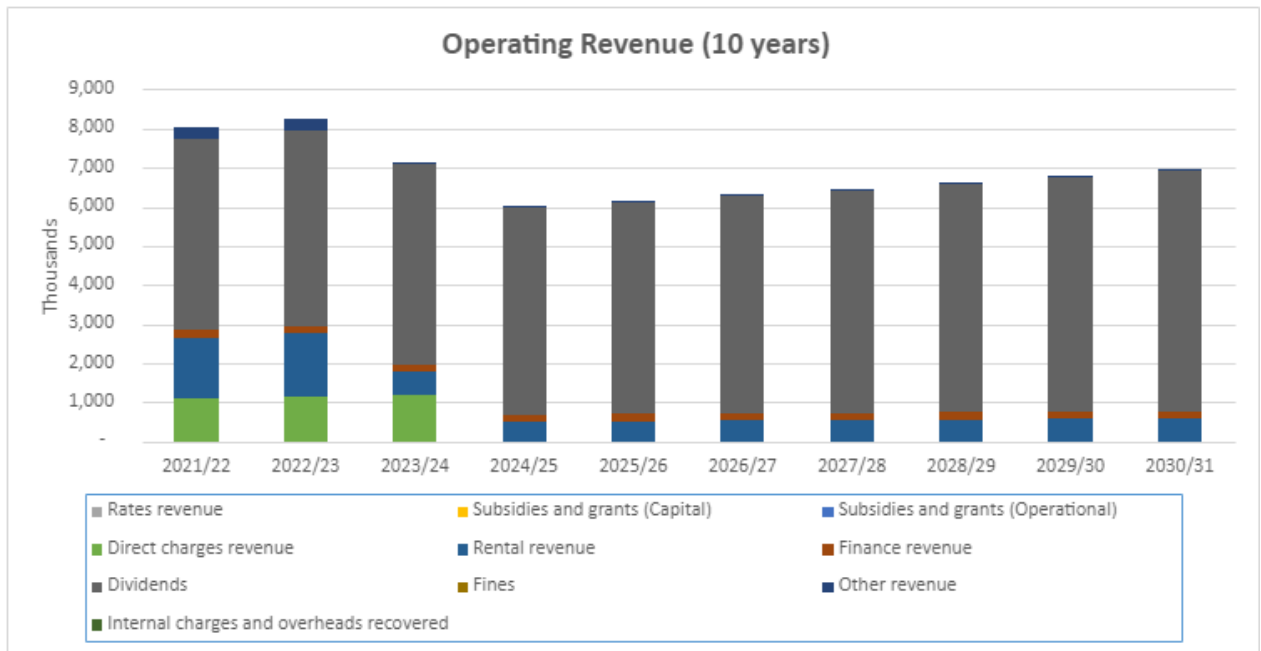


Figure 2

Investments Operating Expenditure – 10 Years

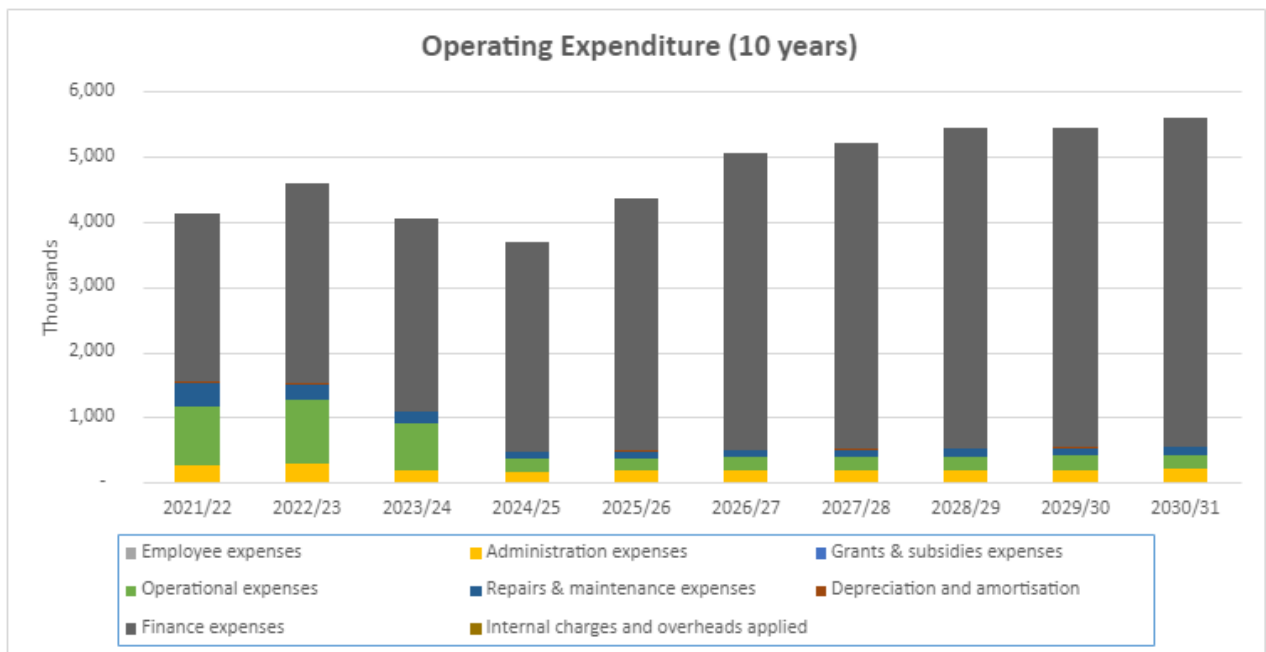


Figure 3

Investments Capital Expenditure – 10 Years

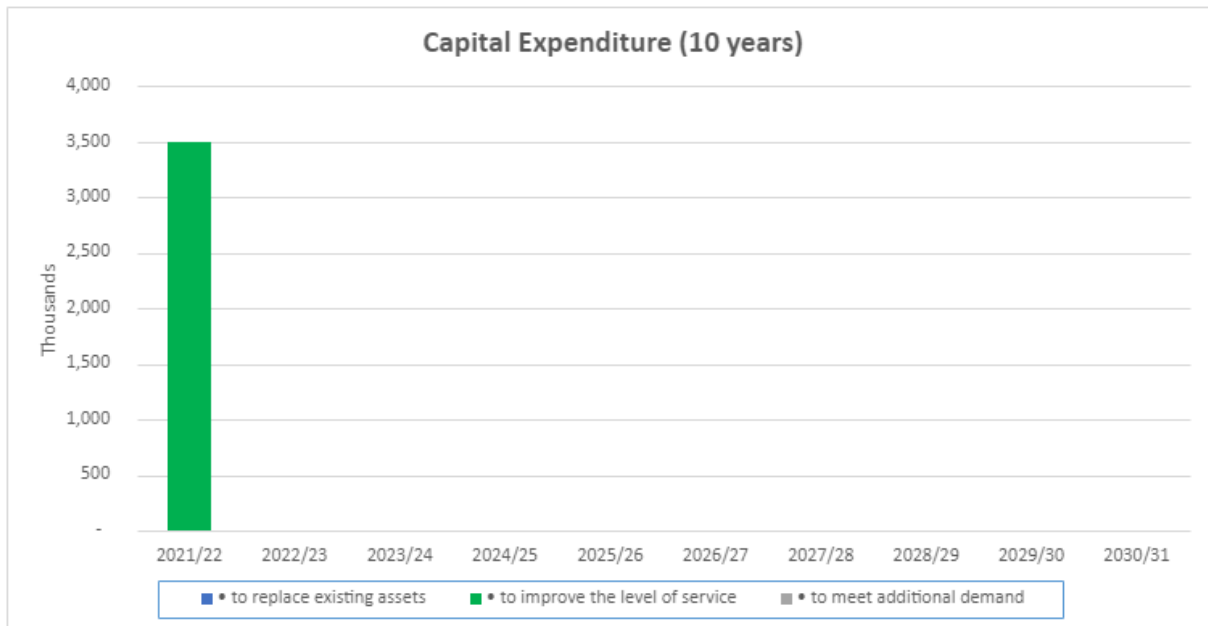


Table 7*Investments Total Expenditure OPEX and CAPEX 30 years*

	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051
	LTP	LTP	LTP	LTP	LTP	LTP
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<u>OPERATING</u>						
Rates revenue	-	-	-	-	-	-
Subsidies and grants (Capital)	-	-	-	-	-	-
