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*Napier City Council*  
**LONG TERM PLAN  
2018-2028**

Adopted 29 June 2018



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*

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## Mayor's Message

Thank you, Napier, for your input into this document, our Long Term Plan 2018-28.

These plans set out our budgets and work programme for the next 10 years – with the first three years provided in detail and the following seven in outline.

The plan describes the projects that we are investing in, particularly our critical infrastructure, as well as other important areas for the community. We show where our money is coming from and how it will be spent as part of our plan – and we are committed to providing this in the most cost effective way.

More importantly our Long Term Plan is a time when the community has the chance to influence our direction and priorities. We began the LTP process in August of 2017 with our innovative and interactive Say It Napier! website, pop-up events around the city, Councillor-led meetings and quick-response postcards available to fill out. From the many hundreds of ideas gathered during this process, we were able to decide on several priority projects for our city – projects that will make Napier a more vibrant, energetic, and efficient city in which to live.

I am pleased that we have been able to respond to issues raised by our community during consultation. You told us that infrastructure should be our highest priority, and we agree.

Water is a key focus – the provision of drinking water, along with how we manage waste and stormwater to support the sustainability of our city and lifestyle. In fact, four of our five major projects involve water – the provision of dechlorinated water stations, a pool upgrade, our Ahuriri Master Plan and the National Aquarium of New Zealand Expansion Project.

After many years of discussion and robust debate with previous Councils, we have agreed to update our Investment policy to provide more flexibility around our leasehold land. In essence, we will be looking at each case individually before committing to any sale, while ensuring that we maintain the level of income required of the portfolio. Many leasehold land owners have let us know that they are pleased with the recommended changes that this Council put forward after listening to their concerns.

We are extremely proud that at the conclusion of this 10-year period, we will have reached our goals without any lingering external debt. What we borrow will be repaid by 2028, with just over 50% of our total revenue being generated from rates.

Our Parklands development will wrap up during the coming 10 years, but we have set aside further funding for future income generating opportunities.

And, finally, we will continue to provide a good balance of both infrastructure and community spending, that is, a mix of “the essentials” and “the sparkle” – providing places to play, parks and gardens, events and entertainment.

This is a progressive, exciting plan for Napier and one that will enable us to go from strength to strength – we are sure it will contribute towards making our city the very best in New Zealand in which to live, work, raise a family and do business.

Our plan is well placed to deliver our vision of “A vibrant and sustainable city for all.”

Thank you again for your involvement.



Bill Dalton

Mayor of Napier



# 2018-2028 Long Term Plan

## Consultation

### Pre-engagement

The pre-consultation engagement for the LTP attained significant interest from the community with over 1,000 ideas or feedback comments provided via a number of methods. This is ten times the number of comments received in 2015. Engagement was targeted to solicit ideas and feedback from a range of residents. The most successful engagement was using pop-ups at other existing events.

Using technology, including videos, social media and the website proved to be a successful method of engagement also. The Say it Napier! branding ensured high visibility and continues to be used for all engagement activity in Council. This pre-consultation engagement approach received positive feedback from the community and other councils.

The following key themes emerged from the engagement process:

- More places to go, and things to do
- Look after our locals
- Keep our city safe
- A new pool
- Take care of our environment

### Formal Engagement

The 2018-2028 Long Term Plan Consultation Document (CD) was adopted by Council on 10 April 2018. The CD and related material went live on the Say it Napier website on 13 April, the start of a month-long period of Consultation. For the first time, the CD was provided in an accessible format (for those with a visual impairment) and a New Zealand Sign Language (NZSL) version. Printed copies of the CD were delivered to Napier households by 24 April and were also available from Council facilities and a booth that was located at Pak n Save Tamatea and Pettigrew Green Arena.

A total of the 20 consultation activities were held including five shopping centre sessions and two community meetings (Community Chat). Targeted sessions were

held with the Māori Consultative Committee, Napier Youth Council, William Colenso High School, Napier Disability Advisory Group and Napier, Age Concern Kaumatua and Kuia group, and Napier & Districts Grey Power. Individual Councillors made presentations through their networks. Councillors also led 'handout pop-ups at six locations across the city throughout the consultation period.

An advertising and promotions campaign was implemented just prior to the consultation period. The campaign included traditional tools such as newspaper advertising, radio and billboards. Our social media campaign featured a tailor made video and vignettes. In addition, we used digital advertising placement and information was sent out through a variety of email groups (e.g. Napier Community Network, Young Professionals and Disability organisations membership groups).

### Submissions

Council received 812 submissions with 50% submitted online via the Say It Napier website. The total number of submissions is an increase of 15% over the 700 submissions in 2015. However the 403 online submissions is a lower number than the 432 in 2015 and the percentage of online submissions has dropped from 62% to 50%.

### Changes Resulting from Consultation including other recommendations from Council

Following the hearing of submissions between 1 June and 6th June, Napier City Council made the following decisions and changes:

- Sport Hawke's Bay: One off additional \$20,000 (funded from Council Projects Fund) to support low participation areas through programme delivery
- Hawke's Bay Community Fitness Centre Trust: \$2m (unfunded) provision in the Long Term plan for 2021/22 for the development of the Fitness Centre to be consulted in the next Long Term Plan
- Napier City Business Inc: One off payment of \$25,000 to assist the with the development and implementation of its strategy ensuring that it aligns with the City Vision principles
- Hawke's Bay Knowledge Bank: One off grant of \$23,000 (funded from Council Projects Fund) to assist with addition staff costs

## 2018-2028 Long Term Plan - Consultation continues

- Toimata Foundation: \$15,000 pa for three years (funded from Council Projects Fund) to assist with the Enviroschools project
- Hawke's Bay Biodiversity Foundation: Seed funding grant of \$50,000 (funded from Capital Reserve Fund) with an expectation that the foundation reports back in a year on progress on the strategy and projects
- Hawke's Bay Hockey Artificial Surface Trust: \$500,000 (funded from Capital Reserve Fund) as per past LTPs (funded from Capital Reserve Fund), an additional \$500,000 (funded from Parklands Fund) and a loan guarantee of \$500,000 for the delivery of an additional artificial hockey turf at Park Island
- Surf Life Saving NZ: One off payment of \$20,000 (funded from Council Projects Fund) to support surf lifesaving staffing requirements for Hawke's Bay
- De-chlorinated water stations: An initial two de-chlorinated water stations to be provided. The locations are still to be agreed and a report will be brought to Council. The provision of the stations and ongoing operating costs to be funded from rates. (note: corresponding decreases in rates have been identified in the changes below). Further stations will be determined based on usage
- Napier Aquatic Centre Development: Council to proceed with the proposed 25m x 25m Pools and Play option in the new location and retain the allocated \$41.3 million for this project in the LTP, subject to the following caveats.
  - > Post-move development and funding plan put in place for Onekawa
  - > Outdoor space built-in to the new complex
  - > Scope of Tender agreed by Council before it goes out
  - > The site investigations for the new location being completed
- Animal Control: Revenue from dog registrations is adjusted from year two to recognise increased number of dog owners and expenditure adjusted to include a minor reduction in costs relating to the provision of the service
- Public Toilets: Capital expenditure in years six to year ten is reduced by \$2m
- Anderson Park: Capital expenditure of \$1.2m for the Anderson park upgrade is removed from the capital plan (\$112,000 in year 6 and \$1.1.m year 7) due to a duplication
- Housing Review: \$200,000 to be allocated to undertake the housing review (funded from the housing ring fenced fund)
- Te Awa Development: \$500,000 added, \$250,000 in 2018/19 and 2019/20, for investigation/design requirements for the Te Awa development (funded from Capital Reserve Fund)
- Dredging Disposal Consent: \$25,000 pa for years one and two (allocated from existing Reserves activity budgets funded from rates) for consents for dredging disposal at Westshore.
- Aquarium Business Case: Funding of \$300,000 in 2018/19 for the business case to be moved from rates to the Capital Reserve Fund
- Council Projects Fund: One year increase of \$100,000 in 2018/19 for items funded from the Council Projects Fund (sourced from unspent Council Projects Fund budget from 2017/18)
- Non-strategic leasehold land: Council to proceed with the preferred option to enable the sale of non-strategic leasehold land on a case by case basis, subject to alternative investments being identified. This policy change will reflect the following resolutions from the Strategy and Infrastructure Committee meeting on 30 January 2018:
  - > To allow freeholding of non-strategic land using as a guide the June 2016 Boffa Miskell report "Napier City Investment Portfolio: Urban Landscape Strategic review" on a case by case basis.
  - > That recommendations on the freeholding of all identified non-strategic land be considered by the Audit and Risk Committee in the first instance for recommendation to Council.
  - > That the sale of leasehold land be a Decision of Council.
  - > That a divestment and investment policy for the sale proceeds is established and approved by Council resolution prior to the release of any leasehold land

# 2018-2028 Long Term Plan - Consultation continues

## Other Funding Issues in the LTP

### Housing

Napier City Council is required to review its services every six years, with Community Housing Service being reviewed in 2017. The review recommended that we investigate two options further (1. Sell or lease out the low cost rentals and potentially a few retirement rentals and 2. Contract out delivery of the whole service through a partnership with a community housing provider) and Council added a third option to review and improve the current service providing both retirement and low cost rentals.

Should a significant change to our provision of Community Housing be proposed we will consult with the community and importantly with our tenants. In the meantime, we are making some changes to our current policies to ensure they are appropriate for the services that Council provides and this housing is provided to the right people. Current policy links income increases to superannuation increases and CPI.

Since there has been no decision made regarding the future provision of the service the LTP is based on the current model with all costs and income managed in a ring-fenced fund. Past plans did not ring-fence the funding. By the end of the ten years of the plan the ring-fenced fund will be in deficit by \$4.7m. This is driven by two factors, the current rental being received and the level of expected maintenance over the next ten years. It is anticipated that the review will resolve both matters. The deficit is incurred beyond first three years of the plan. For this reason, and knowing that further consultation was being undertaken, the approach of showing the fund in deficit has been taken.

### Westshore Erosion and Remediation

Council's focus at present is on understanding and mitigating coastal erosion and inundation as a result of climate change. An Unfunded provisional budget of \$8.8m has been provided in the Long Term Plan to address the erosion issues at Westshore.

There is currently a working group considering the impacts of sea level rise and coastal erosion and further information and options will come from this review. Council is actively participating in the Coast Hazards Strategy with the aim of working through a solution, including funding, as a region. There are still decisions to be made

on public/private benefit and therefore who will be funding the required works. A decision is yet to be made on whether these funds will be managed at the Regional or City/District Council level. Until these decisions are made, the required works have been left unfunded. These will be consulted on as part of the next Long Term Plan or earlier if appropriate.

### Hawke's Bay Community Fitness Centre

The Hawke's Bay Community Fitness Trust are currently seeking support for the development of the Community Fitness Facilities located at the Regional Sports Park. This development will benefit the region and the data provided has indicated that 40% of the proposed users of the development will be from Napier City. Council supports this project and to assist with fundraising has signalled a \$2m unfunded budget provision in 2021/22. This will be subject to consultation in the next Long Term Plan 2021-31.



# Napier City

## Where We Come From

### History

Napier has a well established Māori history with Ngati Kahungunu being the dominant iwi in the area and one of the first tribes to come into contact with European settlers. The area was first sighted by Europeans in 1769. Traders, whalers and missionaries visited and permanent settlement began after 1854. Over the sixty years following its establishment as a borough in 1874, Napier steadily developed primarily as a result of the Port's expanding activities and economic development of the surrounding rural hinterland.

The major 1931 earthquake raised some 4,000 hectares of seabed within the City which was used progressively for residential, industrial and commercial development. Following World War II, further industrial development was encouraged in Napier. The City's progress has been heavily influenced by the performance of the extensive regional economic base of pastoral farming, horticulture, forestry, wine, processing and tourism.

Napier has now evolved into a modern and attractive key regional centre providing a great lifestyle with a wide range of services and social and economic opportunities for its residents.

### Cultural Identity and Assets

Napier's historical development and cultural identity has been significantly influenced by a number of interrelated factors, including its coastal location, attractive climate, the enduring impact of the major 1931 earthquake (additional land and Art Deco heritage) providing major resources, the wine industry and complementary food, hospitality, café and arts sectors, and the City's ideal living environment. All of these aspects continue to underpin the growth and development of Napier. The Napier City Vision, through its principle 'Our People Our Stories' promotes the significance of place to mana whenua and community. It seeks to celebrate and honour our identity and history and weave this into how we design our city and the landscape around us.

Napier's key cultural assets include:

- Its unique Art Deco heritage, events and infrastructure

- Marine Parade - the iconic Norfolk Pines and tourist attractions with its emphasis on family attractions (Kids Captial)
- The MTG Hawke's Bay - Museum, Theatre and Gallery complex including an extensive Māori/Ngati Kahungunu taonga collection
- Faraday Centre and Holt Planetarium facilities
- City galleries and theatres
- Historic Otatara Pa in Taradale, Atea Rangi at Waitangi Park and other important Māori sites around Napier
- Nationally recognised wineries and associated restaurants
- Creative Arts Napier (CAN), Arts Trail, and events
- Public reserve and recreational areas, including the Botanical Gardens and pathways network
- Napier Municipal Theatre - the base for a wide range of performing arts in the City
- Eastern Institute of Technology (EIT) Hawke's Bay, in particular its art and design, Māori studies and tourism/hospitality sections
- Other important heritage locations in the City (e.g. Ahuriri and Meeanee areas), including Estuary and its significance
- Public libraries
- The community/social infrastructure of service clubs and arts/craft organisations

## Where We Live

### Our Natural Environment

Napier is a compact coastal city contained within its boundaries of the Esk and Tutaekuri Rivers to the north and south, western hills and Hawke Bay to the east. The City offers a mixture of hill areas and large areas of flat land with reserves and beaches providing everyone easy access to both green space and water. The Ahuriri



## Napier City continues

Estuary is the natural jewel of Napier city providing residents with a unique high amenity recreational area. The Estuary is also a biodiversity sanctuary that provides the habitat for a wide range of wildlife species.

Key features of Napier include:

- Attractive Mediterranean-style climate (fine warm summers and cool moist winters).
- The National Aquarium includes a kiwi breeding programme.
- The underground aquifer providing quality water to Napier.
- The fertile soils of the Napier-Hastings/Heretaunga Plains area which provide the base for the local fruit and horticultural sector.
- The Ahuriri Estuary and our coast and river network, which provides for a range of recreational activities and wildlife conservation areas.

### Our Built Environment

Napier is world renowned for its Art Deco architecture. Art Deco was the style at the time the City was rebuilt after the 1931 earthquake and Napier has focused on this for its continued development. It is the base of a vitally important tourism sector. The City will continue to grow in a managed, steady rate to provide quality infrastructure to support its citizens and visitors.

The City Vision aims at improving the quality of the built environment in Napier by implementing good urban design guidelines and principles throughout the various urban zones.

Important components of the built environment include:

- The Marine Parade with its various local resident and visitor amenities and attractions. For example, the National Aquarium of New Zealand, Napier i-SITE Visitor Information Centre, Par2 MiniGolf, Napier War Memorial Centre, Ocean Spa Pools, MTG Hawke's Bay, Bay Skate, Junior Bike Track and Bike Pump Track
- The retail and commercial areas of the CBD, Marewa, Onekawa, Pirimai, Taradale and Bay View

- The Art Deco quarter of the Central Business District.
- The iWay Napier footpath/cycle pathways that connect residential areas with employment areas, schools and education centres, reserves and recreational areas. The network together with Rotary and other pathways, provides for recreation and travel around the city
- The EIT Hawke's Bay and Pettigrew Green Arena - tertiary education, student accommodation and recreational/events complex
- The Park Island regional sports and recreational complex, which is the basis for a wide range of regional, national and some international sport and the McLean Park/Nelson Park complex. These facilities are balanced with reserves throughout the City which are continually increasing in number with the growth of urban areas
- A variety of residential areas - established areas from Napier Hill through to Taradale, and newer residential areas developing in the north-west and south-eastern parts of the City such as the western hills
- Ahuriri (coastal port community) has been developed from an industrially orientated area into a thriving commercial, tourist, recreational, leisure and residential area
- The industrial areas of Onekawa West, Pandora and Awatoto
- The Port of Napier shipping/freight complex is the leading port for central New Zealand
- The Hawke's Bay Airport that caters for domestic and commercial travel

### Who We Are

Over the next 10 years Napier's population is set to grow by 5.98% or 3,750 people taking us to a total population of 66,450 by 2028. This is slightly higher than the projected population growth in the Heretaunga Plains Urban Development Study of 4.26%. Most of the growth will occur in the over 65 years of age bracket and this will continue in subsequent decades with around one third of the population being over 65 by 2038, way above the national population proportion of 23%.

# Napier City continues

## Other Social Indicator Trends

Napier City Council conducts regular surveys of social conditions in Napier and the following results for the latest 2017 survey show that Napier remains well on its way to providing the desired community well-being:

- Over 90% of the households surveyed had Internet access, whether at home or elsewhere.
- The majority (93.5%) of households continue to remain more than satisfied with the quality of their current homes.
- 83% of the households surveyed owned their homes and 17% rented them.
- Most people are satisfied with their personal health situation and have had no particular difficulties in accessing suitable health care when necessary.
- Almost all respondents, have a high level of satisfaction with their personal safety in the City, with most feeling safe or fairly safe.
- The majority of the people responding to the survey believe Napier to be a caring community where people look after one another.
- 27% of those surveyed in 2017 undertook regular voluntary work, whilst 11.5% were members of voluntary social service groups in the community.
- Over half of people felt that the relationship between the different ethnic groups in Napier was generally satisfactory.
- 55% of the survey respondents felt that their overall quality of life in Napier had improved over the past five years, with almost 46% reporting no improvement.

## Demographic Outlook

The projected total City household growth over the life of the LTP is 1,700 or 7%. This is slightly higher than the 10 year household growth projected in the Heretaunga Plains Urban Development Study of 6.51%.

Total household numbers are projected to be 26,550 in 2023, growing to 27,400 by 2028. The projected development split for the period is for 43% as infill, 54% as greenfield and 3% as rural.

From 2015 to 2018, there were 700 new households.

## Economic Profile

Council supports and encourages a thriving Napier and Hawke's Bay economy and business culture which helps nurture and grow local start-ups, provides support to help existing businesses expand and prosper, kickstart new investment and attract new residents and businesses to the area.

Council continues to support Matariki REDS which is focused on growing jobs across the region, increasing household income and raising up Hawke's Bay economic performance into the top quarter of New Zealand regions. To further enhance our local economy, Council is looking to develop a Napier Economic Development Strategy (NEDS) that integrates and aligns with Matariki REDS. Stakeholder consultation has begun. NEDS will position Napier to achieve sustainable growth and prosperity by growing existing businesses, nurturing start-ups, growing a pipeline of entrepreneurs and attracting new firms, people and new investment. We will build on the innovative capacity of our businesses, build twenty-first century infrastructure, turn start-ups into scale-ups and seek to diversify the economy. We will do this by supporting emerging players, especially in the digital economy, by creating dynamic spaces in growing parts of the City such as Ahuriri to enhance the experience of those working in the innovation sector and by attracting new skilled talent to the city.

Napier's largest industry sectors in GDP terms are commercial/business services, wholesale, retail and hospitality services, processing and manufacturing, and health, education and community services.

## Economic Trends

The New Zealand economy while very much influenced by the world economy is forecast for moderate growth over the next few years but with uncertainties around net migration and the impact of government policies on the housing market.

## Napier City - Economic Profile continues

Real GDP is forecast to grow by 2.2% year on year. This is lower than the 3.8% recent trend. A possible catalyst for a slowing in GDP growth is a further tightening in credit conditions. Businesses report that it is difficult to access credit as banks worked to close a “funding gap”.

It is expected that the Hawke’s Bay economic outlook will remain positive over the life of the plan with annual GDP growth of 2.2 - 2.8% over the period.

The technology sector is already emerging as a future powerhouse of the New Zealand economy.

New Zealand’s technology sector has become the country’s third biggest export sector as the top 200 companies burst through \$10 billion in sales in the year to October 2017. The Technology Investment Network (TIN) said overseas earnings last year were \$7 billion, with only tourism and dairy earning more.

Napier is emerging as a potentially key node in New Zealand’s technology sector. The City and the Hawke’s Bay region have excellent advantages in the traditional economy – the airport, the port, good roading infrastructure and a great lifestyle that appeals to companies and households.

In addition, the region also has great technology infrastructure, with fast, reliable and affordable broadband, an ICT school at the Eastern Institute of Technology (EIT), and an emerging start-up scene in the tech sector. Since one of the main growth constraints on the sector is the shortage of high tech skills, Hawke’s Bay will need to up its game in the nurturing of technology talent.

A recent study of Hawke’s Bay industry growth sectors undertaken by EIT and commissioned by Business Hawke’s Bay and MBIE that the technology sector is one of the strongest local industry sectors that is projecting growth in entrepreneurship and investment opportunities.

The total number of visitor arrivals into Napier for the year to April 2017 is estimated at 750,000 comprising commercial accommodation 45%, Visiting Friends and Relatives accommodation 41% and cruise ship passengers/day visitors the balance of 14%. The average forecast growth in visitor numbers for Napier is 4.5%.

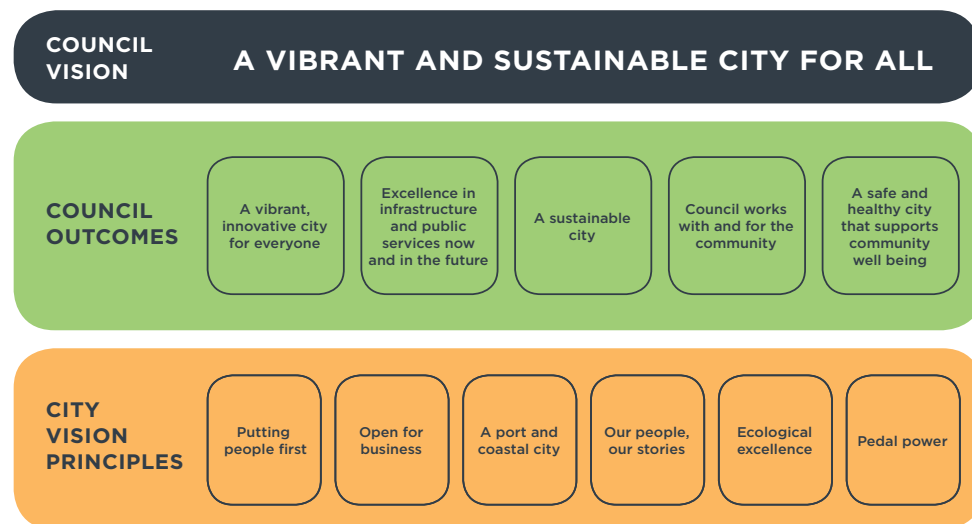
The MBIE estimate for total visitor spending in Napier over the April 2017 year is \$325 million, 21% above the 2009 figure and 32% up on the low figure for the historical period of \$247 million for the April 2012 year. Based on this information, the projected annual average growth rate for Napier is at 4.5% for the 2018-2030 forecast period.



# Strategic Priorities

## Mission

To provide the facilities and services and the environment, leadership, encouragement and economic opportunity to make Napier the best city in New Zealand in which to live, work, raise a family, and enjoy a safe and satisfying life.



## Focus

Water is a key focus in this LTP - the provision of drinking water, along with how we manage waste and stormwater to support the sustainability of our city and lifestyle and the major water focussed projects; Napier Aquatic Centre Development, Ahuriri Master Plan projects, improvements to the Inner Harbour and the National Aquarium of New Zealand Expansion.

The aim is to achieve a balance between core infrastructure services and upgrades, and the events and extras that make Napier vibrant and sustainable.

Other projects in the LTP include a further extension of the Destination Playground, continuing with the Park Island Master Plan, and a continued focus on the impacts of coastal erosion and potential solutions arising from the Coastal Hazard Strategy. A Library Strategy will be developed to inform the future direction and location of the library. A review of the Council Housing portfolio will be undertaken to ensure the service provision meets both current and future requirements in an affordable manner. A Hawke's Bay Investment Strategy also aims to attract and grow businesses in Napier and wider Hawke's Bay area.

The Waste Management and Minimisation Plan is currently being developed jointly with Hastings District Council. Consultation has been undertaken to help inform the future delivery of this service with a focus on ensuring sustainability for the City.

## City Vision

Council's City Vision (2015) sets the vision and strategic framework to guide Napier to an integrated and exciting future. It focuses on three key areas of the city: the City Centre; Ahuriri; and the Waterfront. High quality urban design underpins the guiding principles of the city vision which are:

- **Putting people first** is about adding value and improving the well-being of Napier residents and also focussing on quality, building legacy and keeping the city fresh and vibrant.
- **Open for business** seeks to grow the economy and generate wealth by making regulation easy for investors.
- **A port and coastal city** recognises the economic benefits of having a major port in the city and seeks to strengthen our coastal identity.
- **Our people, our stories** celebrates our heritage and values relationships.
- **Ecological excellence** focuses on sustainability and improving the natural environment.
- **Pedal power** seeks to implement sustainable modes of transport.

# Strategic Priorities continue

## Infrastructure Strategy

The Infrastructure Strategy outlines how Council assets will be managed. The focus for the next three years includes:

### Transportation

- Develop a strategy to guide future development of the transport network. Undertake an assessment of bridges and retaining structures.
- A review of road services looking at maintenance, stormwater runoff and new roading. Promoting sustainable transport is also a key focus area for the strategy.