Subsidies and grants (Operational)	-	-	-	-	-	-
Direct charges revenue	3,442	-	-	-	-	-
Rental revenue	4,755	2,768	3,112	3,473	3,869	4,313
Finance revenue	920	940	965	990	1,015	1,040
Dividends	25,768	29,287	32,934	36,719	40,940	45,649
Fines	-	-	-	-	-	-
Other revenue	670	131	149	165	181	208
Internal charges	-	-	-	-	-	-
Total revenue	35,555	33,126	37,160	41,347	46,005	51,210
Employee expenses	5	5	5	8	10	10
Administration expenses	1,076	953	1,069	1,196	1,341	1,485
Grants & subsidies expenses	-	-	-	-	-	-
Operational expenses	2,984	1,033	1,156	1,297	1,445	1,605
Repairs & maintenance expenses	977	570	643	715	798	888
Depreciation and amortisation	80	80	80	80	80	80
Finance expenses	15,716	24,135	24,261	15,646	(7,818)	(40,250)
Internal charges	-	-	-	-	-	-
Total expenses	20,838	26,776	27,214	18,942	(4,144)	(36,182)
OPERATING SURPLUS / (DEFICIT)	14,717	6,350	9,946	22,405	50,149	87,392
<u>CAPITAL EXPENDITURE</u>						
• to meet additional demand	-	-	-	-	-	-
• to improve the level of service	3,500	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE	3,500	-	-	-	-	-
Gross proceeds from sale of assets	(28,000)	-	-	-	-	-