### Inner Harbour

- Address immediate issues, investigate longer term opportunities and integration with the Ahuriri Estuary Master Plan

### Three Waters

- Continue to improve knowledge of performance and condition of infrastructure.
- Replace automation and monitoring equipment for three waters.
- Continue our safe water programme investigating water source capacity and groundwater source quality.
- Improve the quality of the urban stormwater by encouraging low impact design infrastructure.
- Investigate future options for wastewater treatment and disposal. Investigate infiltration and inflow into the wastewater system.
- Government undertaking a review under three waters. Linkage to regional governance and opportunity for greater collaboration.

### Parks, Reserves and Sportsgrounds

- A plan that will guide the use, standards and development of parks, facilities, reserves and green spaces throughout the city and an update of our reserve management plans.

- Promote connectivity and continuous linkages of parks and reserves where appropriate to achieve higher amenity for residents and provide biodiversity corridors for wildlife.

### Cemeteries, Public Toilets, Buildings and Property

- Investigate remaining earthquake risk, deferred maintenance, heritage and asbestos issues.
- Develop business case for Civic building requirements.

### Financial Strategy

The Financial Strategy sets the overall direction for the Council's finances for the next ten years and beyond. We need to be sure we are spending the right things at the right time and within an affordable limit. Details on these limits are included in the Strategy. With a significant capital programme planned over the next ten years, Council continues to utilise internal funds to offset external debt requirements where possible. This has enabled Council to have no external debt at the end of the first ten years.

We will continue to explore non-rates funded revenue generating opportunities including the potential for a bed levy to assist with funding tourism infrastructure for the city.



## Financial Performance Measures

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
53,319	Rates Revenue	56,104	58,968	61,969	64,975	67,881	70,983	74,161	76,468	78,598	81,040
14,137	Net Surplus	15,433	30,008	45,808	14,698	18,571	16,247	19,025	13,726	12,355	9,910
30,343	Working Capital	67,630	36,978	28,151	20,682	26,520	26,036	29,326	35,279	36,516	36,112
-	Net Public Debt (External)	0	0	30,000	30,000	25,000	15,000	10,000	5,000	0	0
48,943	Internal Debt	50,467	74,924	107,699	115,328	117,628	123,767	130,476	129,381	136,422	135,187
1,552,031	Total Assets	1,629,141	1,701,053	1,782,751	1,795,164	1,879,890	1,893,813	1,915,574	2,008,662	2,024,921	2,044,365
1,529,625	Total Net Equity	1,604,360	1,675,924	1,727,335	1,740,264	1,830,440	1,853,746	1,880,126	1,978,348	1,999,324	2,018,602
47%	% Rates Revenue to Total Revenue	47%	45%	42%	51%	51%	51%	51%	54%	55%	57%
0%	Net Public Debt as a percentage of Total Assets	0%	0%	2%	2%	1%	1%	1%	0%	0%	0%
4.9%	Rates increase to existing ratepayers year on year *	5.2%	5.1%	5.1%	4.9%	4.5%	4.6%	4.5%	3.1%	2.8%	3.1%
25,600	Number of rating units	25,790	25,980	26,170	26,360	26,550	26,720	26,890	27,060	27,230	27,400

\* Excludes expected rating revenue increase arising from growth in the rating base.

# What You Get For Your Rates Dollar



## COMMUNITY SERVICES

Community services - library, pools, grants, MTG, sportsgrounds and reserves, safe community, youth etc



## TRANSPORTATION

Roads, footpaths, bridges, lighting, traffic planning, management and safety, street cleaning



## WASTEWATER

Safe domestic and commercial sewerage collection, treatment and disposal



## STORMWATER

Sustainable stormwater management to minimise flooding



## WATER SUPPLY

Supply of safe potable water and water for firefighting



## OTHER INFRASTRUCTURE

Waste minimisation, cemeteries, public toilets



## CITY STRATEGY

Sustainable management of our resources (city planning, consents, licencing, parking, animal control)



## DEMOCRACY AND GOVERNANCE

Council and elections



## VISITOR EXPERIENCES

National Aquarium of New Zealand, i-Site, Napier Conference Centre, Municipal Theatre  
Note: Kennedy Park and Par2 Minigolf make a profit

# Council Community Outcomes

Council has reviewed and restated its community outcomes as part of the planning process for this LTP 2018-28.

The community outcomes provide the linkage from the Council vision and mission to the Council activities through which the outcomes are achieved. The Activity Group section details contributions of each activity to the community outcomes.

The goals in the table below provide a description of what Council plans to do in order to achieve each outcome.

Outcome	Goals
1. <b>A vibrant innovative city for everyone</b>	<ul style="list-style-type: none"> <li>1.1. Napier is a vibrant city through excellent strategy and planning</li> <li>1.2. Social cohesion is achieved for all ages and ethnicities</li> <li>1.3. Innovative services are provided using technology whilst protecting the environment</li> <li>1.4. Technology connects Napier to the rest of New Zealand and the world</li> <li>1.5. Napier is an appealing tourist destination</li> <li>1.6. Business-friendly economic development is encouraged</li> </ul>
2. <b>Excellence in infrastructure and public services for now and in the future</b>	<ul style="list-style-type: none"> <li>2.1. Facilities and infrastructure will support community and visitor needs, focussing on excellent service and accessibility</li> <li>2.2. Napier's transportation system is safe and affordable</li> <li>2.3. All transport choices are catered for: cars, cycles, pedestrians and disabled users</li> </ul>
3. <b>A sustainable city</b>	<ul style="list-style-type: none"> <li>3.1. Our natural resources are renewed and enhanced. We act as steward for our environment for future generations</li> <li>3.2. Napier values its character and history</li> <li>3.3. Napier is an affordable city to live in</li> </ul>
4. <b>Council works with and for the community</b>	<ul style="list-style-type: none"> <li>4.1. Council guides the city with effective leadership</li> <li>4.2. Council encourages community consultation and collaboration to assist in shaping the future direction of the city</li> </ul>
5. <b>A safe and healthy city that supports community well-being</b>	<ul style="list-style-type: none"> <li>5.1. Services and facilities support social and recreation opportunities</li> <li>5.2. Community safety is supported and improved</li> <li>5.3. Social services are supported</li> </ul>



# Contributions to Decision-making Processes by Māori

The Local Government Act 2002 requires Councils:

- to provide opportunities for Māori to contribute to decision making, and
- to ensure there are processes in place for consulting with Māori.

Te Kaunihera o Ahuriri Napier City Council recognise the important standing of Ahuriri Hapū as mana whenua of Napier, and acknowledge their kinship within the Iwi of Ngāti Kahungunu.

## Relationship building and decision making

Te Kaunihera o Ahuriri has a formal relationship with Māori through its Māori Consultative Committee; this meets every six weeks as part of the governance meeting cycle. The Committee takes place prior to the main Council meetings so that input can be provided on any items that may directly affect Māori. The committee is also invited to attend councillor-only seminars.

Council holds a special position for an appointed Kaumātua to ensure mana whenua integrity is maintained, and that cultural protocols and practices are advised appropriately to the Mayor, Councillors and the Chief Executive.

Ngāti Kahungunu is represented in Napier City by Te Taiwhenua o Te Whanganui-a-Orotū, which has maintained a consistent relationship with Council over 30 years. Te Taiwhenua o Te Whanganui-a-Orotū enable Council to have direct lines of communication with mana whenua marae, whānau and mātāwaka.

Settlement of Treaty of Waitangi grievances is being achieved across Ngāti Kahungunu with some Hapū post settlement and some Hapū near settlement. Through the Treaty of Waitangi settlement process, new representative entities have emerged, resulting in growing relationships with Post-Settlement Governance Entities Maungaharuru-Tangitū Trust and Mana Ahuriri Trust. Partnerships have also been formed with Iwi and Hapū entities for economic growth through the Matariki Regional Economic Development Strategy.

Te Kaunihera o Ahuriri acknowledge the time and effort required to transition relationships to partnerships, and as such is undertaking a review of its existing opportunities for Hapū to be involved in decision making, deliberately ensuring that engagement and participation in democracy is taking place in ways that are meaningful and long-term.

## Processes for consulting with Māori

Te Kaunihera o Ahuriri is currently formalising its engagement with Māori as part of the development of a Community Engagement and Participation Strategy. This strategy is intended to equip and position Council responsiveness to Hapū aspirations in a post Treaty of Waitangi settlement era.

Specific input from Māori has contributed to the development and implementation of Council initiatives and projects. Including:

- The establishment of Te Rōpū Kaiāwhina Taonga, which provides advice on the care of taonga Māori held by the Hawke's Bay Museums Trust.
- The establishment of a Kaitiaki Liaison Group as part of Council's Biological Trickle Filter project. The Group advised the Council on culturally appropriate treatment of waste for the project, which went on to win a Local Government New Zealand Excellence Award.
- Council was involved in the establishment and building of Pukemokimoki Marae as a Tūrangawaewae (standing place) for all Māori who reside in Napier. Pukemokimoki Marae sits on Council-owned reserve land and a Councillor sits on the Marae Trust. Pukemokimoki celebrated its 10th Anniversary in October 2017 and remains a cultural focus for Māori of Maraenui and wider Napier.



# Infrastructure Strategy

## Executive Summary

Napier is a compact urban city on the east Coast of New Zealand. This 30-year strategy covers the city's main strategic assets of Transportation, Water Supply, Wastewater, Stormwater, Parks, Reserves and Buildings.

This strategy builds on the previous strategy prepared in 2015 and, in particular, it reflects a change from the traditional approach, where a small group of experts applied their knowledge within their area of expertise to determine what needed to be done, to a collaborative and strategic approach across the entire council organisation.

Considerable asset knowledge has been built up over time. The new approach is now adding a new, more disciplined approach to the collection and analysis of asset data and this is enabling the previous knowledge and asset assumptions to be reviewed and challenged in order for Council to take a more strategic approach to its asset planning and work programming. In addition this strategy recognises that additional work is needed to better understand the possible impacts of climate change and natural disasters so that this can be incorporated into the city's network planning.

The previous 2015 Strategy identified that, in general, Napier's assets are in good condition. A 2014 asset life cycle report by Waugh consultants on transportation and the three waters, found that Council had no observable backlog of renewals and that the City's assets were able to deliver the current levels of service. The renewals levels for wastewater, water, and stormwater were not expected to require any substantial increase until 2030. Council has its own internal depot that provides operational support and knowledge around its network, and has condition assessment information on the network through the use of CCTV cameras over time.

The asset portfolio is in a condition that exceeds expectations based on the relative age of assets and the performance of infrastructure is very good. This is evidenced by recent historical extensions of expected lives driven by condition assessments at that time and subsequent to that. This is also evidenced in terms of sound network performance and low network failure rates and that we consistently meet DIA performance measures. Council has only incurred three significant wet weather wastewater overflows over the last 10 years. The roading network condition statistics for smooth travel are above the national average and demonstrate very good condition.

As a result of the Havelock North water Inquiry, and proposed changes to the NZ Drinking Water Standards, Council have responded with a comprehensive programme of work including treatment of the Napier water supply.

Sufficient funding has been provided in Council's 2018-28 LTP to meet the asset expenditure requirements in this strategy and Council's Financial Strategy ensures that Council has the capacity to fund the asset expenditure needs in years 11 to 30 in this strategy

The initial years of this strategy propose an emphasis on improving the organisations asset management practices to enable a more strategic approach to be taken to forward planning for expenditure on the city's network assets. This will ensure that each individual project will provide council with the best long-term value and will contribute towards the most efficient overall network performance.



# Infrastructure Strategy continues

## Introduction

This is Napier City Council’s second Infrastructure Strategy. It has been prepared from Council’s 2018 suite of underlying documents including the Activity Management Plans and the Long Term Plan of which it forms a part.

Recent events in New Zealand including earthquakes, water borne illness, and health and safety requirements has heightened the awareness and interest in the quality of infrastructure services provided by Councils. As a result, resilience, future-proofing, and levels of service expectations.

Napier City is responding as quickly as possible to the change in service requirements, and undertaking reviews of the performance of its networks as part of this process. We are focused on ensuring our infrastructure services meet both current and future requirements.

This approach is evidenced by Council’s proactive implementation of Water Safety projects that have been developed in response to the Havelock North Water Inquiry

and the legislative changes that are anticipated as a result of that process.

The issues discussed within this document reflect the current legislative environment and the communities’ priorities across the city.

The financial forecasts are estimates and while the reliability of the forecasts decreases beyond ten years, they are indicative of current thinking within Council and of the direction in the medium to long term.

## Purpose

The Infrastructure Strategy is a legislative requirement under the 2014 amendments to the Local Government Act 2002. The aim of the strategy is to identify:

- the key infrastructure issues facing the Council,
- the implications of the identified issues, and
- the principal options for managing these issues.

## Strategy Layout

Strategy Section		LGA 2002 (Section 101B)
1	Executive Summary	
2	Identifies the purpose of the Infrastructure Strategy and the core infrastructure included in this strategy	2(a) and 6
3	Describe the district/city and illustrate the linkage between strategic documents	2(a)
4	Describe the core infrastructure, its condition and performance while recording the significant assumptions, risks and mitigation	2, 3(e), 4 (c) & (d)
5	Discuss the emerging issues that will impact on the core infrastructure assets	3 (b) to 3(e)
6	Discuss Council’s response to the emerging issues and the significant decisions to be made during the term of this strategy	2(b), 4(b)
7	Identifies the response options for the significant issues and documents the benefits, cost, when and funding source	2(b); 3(a) to (e) & 4(a) to (c)
8	Identifies the costs associated with the actions proposed	4(a)
9	Discusses the impacts on Council’s finances and links to the Financial Strategy	

## Infrastructure Strategy continues

### Napier City Council Strategic Assets

The Napier City Council is a local government authority created and empowered by Act of Parliament (and subsequent amendments). One of its legislated roles, which is endorsed by the Council's identified Community Outcome: Infrastructure is to provide "Excellence in infrastructure and public services for now and into the future".

The Council's Asset Management Policy identifies assets within the scope of 'asset management' as:

"All land and improvements owned by council including physical assets such as: property, buildings and associated plant, public toilets, roads, footpaths, bridges, pipes, pumps, water detention and storage facilities, water treatment facilities, parks, reserves, sports grounds, cemeteries, the Inner Harbour physical infrastructure, and Council-owned leases and lease-hold properties."

The assets described above are essential to the Council's ability to sustainably deliver important services to the community of Napier City and includes the entirety of the assets listed in the council's Significance and Engagement Policy.

A summary of the assets are listed within the section entitled Significance and Engagement Policy.

**Table 2.1: Napier City Council Strategic Assets**

Asset	Replacement Value	Percentage of Total
Transportation	\$365,452,428	26.6%
3 Waters	\$661,650,890	48.1%
Parks, Reserves & Sportsgrounds	\$168,768,850	12.3%
Strategic Buildings and Properties	\$178,438,030	13.0%
<b>Total</b>		<b>\$1,374,310,198</b>

### What is Napier City

#### Location and Geography

Napier City is situated on the Hawke's Bay coastline.

**Figure 3.1 Location Map**

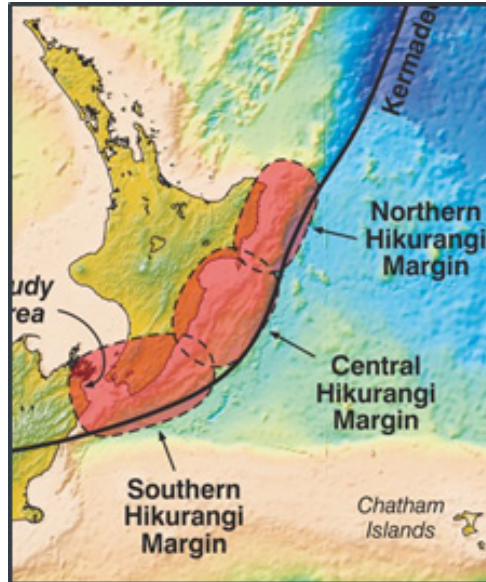


Napier encompasses both the seaport and the airport that service the wider Hawke's Bay and East Coast regions. On the land side it is bounded in all directions by the Hastings District, and both Napier City and Hastings District are located within the area of the Hawke's Bay Regional Council.

Napier is located in a seismically active area adjacent to the Hikurangi Subduction Zone and has experienced a number of large magnitude large earthquakes in known history. The most recent substantial event was in 1931 which resulted in destruction of large parts of the city and the up-thrust of large areas of the former estuary. This event provided additional land into which the city has grown and on which the airport is now located. The presence of the subduction zone and potential for mega-thrust earthquakes also poses a known tsunami risk to the City and wider coastal region.

## Infrastructure Strategy continues

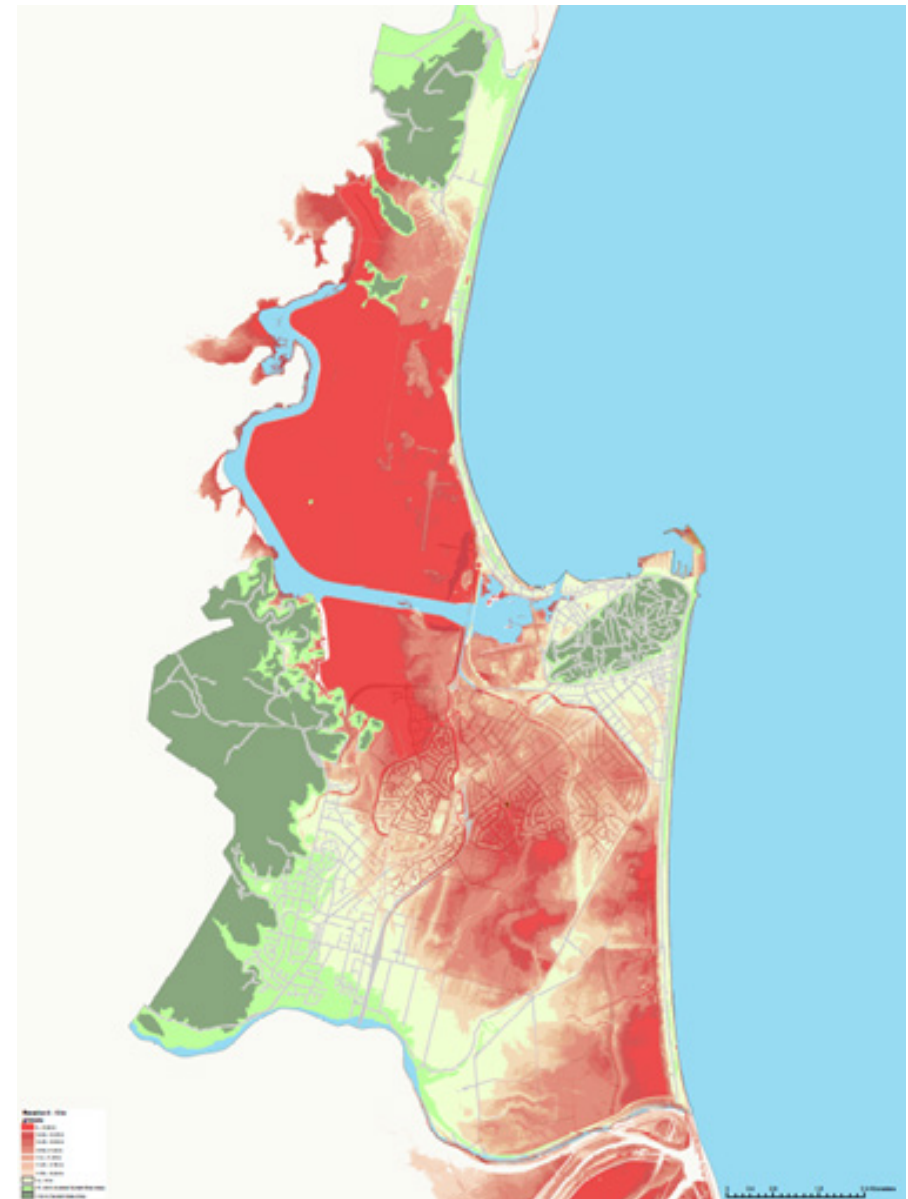
Napier contains suburbs which are built on hill formations including; Hospital and Bluff Hill, parts of western Taradale, Poraiti and Heipipi (above Bay View), however



approximately 90% of the city by developed area is low-lying and very flat ranging in elevation from at or just below sea level in some foreshore suburbs, to about 5m above sea level at the base of the northern and eastern parts Hills. Developments in this flat area are built on a mixture of alluvial gravels, former swamp, and the portion of the former lagoon bed that was lifted in the 1931 earthquake and subsequently drained to convert the swamp to usable land. As such the low lying suburbs not directly adjacent to the waterfront are vulnerable to both ground-water level rise and liquefaction (see Figure 3.3).

Figure 3.3 illustrates the extent of low lying land in Napier, where mean sea level (sea level at half tide) is set to 10 metres in elevation and the red shaded areas show land up to 12 metres in elevation (i.e. up to 2 metres above mean sea level).

Figure 3.3 Ground Level Map



## Infrastructure Strategy continues

### Climate

Napier, Hawke's Bay has a temperate marine coastal climate that is by global standards mild with no dry season, and warm summers. Heavier precipitation occurs during the mild winters which are dominated by mid-latitude cyclonic weather patterns (lows).

The average annual temperature is 14.3 degrees Celsius. Average monthly temperatures vary by 10.3 °C. Total annual Precipitation averages 809.7 mm which is equivalent to 809.7 litres/m<sup>2</sup>. On average, there are 2281 hours of sunshine per year.

	Spring	Summer	Autumn	Winter
Average High	18°C	22.7°C	18.7°C	13.7°C
Average Low	9°C	13.7°C	10°C	4.7°C



### Population Growth

Napier has experienced a steady level of growth since 2001 increasing in population from 53,661 (2001 census) to 57,240 (2013 census). The 2017 population estimate supplied from the Council's statistical consultant, Economic Solutions Limited, is 61,100 and is projected to rise to approximately 71,000 by 2048 (an increase of 18.9% over the next 30 years).

A comparison of Napier's population statistics against national averages:

**Table 3.1**

Population Aspects	Napier	National Average
Average Age	41.6	38.0
Greater than 65yrs of age	18.6%	14.3%
Less than 15yrs of age	20.2%	20.4%
Medium income	\$26,000	\$28,500
Income greater than \$50,000	22.1%	26.7%
One family households	65.7%	68.3%
One person households	28.0%	23.5%
Average Household size	2.4 people	2.7 people
Dwellings privately owned	65.6%	64.8%
Average rent	\$260	\$280

# Infrastructure Strategy continues

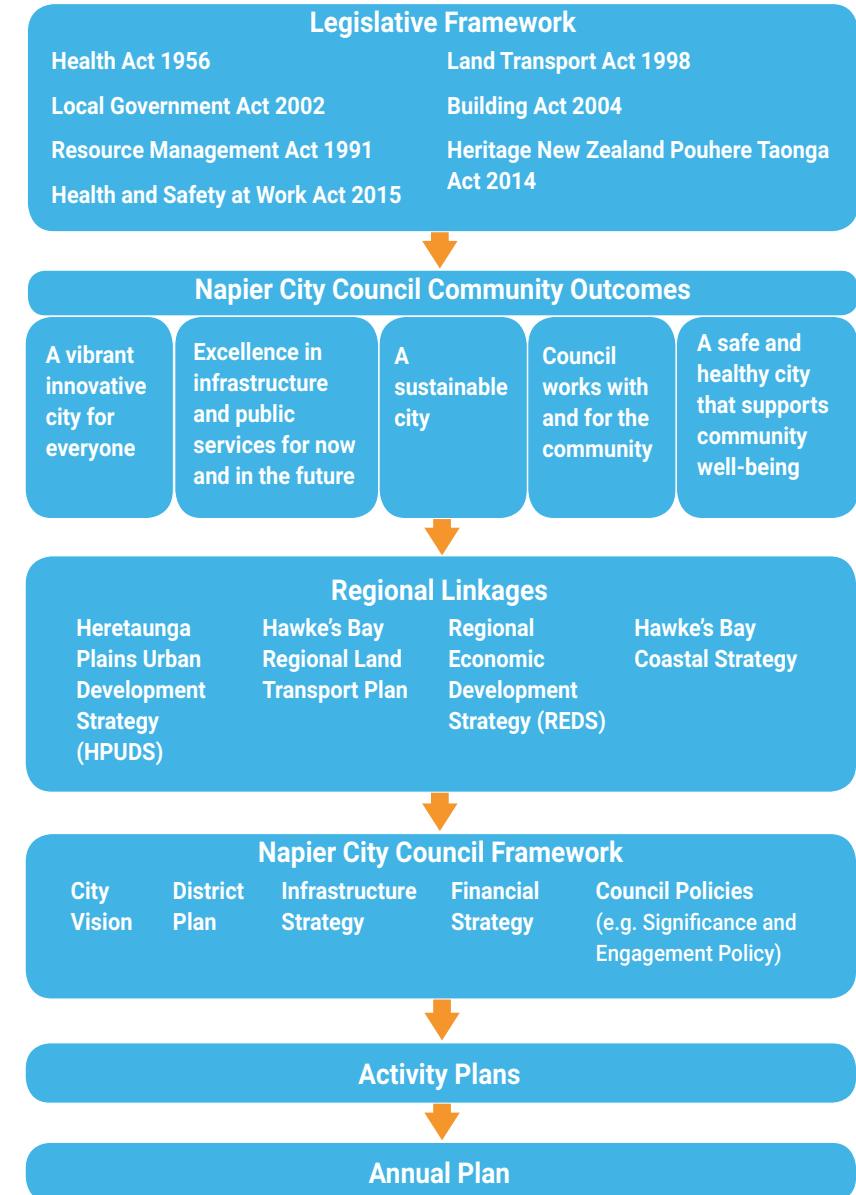
## Ethnicity

83.2 percent of people in Napier City belong to the European ethnic group, compared with 74.0 percent for New Zealand as a whole.

19.2 percent of people in Napier City belong to the Māori ethnic group, compared with 14.9 percent for all of New Zealand.

Ethnic groups in Napier City and New Zealand 2013 Census		
Ethnic group <sup>1</sup>	Napier City (%)	New Zealand (%)
European	83.2	74.0
Māori	19.2	14.9
Pacific peoples	3.1	7.4
Asian	3.5	11.8
Middle Eastern, Latin American, African	0.5	1.2
Other ethnicity		
New Zealander	2.1	1.6
Other ethnicity nec*	0.1	0.0
Total other ethnicity	2.1	1.7
<sup>1</sup> Includes all people who stated each ethnic group, whether as their only ethnic group or as one of several. Where a person reported more than one ethnic group, they have been counted in each applicable group. As a result percentages do not add up to 100.		
*Note: nec = not elsewhere classified		
Source: Statistics New Zealand		

## Linkage with other documents



## Infrastructure Strategy continues

### Significance and Engagement Policy

The Significance and Engagement Policy provides the criteria to determine significance and the approach to determine the appropriate level of engagement with the Community on matters related to strategic assets. As such it provides an initial guide as to what assets are regarded as important to the City.

The NCC Significance and Engagement Policy identifies the following physical assets to be strategic assets:

Strategic Asset	Link to Outcomes
Share of Hawke's Bay Airport Ltd	Sustainability
Commercial property investments	
Kennedy Park Resort (land only)	
Cemeteries	Health and Well-being
Sewage conveyance, treatment and disposal system, including the sewer network, pump stations and treatment works	
Water supply distribution systems, including reservoirs, pump stations and reticulation	
Land drainage system, including the storm water pipe network, waterways, and retention areas and pump stations	
Refuse transfer station	
Share of Omarunui landfill	
Bay Skate (grandstand only)	
Swimming pool facilities	
Rental housing (as a whole)	
Roading network	
Sportsgrounds and reserves	
Inner Harbour	

Strategic Asset	Link to Outcomes
Literary collections held by the Libraries (as a whole)	Vibrancy and Innovation
Marine Parade Attractions (as a whole)	
McLean Park (land and buildings)	
Napier Municipal Theatre (building only)	
MTG Hawke's Bay (building only)	
Napier Conference Centre (building only)	
Napier I-Site (building only)	
National Aquarium of New Zealand	Engagement
Civic Building	





## Infrastructure Strategy continues

### What Assets Do We Have and What Are They Used For

#### Transportation

We own, maintain and develop the local transportation network. The city's road network provides accessibility to Napier residents and visitors within a safe, clean and aesthetic environment. The activities within this group include the installation and maintenance of the physical components; roads, footpaths, traffic and pedestrian

bridges and structures, street lighting, drainage, traffic services and safety (e.g. street furniture, traffic lights, signage), as well as the planning, management and amenity and safety maintenance to ensure the system is clean, safe and able to cope with future needs.

The contribution that the Transportation activity and group of assets makes towards Community Outcomes is summarised in the following table.

Community outcomes	Transportation contribution as an Activity	Assets
Excellence in infrastructure and public services for now and in the future	Infrastructure is provided and maintained at optimal whole of life cost. Transportation planning ensures that the network can respond to the future needs of the community and economy	301km of urban roads and footpaths 56km of rural roads
A vibrant, innovative city for everyone	Opportunities for use of transport corridors to provide high quality public space are embraced. Infrastructure is developed to facilitate the sustainable growth of the city and provide safe and convenient access to facilities and services. Council provides on and off street parking facilities to efficiently support economic and community needs	45km of cycle paths 15,607 streetlights 3,400 amenity lights 8 vehicle bridges 10 pedestrian bridges
A safe and healthy City that supports community well-being	Council provides a transport system that is safe and efficient and enables users to move around effectively Provision of safe, accessible facilities and networks for walking and cycling. Provision of infrastructure to support passenger transport services. Effective support for active travel modes provides opportunities for improved health and community connectivity	61 Culverts larger than 900mm in diameter 480km of kerb and channel 5,441 sumps and manholes 1,369 culverts less than 900mm in diameter 15,822m of traffic islands
A sustainable city	Enabling and supporting environmentally efficient travel modes. Manages stormwater effectively. Minimise the need to travel.	6,374 safety barriers and railings 5,902 street trees
Council works with and for the community	Transport services are planned and provided through meaningful engagement with the community and stakeholders.	6,885 street signs 24 bus shelters

# Infrastructure Strategy continues

## Three Waters

### Drinking Water Supply

Council has a legal obligation under the Health Act 1956 to improve, promote, and protect public health within the City. The Health (Drinking Water) Amendment Act 2007 places a further obligation on Council to comply with the Drinking Water Standards for New Zealand.

Section 11a of the Local Government Act states “that, in performing its role, a local authority must have particular regard to what its core services, including network infrastructure, contribute to the community”.

The Council considers the provision of reliable and safe drinking water to the community as a major contribution to the community’s well-being and the City’s economy.

Water is drawn from the Heretaunga Plains aquifer which has sufficient capacity to supply present and next 30 year demand in Napier. Water is reticulated to the Napier urban area and to Bay View.

The long term goals Council has identified for this activity are:

- Provide and maintain an adequate and safe supply of potable water to consumers meeting the New Zealand Drinking Water Standards
- Supply water for fire-fighting purposes
- Provide affordable service to the community.

The contribution that the Water Supply activity and group of assets makes towards Community Outcomes is summarised in the following table.

Community outcomes	Drinking Water Supply contribution	Assets
Excellence in infrastructure and public services for now and in the future	Infrastructure is provided and maintained at optimal whole of life cost. Asset Management Planning ensures that the network can respond to the future needs of the community and economy.	417km of Water Mains 11 Storage Facilities 18 Pumpstations
A safe and healthy City that supports community well-being	The provision of reliable and safe drinking water to the community. Supply water for fire-fighting purposes.	
A sustainable city	Manage the usage of water, a precious natural resource, to minimise wastage and shortages.	
Council works with and for the community	Water Supply services are planned and provided through meaningful engagement with the community and stakeholders.	



## Infrastructure Strategy continues

### Wastewater

Under the Local Government Act 2002, the Resource Management Act 1991 and the Building Act 2004, Council is obliged to provide a sewerage service, which collects, transports and disposes of household wastewater.

Council aim to protect human health and the environment and are best placed to provide this ‘public good’ service. Section 11a of the Local Government Act states “that, in performing its role, a local authority must have particular regard to what its core services, including network infrastructure, contribute to the community”.

The Council considers the provision of safe, effective and efficient domestic sewage collection, treatment and disposal system as a major contribution to the community’s well-being and the City’s economy.

The long term goals the Council has identified for this activity are:

- To provide and maintain an adequate wastewater collection, treatment and disposal system
- To protect community health
- To minimise adverse environmental effects

The contribution that the Wastewater activity and group of assets makes towards Community Outcomes is summarised in the table below.

Community outcomes	Wastewater contribution	Assets
Excellence in infrastructure and public services for now and in the future	Infrastructure is provided and maintained at optimal whole of life cost. Asset Management planning ensures that the network can respond to the future needs of the community and economy.	
A vibrant, innovative city for everyone	Enabling businesses and industries to grow by providing safe disposal of trade waste.	380km of Wastewater pipes 44 pumpstations
A safe and healthy City that supports community well-being	Minimising the health risk to the community by safe collection, treatment and disposal of wastewater.	Milliscreen Plant Treatment Facility 1.5km Marine Outfall
A sustainable city	Minimising the risk of wastewater overflows into the environment.	
Council works with and for the community	Wastewater services are planned and provided through meaningful engagement with the community and stakeholders.	

## Infrastructure Strategy continues

### Stormwater

Council have a statutory responsibility to ensure stormwater is managed through ownership and management of its own stormwater drainage network. Council are the only viable provider of this 'public good' service for the well-being of the community.

Council provide and maintain a stormwater disposal system for Napier with the aim to minimise the effects of flooding. The system, serving approximately 97% of the city's population, consists of open drains, stormwater mains and pump stations with about 75% of Napier reliant on pumped systems for stormwater drainage.

The long term goals the Council has identified for this activity are:

- Provide and maintain an adequate stormwater system
- Protect community health and property
- Minimise adverse environmental effects



The contribution that the Stormwater activity and group of assets makes towards Community Outcomes is summarised in the following table.

Community outcomes	Stormwater Services contribution	Assets
Excellence in infrastructure and public services for now and in the future	Infrastructure is provided and maintained at optimal whole of life cost. Asset Management Planning ensures that the network can respond to the future needs of the community and economy.	222km of pipes and culverts
A vibrant, innovative city for everyone	Enabling new developments by providing flood protection and stormwater disposal facilities	4,818 manholes
A safe and healthy City that supports community well-being	Minimising the health risk to the community by safe collection, treatment and disposal of stormwater.	2 detention dams 46km of open waterways
A sustainable city	Providing controlled disposal of stormwater minimising pollution of receiving environments.	10 Pumpstations
Council works with and for the community	Stormwater services are planned and provided through meaningful engagement with the community and stakeholders.	

## Infrastructure Strategy continues

### Open Spaces: Parks & Reserves and Sportsgrounds

#### Parks & Reserves

The Reserves portfolio of Napier City exists to enhance the quality of life of Napier's citizens, by providing high quality passive and recreational facilities throughout the city.

Napier is fortunate to have a wide range of parks, reserves and public gardens uniformly located throughout the urban environment. The Reserves assets support a large number of tourism events and local events, delivering highly maintained grounds and gardens ranging in location from coastal foreshore to formal botanical gardens.

The contribution made by the Parks and Reserves activity and group of assets towards Community Outcomes is summarised in the following table.

Community outcomes	Parks and Reserves contribution	Assets
A vibrant innovative city for everyone	Provision and promotion of a wide range of quality facilities and attractions Council provides a sufficient number and range of safe parks and reserves to satisfy the needs of the community	
Excellence in infrastructure and public services for now and in the future	Facilities and infrastructure will support community and visitor needs, focussing on excellent service and accessibility Provision of water, sewer, stormwater and building infrastructure which supports excellent service delivery of core services within parks and reserves.	46 Greenbelt Reserves 36 Neighbourhood Reserves 9 Foreshore Reserves
A sustainable city	Our natural resources are renewed and enhanced. Council sustainably manages the development and use of reserves as a natural recreational resource for both local residents and visitors	9 Public Gardens
A safe and healthy City that supports community well-being	Council sustainably manages the development and use of reserves as a natural recreational resource for both local residents and visitors The provision of services and facilities which support social and recreation opportunities.	32 Playgrounds



## Infrastructure Strategy continues

### Sportsgrounds

Council provides and maintains 15 sports grounds throughout Napier equating to an area of 213 hectares of land set aside for sports purposes across the city.

Napier's sports grounds range from facilities of regional and national significance; for example, McLean Park, Nelson Park and Park Island, to grounds principally serving local club demand; for example, Petane War Memorial Reserve, Bledisloe Park and Whitmore Park.

The Sportsgrounds portfolio of Napier City exists to enhance the quality of life of Napier's citizens, by providing high quality sport and recreational facilities throughout the city.

Napier's sportsgrounds range from facilities of regional and national significance to grounds principally serving local club demand. Council's sports grounds and associated facilities provide for the majority of the city's sporting demand, although increasing pressure from population growth, diversification of sport, crossover between seasons and more extreme weather events is making it increasingly challenging to meet all demands.

In a rapidly changing local sports environment, and a highly competitive market for major events, Council needs to be nimble in its response to pressure points and changes in demand. Council's provision of sports facilities needs to respect traditional aspects of sport (for example, club structures), while ensuring decisions now are sufficiently flexible to respond to changing future demand.

The contribution that the Sportsgrounds activity and group of assets makes towards Community Outcomes is summarised in the following table.

Community outcomes	Sportsgrounds contribution	Assets
A vibrant, innovative city for everyone	<p>Council provides and promote a wide range of quality sports grounds, facilities and attractions.</p> <p>Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community</p>	
Excellence in infrastructure and public services for now and in the future	<p>Facilities and infrastructure will support community and visitor needs, focussing on excellent service and accessibility</p> <p>Provision of water, sewer, stormwater and building infrastructure supporting excellent service delivery of core services.</p>	<p>15 sportsgrounds, including 2 premier sports facilities:</p> <ul style="list-style-type: none"> <li>- McLean Park</li> <li>- Park Island</li> </ul>
A safe and healthy City that supports community well-being	<p>Council provides services and facilities which support social and recreation opportunities.</p> <p>Provision of a wide range of sports and recreation facilities to meet community needs.</p> <p>Programmes to encourage the use of social and recreational facilities are provided.</p>	<p>13 neighbourhood sportsgrounds</p>
A sustainable city	<p>Enabling and ensuring the development and use of sportsgrounds are environmentally sustainable.</p>	

# Infrastructure Strategy continues

## Buildings and Property

### Buildings

The building assets consists of 85 buildings, 374 rental units, 7 Memorials, 12 pools and various plant and equipment.

Napier city has an extensive portfolio of properties and buildings used to accommodate staff and to provide services to residents and visitors. This Activity comprise the owning and managing of the property and building assets on behalf of the community of Napier City. The Activity ensures that the buildings are maintained for their specific purposes throughout their life cycle.

Community outcomes	Buildings and Property contribution	Assets
Excellence in infrastructure and public services for now and in the future	Efficient and effective property management to provide buildings that are safe to use, accessible and well maintained and support housing with a focus on retirement and social need that is supportive of resident health and well-being.	Buildings, grounds and facilities relating to:
A vibrant, innovative city for everyone		Refuse Transfer Station Lagoon Farm, McLean Park
A safe and healthy City that supports community well-being	Provision of technical expertise to guide the future development of the buildings and property estate to deliver outcomes in the most effective means possible.	Wastewater Treatment Plant (buildings only) Soundshell, Colonnade and Veronica Sunbay.
A sustainable city	The Building Asset Management Team provide a Core service to ensure buildings are safe to use, accessible and well maintained through good Facilities Management practices.  As part of ongoing improvement program to move through Intermediate to Advanced servicing, the building team will develop sustainability initiatives and implementation.	Swan Memorial Colonnade Bay Skate, Austin Street Depot, Taradale Library. Napier Aquatic Centre, Marine Parade Pools, Austin Street Dog Pound, National Aquarium of NZ, Par2 Mini Golf, Napier Conference Centre,
Council works with and for the community	As described above	Napier Municipal Theatre, Napier i-Site Kennedy Park Resort Faraday Centre – Leased Buildings MTG Buildings Napier Public Library 9 Halls/ Sports Centres Retirement Village 376 Residential Rental Units

# Infrastructure Strategy continues

## Anticipating the Future

### Assumptions

In order to plan for the long term it is imperative to make assumptions about various aspects in the future. The significant assumptions made about the future form an important part of the planning framework.

Schedule 10 of the Local Government Act 2002 requires that the Council identifies the significant forecasting assumptions and risks underlying the financial information set out in the LTP. Where there is a high level of uncertainty the Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

The significant planning assumptions are listed in Appendix A.

### Population Growth

Projected total City population growth over the ten years of the LTP is 3,750 (5.98%). The projections are halfway between Medium and High Statistics NZ projections.



Year (ending 30 June)	Total Napier City	Annual Growth Rate
2018	62,700	
2019 (year 1 of LTP)	63,100	0.64%
2020	63,500	0.63%
2021	63,900	0.63%
2022	64,300	0.63%
2023	64,700	0.62%
2024	65,050	0.54%
2025	65,400	0.54%
2026	65,750	0.54%
2027	66,100	0.53%
2028	66,450	0.53%
Projections for years 11 to 30		
2033	67,950	0.45%
2038	69,050	0.32%
2043	70,000	0.27%
2048	70,900	0.26%

Variations in the projected population growth will impact the growth of households and the demand for community facilities over time. Changes may require acceleration or slow-down of growth related projects. Council's Financial Strategy outlines how such projects are to be funded. Impacts on individual ratepayers will not be significant unless growth is significantly above that forecast.

Any impacts from the changing demographics of Napier's population during the term of this LTP is not considered significant.

Napier's population will also continue to age and ethnic diversity will increase.

The projected total City household growth over the next ten years is 1,800 (7.03%) The projections are halfway between Medium and High Statistics NZ projections.



## Infrastructure Strategy continues

Year (ending 30 June)	Total Household Numbers	Development Split		
		Infill	Greenfield	Rural
2018	25,600	20,095	4,670	835
2019 (year 1 of LTP)	25,790	20,177	4,773	841
2020	25,980	20,258	4,875	846
2021	26,170	20,340	4,978	852
2022	26,360	20,422	5,080	858
2023	26,550	20,504	5,183	864
2024	26,720	20,577	5,275	869
2025	26,890	20,650	5,367	874
2026	27,060	20,723	5,458	879
2027	27,230	20,796	5,550	884
2028	27,400	20,869	5,642	889
Projections for years 11 to 30				
2033	28,150	21,192	6,047	912
2038	28,600	21,385	6,290	925
2043	29,200	21,643	6,614	943
2048	29,550	21,794	6,803	954

Based on historic data and the growth assumptions in this LTP an allowance of 0.30% per annum has been included for additional rates revenue as a result of growth in the rating base.

It is possible that the rate of growth will differ materially from the above projections. This would impact the revenue from Development Levies/ Financial Contributions and Consents.

Council will carefully monitor growth and adjust the timing of growth related projects based on revised market demand and revenue timing. The financial implications are largely mitigated by Council's policies for the funding of growth.

The current level of growth is evident in subdivision developments occurring including those in Te Awa and multiple sites in the Western Hills near Puketitiri Road and Puketapu Road. These developments are being serviced by the existing infrastructure networks with no immediate risk to continued levels of service. Various network

models currently being developed and/or updated will inform Council on the impacts of future development on these networks.

### HPUDS Updated Projections and Forecasts 2015 – 2045

Napier City Council is a participant of the Heretaunga Plains Urban Development Strategy (HPUDS) which has shaped its approach to managing urban growth since the adoption of this regional strategy by the Council in 2010.

HPUDS considers the following growth drivers and the relative demands they place on land in both Hastings and Napier:

- Commercial and Industrial
- Retirement sector
- Rural Residential development
- Urban residential development
- Intensification (infill)
- Affordability and sustainability

In the move towards more compact urban form for the Heretaunga Plains sub-region, an increasing proportion of the residential growth has been identified to take place through intensification, by redevelopment within existing residential and rural residential areas,

Development is expected to transition from current development allocation levels to the following by 2045:

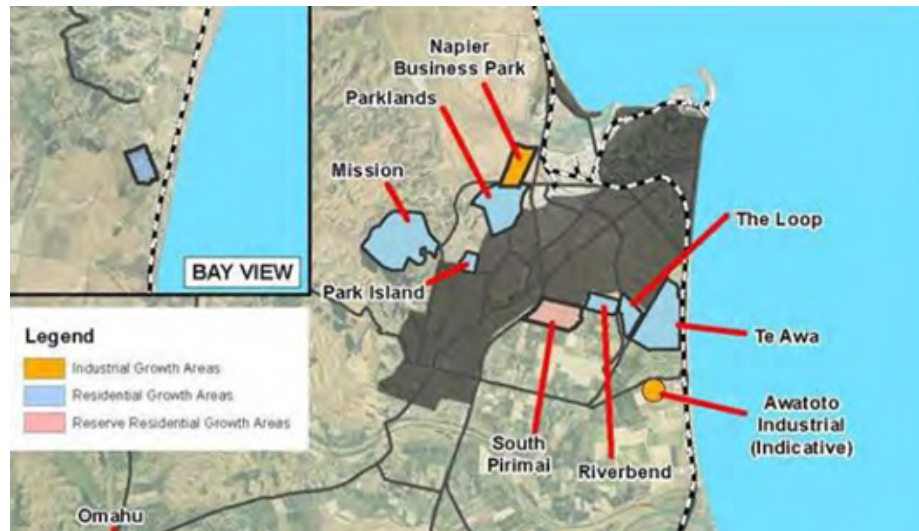
- a) 60% intensification (10 – 20% intensification of brownfields)
- b) 35% greenfield
- c) 5% in rural areas.

To achieve the intensification targets above, HPUDS aspires to a general residential density target of 15 households per hectare for greenfields/suburban development, and 20-30 households per hectare for intensification areas by the end of the Strategy period.

## Infrastructure Strategy continues

During this period the majority of new greenfield developments have been limited to the areas indicated in Map 3 below (note that this does not include greenfields sites already within the urban boundary which are not included in HPUDS).

*Map 3 Heretaunga Plains Settlement Pattern*



Emerging Issues to be investigated in the near future including liquefaction potential, Sea Level Rise and related impacts on Ground Water levels and affordability/sustainability considerations will all inform future revisions of HPUDS.

### Understanding growth impacts on the 3-Waters and Transport Networks

As residential and commercial greenfield developments continue in line with the HPUDS, and greater amounts of infill are also sought in established suburbs, increasing demands will be placed on the 3-waters and Transportation networks.

Although there is no immediate risk to services, in order to understand the impacts of future connections and what infrastructure upgrades will be required to facilitate growth, an improved set of 3-water network models are being acquired.

Funding has been allocated in the first year of the LTP for this important addition to Council's network planning toolkit.

The output of the new models will then focus the effort over the two-to-four year time frame to determine where the critical points are on the networks most in need of renewal or upgrade in order to facilitate the planned development of the city.

The new models when complete will also allow for:

- Enhanced level of detail over traditional methods
- Faster response to complex service queries from major developers
- Ability to do rapid scenario planning enhancing planning for critical assets and resilience
- Improved communication through diagrams, graphs and charts of technical information

Council's Transport Network model is currently being upgraded to better understand the impacts of planned growth on the Transportation network.

The aspects of resilience, future-proofing, and potentially changing levels of service expectations will also need to be considered when assessing the performance of Transportation and 3 waters networks, to ensure that infrastructure services meet both current and future requirements.

In addition to the above population related growth, Tourism related growth is also expected to drive additional demand for Council's infrastructure related services. As with other Councils including Auckland and Wellington, Napier City Council will investigate opportunities to fund growth within the sector e.g. an accommodation bed levy, over the next 3 years.

### New Technologies

Popular and main stream discussion around new technologies suggest that there will be a considerable social shift over the coming years as emerging and future technologies affect what work is done, how it is done, and then how this flows on to affect economic and social paradigms. A variety of studies have been carried out but as yet no definitive guidance is available as to what the future may hold or when any changes might occur, or how the City intends to respond to the various scenarios.

## Infrastructure Strategy continues

Consideration of the following issues should be clearly articulated as part of the City's strategic development plan.

### Transportation

Technologies such as electric driverless vehicles have potential to alter transport patterns, particularly if coupled with an 'on demand' service models such as Uber and an increase in social tolerance to ride-sharing and automated route optimisation.

The increasing uptake of 'smart', connected technology in vehicles will enable a far greater understanding of travel behaviours including route choice, trip purposes, journey times and responses congestion and weather. Such data, if made available, may facilitate much more informed decision making for maintenance and capital investments in the network.

### Workplace and Marketplace

It is possible that the coming decades will see a continuance of a shift toward intellectual service economies and the associated workers offering services to multiple employers as opposed to the traditional model of working for one organisation. It is also being proposed that the historical concept of organisations owning dedicated large central workplaces / office spaces will potentially be replaced by small satellite office spaces operating in partnership with other organisations on a time-share basis and / or an increase in 'work-from-home' type arrangements.

In the retail and public services sector the economic commentary is also suggesting a shift away from physical face-to-face interactions for many transactions and services towards an on-line model (e.g. for banking services, routine administration tasks, and routine purchases).

This suggests that the traditional concept of the CBD is coming under pressure to evolve toward a new use for traditional 'brick and mortar' outlets as they seek to redefine their relevance to emerging future workplace and commercial trends. This brings an associated shift in the concept of the traditional city model economy of a CBD surrounded by industrial areas supported by urban residential satellites suburbs.

Future investment in infrastructure is going to require consideration of a need to facilitate and encourage ongoing commercial and retail activity within existing parts of the city while managing any pressures to increase accessibility of shared communal

work places and conveniences in the satellite hubs about town.

It is not the role of this strategy to determine the likelihood of these changes, however future infrastructure planning needs to inform and be informed by the District Plan and associated city planning inputs such as City Vision and a number of yet to be developed Community strategies.

### Waste Diversion

Advances in green technology to assist with diverting solid waste from landfills towards other uses such as recycling or energy production mean the costs of such diversion is steadily declining. At the same time the costs of constructing and monitoring landfill sites to increasingly higher environmental standards keeps increasing. If this trend continues it is likely that diversion (recycling or alternative disposal such as energy generation or composting) is likely to become the preferred approach for waste management as reducing waste to landfill will achieve the lowest cost through extending the useful life of the landfill.

As a contributing shareholder to the Hawke's Bay landfill, Napier City Council should maintain an awareness of the relative costs and benefits of landfills versus alternative streams and potentially seek to partner with suitable organisations when it appears cost effective to process solid waste in a more sustainable manner.

### Three Waters

The traditional concept of city wide networks collecting and treating wastewater is now being challenged by new approaches. The improving economics and environmental outcomes able to be achieved by smaller local or on-site treatment facilities embedded throughout the urban area as opposed to a single large treatment facility also increase the overall network redundancy and thus reliability and resilience.