Figure 2

Investments Operating Revenue – 30 Years

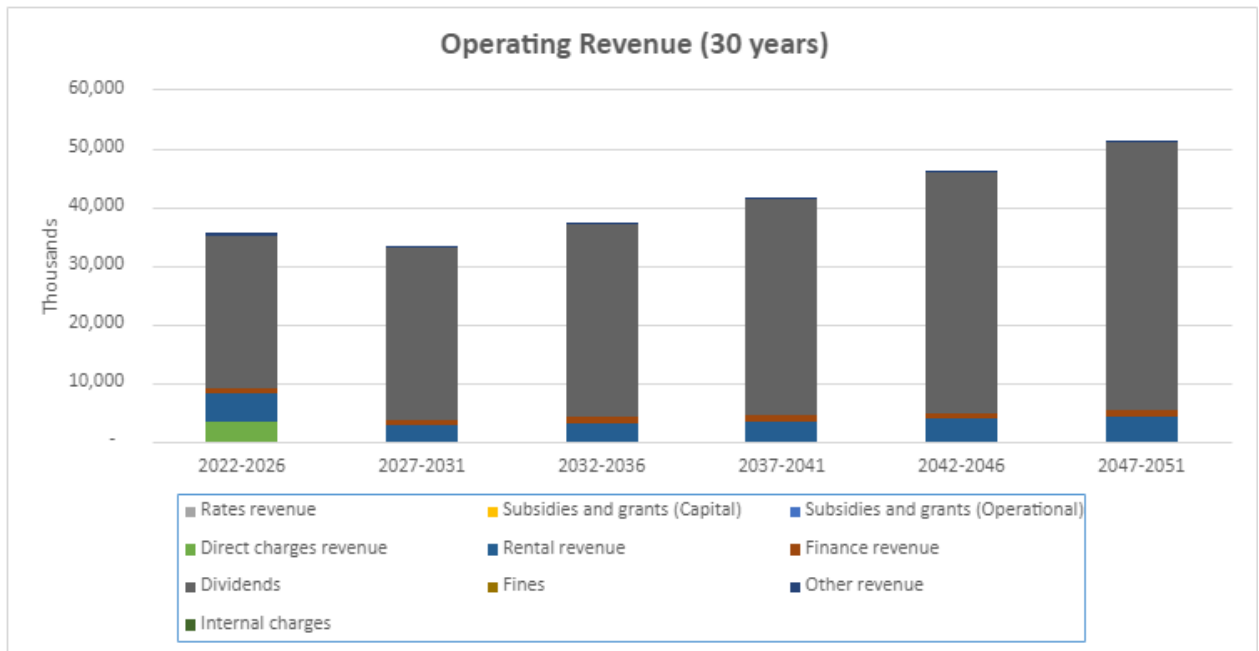


Figure 4

Investments Operating Expenditure – 30 Years

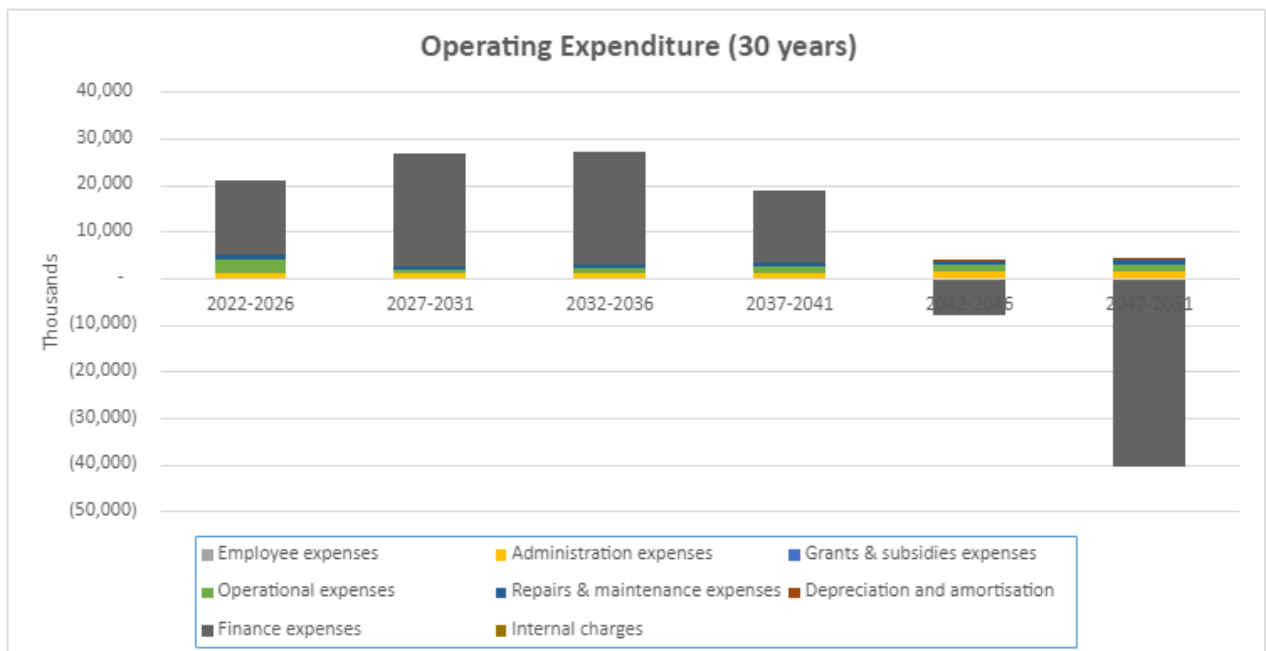


Figure 6

Investments Capital Expenditure – 30 Years

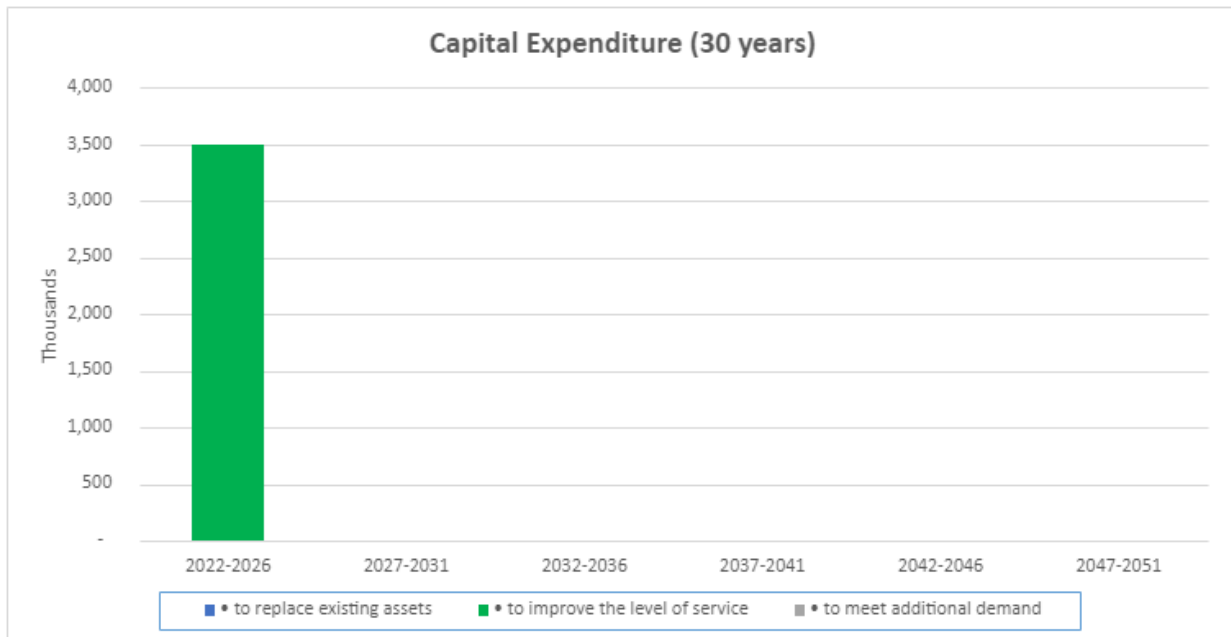


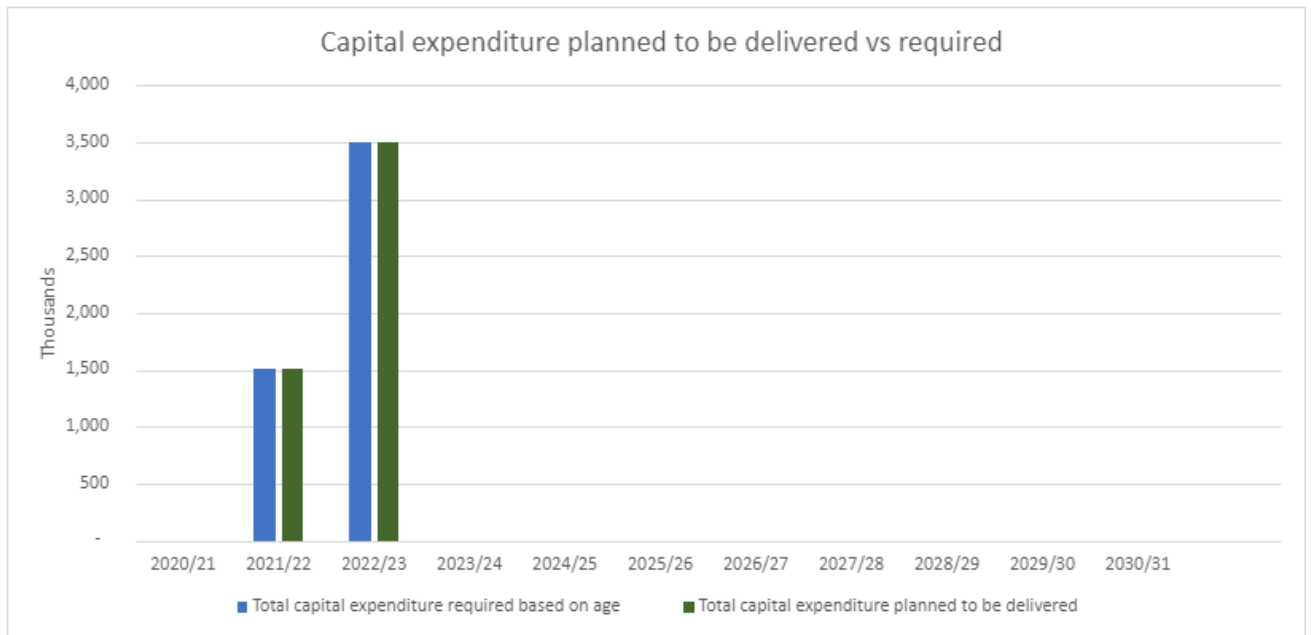
Table 8

Investments Capital Expenditure Planned Delivery vs Required

	2020/21 Annual Plan (\$000)	2020/21 Forecast (\$000)	2021/22 LTP (\$000)	2022/23 LTP (\$000)	2023/24 LTP (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)
<u>Capital expenditure required based on age</u>												
• to meet additional demand		-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service		1,400	3,500	-	-	-	-	-	-	-	-	-
• to replace existing assets		108	-	-	-	-	-	-	-	-	-	-
Total capital expenditure required based on age		1,508	3,500	-	-	-	-	-	-	-	-	-
<u>Capital expenditure planned to be delivered</u>												