While these approaches are currently being applied in smaller scales in smaller urban or semi-rural contexts, or in sectors such as the maritime sector, the principles are transferable and it is only a question of if and when the economics make these approaches viable in larger scale format suitable for deployment as part of a city network.

These options could be further explored for large scale greenfield developments, as opposed to conveying to a centralised treatment facility. There is a potential for

## Infrastructure Strategy continues

Napier to utilise on-site rainwater and grey water catchment and reticulation, and local area stormwater and wastewater treatment to manage future demand for 3-waters services and associated costs and environmental benefits.

The Council will explore the available low cost green infrastructure solutions to promote stormwater management in new developments and incorporate these solutions in public stormwater system where practicable. Green infrastructure concept is; interconnected network of open spaces and natural areas, such as greenways, wetlands, parks, forest preserves and native plant vegetation, that naturally manages stormwater, reduces flooding risk and improves water quality.

### Community Recreation

As population growth continues, it is possible that increasing pressure will be placed on the use of existing open spaces to accommodate this growth.

Synthetic and hybrid turf technology has made significant advances in recent years in response to a shift in the ways sports are now being played. This technology will enable more games to be played on the same ground without compromising the quality of the playing surface. Council's development of McLean Park and Park Island Sporting facilities seek to embrace this shift.

This may in turn enable more efficient use of existing greenspace but may exacerbate pressure being placed on green space for alternative land use.

Council are currently developing a Parks and Reserves Strategy and will update Reserve Management Plans to ensure a coordinated, contemporary approach to the management and development of Napier's open spaces. This process will include the consideration of emerging technology on a case by case basis.

### Changing Government Priorities and Legislative Environment

Any significant unannounced change in regulatory or legislative environment poses a risk to Council. The only change council is currently in the process of assessing is the change to Financial and Development contributions and how these can be calculated and collected.

The findings of the Havelock North Water Inquiry are expected to result in legislative changes relating to potable water. Council have already commenced the implementation

of a significant programme of work in anticipation of these changes and has done so on the basis of having a low tolerance to health risk and taking all reasonable and practicable steps in doing so.

### Climate Change

As a key work stream forming part of the Climate Change Response Project NCC is participating as part of the LGNZ Climate Change Project – Natural Hazards Decision Making Legal Toolkit Working Group to produce a practical toolkit that provides councils with up-to-date resources (legal opinions and guidance notes) to assist them with factoring climate change into, and addressing climate change via, decision making. LGNZ is investigating the ability of local authorities to limit or stop the provision of services and related infrastructure in areas that might be affected by climate change and natural hazards and risks. This is work in progress and will lead into the toolkit.

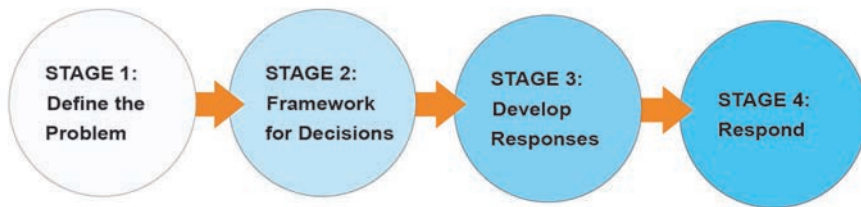
### Sea Level Rise, Ground Water Rise and Flooding risk

Although there is still contention about the degree and rate of climate change and the related magnitude and rate of sea level rise, there is a large degree of consensus that both are happening. Sea level rise is addressed as a regional issue in the 'Clifton to Tongoio Coastal Hazard Strategy' which identifies a potential 1m sea level rise by 2115 and sets out a methodology for the participant councils to address the issues of foreshore erosion and inundation of adjacent coastal environments.

The Coastal Hazard Strategy has been developed with input from Living at the Edge. Key members of this group were co-authors of the MFE Guidance to local authorities on how to best plan for climate change and particularly the impacts it may have on coastal hazards. The Strategy was developed generally in accordance with this guidance despite it not being officially released until December 2017.

- Coastal Hazards Strategy 2120
- Napier City Council, Hastings District Council and Hawke's Bay Regional Council together with local Treaty Settlement Groups are jointly developing a Strategy for adaptation to coastal hazards along the Hawke's Bay coastline between Clifton and Tongoio. To date the project has completed the technical work to identify and quantify the hazards and their associated risks up to the year 2120 (including coastal erosion, inundation from the sea, and tsunami).

## Infrastructure Strategy continues



This strategy work is now entering the response stage.

Napier is more vulnerable to issues from rising groundwater than many other New Zealand cities being that its flat suburbs typically have water table levels of less than 2m below ground level. Any rise in groundwater levels will affect the low-lying suburbs by reducing the amount of clearance between built assets and the water table.

Napier's southern boundary is bounded by a major river (the Tutaekuri River) while much of its primary urban area is bounded by the Ahuriri Estuary with the city boundary being the Esk River. While the Tutaekuri River has stop-banks, over-topping or failure of these would affect the adjacent south eastern suburbs. The Ahuriri Estuary currently receives around 70% of the stormwater discharge from the city.

Increasing sea-levels will inherently impede the ability of these waterways to discharge high catchment flows to sea thus the risk to parts of the city from flooding will inherently increase as sea-levels rise.

Napier is therefore vulnerable to any notable increase in sea-level which impacts on the ability for floodwater and storm water to move out of the catchments and into the sea. The flooding risk is further increased should the predicted increase in severity and frequency of high-rainfall events eventuate.

As a city located at the coastal interface of two catchments, Napier has a driving need to understand the impacts of: sea level rise, climate change weather patterns, and groundwater levels and the interrelated increase in flooding risk.

As such it will continue to be in the forefront of the discussion around these issues and seeking to quantify to a meaningful point the risks to the city so that it can then identify what the most appropriate infrastructure responses should be and whether an increased focus needs to be made toward.

### Seismic Impacts

The city is in an area likely to experience earthquakes of magnitude up to MM8. The primary consequences of these earthquakes that are of significance to Napier are related to ground level changes, liquefaction and lateral spread, and tsunami.

An overarching programme of work to understand the detail of seismic impacts on core service infrastructure and how to manage these impacts has not been undertaken to date. Such investigations will need to be undertaken in conjunction with Community Resilience Initiatives and are discussed within the section entitled Infrastructure Resilience. Any such work should also encompass resilience with respect to Tsunami, Volcanic Ash, Human Pandemic and Flooding events, the top five hazards likely to be experienced in Hawke's Bay.

Significant modelling is currently being undertaken on such issues by GNS and insurance companies. Council will seek out advice and implement learnings from this research where appropriate.

### Ground Level Changes

Although the 1931 earthquake resulted in a rise in ground levels across the flat parts of Napier, Recent geological research indicates that over the long term the ground levels in the area have also gone down during earthquakes of similar or greater intensity. While not deemed to be an imminent threat, Council needs to consider the consequences of this and what the appropriate infrastructure responses are to be to this risk.

### Liquefaction

Liquefaction is a known risk across all the low lying suburbs, and has recently been re-evaluated as part of the Hawke's Bay Liquefaction Hazard Assessment Report released in November 2017. The findings and implications for Napier City Council in relation to this most recent report, have yet to be properly considered and thus in the short term of this Infrastructure Strategy there are unlikely to be significant changes or decisions made relating to how the Council considers liquefaction in relation to assets.

It is noted in the report that the liquefaction risk is amplified by the presence of high groundwater levels, as is the case in the flat parts of Napier. This situation which is likely to be aggravated by forecast sea-level rises.

## Infrastructure Strategy continues

### Lateral Spread

Lateral spread is an issue that will effect ground conditions in close proximity to Napier's extensive open drain network. Recent works undertaken in relation to open drains has involved the construction of gravel curtains flanking open drains where space is available as well as the installation of box culverts where circumstances dictate. Further requirements relating to the management of lateral spread risk will be considered as part of Council's review of its Engineering Code of Practice.

### Tsunami

As a coastal city located in a seismically active area, Napier's low lying suburbs are considered to be vulnerable to a major tsunami. The HB Civil Defence planning and Community Services Directorate have identified the need for the development of suitable evacuation routes throughout the city that are resilient to a severe earthquake. This may require the development of strategic overland corridors as well as vertical evacuation routes (i.e. earthquake and tsunami resilient structures) for residents of suburbs more remote from hills to evacuate to.

These overland and vertical evacuation routes will require strategic consideration, and likely collaboration between different public and / or private sector stakeholders to enable cost effective provision of the capability.

### Lessons Learned From Christchurch and Kaikoura

Napier City Council has not undertaken a specific review of the lessons learnt as a result of the experience in Christchurch and/or Kaikoura following these Earthquakes. However consulting engineers providing specialist advice to Council in fields such as geotechnical engineering and structural design have incorporated lessons learnt into their advice.

Council will consider lesson learnt from recent seismic events with regard to alternative technology and/or service solutions when reviewing its Engineering Code of Practise in 2018/19.

### Infrastructure Resilience

#### Liquefaction, Ground Level Changes and Lateral Spread

More recent seismic events in Canterbury and the Kaikoura/Marlborough Regions

have taught Emergency Management and Infrastructure professionals that resilience to earthquakes and other significant natural hazards is not solely an Infrastructure matter.

Resilience to Seismic and other significant natural hazards is now considered to be a matter of multi-faceted, Community Resilience, of which Infrastructure resilience is a part of. This recognises that it is impractical and unaffordable to build network wide infrastructure that can withstand significant seismic events.

The communities of the Hawke's Bay and Napier in particular are at the beginning of the journey to develop robust community resilience. Napier City Council and Hawke's Bay Emergency Management are partners in this regard and have the benefit of the learnings of the Canterbury and Kaikoura events.

Progress towards Community Resilience will involve community education (underway with Hawke's Bay Civil Defence Emergency Management Group), planning related initiatives (building Act/RMA/District Plan) and infrastructure augmentation. These initiatives are identified by the Council and the community to enhance effective resilience within a realistic cost model. To determine the most effective and practical actions for each of these aspects investigations into likelihood of disruption events and relative timeframes of inoperability of core infrastructure.

Insurance Companies and GNS are starting to work with Councils in this space. Council anticipate utilising their modelling knowledge to better assess Napier's challenges with a view to making Napier as resilient as it can be.

A programme of work to commence such investigations will need to be developed in the next 3 year period, for funding allocation through the next Long Term Plan Process.

### Single Points of Failure / Critical Infrastructure

All Infrastructure networks inherently contain Single Points of Failure. Single Points of Failure are typically represented by specialist process related assets and/or high cost assets that have historically been considered unaffordable to replicate for what are considered to be very unlikely events.

To improve its knowledge and ultimately mitigate its risk, Council have completed a criticality study of their 3 Waters networks and have documented their critical assets. These include (but are not limited too):

## Infrastructure Strategy continues

- Awatoto Wastewater Treatment Plant
- Enfield Reservoir water rising main
- Trunk sewer main into the Wastewater Treatment Plant
- Stormwater Pump Stations
- Water Reservoirs

Building on Council's existing knowledge base, further work is required over the next three year period to identify specific plans incorporating operations, maintenance and renewal approaches for each of the critical assets identified, in order to improve the resilience of the city networks to operate when events may occur. This work will also need to consider what level of resilience is required of these assets to enable an appropriate level of service to be delivered in the wake of a significant disruption event.

The criticality analysis undertaken to date has focused on assets owned and operated by Council. It has been identified that Council's ability to provide infrastructure related services is to some degree reliant on the availability of assets and/or services delivered by third parties, such as electrical and communications services. Another example is the reliance on Hawke's Bay Regional Council's assets to discharge stormwater.

Understanding the interdependences of council and non-council assets and what actions are necessary to provide a greater level of assurance of such critical enabling services being available during/following disruption events will form a key component of the future work programme.

Council recognises that this will require working together with many organisations including energy and telecommunications companies, and GNS to complete this work. Wellington City has recently completed this exercise for the region and this will provide a framework for other Councils as they undertake similar reviews.

## Organisation wide challenges relating to Infrastructure

Events such as the Canterbury Earthquakes and Havelock North Water Enquiry, together with significantly higher expectations associated with Health and Safety has significantly increased the interest in the quality of infrastructure services provided by Councils and highlights the importance of integrated Infrastructure Management in relation to these services.

Such events have driven significant changes levels of service expectations, particularly from a regulatory perspective. The need for Infrastructure Management to incorporate resilience, future-proofing, and optimised decision making has never been greater. Napier City is responding as quickly as possible to the change in service requirements, and undertaking reviews of the performance of its networks as part of this process. We are focused on ensuring our infrastructure services meet both current and future needs.

In response to changing needs, standards and/or regulatory requirements Council is now undertaking reviews of the performance of the infrastructure in line with changing expectations in legislation. This includes ensuring data, system and processes and organisational knowledge is well documented so that we are able to be more agile and responsive for these changing requirements

The following initiatives are common themes in all Activity Plans:

- Implementation of a Corporate wide AM project
- Data capture and validation
- Asset condition and performance assessment strategy
- Develop business rules on data management and financial controls
- Development of Risk Schedules
- Perform asset criticality assessment and apply to operation and maintenance schedules
- Investigate and implement Sustainability initiatives

## Infrastructure Strategy continues

### Sustainability of Levels of Service

Council must balance level of service sustainability and affordability - a challenge in a world with increasing expectation and service demands and a widening gap between perceived and actual Levels of Service. In general, with any level of service change, there is an increase in associated costs to meet the new the requirements.

Council will continue to focus on ensuring levels of service are appropriate and meet the current and future needs of the community. Benchmarking against other Councils will help to ensure that services are delivered at an appropriate level. Council will utilise the Local Government Act Section 17a service delivery reviews and activity reviews to progressively assess the delivery of various services to identify what if any actions are required to ensure that services are delivered in the most cost effective and efficient manner.

A schedule of reviews has been developed by assessing the priority of each activity against a set criteria, as well as other factors, including opportunities for shared reviews and/or services with other councils, resourcing and capability considerations. See Table 6.6 Programme of s17A reviews.

- Significant changes to levels of service and contract renewals can trigger a review at any time
- An opportunity to undertake a shared review with another Local Authority can also affect the timing of when a review will start

**Table 6.1: Programme of s17A reviews**

Activity	Status	Programmed Start	Programmed Completion
Transportation	Completed	1/05/17	3/08/17
Waste Minimisation	Completed	1/05/17	1/09/17
Stormwater, Wastewater, Water Supply	Scheduled	1/07/18	30/12/18
Sportsgrounds (McLean Park & PGA only)	Underway	5/03/18	31/08/18
Napier Aquatic Centre	Not Scheduled		
Marine Parade Pools	Completed	9/11/17	28/2/18
Reserves (includes Sportsgrounds other than McLean Park & PGA)	Underway	5/03/18	31/08/18
Inner Harbour	Scheduled	1/07/21	30/12/21
Libraries	Not Scheduled		
Napier Municipal Theatre	Scheduled	1/01/21	30/06/21
MTG Hawke's Bay Museum Theatre Gallery	Scheduled	1/01/20	30/06/20
Housing (Retirement and Rental)	Completed	1/10/17	30/01/18
Cemeteries	Scheduled	1/07/20	30/12/20
Public Toilets	Scheduled	1/07/21	30/12/21
National Aquarium of NZ	Not Scheduled		
i-SITE and Par2 MiniGolf	Scheduled	1/01/21	30/06/21
Kennedy Park	Scheduled	1/01/20	30/06/20



## Infrastructure Strategy continues

### Capacity of Organisation to Deliver Capital Projects

Council's current approved staffing levels have been modelled to be able to deliver a \$40m/year capital works programme across council. The Capital programme in the LTP indicates that staffing levels may need to be adjusted to deliver a \$50m/year programme. Where the annual programme is projected to exceed this figure, or when the skills required are not available in-house, the additional effort required will be outsourced to consultants.

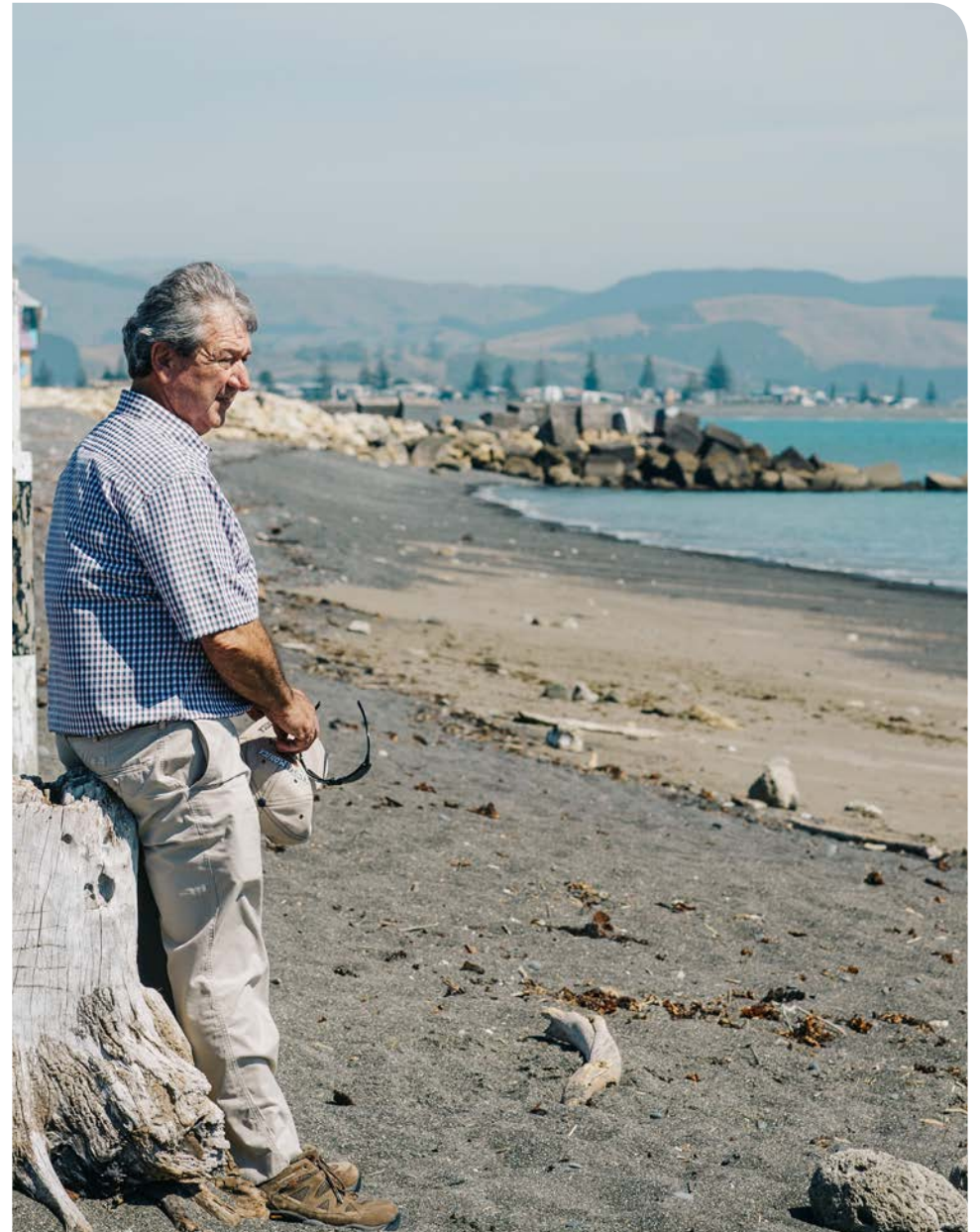
### Environmental Sustainability

Society's understanding of issues associated with the natural environment has significantly increased in the last decade. Consequently public awareness and sensitivity to the impact that every day activities have on the quality of the natural environment has also increased.

Historic practises in relation to environmental management, particularly with regard to the activities and services that Council manage and deliver on behalf of the community, are no longer adequate.

Council, through its Environmental Solutions group are dedicated to improving Council's understanding of how infrastructure related activities adversely impact on the environment and what options are available to mitigate these impacts.

Opportunities in Transportation, Stormwater and Wastewater activities will be explored to ensure programmes of work are identified and implemented to deliver a step change improvement in the quality of the natural environment affected by Council lead activities.



## Infrastructure Strategy continues

### Accessibility to City services for all

Council has a desire to improve the accessibility of Napier's services to ensure that people of all ages and stages of mobility are able to partake in these services.

Council are in the process of developing a Disability Strategy that will inform the process of assessing the accessibility of current environment and identifying what work might be required to deliver on this goal.

The disability strategy is expected to drive increased emphasis on accessible design.

Once completed, this process will inform future editions of the Infrastructure Strategy and Long Term Plan in terms of required projects and funding needs.

### Development of south-eastern suburbs

HPUDS identifies areas for growth related development to occur within Napier.

Council's programme of network modelling (new and updated models) will provide for a robust analysis of existing and future capacity requirements to service growth, either in the areas already identified or in the assessment of other potential growth areas.

The availability and/or cost of infrastructure will need to be considered in tandem with requirements for resiliency and risk of natural hazards and then be assessed for affordability.

### Provision of retirement and social housing

Council provides 376 housing units across 12 villages, the majority (304) being retirement flats. This housing supports people with special housing needs, low assets and a low income.

Some of the current housing stock is coming to the end of its useful life. There is limited accessibility, space and facilities and some stock is not fit for purpose. Some villages do not use all of the land effectively.

Income from rents is used to maintain the units and provide the service. The service is likely to become financially unsustainable within the next 10 years due to maintenance and development needs. Maintenance costs could be paid for by increasing the rents, but this could result in unaffordable housing and would not address the need for re-development.

Demand for affordable rentals for older people is predicted to increase, due to our ageing population coupled with future decreases in home ownership. Council's preference is to continue to provide community housing for older people. There is a gap in this provision with only one other provider operating in Napier. The government is responsible for providing social housing both through Housing New Zealand and also through contracts with Community Housing Providers (CHP).

In January 2018, Council completed a review of Social Housing Delivery that recommended further investigation into two options – enhanced status quo (keep retirement housing with or without improvements) or delivery through a partnership with a community housing provider.

Council will investigate these options, and we will consult with the community in late 2018 on possible options.

Once completed, this process will inform future editions of the Infrastructure Strategy and Long Term Plan in terms of required projects and funding needs.

## Thirty Year Strategy

### The Organisation's Priorities for Managing of Its Assets

This 30-year Infrastructure Strategy identifies how Council plans to continue to transition from a traditional approach to providing infrastructure where a small group of experts applied their knowledge within their own area of expertise to determine what needed to be done, to a collaborative and strategic approach across the whole council organisation. This will ensure a well-informed understanding of stakeholder requirements obtained through appropriate engagement and will be supported by data-based analysis of asset condition and performance data, and will result in the provision of appropriate and effective assets to the community in the most efficient means practicable. This exercise will be the focus during the next two LTPs.

An organisation-wide focus will enable a better understanding and definition of stakeholders' expectations and requirements of council provided assets through a programme of development and alignment of key overarching strategies.

Improvements to the Asset Management framework and Asset Management Information Systems are also being undertaken.

## Infrastructure Strategy continues

Napier City is also introducing additional guidance on estimating the cost of infrastructure and projects with the deployment of the Estimate Categories and Estimate Levels Guideline. This is an initiative to improve budget formulation for all Council projects and improving the transparency around confidence levels of project estimates through the project lifecycle. Application of this guideline will be progressively implemented as new projects are initiated and existing projects progress through defined project gateways.

### Asset and Service Management Strategy

The drive to improve the Council's strategic management encompasses infrastructure and activities across the whole of the organisation. Specific initiatives associated with Infrastructure include (but is not limited too):

- The development and implementation of best practise Asset Management Strategy and Framework aligned with ISO 55000 applied to the whole organisation building on the existing asset management approach
- The development and implementation of a fit for purpose Project Management Framework and associated documentation.
- Improved Health and Safety policy with respect to contractor engagement and management with respect to capital projects
- Development and implementation of Project reporting software for improved visibility of project progress and integration with financial systems
- Development of a comprehensive Parks and Reserves Strategy
- Development of Reserve Management Plans
- Development of an Environmental Sustainability Strategy
- Process development and documentation

These strategies will further inform our needs in both the short and longer term, and how we set our priorities in conjunction with affordability.

In the short term strategic timeframe (0-6 years) the asset management strategy

is to maintain the existing assets at established historic levels of service (LoS) and address the known or identified major issues (e.g. high risk or regulatory compliance). Improvements to the Level of Service will occur to the water supply system to meet recommendations of the Havelock North Inquiry. Council is also undertaking the preparatory work for improving the environmental impact of our stormwater system. During this time non-urgent capital projects that are not likely to directly impact on the Council's LoS in the short to medium term will be deferred.

Clearly, work identified in response to the Havelock North Water Enquiry is considered urgent and will be implemented within this period.

Council will seek to clearly separate and define the requirements for service delivery as a separate function from asset management and project delivery and clearly allocate accountability and responsibility for those functions to specific roles within the organisation. It is envisaged this will give a sharper focus on ensuring appropriate service delivery supported by appropriate assets.

In the medium term, (6-18 years) it is expected there will be an increased level of investment required to deliver outcomes identified through the investigation of issues identified in this strategic plan.

The most significant long-term strategic issue facing Napier is the potential for inundation of the low-lying parts of the city via either: a tsunami, a sudden lowering of the ground-level (effectively reversing the up thrust of the 1931 earth quake), or more likely by sea level rise.

It is therefore imperative that Napier starts to think about how it wishes to manage these threats to its long term viability in order to inform the capital programme going out past 30 years.

### Cost Effective Delivery of Services

Section 17A of the Local Government Act ('LGA') places an obligation on local authorities to undertake routine service delivery reviews to assess the cost effectiveness of current service arrangements. Council will undertake reviews of services every 6 years as required by the Local Government Act.

# Infrastructure Strategy continues

## Assessing Resilience Needs

As discussed in this document, Council will need to further consider criticality of assets in relation to single points of failure and the need to improve resilience. How assets fail under various adverse events will be an important consideration to improving resilience of services.

## Evidence Base

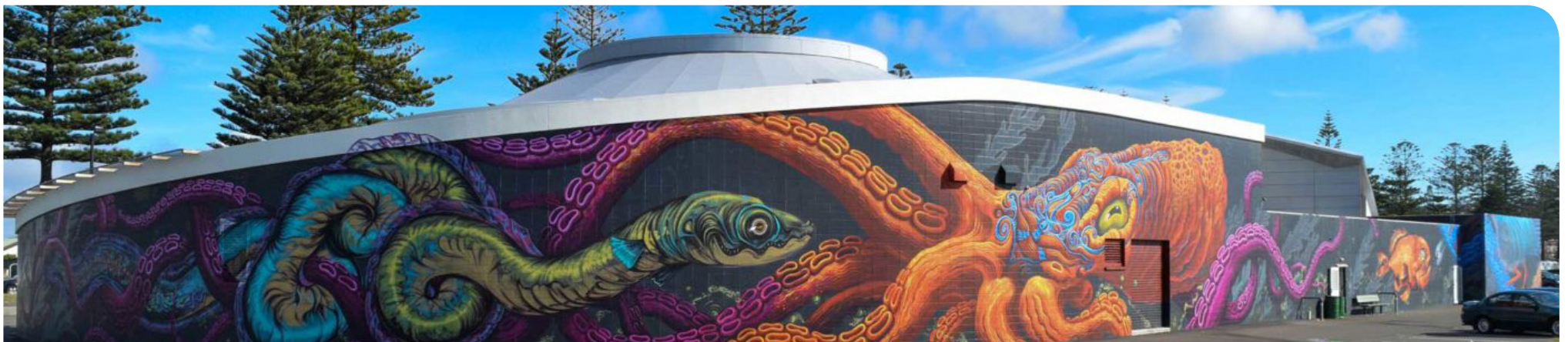
Improving Council’s evidence base to support optimised decision-making is an on-going activity. Asset knowledge is variable across asset groups, and currently there is a significant focus on a consistent approach to registering and maintaining asset information to ensure it is fit for purpose and trusted.

Table 7.1

Asset Class	Information System
Transportation	RAMM
Water	Accela, SCADA Historian
Waste Water	Accela, SCADA Historian
Stormwater	Accela

Ongoing improvements to asset knowledge is a priority focus for Council in the next 3 years. The following initiatives have been programmed:

- Development of a Transport Strategy
- Update Council’s Transportation network micro simulation model
- Continued targeted traffic monitoring to calibrate the traffic model
- Targeted annual pipe condition assessment programme
- Annual CCTV inspection programme for Wastewater and Stormwater
- Pumping electrical and control system assessment programme
- Critical asset targeted condition assessment programme
- Building network models for 3 waters



## Infrastructure Strategy continues

### Significant Infrastructure Issues and Options

Asset / Activity	Significant Infrastructure Issues	Principal options for managing the issue	Implications of the options	Table of projects	What Council is consulting on
Water supply	Changes to the Drinking Water Standards, report on the Havelock North Water Inquiry and recommendation to move to a chlorinated water supply	Doing nothing is not an option due to public health. The option proposed is a combination of: Improving the existing bores, explore options for new bores, implement water treatment plants together with two de-chlorinated water stations. This work is driven by a change in National standards; the only viable alternative would be a refinement of the proposed work program.	The LTP proposes work on improvements to existing bores, new water treatment plants and additional bores. Increased costs associated with the capital investment and an increased service offering with the operation of water treatment plants will require additional rates funding.	Table 8.2	De-chlorinated taps - options
Transportation	Road runoff related stormwater compliance issues	Do nothing due to environmental impacts not an option. Alternative options include good design and effective solutions installed to existing road reserves	Increased costs associated with compliance related costs which will increase stormwater quality.	Table 8.1	Ahuriri Estuary Masterplan
	Port access vs amenity related to Ahuriri Estuary Masterplan	Change traffic flows requiring purchase of land, working with Kiwirail on implementing improvements within their corridors, and upgrading roads and design of network	Additional requirement from NZTA, and purchase of land to meet overall objective	Table 8.1	Ahuriri Estuary Masterplan
Inner Harbour	Asset age and condition - a detailed condition assessment has been carried out including an underwater assessment, noting areas of potential failure	Do nothing and allow asset failure not an option due to personal safety. Remove non critical assets at risk of potential failure, close areas to public for fixed assets at risk of potential failure, upgrade where appropriate, create and work to Ahuriri Estuary Masterplan to maximise spend for current and future benefits	Cost may impact on future opportunities with area, however, will work with Central government on regional funding opportunities, NZTA on maximising opportunities, and utilise		Ahuriri Estuary Masterplan

## Infrastructure Strategy continues

Asset / Activity	Significant Infrastructure Issues	Principal options for managing the issue	Implications of the options	Table of projects	What Council is consulting on
Stormwater	Improvements to the quality of stormwater discharged to the Ahuriri Estuary and impact on sea life	Do nothing is not an option due to environmental impacts. Alternative options include water discharge management through improvements through strategy - divert stormwater away from estuary	Increased costs associated with compliance and improvements to the quality of the aquatic environment.	Table 8.4	Ahuriri Estuary Masterplan projects
Swimming Pools	Demand for service ie availability of pool space by residents not currently being met. The existing asset age and location of the Onekawa pool on old dump site will impact on options	Build new fit for purpose pool at existing site and deal with contamination, or build new fit for purpose pool at new greenfield site, or do nothing and reduce service offering.  Council after consultation recommended a new 25m x 25m pools and play facility at a new site.	Increased cost associated with larger service offering, offset by efficient design, an expected increase in patronage and user charges and growth related rates income		Pool options
National Aquarium of New Zealand	Existing service offering requires an upgrade	Do nothing Upgrade existing only, or Extend facility with full redevelopment, increasing tourism numbers to region, and partnering with universities for research	Increased cost associated with larger service offering, however offset by central government funding, corporate funding and projected growth in visitor numbers and revenues. Increased job and research opportunities for region		Expansion vs Refurbishment
Civic and Library Building	Building earthquake prone	Upgrade both buildings, Upgrade one building that can accommodate all staff, or Build new, lease, buy own operate transfer model, or continue to lease existing premises in multiple locations	Increased rates associated with all options to provide a fit for purpose building that can accommodate council staff		Options to be developed and further consultation to be undertaken

# Infrastructure Strategy continues

## Transportation

### Developing a Transportation Strategy

Napier is a small compact city that has not traditionally had a specific strategy for Transportation and this will be developed to ensure the network meets current and future needs in a consistent and affordable manner. Work over recent years to improve the road logistics link from point of production to the Port of Napier and to the Hawke's Bay Airport to enable their forecast growth needs to be augmented by consideration of the ripple effect these improvements have had on the wider network and general public usage particularly in regards to safety (traffic calming), as well as considering the impact on the amenity value of public and private activities adjacent to the Transportation Assets.

A greater level consideration needs to be given to the impacts of technology on changing nature of 'business' activity in the city centre and how this might alter the balance between commercial and residential usage in that part of the city and how this will then impact on the need for transportation infrastructure into and within the CBD over the 30+ year period.

Consideration also needs to be given to changing technologies (driverless cars, Uber, etc) and the need to improve connectivity between the city's open spaces and the south-eastern suburbs which are the areas with the most potential for infill. Development of a Transportation Strategy is a key objective of the 0-3 year time frame of this strategy.

### Bridge and Retaining Structures

The quantity and quality of data relating to Council's 18 bridges, 61 large culverts and 450+ (mixed ownership) large retaining structures has been identified as an area that can be significantly improved in order to better understand the future renewal requirements for these critical key assets.

This will be addressed through the conduct of an intensive programme of asset condition assessments and a concurrent review of what data is available (including how it is managed) over the initial 0-6 years of this strategy in order to better inform the renewals programme as will need to be refined in future Long Term Plans.

(Note: there are a number of retaining structures in non-transportation public spaces

that also need to be assessed for condition and renewals planning, and it may be that these are consolidated in with the programme of work to be undertaken in the Transportation activity).

### Extracting Full Value from Road Surfaces

The NZTA One Network Road Classification scheme has enabled a greater level of scrutiny nationally of the investment patterns of road controlling authorities. The data made available through this process has demonstrated areas where RCAs can deliver greater value for money from investments.

A more comparative funding process has also provided incentives to analyse investment processes around maintenance and renewal activities. For Napier, these processes have assisted in identifying opportunities to increase the life of some surface types on lower classification roads.

Council has identified areas of the work programme where a greater degree of risk can be accommodated in an effort to maximise the value benefit of surfacing investment (e.g accepting that potholes may form on low volume roads where the failure consequences are not high).

This approach will take several years to refine, but with improved asset data collection occurring over the same period, there is potential for significant cost benefits with minimal Level of Service risks.

### Addressing Road Run-off Quality Issues/Stormwater Impacts

The transportation activity indirectly affects the quality of the natural environment by way of sediment-laden stormwater discharged from the cities roads to the estuary and ocean at multiple points.

Council will be investigating opportunities and implementing solutions to improve the environmental performance of all activities. From a transport perspective, this will include:

- strengthening regulatory controls and enforcement with regard to managing spills and/or
- strengthening regulatory controls and enforcement to restrict sediment deposits onto roads,

## Infrastructure Strategy continues

- retrofitting devices in the stormwater network to remove contaminated sediment
- Integrating environmentally sustainable practices into construction standards and road design.

Specific opportunities associated with renewal of Inner Harbour assets will also present opportunities to deliver concepts associated with Council's Ahuriri Master Plan.

### **CBD Improvements**

In order to thrive and attract new investment, the CBD must be a place that supports business, their customers and the wider community. Napier's position as a destination for global tourists further promotes the need for the central city to be an attractive, safe, logical, convenient and walkable place. Significant gains have been made in the last few years but some streets are not yet delivering these outcomes. A series of investments are proposed to leverage off the work already completed to continue to revitalize the CBD.

### **Local Area Traffic Management**

Local Area Traffic Management (LATM) schemes provide traffic calming across neighbourhoods to improve the safety of all road users, with a focus on the young and the vulnerable. LATM schemes are developed with the community, to ensure that works are addressing the needs of the community. The proposed 10 year programme includes Marewa, Pirimai, Maraenui, Jervoistown, Onekawa, Greenmeadows and Tamatea. Much of this work will be eligible for NZTA funding assistance.

### **Puketitiri Road Upgrade**

Puketitiri Road, from Church Road to Quarry Ridge, suffers from narrow carriageways, poor alignment, inadequate retaining structures and limited edge protection. It is seeing an increase in heavy and light traffic volumes through rural residential development and logging operations outside the City boundaries.

Puketitiri Road also performs as a State Highway diversion route, providing an alternative when access to SH2/SH5 between Watchman Road and Eskdale is constrained or unavailable.

Heavier, longer trucks are affecting the integrity of the pavement structure and heavy maintenance/road reconstruction will be required in the short to medium term to maintain the current level of service.

Improvement works, including realignment and widening are required to improve user safety and journey time reliability.

### **Intersection Improvements and Urban Corridor Improvements**

A programme of corridor and intersection improvements has been identified to address safety and capacity issues at a number of locations around the city.

These improvements are developed and prioritised following crash reduction studies and traffic modelling and will include lighting improvements, island installation, redesignation of corridor space and priority changes.

The programme consists of between \$100,000 and \$250,000 per year for intersections and \$10,000 and \$760,000 for corridors. Much of this work will be eligible for NZTA funding assistance.

### **Walking and Cycling - Citywide**

Napier is fast becoming one of the best places in New Zealand to ride a bike, in line with the 'Pedal Power' principle in the City Vision statement. Significant development of the on and off road cycle network has resulted in a much improved network, but this must be continued for cycling to become a safe and attractive option for a wider cross section of journey types and users to and from most destinations.

This work will be complemented by improvements delivered at intersections, through corridor improvements and LATM schemes. Much of this work will be eligible for NZTA funding assistance.



## Infrastructure Strategy continues

Table 8.1 Programme of Significant Transportation Investment\*\*

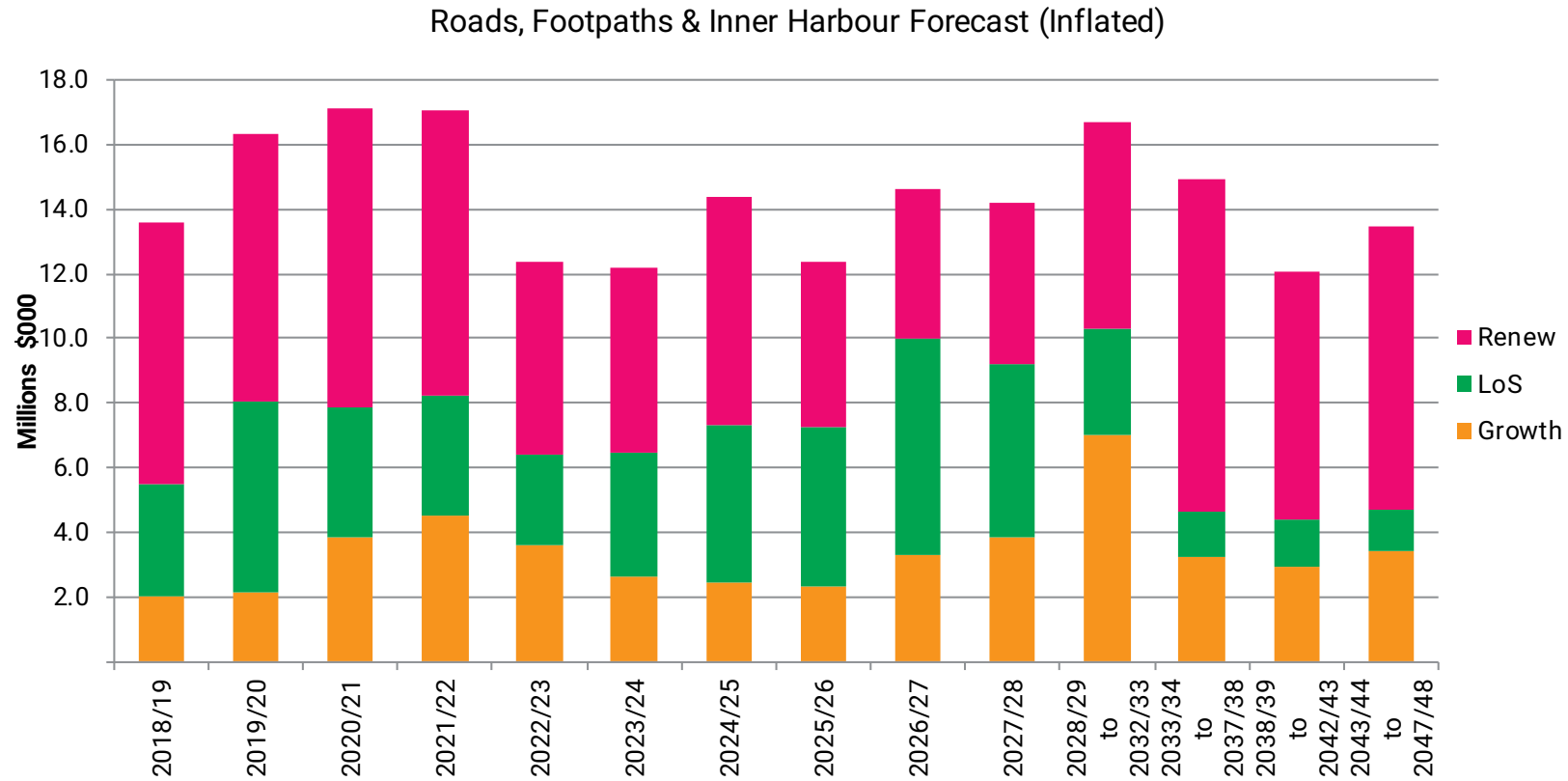
Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Stormwater Quality / Ahuriri Master Plan - Thames Severn Stormwater Management	To achieve Compliance with Stormwater discharge consents	Various design options and locations will be considered when determining how best to achieve outcomes	Effective solutions can be installed in existing road reserve.	\$500,000	2021 - 2024
Ahuriri Master Plan - Ahuriri Laneways	Delivery of projects to implement the vision defined in the Ahuriri Estuary Master Plan.	Projects are defined to outcome level. Alternative means of delivering these outcomes will be assessed during project development.	Dependent upon West Quay land purchase / Third party developments	\$980,000	2028 - 2031
Ahuriri Master Plan - Bridge Street Pedestrian facilities			NZTA and KiwiRail support the implementation of improvements within their corridors.	\$4,230,000	2025 - 2028
Ahuriri Master Plan - Meeanee Quay Upgrade			The transport function of this corridor can be reduced in favour of amenity without significant displacement of effects elsewhere on the network.	\$120,000 \$1,200,000 \$1,200,000	2022/23 2024/25 2026/27
Ahuriri Master Plan - Pandora Road Upgrade					Outside 10 years
Ahuriri Master Plan - Pandora Bridge Gateway				\$60,000 \$900,000	2026/27 2027/28
Ahuriri Master Plan - West Quay Upgrade				\$45,000 \$750,000	2019/20 2020/21
Ahuriri Master Plan - West Quay Car Park			Provide safe public parking facilities for Ahuriri growth.		Land is released by OTS and is available for purchase.
CBD Development	Rejuvenation of the CBD to remain competitive for business and visitors.	Retain and maintain existing streetscapes.		\$13,265,000	2019 - 2025
Puketitiri Road	To improve user safety and cater for growth in heavy and light traffic	Retain current LoS and continue reactive maintenance.		\$8,625,000	2019 - 2024
Walking & Cycling	Improve accessibility and modal choice			\$8,590,000	All Years

\*\* This table is a summary of investment highlights and excludes business as usual and routine renewal

## Infrastructure Strategy continues

The following shows projected annual capital expenditure associated with the roads and footpaths for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

Figure 8.1: Projected Capital Expenditure – Roads, Footpaths, and Inner Harbour



(Sources: Transportation Activity Plan 2018, Inner Harbour Activity Plan 2018)

## Infrastructure Strategy continues

### Inner Harbour

The Inner Harbour supports a diverse range of activities, from Coastguard facilities, and boat ramp launches to commercial fishing operations, sailing and fishing club facilities, and a range of water-based activity including recreational fishing, waka ama, yachting and kayaking. This is a high use area both commercially and recreationally which will only grow in popularity over time.

Council has engaged marine structures professionals to assess the current state of the assets including the moorings, pontoons, retaining walls, boat ramp and related structures. This has identified that many of these assets are overdue for significant maintenance and renewal and that there are some assets which are at the point of failure, notably the Jull Wharf structures (now closed to the public) which abut State Highway 50 and the railway line, both of which are critical links to the Port of Napier. Council is working closely with NZTA to ensure that the critical link structures to the Port are addressed over the next year.

The Ahuriri Master Plan will ensure that Council focuses on meeting the current and future needs of the community for any proposed work being undertaken. Funding has been allocated for the immediate requirements over the next three years. A detailed design proposal will be consulted on in the future.

### Significant Current Decisions

The key decisions relating to traditional transportation in the early years of the LTP have already been made. Of significance to the Transportation portfolio is the Ahuriri Master Plan which sets out a 30 year plan for a thriving and resilient estuary and coastal edge. It guides the use of land to support sustainable development that allows for commercial and residential growth while protecting the environment:

The recommended option is to execute the whole plan which includes the significant transportation projects highlighted in Table 8.1 below. In addition, there are \$6.6m worth of projects in the stormwater portfolio, specifically focused on improving the environmental outcomes of the stormwater network.

The other option is to address only the stormwater projects to deliver the environmental outcomes, but does not realise the full potential of the area.

The Ahuriri Master Plan has developed projects at a concept level, and does not present multiple options for each component at this stage.

### Three Waters

#### Ageing Infrastructure

The 3-waters portfolio is generally in a condition that exceeds requirements and is performing well. This is evidenced through:

- Drinking water supply compliant with New Zealand Drinking Water Standard for 17/18
- Sound performance against DIA measures
- Waugh Report 2014 indicating that there was no backlog in renewal investment
- Relatively young age of a high percentage of infrastructure

Stepped increases in renewal levels have been programmed throughout the next 30 years as illustrated in Figure 8.

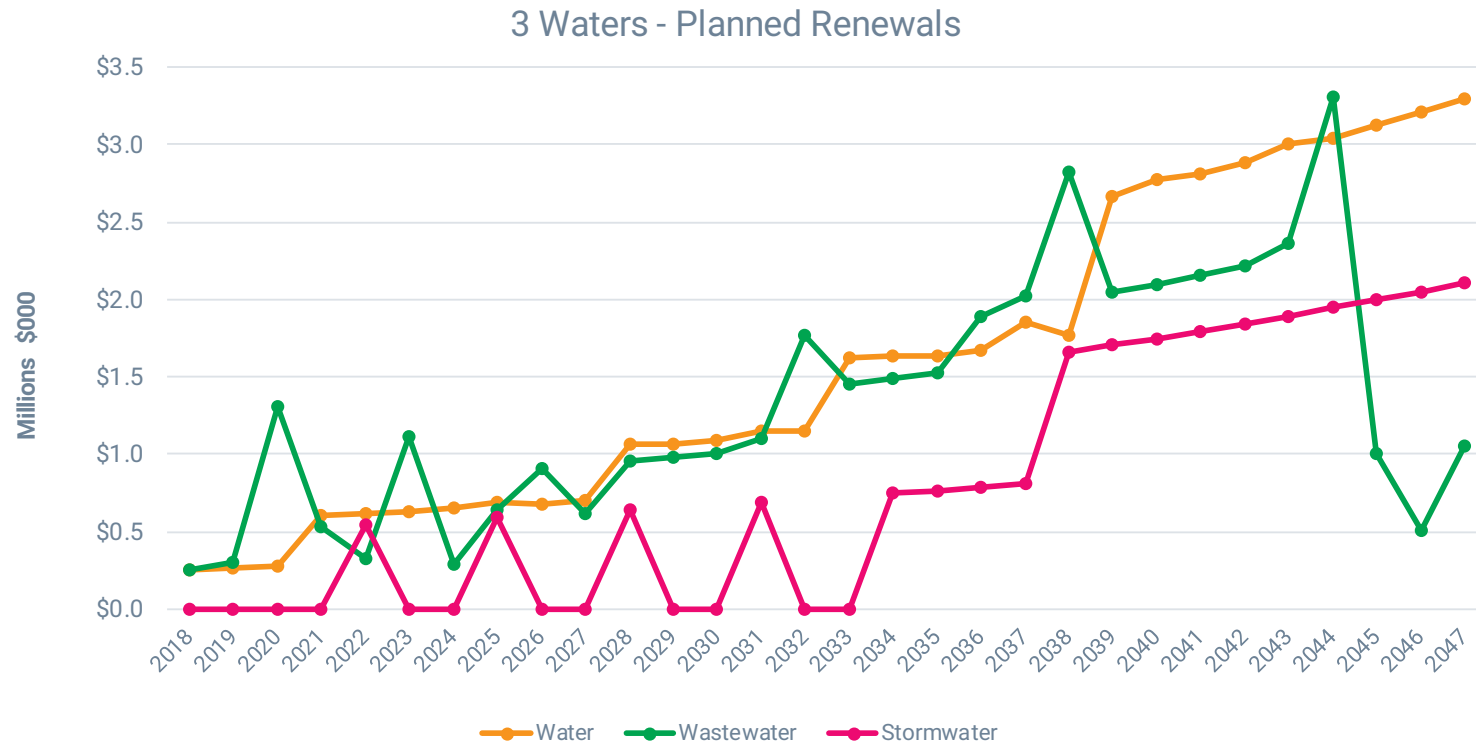
As the volume of renewals increases as a percentage of the asset base, additional focus will be placed on programming of replacements based on condition and performance assessment to optimize our investment. This work is supported by our focus on improving our asset management framework and information systems to align with ISO 55000.

The capital budget proposed for the next 30 years for asset renewals are as follows:

- Water asset replacements - \$44 million
- Wastewater asset replacements - \$61.5 million
- Stormwater asset replacements - \$18.5 million

# Infrastructure Strategy continues

Figure 8: 3 Waters - Planned Renewals



# Infrastructure Strategy continues

## Control and Telemetry

Council operates a SCADA and telemetry control system for water, wastewater and stormwater systems to inform and alert staff of operating issues and risks. The existing SCADA system has reached its end of life and requires a complete replacement or upgrade. The telemetry radio networks and microwave networks utilises older technology and equipment impacting on system reliability, stability, performance and confidence.

The Council has undertaken a study to review the existing system, council needs, and industry best practises and provide recommendations. Based on the recommendations of this study, a road map will be prepared to upgrade or replace the existing system, while maintaining existing operations. The cost estimate is approximately \$1 million for a complete upgrade of the system. Funds for this project have been proposed in the first three years of 2018-28 LTP.

## Drinking Water / Water Supply

### Anticipated Changes to Drinking Water Requirements following the Havelock North Contamination Incident

The most significant implications from the Havelock North Inquiry Report no.2 for Napier water are the recommendations for compulsory chlorination of water and loss of groundwater security. While the NCC has already undertaken a significant body of work to enable it to chlorinate water temporarily following a series of very low-level contamination results early in 2017, the network was never configured for large scale permanent chlorination.