• to meet additional demand		-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service		1,400	3,500	-	-	-	-	-	-	-	-	-
• to replace existing assets		108	-	-	-	-	-	-	-	-	-	-
Total capital expenditure planned to be delivered		1,508	3,500	-	-	-	-	-	-	-	-	-

Figure 7

Investments Capital Expenditure Planned Delivery vs Required



This graph shows that the capex funding requested for renewal of existing assets will be fully funded in the Long Term Plan

6. How we'll know we're delivering

How we'll manage improvements

Council operates on a four-weekly cycle with meetings for the two committees of Infrastructural Services Committee and Performance, Policy and Partnership Committee that look into each department at Council and are provided with extensive monitoring and reporting of levels of services for activities and assets that come out of that department, alongside monthly financial accounts for each department. The Committee will question these reports with Managers present to answer any questions that arise from the reports.

The information for these reports is entered into various software systems. This monitors the performance both fiscal, and service based against targets and budgets from Council's Long-term Plan. Targets can be key performance indicators, internally driven targets or provided from a Ministry that oversees that area, i.e. Department of Internal Affairs. At a full Council meeting these reports are then received.

Frequency of Review

Every financial year Council prepares an Annual Report that is the key document in ensuring the expenditure for the year was efficient and is pertinent in ensuring accountability to the community and ratepayers.

The Annual Report does not just show the current financial status, but also shows the levels of service for all Council activities and assets measured against the yearly targets set in the Long-Term Plan. These are measured and reported quarterly in the Council meetings. The Annual Report is a holistic overview of their performance.