Council has proactively implemented a number of Water Safety projects developed in response to the Havelock North Water Stage II Inquiry Report and the legislative changes that are anticipated as a result of that process, on the basis of having a low tolerance to health risk and taking all reasonable and practicable steps in doing so.

In addition to this work, the following projects are planned to ensure that Napier's water supply network is being managed appropriately:

- Replacement of four underground bores with above ground bores
- Provision of separate inlet and outlet pipes at reservoirs, to improve water quality and maintain chlorine levels

- Network optimisation to improve water quality outcomes

## Water Source Capacity

Napier has a 'Mediterranean' climate which typically experiences hot and dry summers. It has also traditionally enjoyed an ability to access large volumes of artesian water and transport it around the network relatively cheaply without treatment. The result is that the community of Napier is one of the highest per-capita water consumers in New Zealand, with an average consumption of 507 litres/person/day versus the national average of 300 litres/person/day.

Considering anticipated growth and current rates of water consumption across the city, the drinking water supply network will reach its maximum permitted peak allocation in 30 years' time (assuming that any large wet industry will have their own water sources as is historical practise).

To avoid infrastructure costs as a result of continued high demand, a better outcome is to reduce demand and push out capital investment related to providing additional capacity.

Council have an opportunity to reduce demands on the drinking water network by seeking to develop irrigation bores at its major parks, reserves, and sportsgrounds sites; however, this will require investment in the appropriate infrastructure. The Council has a water conservation strategy which aims to conserve water through operations and maintenance practices and improved public awareness of water conservation.

There is currently a wider regional discussion about capping the total amounts of water drawn from the aquifers and rivers. As the region's population grows, and the regional economic activity with it, it is likely that the City will need to be much more proactive in demand management of its water supply. A response to this issue needs to be developed in the first three years of this strategy to reduce the City's drinking water consumption and water consumption over all, which can then start to be delivered in the next LTP programme.

In the immediate term the Activity needs to determine where in the city most of its consumption occurs and as a result a project has been proposed in the LTP to establish district water zones and monitor the water usage in these zones.

## Infrastructure Strategy continues

### Groundwater and Water Source Quality

The aquifer Napier draws its water from is fed from the Hastings District. As such Napier needs to investigate means to assure itself of the protection of the upstream aquifer and the safety of the water source. Council will also need to allow for changes in groundwater quality and aquifer levels that may result from other environmental factors outside Napier's ability to control.

### Water Bores

Several of Council's current water bores have well heads located below ground level and located within the urban area and close to wastewater infrastructure. This situation has been identified as a high risk for the safety of the water supply. A project to replace the vulnerable bores with new bores at a safer and convenient location for water treatment has been included in the LTP. The estimated cost of this project is approximately \$2 million.

### Water Reservoirs

The existing suite of reservoirs have sufficient capacity for 24 hour storage during average demand only. During peak demand, reservoir levels experience significant draw down, putting significant pressure on 24 hour storage and firefighting capacity allocations. A new reservoir will be commissioned in 2018 which will improve this situation.

Enfield reservoir is one Napier's critical reservoirs and will need replacement within next 15 years due to structural vulnerability. A project is proposed in the LTP in years 2022 to 2025 to replace this reservoir at an estimated cost of \$10 million.

A new reservoir project has been proposed in the LTP to service future growth in western hills. The project cost is estimated at \$2 million.

### Water Reticulation Network

Recent modelling of the water network has confirmed that there is no significant capacity issue in the existing network and its ability to cater for 30 year growth projections. However, a project has been proposed in the LTP to install an additional

supply main from the Taradale bore field to the Taradale reservoir as part of the network reconfiguration. This pipe will provide for optimised control of water flow within the network and additional resilience in a critical element of the water supply. The estimated cost is approximately \$7 million.

Extension of the water network to Awatoto, Meanee and further extension in Bay View are planned beyond 2030 at an estimated cost of \$3.5 million.

### Significant Current Decisions

The major investment being made into the water supply network over the first five years is based on decisions already made, and compliance with the New Zealand Drinking Water Standard. That is to provide a barrier to pathogens through treatment via chlorination and to no longer rely on secure bore status as a single barrier.

Council consulted on the provision of de-chlorinated water stations. As our water meets all health and aesthetic water quality requirements of the New Zealand Drinking Water Standard there is no regulatory requirement to provide for alternative and more costly water supplies. However, Council have opted for two rates funded de-chlorinated water stations be provided in locations still to be agreed. Further stations to be determined based on usage. Council have confirmed that they have undertaken this increased level of service as it gives the public a choice to access de-chlorinated water if desired, noting that the Director of Health has strongly urged chlorination of drinking water across the country.



## Infrastructure Strategy continues

Table 8.2 Programme of Significant Water Supply Investment\*\*

Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Citywide Water Supply monitoring system	Improve monitoring of system performance and management of water losses	Monitoring gross production only	Practicality of installing monitoring equipment at the selected locations	1,000,000	2018/21
Improve existing bores*	Reduce the risk of public health due to water contamination	Improvement of existing bores	Risk of water contamination can be reduced in some of the existing bores without relocating Catchment risk will be managed effectively through collaboration approach with other stakeholders	250,000	2018/19
New bores in Awatoto	Additional bores for improved supply, network resilience and growth	Increasing existing bore capacities and upgrading of reticulation pipework	Sufficient capacity available in the aquifer in Awatoto area	1,050,000	2,019/22
New Taradale bore field and pipe upgrades*	Replace existing vulnerable bores Facilitate centralized treatment (maximum 2 locations)	Installation of treatment systems at each existing bore location	Sufficient capacity available in the aquifer in Awatoto area	8,100,000	2019/22 and 2028/30
New reservoir in Western Hills	Improve storage capacity and facilitate growth	A new reservoir in alternative location	HPUDS growth occurs as projected	2,000,000	2020/22
New water treatment plants*	Reduce public health risk from water and compliance with drinking water standards	No water treatment continues with existing emergency chlorination system	Water treatment will be mandatory in future	1,700,000	2018/20
Optimise Church Rd booster pump station*	Improve operational efficiency of the pump station	Do nothing accept the risk	Church Rd pump station will remain critical to replenish Enfield reservoir or future replacement reservoir	400,000	2018/20
Replacement of Enfield reservoir	Remove structural vulnerability of this reservoir in seismic events Improve water quality in the reservoir	Do nothing, accept the risk	No significant change to the existing water reticulation system in future	10,300,000	2021/26
Reservoir inlets and outlets improvements*	Improve water quality in reservoirs	Do nothing, accept the risk	Selected reservoirs will not be replaced within next 10 years	880,000	2019/21
Thompson reservoir upgrade	Improve functionality of the reservoirs	Replace existing reservoirs with new reservoir system	The reservoirs will not be replaced within next 10 years	1,100,000	2018/20
Urban growth projects	Facilitate urban growth	Restrict the development Accept a lower level of service	HPUDS growth occurs as projected	4,800,000	2030/34
Water meter installation	Reduce water wastage Help manage water losses	Public education on water usage	Politically and socially acceptable	2,500,000	2028/33

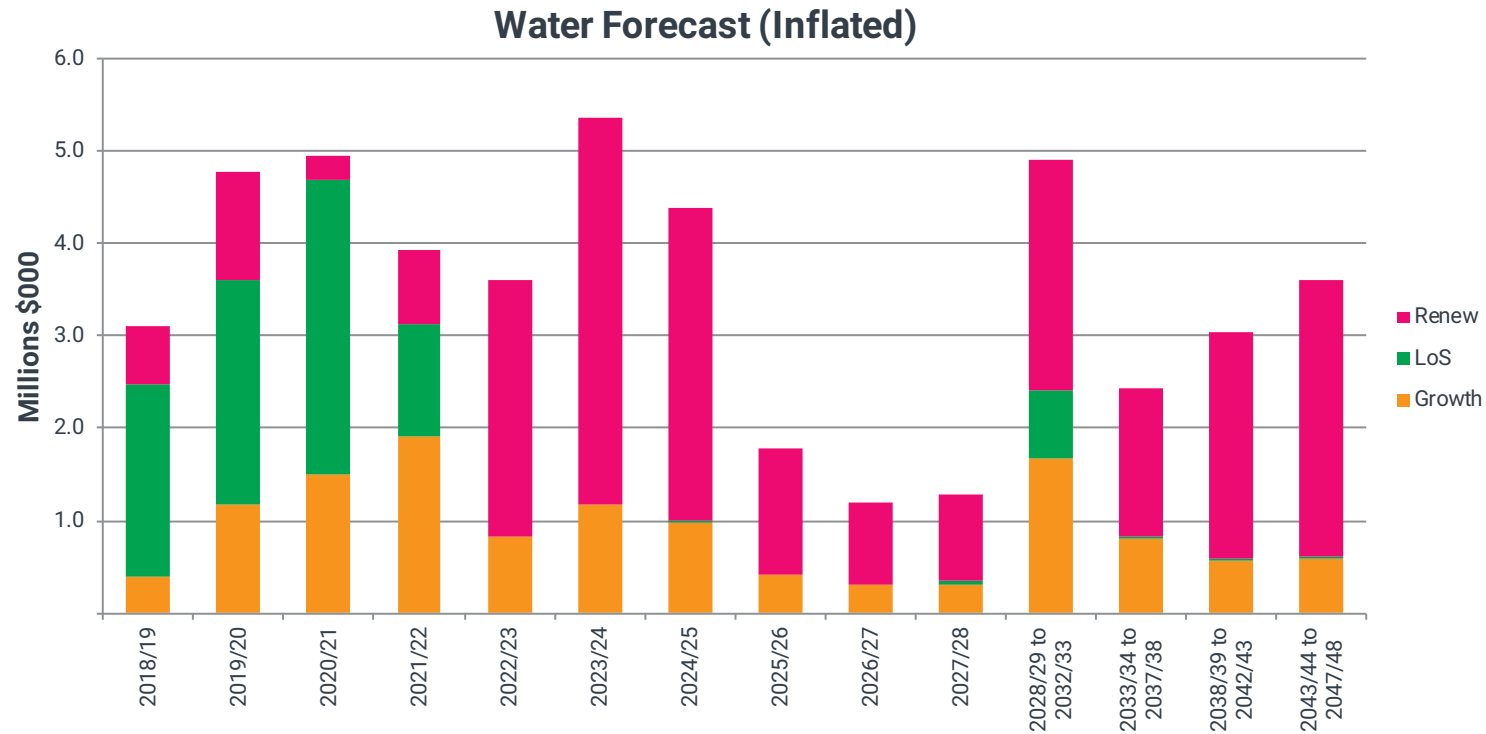
\*Projects developed in response to the Havelock North Water Enquiry

\*\* This table is a summary of investment highlights and excludes business as usual and routine renewals (Source: Water Activity Plan 2018)

## Infrastructure Strategy continues

The following shows projected annual capital expenditure associated with the water infrastructure assets for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

Figure 8.2: Projected Capital Expenditure - Water



(Source: Water Supply Activity Plan 2018)



# Infrastructure Strategy continues

## Wastewater (Sewerage)

### Wastewater Disposal

The consent for the wastewater disposal via the treatment facility and ocean outfall is due to expire in 2037. It is anticipated that there is likely to be a tightening of consent conditions in relation to treatment standards however as yet it is not clear what these might be. Added to this the treatment plant and outfall are a single point of failure vulnerable to a seismic hazard. Consequently replacing or upgrading of the outfall is planned in the years 2026 to 2029.

Work is underway to identify options for wastewater treatment which will lift the quality of the wastewater discharge, reduce demand on that particular outfall, and increase the resilience of the City's wastewater system in the event of a natural disaster. The estimated cost of outfall works is \$9.75 million. Upgrading of the treatment plant is planned in 2028 to 2031 at an estimated cost of \$8 million. All these upgrades will take into account future growth aligned with HPUDS growth predictions. An amount of \$0.6 million (total) has been allocated in the first four years of the LTP to initiate the requisite feasibility studies that may then be deemed necessary to facilitate a consent renewal. The estimates of treatment plant and outfall capital works will be refined following the feasibility studies.

### Infiltration

Napier wastewater system is a conventional system comprising a network of pump stations, gravity and pumping mains. This system has some advantages and disadvantages. One of the main disadvantages of the system is high inflow and infiltration during wet weather.

This is a challenge faced by most Council's and has proven to be a difficult issue to resolve.

Napier has a large area of flat terrain and the groundwater table is high. This situation has contributed to high level of infiltration into the wastewater reticulation network.

It is expected that as aged assets are replaced over time, and as the discharge issues are addressed as above, the council will increasingly be able to bring this situation under control, however this may require prioritisation of some wastewater asset replacements ahead of what would have been their 'age and condition based replacement periods.

As the programme of condition and performance assessments rolls out in the 0-6 year time frame of this strategy and hydraulic network modelling studies are completed, the Council will become better informed on the next steps. The capital expenditure proposed to address known infiltration issues in the first five years of the LTP is \$2.15 million.

### Capacity of Network to meet forecast demand

When the planned hydraulic modelling project in 2019 is completed, a more accurate upgrade programme and understanding of future system capacity issues will be included in the 2021-31 LTP.

In the short term, Council will seek to address known capacity issues including the elimination of known infiltration sources and specific pump station capacity upgrades. In addition, Council will need to restore the Pandora Industrial wastewater pipeline to service so that trade waste can be managed appropriately with respect to the treatment process.

### Significant Current Decisions

There are no significant decisions for consultation over the next 3 years. As described above, the key activities are:

- Planning and definition of options for future major upgrades to the Wastewater Treatment Plants (WWTP) and ocean outfall and diffuser
- Completion of the network computer model and associated infrastructure planning to set out a detailed investment plan and possible options over the next LTP period.

## Infrastructure Strategy continues

**Table 8.3 Programme of Significant Wastewater Investment\*\***

Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Pump station upgrades	Reducing wastewater overflows	Do Nothing Reducing inflow and infiltration	HPUDS growth predictions are reasonably accurate	\$7,290,000	2018/48
Improvements to Pandora industrial wastewater trunk main.	Reduce pipe blockages and tradewaste overflows	Divert industrial wastewater into domestic wastewater reticulation	No significant increase in industrial waste volumes in Pandora industrial zone	\$1,400,000	2018/21
Wastewater pumping main from Bay View	Accommodate future demand and reduce odour issues	Increase storage and odour control measures	Hydraulic modelling will confirm pipe upgrade requirements	\$1,100,000	2028/30
SCADA upgrade	Improve operational capabilities and reduce risk of control and communications failures	Manual controlling of the wastewater system	No significant changes to the wastewater system in the next 20 years	\$1,540,000	2018/21
Taradale wastewater diversion	Reduce wastewater overflows	Substantial wastewater pipe upgrades	Hydraulic modelling will confirm the project is viable	\$1,100,000	2018/21
Wastewater treatment plant and outfall upgrades	Meet future growth and resource consent requirements	Different treatment technology and disposal systems	HPUDS growth is accurate and future resource consent allows continued discharge into sea at the same location	\$19,850,000	2025/30

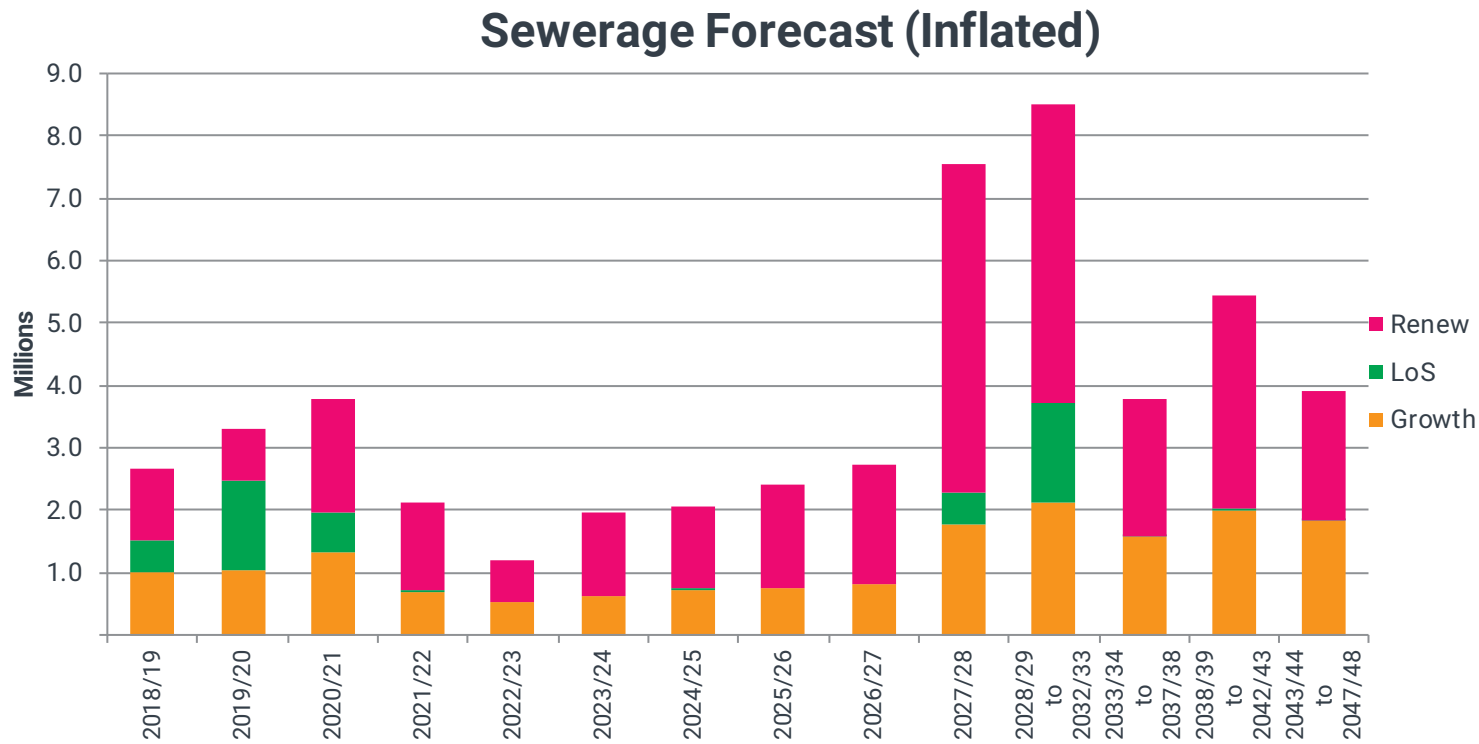
\*\* This table is a summary of investment highlights and excludes business as usual and routine renewals



## Infrastructure Strategy continues

The following shows projected annual capital expenditure associated with the wastewater infrastructure assets for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

Figure 8.3: Projected Capital Expenditure – Sewerage



Source: Wastewater Activity Plan 2018

## Infrastructure Strategy continues

### Stormwater

#### Stormwater

Napier's flat and low lying nature requires that approximately 75% of stormwater requires pumping with about 70% of stormwater discharging via the Ahuriri Estuary. The Council's goal with respect to flood protection is to provide protection to houses, business and commercial buildings from a rain event with a 50 year return period. At present, due to lower standards in the past this target cannot be met in localised areas already developed within the city. The following standards apply to stormwater and flood protection

- Piped network is designed using a 1:10 storm allowing for climate change
- Overland flow is designed to a 1:50 event
- Flood mitigation provided by HBRC- river flood levee banks 1:100

At present, the Council is developing a modern computer hydraulic model to use as a tool for assessing and analysing the stormwater system. The development of a stormwater hydraulic model has been prioritised and funds have been allocated in the first year of the LTP. This model will then be used to:

- Produce flood hazard maps and system performance maps;
- Assess upgrade options and need for new assets taking into account growth and future climate changes;
- Identify minimum floor levels to inform new development.

In providing stormwater solutions to the city, the Council will promote low impact design concepts by updating (in 2018) the Council's code of practice for new developments and will be supported through the review of Council's District Plan (2020).

In 2018-28 LTP, stormwater projects to the value of \$36 million (see table 8.4) have been proposed from year 4 to year 30 to address stormwater issues. This programme will be reviewed prior to 2021 using the network model and updated programme will be included in the 2021-31 LTP.

### Regional Council's Drainage Network

There is a historical interaction between Napier City and the Hawke's Bay Regional Council around management of the stormwater and land drainage networks.

Regional Council own and maintain assets associated with the Heretaunga land Drainage Scheme. This scheme was once entirely rural and thus provides a rural Level of Service catering for 1 in 5 year rainfall events and is configured to alleviate impacts of surface flooding. Today components of this scheme are located within the urban environment where 1 in 10 year rainfall events must be catered for.

The management of assets in the scheme has evolved over time on a largely ad-hoc basis and what was once primarily a rural scheme now caters for the developed city environment with different elements of the stormwater network being owned by NCC and HBRC.

This situation needs to be addressed primarily by lifting the level of service of the drainage scheme were its services urban areas and by clarifying roles and responsibilities in relation to operations, maintenance and capital investment. This initiative will need to be progressed in the 2018/19 financial year.

#### Discharge Quality

The majority of stormwater from Napier is discharged into Ahuriri Estuary which is ecologically and culturally a very sensitive environment. The quality of the water in the Estuary is greatly influenced by the quality of stormwater discharge from both Council networks and from activities undertaken upstream of the city boundaries.

The Council is developing a major programme of work to improve the quality of stormwater discharged into the receiving water bodies over the next 30 years. In the first 3 years of the 2018-28 LTP, funds have been proposed to do a study and prepare a master plan for Ahuriri Estuary. The 2018-28 LTP includes a funding of \$6 million for the delivery of stormwater quality improvements over the next 30 years. This budget will be reviewed following the finalisation of the Ahuriri Master Plan.

The Council's approach to stormwater quality improvement is multi-faceted.

- Reducing the contamination at the source is a priority and can achieve though public education and awareness programme

## Infrastructure Strategy continues

- Citywide stormwater catchment management plan focussing on stormwater quality and control
- Reviewing of District Plan and Engineering Code of Practice to include measures to control contamination from new developments
- Reviewing of the Stormwater Bylaw to include strict measures to facilitate enforcement

### Significant Current Decisions

Of significance to the Stormwater portfolio is the Ahuriri Master Plan which sets out a 30 year plan for a thriving and resilient estuary and coastal edge. It guides the use of land to support sustainable development that allows for commercial and residential growth while protecting the environment:

- The recommended option is to execute the whole plan which includes significant projects in transportation and reserves portfolios in addition to \$6.6m worth of projects in the stormwater portfolio, specifically focused on improving the environmental outcomes of the stormwater network.

- The other options is to deliver only the \$6.6m of stormwater projects to deliver the enviornmental outcomes, but does not realise the full potential of the area.
- The Ahuriri Master Plan has developed projects at a concept level, and does not present multiple options for each component at this stage.
- A number of “Deferred Capital” works identified in the 2015 and preceding Asset Management Plans have not been carried forward into the current plan framework. These works were identified where roads did not meet the contemporary design standards for their classification. Non-compliance with a specific code does not necessarily mean that the road layout creates an unacceptable risk to users or the asset. Capital works programmes going forward will be evidence-based and prioritised against supported criteria. The Transportation Strategy, citywide traffic model and ongoing network monitoring will support the identification and development of the criteria and work programme.



## Infrastructure Strategy continues

**Table 8.4 Programme of Significant Stormwater Investment\*\***

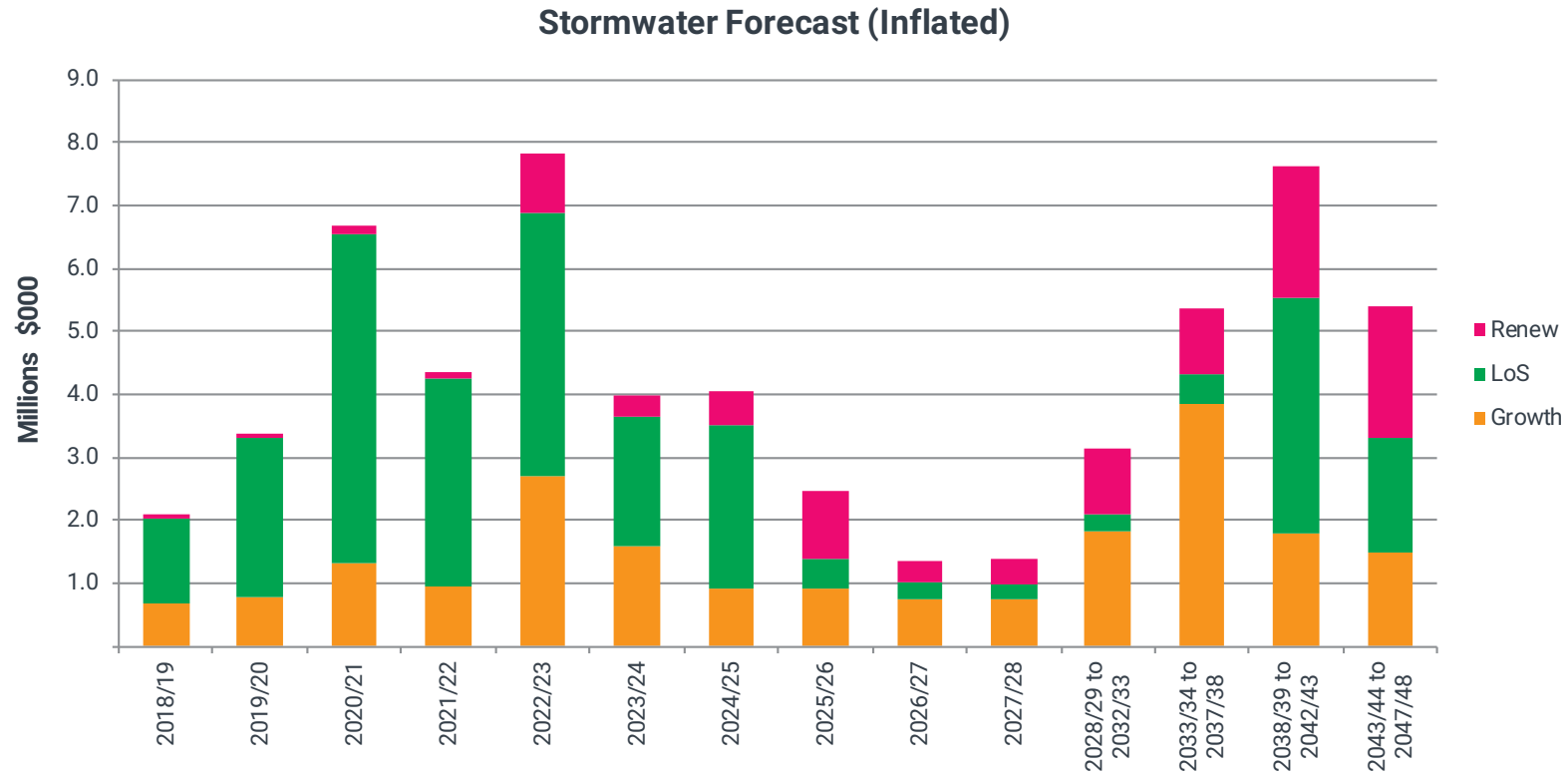
Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Ahuriri Master Plan – water quality improvement projects	Improve and maintain water quality in Ahuriri Estuary	Divert stormwater away from Estuary	Project aligns with overall stormwater management strategy	\$13,000,000	2017/20
CBD stormwater upgrades	Reduce risk of flooding in CBD	Divert stormwater away from CBD	Work can be carried out with roading work to minimize disruption in CBD	\$1,000,000	2019/20
Climate change associated stormwater upgrades	Reduce the risk of inundation and flooding risks due to climate change	Retreat from high risk areas	Work can be carried out with roading work to minimize disruption in CBD	\$7,500,000	2039/45
New pump stations	Reduce the flooding risk and enabling infill development	Retreat from high risk areas	Some measures will be in place to restrict developments in high risk zones	\$8,800,000	2019/24
Stormwater outfall improvements	Reduce flooding risk	Restrict development	Reviewed District Plan will support low impact designs for stormwater	\$1,225,000	2019/48
SCADA upgrades	Improve operational capabilities and reduce risk of control and communications failures	Installation of additional outfalls	No significant negative effect from climate change in the next 30 years	\$300,000	2018/20
Stormwater pipes and pump station upgrades	Reduce the flooding risk and allow for growth	Reduce the level of service and restrict growth	HPUDS growth predictions are accurate enough. Regional Council stormwater drain system is upgraded as necessary.	\$19,130,000	2018/48

\*\* This is a table of investment highlights and excludes business as usual and routine renewals

## Infrastructure Strategy continues

The following shows projected annual capital expenditure associated with the stormwater infrastructure assets for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

Figure 8.4: Projected Capital Expenditure – Stormwater



(Source: Stormwater Activity Plan 2018)

## Infrastructure Strategy continues

### Open Spaces

#### Parks and Reserves

The Reserves portfolio of Napier City exists to enhance the quality of life of Napier's citizens, by providing high quality passive and recreational facilities throughout the city. Napier is fortunate to have a wide range of parks, reserves and public gardens uniformly located throughout the urban environment. The Reserves assets support a large number of tourism events and local events, delivering highly maintained grounds and gardens ranging in location from coastal foreshore to formal botanical gardens.

Some of the main issues facing Council for the Parks and Reserves Activity include an absence of data on the parks and reserves asset condition and no single system for data storage and reporting, there are no existing levels of service measures in the existing Reserve Management Plan or existing Asset Management Plan and Council have limited data from stakeholders to make any real conclusions on 'needs and wants'. Very little is known in terms of provision and demand for parks and reserves and how these relate to levels of service and the provision and size guidelines as set out in the NZRA guidelines.

Council increased its focus on strategic planning, asset data capture and development, while maintaining day to day service delivery. Strategic planning and data capture is crucial to set a good foundation for future management and development of our Parks and Reserves Asset and also will help further define Levels of Service. Council has recently joined a nationwide parks benchmarking tool 'yardstick' which will enable Napier to consider its levels of service and provision of parks and reserves in comparison to other similar local authorities in New Zealand and abroad and national guidelines set by the NZRA. Council has some data on various parks and reserves and this data will be gathered and entered into an asset management system.

Coastal Erosion in the Westshore area has been identified as a key issue in several strategic documents. A number of projects have been identified within Council Foreshore Reserves and funding has been allocated for these initiatives. Stage 1 of the Anderson Park Destination Playground is due for completion in 2018, it is anticipated that Stage 2 will be completed in 10 years subject to consultation and Council approval. The Ahuriri Master Plan has been initiated by City Strategy and place holder funding has been allocated based on notional projects identified in the plan.





## Infrastructure Strategy continues

Table 8.5 Programme of Significant Parks and Reserves Investment\*\*

Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Ahuriri Estuary Projects	Implementation of Masterplan	N/A	N/A	\$22,740,000	2018 - 2038
Coastal Erosion	Implementation of the Clifton to Tongoio Coastal Hazard Strategy	Various erosion protection options and timings of interventions considered in the Strategy	Inundation adequately addressed across the isthmus	\$2,000,000	2018 - 2025
Westshore Erosion and Inundation Remediation	To Address historical erosion currently threatening Westshore	Options to address this issue effectively are under consideration	This issue will require periodic redress	\$9,600,000	2023 - 2043
Westshore Nearshore Restoration				\$2,000,000	2019 - 2044
Whakaririe Ave Rock Revetment	Implementation of Consent	Multiple alternatives considered throughout the consenting process. the current option is required by consent	N/A	\$2,200,000	2018 - 2020
Anderson Park Destination Playground	Stage 2 of Masterplan	Various alternatives will be considered throughout the design process.	N/A	\$1,100,000	2025

\*\* This table of investment highlights excludes business as usual and routine renewals

### Sportsgrounds

The Sportsgrounds portfolio of Napier City exists to enhance the quality of life of Napier's citizens, by providing high quality sport and recreational facilities throughout the city. Napier's sportsgrounds range from facilities of regional and national significance to grounds principally serving local club demand. Council's sports grounds and associated facilities provide for the majority of the city's sporting demand, although increasing pressure from population growth, diversification of sport, crossover between seasons and more extreme weather events is making it increasingly challenging to meet all demands. In a rapidly changing local sports environment, and a highly competitive market for major events, Council needs to be nimble in its response to pressure points and changes in demand. Council's provision of sports facilities needs to respect traditional aspects of sport (for example, club structures), while ensuring decisions now are sufficiently flexible to respond to changing future demand.

Some of the main issues facing Council for the Sportsgrounds Activity include an

absence of data on the Sportsground asset condition, limited information on 'needs and wants' and the fact that very little is known in terms of provision and demand for sportsgrounds and facilities and how these relate to levels of service as set out in the NZ Recreation Association guidelines. The existing Reserve Management Plan which sets the direction for the future management and development (which covers all Sportsgrounds) is also outdated (2000) and requires review.

Council has increased its focus on strategic planning, asset data capture and development, while maintaining day to day service delivery. Strategic planning and data capture is crucial to set a good foundation for future management and development of our Sportsgrounds Asset and also will help further define Levels of Service. Council has recently joined a nationwide parks benchmarking tool 'yardstick' which will enable Napier to consider its levels of service in comparison to other similar local authorities in New Zealand and abroad. Council has some data on sportsground asset (not utilisation) and a programme of gathering existing data and identifying and filling gaps is programmed. This will inform future decisions and help set levels of service.

## Infrastructure Strategy continues

A Sport and Recreation Strategy is planned which will focus on utilisation and any new technologies. This will sit alongside the Parks and Reserves Strategy and guide the Reserve Management Plan process.

Master planning has been undertaken for Park Island and this LTP allocates significant funding for implementation of the Master Plan initiatives. McLean Park has been identified as a priority for renewals and funding has been allocated for this purpose.

### McLean Park

While Council have added new features to the park over time (e.g. the Graeme Lowe Stand), the rest of the park needs redevelopment so it can continue to attract international and national events and remain viable. These improvements will also allow us to open up the Park for other events, such as concerts and community events, thus increasing the overall utilization of the asset.

Alongside major drainage and turf works being completed this year, Council are developing an overall strategy for the park to take it into the future.

The following projects have been identified in the Long Term Plan to deliver expected Levels of Service or implement ongoing improvements to Park.



## Infrastructure Strategy continues

**Table 8.6 Programme of Significant Investment at McLean Park\*\***

Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Development of Practise Nets facility	To enable venue to continue to secure 1st class and international cricket	Options in location, scope and design will be explored	Availability of land	\$100,000 \$800,000	2018/19 2018/19
Light Tower Upgrades	Ensure sports field lighting standards are met	New technology will be considered		\$3,000,000	2036/37
McLean Park Returf (part fund)	To enable venue to continue to secure 1 <sup>st</sup> class and international cricket	Various turf technology, drainage and irrigation options were considered		\$1,100,000	2018/19
Install additional big screen	Improved levels of service	Size and location to be considered		\$250,000	2025/26
Turf Farm Development	To support McLean Park hybrid turf system as it approaches time when it will need renewal. Full feasibility of this is required			\$1,000,000	2027/28
McLean Park Harris Stand Upgrade	Planned renewal of the Harris Stand with increased capacity. Full feasibility of this project is required			\$45,000,000	2047/48

\*\* This table of investment highlights excludes business as usual and routine renewals

(Source: Sportsgrounds Activity Plan 2018)

### Park Island Master Plan

A Master Plan for Park Island was originally developed in 2013. Council have recently updated the plan (2017) and have proposed to rearrange the Northern Sports Hub (along Orotu Drive) and the residential development to achieve better connectivity for sports activities.

With the benefits of artificial turfs, Council are able to reduce the overall number of fields required.

In addition, The Hawke's Bay Rugby Union is planning to relocate to the park and develop a high performance training centre in the Northern sports hub.

The Central and Southern Sports Hub are essentially unchanged from the original Master Plan except for two additional artificial turf fields outside the Bluewater Stadium, one each for rugby and football.

The following projects have been identified in the Long Term Plan to deliver the intent of Master Plan.

## Infrastructure Strategy continues

**Table 8.7 Programme of Significant Investment at Park Island\*\***

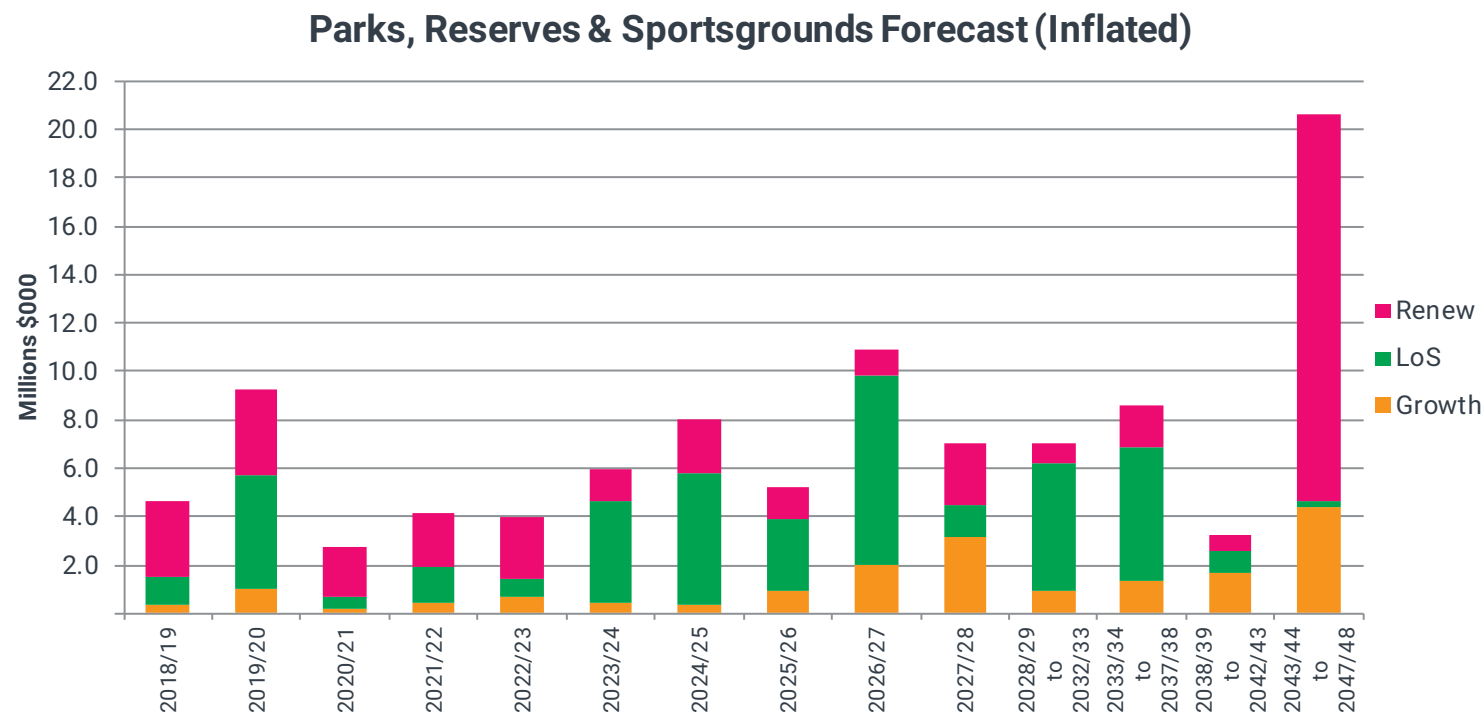
Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Installation of Footbridge	To improve accessibility of sports fields from Westminster Ave	Various design concepts will be considered	Obtaining consent	\$150,000	2018/19
North Hub Redevelopment	To meet changing expectations	Size location and scale options were considered in the development of the Master Plan		\$4,184,000	2018/28
Southern Hub Redevelopment				\$15,937,000	2020/37
Central Hub Development				\$10,300,000	2027/42

\*\* This table of investment highlights excludes business as usual and routine asset renewals

(Source: Sportsgrounds Activity Plan 2018)

The following shows projected annual capital expenditure associated with the Open Spaces infrastructure assets for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

**Figure 8.5: Projected Capital Expenditure – Open Spaces**



(Sources: Reserves Activity Plan 2018, Sportsgrounds Activity Plan 2018)

## Infrastructure Strategy continues

### Buildings and Property Portfolio

Significant issues include:

- Building Asset Management of existing buildings
- Three major building projects:
  - Library Building Upgrade to become the new Civic Administration Building (Business case to be developed)
  - National Aquarium of New Zealand Expansion
  - Aquatic Centre

### Asset Management of Existing Buildings

#### a. Deferred Maintenance

Previous plans have followed a strategy of deferring non-critical capital maintenance works in order to manage capital expenditure, instead managing the effects of this through performing operational maintenance on an as-required basis. A recent condition survey of high importance facilities has shown that this is not a viable strategy going forward, and further there is a large amount of maintenance that is now identified as required to be conducted to protect the capital value of these assets and ensure they are able to continue to deliver the required levels of functional performance necessary to deliver the services associated with them.

**Table 8.8 Programme of Significant Investment in Property and Buildings\*\***

Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Aquatic Centre	To provide increased swimming provisions for the local community as well as visitors to Hawke's Bay. Current demand for pool space not being met	25x25m complex located at existing site or along Prebensen Drive  Upgrade existing complex to meet future demand	Have assumed Prebensen Drive as preferred location (site not contaminated) with the cost effective pool of 25x25m. Assumed cost would be similar to Christchurch pool	\$41.3m	2018, 2019, 2020

Council has recently undertaken an asset condition assessment by specialist consultant SPM across all of its building assets. A programme of work was developed as a result of this assessment with priorities set based on the assessed condition assessment for timing. Urgent and critical works will be carried out as soon as practical, with the remainder of the work being undertaken per the programme recommended by SPM. A preventative maintenance programme has also been implemented across these assets

#### b. Earthquake and Asbestos Regulatory Requirements

There is a moderate level of knowledge and awareness of the new regulatory requirements relating to these hazards. Although some consideration has been given to developing a programme to meet the appropriate compliance levels, this programme has yet to be fully scoped and funded. There is a risk that council may need to accelerate funding or breach compliance requirements.

## Infrastructure Strategy continues

Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Library Building	The existing building is currently seismic prone, and the library has moved to a temporary location at the MTG Hawke's Bay. A library strategy is currently in development to determine the future needs of libraries. Once completed, this will inform options on the best location for the library going forward	Return to the existing building once seismic strengthening/upgrade complete or move to greenfield site (will be determined once Library Strategy complete)	There are currently no assumptions regarding site, however, have assumed that the building requirements can be met from the capital project funding provided either going to Greenfield or back to the existing building.	\$15.8m	2019, 2020, 2021
National Aquarium of New Zealand	The National Aquarium is looking tired and requires an upgrade as well as providing for new and refreshed exhibits. The current Minister of Regional Economic Development is keen to see this project being undertaken and supported via the Regional Development Fund. They have indicated they would be looking to contribute \$20-\$25m to this project. This would achieve a far greater outcome than what could be achieved if we were undertaking the project alone. The project will be partnered with Weta Workshop, Waikato University, Air New Zealand and others.	Council could choose just to fund the renewals and upgrade the exhibitions or work with Central government as a source of funds and expand the facility to increase visitors to the region due to the increased level of service achieved from additional funding	We have assumed that Council would receive the funding from Government, together with external funding sources from grants and sponsorship, and that Council will be limited to a fixed contribution of \$10.2m	\$53m (of which Napier City Council's contribution is \$10.2m)	2018, 2019, 2020
Earthquake	Implementation of Council's Policy on Earthquake Prone and Insanitary Buildings.	Legislative requirement under Building (Earthquake-prone Buildings) Amendment Act 2016.	No further changes to the Legislation will not occur during the period	\$150,000 (opex) \$450,000 \$150,000 \$150,000	2018 to 2021 2018/19 2019/20 2020/21
	Implementation of seismic restraints assessment strengthening as appropriate.		Legislative requirement under Building Code but not retrospective to existing buildings.		

## Infrastructure Strategy continues

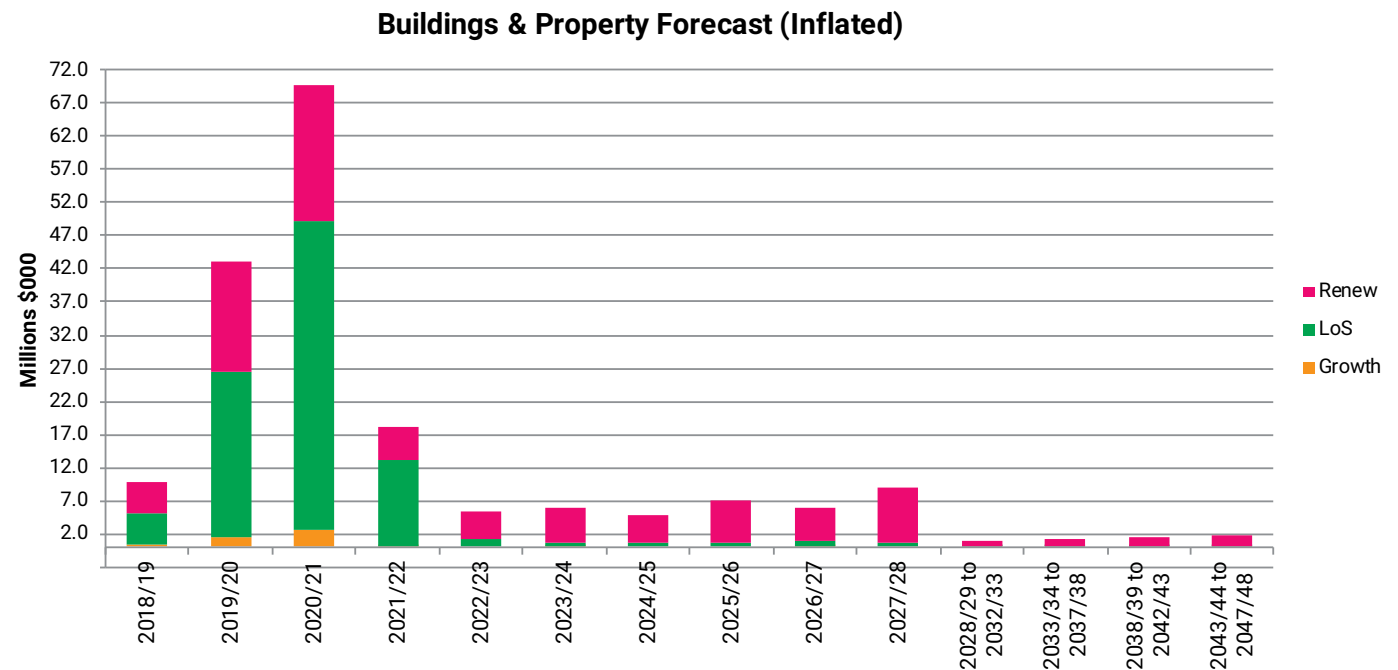
Project	Reasons	Principal Alternatives	Assumptions	Cost (2018)	Year(s)
Building Compliance	Implementation of future plan to perform risk assessments and identify high risk areas for public safety in buildings via gap and fire analysis.	Hold further study under existing policy pending TA direction.		\$75,000	2018
				\$75,000	2019
				\$75,000	2020
				\$50,000	2021
				\$50,000	2022
Deferred Maintenance	Following an estate condition survey, data collected identifies there are areas of deferred maintenance.	Hold addressing issues and respond during service failure events.	SPM Data is correct and no further reports are required.	Budgeted @ \$1.5m from SPM*	2018 to 2023

\* SPM is Council's Property Asset Management system provider and is pending further assessment

\*\* This table of investment highlights excludes business as usual and routine asset replacement

**Figure 8.6: Projected Capital Expenditure – Buildings and Property**

This shows projected annual capital expenditure associated with the Buildings and Property infrastructure assets for the first ten years followed by the average annual spend for each 5-year period from 2028 to 2048.



(Source: Property Assets Activity Plan 2018)

## Infrastructure Strategy continues

### Significant Current Decisions

There are 3 significant decisions to be made around the Library, National Aquarium and Aquatic Centre. These are detailed below.

#### 1. Library Building Upgrade to become new Civic Building

The Council's administration buildings were vacated late last year after a detailed seismic assessment identified both the Library and Civic Building as earthquake prone. As a result of the move, some 230 staff are now spread across three central city locations. Council have found that a reconfigured Library building could fit all of the displaced staff into one space as well as the Library service.

Further investigations into the Library Building have found that to achieve this fit, Council must fully upgrade the building to provide for an open plan, working environment. This includes replacing all electrical and mechanical systems, seismic strengthening work and exterior work.

A business case is currently being prepared to look at various options with regards to Council's requirements. These option may include adaptive reuse of the existing building; demolish then new build, and options on alternative sites.

#### 2. National Aquarium of New Zealand Expansion

Our National Aquarium is due for an upgrade. There was strong support from the public through consultation on the Long Term Plan regarding the upgrade of the Aquarium with a significant expansion of the site and the programmes it delivers.

Council will proceed with the preferred option and allocate \$10.2million in the LTP as Council's contribution towards the \$53million expansion project. This project is subject to a gateway process, where the next step is the delivery of the detailed business case. If approved by Central government, further gateways including external funding would be required before the project would commence.

### The expansion project

This expansion will tell the story of our relationship with the land and sea, encouraging us to care for our natural environment through marine science research, education and conservation programme while being an unforgettable aquarium experience. Being bold and visionary is important to the project's success. This project is an initiative

of Matariki: Hawke's Bay's Regional Economic Development Strategy and aims to increase regional growth through increased tourism and job opportunities. It is set to attract significant partnerships, external funding and sponsorship. It also closely aligns with the government's new Provincial Growth Fund given the considerable benefits it would deliver for the region and to the whole of New Zealand.

We are working with Iwi, the renowned Weta Workshop, the University of Waikato and Air New Zealand to deliver a conservation centre of excellence and eco-tourism offering that will attract local, national and international visitors.

#### 3. Aquatic Facilities

### Napier Aquatic Centre Development

The demand for aquatic facilities in Napier already outstrips our current supply. We expect demand will continue to grow. Aquatic facilities around the country are becoming multi-use facilities for leisure, recreation, rehabilitation, sport and fitness training. Creating a multi-use facility here in Napier future proofs the complex as our community and preferences change.

Historical issues with the Onekawa site and its previous use as a refuse facility must also be considered. There is a centrally located, Council-owned, site on the Prebensen and Tamatea Drive corner that could accommodate a new development, while still allowing for increased water space in the future. Council recognises that it will also offer continuity of swimming pool access while the other pool was under construction, as well as great public profile and accessibility.

Council have recommended a 25m x 25m Pools and Play to be located at Prebensen Drive. The proposal has a capital cost of \$41.3 million (\$40million in 2018 dollars) which will be funded through \$34 million in loans and \$7.3million from reserves. Total operating expenditure per year will be \$3.3 million, and funded through rates and user charges. The new pool complex to be located at Prebensen Drive would include:

- 25m x 25m pool
- 25m x 12m learners' pool
- 20m x 8m programme pool
- Two spa pools, a gymnasium, a café, and a water play area featuring an accessible pool, bomb pool, hydroslide, and splash pad and water toys



## Infrastructure Strategy continues

This would meet the needs of a high proportion of users, and would cater for the high interest in leisure play, plus, it will provide more lane space, modelled on the QEII complex being constructed in Christchurch.

There is the opportunity with this option to extend the 25m pool to a 50m pool if there is demand in the future. Lifespan: 30 years.

### Financial Estimates and Impacts

The Local Government Act 2002 Section 101B – Infrastructure Strategy states:

(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority’s infrastructure assets over the period of the strategy and, in that context, must—

“(a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—

“(i) in each of the first 10 years covered by the strategy; and

“(ii) in each subsequent period of 5 years covered by the strategy

Therefore, it is important to note that each year is shown for the first twelve years and then the average for each five-year period within the graphs on the following pages. This aligns the projections with the three yearly LTP periods.



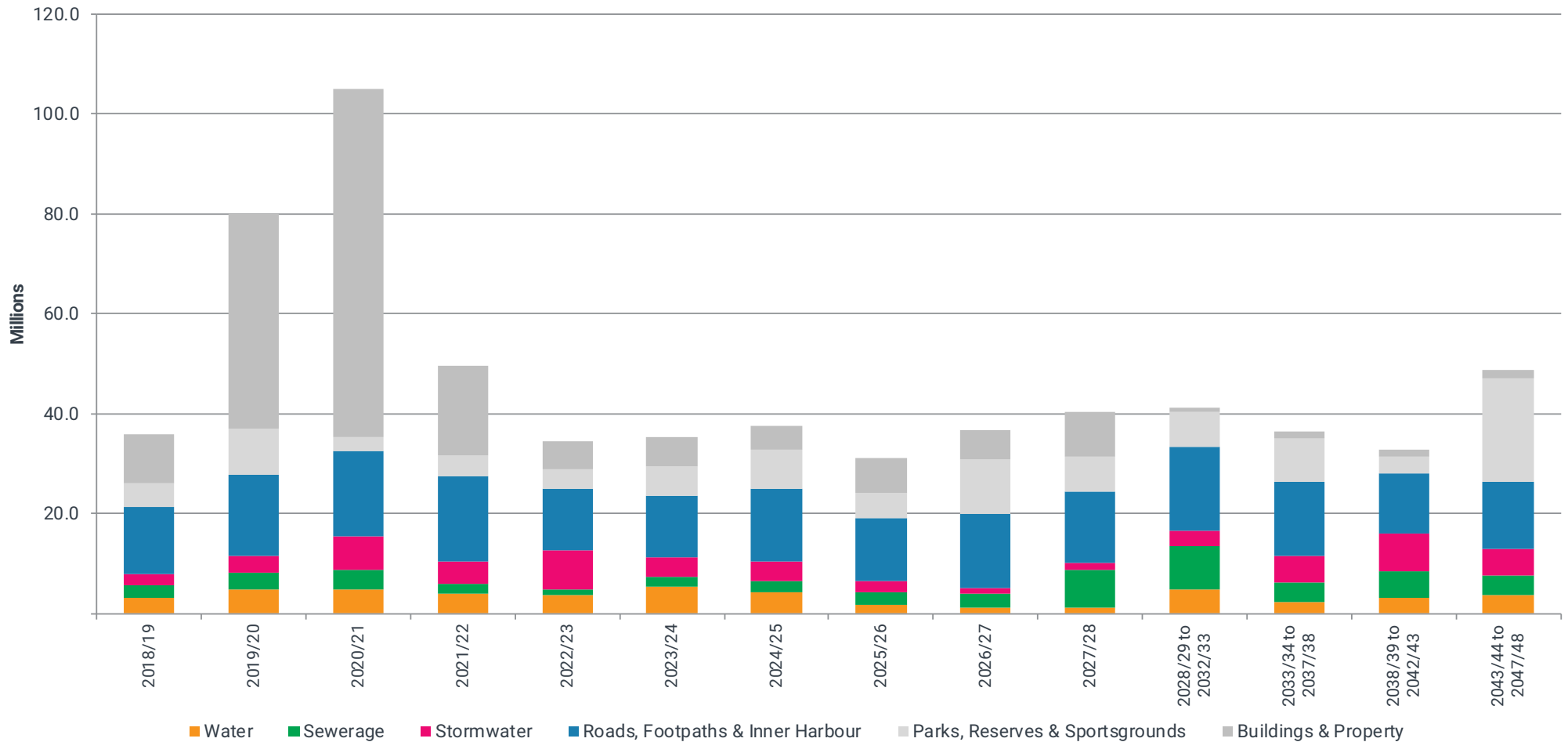
# Infrastructure Strategy continues

## Total Expenditure

The following shows projected annual capital expenditure associated with the significant infrastructure assets for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

Figure 9 1: Projected Capital Expenditure- Infrastructure Assets

### Combined Infrastructure Forecast - Capital (Inflated)

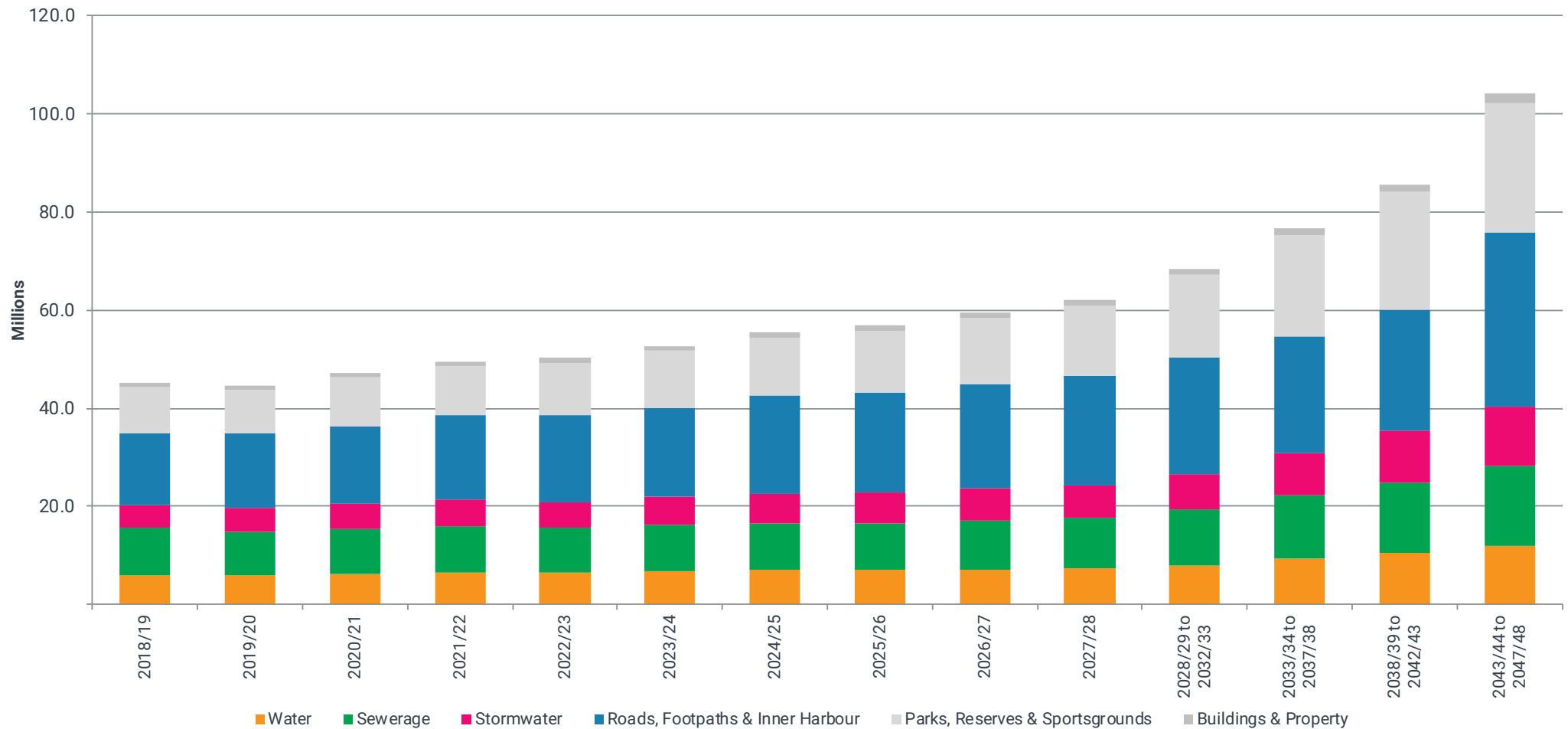


## Infrastructure Strategy continues

The following shows projected operational expenditure associated with the significant infrastructure assets for the first 10 years followed by the average annual spend for each 5-year period from 2028 to 2048.

Figure 9 2: Projected Operational Expenditure- Infrastructure Assets

### Combined Infrastructure Forecast - Operations & Maintenance (Inflated)



## Infrastructure Strategy continues

### Financial Impacts of the Infrastructure Strategy

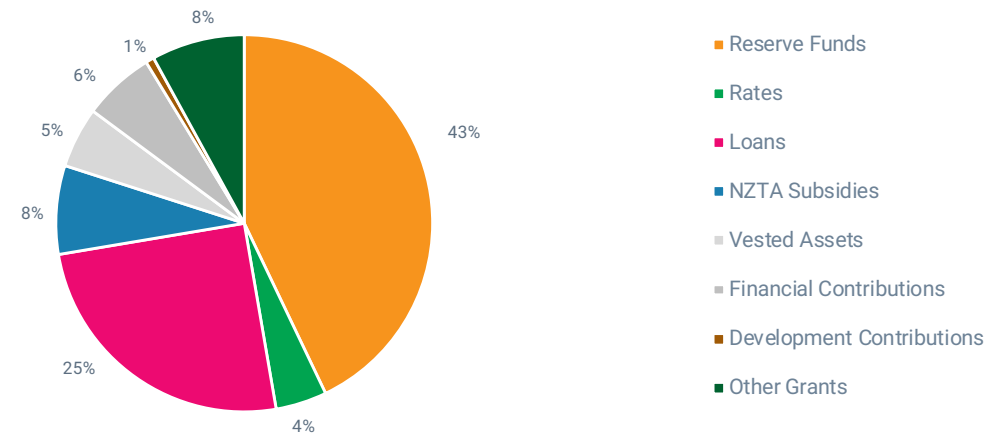
The Infrastructure Strategy, alongside the Financial Strategy demonstrates how Napier City Council plans to manage its assets prudently and sustainably through periods of growth, changes in standards, and improving its resilience for the future. Council currently does not have any external debt, which is a strong foundation and platform for the capital programme outlined in the Strategy. As Council only generates approximately 50% of its total revenue from rates funds which assists with the overall resilience framework for Council. Having significant funding from other streams such as fees and charges, and property development, Council is in a good position to respond to financial pressures relating to resilience (e.g. earthquake response). It has utilised non rates funding as sources of funding for large scale projects such as the proposed Aquatic facilities, Aquarium expansion and proposed new Library.

Although the 10 year plan sees Council incurring up to \$30m of external debt to deliver the projects as discussed in the strategy, these debts are able to be fully repaid by the end of the 10 year – leaving Napier City in equally a strong position as it started out in this plan.

Ensuring that Council continues to have capacity to fund any future expenditure needs is a key component of Council's Financial Strategy. Each year Council will collect sufficient revenues to fund its expenditure needs, including the depreciation on our large asset base. By balancing its budget in this way Council ensures that the current ratepayers are contributing enough to maintain the assets in their current condition.

In practice Council's actual funding requirements for the renewal of assets can vary significantly from year to year. Asset renewals are driven by the age and condition of the assets rather than the "straight line" approach as represented by the depreciation expense. The aim is to only renew assets at the time that asset data indicates that the renewal of the asset is the most cost effective solution to maintaining service life in the long-term. Where the funds collected to cover the depreciation expense exceed the amount needed for asset renewals Council will use the funds to either retire debt, fund new capital or invest the funds to meet future expenditure requirements. This ensures that Council maintains the capacity to fund asset renewals as they arise in the future.

Combined Infrastructure Capital Funding (Inflated)



## Variations to Sanitary Services Assessments

In accordance with Schedule 10 Part 1 of the LGA, the following explains variances between the LTP and assessment of water and sanitary services and waste management plans:

### Water and Other Sanitary Services

Council has initiated a major review from first principles that is currently underway. Particularly in the water portfolio initial outputs of the infrastructure modelling and the early and urgent recommendations of the Havelock North Inquiry have influenced the LTP and deviate from previous assessments. As the work is formally completed in water, wastewater and stormwater a new detailed Essential Services Reports will be completed.

### Waste Management and Minimisation Plan

This strategy document is presently in draft form and consultation hearings are currently ongoing. Decisions on future refuse and recycling services (and other waste minimisation activities) and finalisation of the document will be completed over the coming months.

# Financial Strategy

## Purpose of the Financial Strategy

This strategy outlines the Council's financial vision for the next 10–30 years and the impacts on rates, debt, levels of service and investments. It will guide the Council's future funding decisions and, along with the infrastructure strategy, informs the capital and operational spending for the Long Term Plan 2018-2028 (LTP).

## Executive Summary - The Napier Story

### Focusing on our Infrastructure and Sustainability

Napier City has a history of conservative financial management with low rates and debt levels. This means Council starts this LTP in a very strong financial position relative to most other councils.

We are a coastal city that is subject to the threat of natural disaster. We remember well the impact of the 1931 earthquake on our city and are conscious that much of our land is low lying and subject to the dual threats of rising sea levels and tsunamis. Part of our strategy therefore needs to be making sure we retain the financial strength to respond to any potential natural disaster.

Our pre engagement has told us that our public want us to continue to focus on our infrastructure, particularly in the three waters area. Additional capital works are needed on our Water Supply network in response to the Havelock North Water Stage II Inquiry Report while the main theme in our 30 year infrastructure strategy is one of improving the quality of our asset data to ensure we are spending on the right assets at the right time.

In addition Council proposes four new major projects. Council proposes to upgrade or replace its Onekawa aquatic facilities (potentially at a new site), expand the National Aquarium of NZ, commence work on the Ahuriri Master Plan and to provide for a new library (subject to options analysis on location).

Our programme of capital work as a result will require an increased level of debt from the past, however, we will do this in a manner that is both prudent and sustainable whilst ensuring that we have the capacity and resources available to deliver this affordability to our ratepayers in the long term.

We know that our revenues need to be sufficient to fund these expenditure requirements in a manner that maintains our strong financial position and the flexibility it gives us to respond to any unforeseen events. This means running a balanced budget, ensuring we generate sufficient revenue to match our annual operating expenditure.

We have been able to generate significant revenues from our Parklands residential subdivision activities and this has enabled Council to invest in a number of projects to improve the vibrancy and livability of our great city. During the term of this LTP these revenues will cease and part of our strategy is to reinvest some of these revenues to provide another ongoing source of revenue for the city.

Currently Napier City Council has no external debt, with all debt funded internally. This has been a deliberate strategy as a result of:

- Cash and investments accumulated for the replacement of existing assets or acquisition of new assets
- Leasehold land and accumulated surpluses
- Land available for sale (Parklands residential) and accumulated surpluses

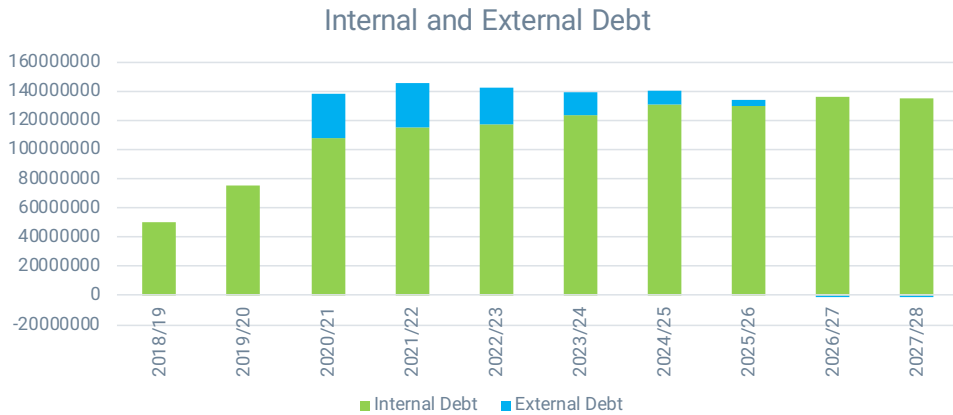
As a result of the proposed investments in improved community assets in this LTP, Council will need to borrow some funds externally (peaking at \$30m and then reducing so Council is in a positive cash position by the end of the 10 years.) Increased levels of debt are driven by increasing the overall capital expenditure programme mainly due to:

- Additional infrastructure spend due to legislative changes regarding the management and treatment of the three waters and ensuring the networks are well maintained (water, stormwater and sewerage)
- Enabling Council to fund major projects to upgrade and expand its Aquatic facilities and the National Aquarium of NZ and Ahuriri Master Plan programme of work and Library.
- Although the Council buildings have been deemed earthquake prone, a business case has been developed to further explore the best option on the building options (undertake ourselves, take out lease, operate a

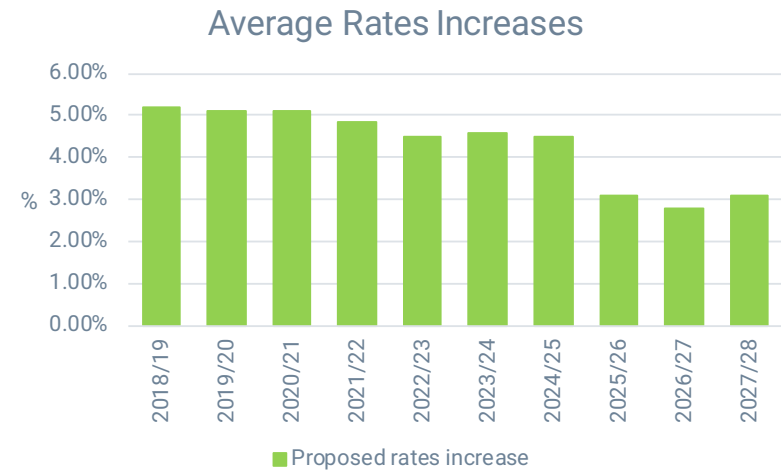
# Financial Strategy - Executive Summary continues

BOOT model, **buy own operate transfer**). For this reason the LTP provides for ongoing operating costs only (equal to the equivalent capital project), and not any provision for a capital project at this time. The net rate impact on all options has been reflected.

Rather than investing surplus funds and then re-borrowing, Council uses surplus funds instead of external borrowing.



Napier has consistently had some of the lowest residential rates in New Zealand. A rate increase of 5.2% is proposed in year one of the LTP (2018/19). These increases are required to ensure council continues to run a balanced budget, when capital revenues and one-off revenue sources are excluded. This will also ensure council continues to maintain a strong financial position and future ratepayers are not asked to pay more than their fair share.



## Financial Strategy - Executive Summary continues

Council has set out its key financial goals that drive the budgets of the LTP 2018-2028. Key goals include:

- To limit the total external debt to 100% of our annual revenues
- To limit increases in rates to a maximum of LGCI + 5% per annum;
- To limit Interest to Revenue at < 10%
- To balance our budget each year by ensuring we are fully funding the wearing out of assets over their lifetime (funding depreciation) and have this embedded into our processes.
- To ensure there are sufficient funds or borrowing capacity available to fund the planned capital programme (i.e. provide essential infrastructure and services) and to allow for any unforeseen events;
- To ensure the costs of providing the growth component of infrastructure are paid by those that benefit from it (i.e. the growth component of capital projects will be primarily funded through development and financial contributions).
- To manage the size and scale of new community facilities in a way that ensures Council continues to retain sufficient financial capacity going forward;
- To identify a new long-term investment, to be funded from the revenues received from the Parklands residential development, to provide an ongoing revenue stream that maximizes its potential return for Council both in the short term and long term. Council will continue to review options for future revenue generation and will consult with the public as required. \$30m has been identified for future revenue generation opportunities.
- To review Council assets and investments for potential sale to reduce debt, replace with higher yielding investments or fund key projects;
- To sell properties from its leasehold land portfolio that Council has determined to be non-strategic when they can be replaced with similar yield investments.
- To increase the Council's income by seeking better performance from the Council's commercial investments and activities

Population growth and an ageing population, land use change, changing legislation, natural hazards, and Infrastructure expenditure demands are just some of the matters that have been considered in developing this financial strategy.

The strategy dovetails with the Council's infrastructure strategy, growth strategy, activity management plans and other financial policies. The goals and limits in this strategy helped inform the financial decisions in the LTP 2018-2028.



## Introduction: What is a Financial Strategy

A Financial Strategy explains the particular principles that a Council applies in determining how it manages the city's finances on behalf of ratepayers.

The Financial Strategy is specific to each organisation however it also must show how Council is meeting its legal requirements and how the financial decisions will impact on the current and future ratepayers.

Napier's Financial Strategy focuses on ensuring the Council's city vision and objectives are being met in a prudent and sustainable way, while acknowledging that this will require increasing debt levels and rates in order to achieve them.

Councils have a legislative requirement to plan for a balanced budget. This means that Council should generate sufficient revenues each year to fund all operational expenditure. Operational expenditure includes the annual costs to run the city. This includes the cash spent to physically operate and maintain facilities and services plus the annual charge that represents the consumption of assets (depreciation).

The strategy outlines the approach Council plans to take to manage the day to day operations and plan for the financial challenges facing the City, and Council's responses to these challenges. It also sets out its financial goals that have been used to guide decisions in the LTP 2018-2028. In developing the strategy for the 10 year plan council also must consider the future impacts and challenges outlined in its 30 year infrastructure strategy. The infrastructure strategy details the capital and operational budgets and specific projects in the areas of transportation and roads, water supply, stormwater, wastewater, and building requirements.

In particular this strategy looks at the strategic issues affecting Council's financial planning, including the impacts of:

- An increasing asset base and the long term funding requirements of the city – what are our long-term asset renewal requirements and how much should we collect now (annual consumption or depreciation charge)
- How we allocate funds collected and how we fund our often lumpy capital expenditure requirements
- How we will fund major projects and respond to specific known challenges such as

- Water supply and regulation changes
- Major \$41.3m upgrade to the city's aquatic facilities
- Matariki REDS Strategic objectives – Aquarium expansion. A Council contribution of \$10.2 million towards a \$53m upgrade (inflated)
- Civic and Library building upgrade/replacement
- Increasing infrastructure demands for operational and capital investment;
- Ahuriri Estuary Master Plan
- Keeping rates increases affordable
- A growing city – additional expenditure demands from an increasing population and an expanding urban footprint.





# Financial Strategy continues

## The Council's Financial Management Responsibilities

### **PRUDENCE and SUSTAINABILITY**

Council will manage its finances prudently and in a way that promotes the current and future interests of the community.

### **FINANCIAL STRATEGY**

The Council's Financial Strategy informs and guides the assessment of funding and expenditure proposals.

### **FUNDING and FINANCIAL POLICIES**

Council adopts a set of funding and financial policies to provide predictability and certainty for the sources and levels of funding.

### **BALANCED BUDGET REQUIREMENT**

Unless it is prudent not to, operating revenues will be set at a level that meets operating expenditure.

### **INFRASTRUCTURE STRATEGY**

# Financial Strategy continues

## Our Approach: Proposed Limits and Infrastructure Spend

The following outlines our approach, considers the specific strategic issues affecting Napier City Council and sets specific targets and limits.

### Income

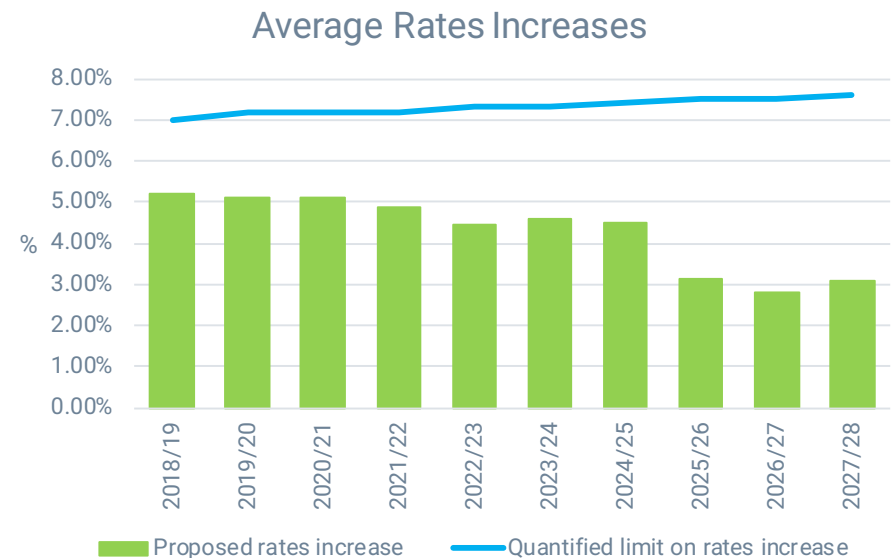
#### Rates

Rate revenue is the primary source of funding for Council activities making up more than 50% of our total revenues. Our annual rates requirement is allocated between different groups of ratepayers based on our Revenue and Financing Policy as outlined in this plan.

Each year we determine the amount we need to collect from rates by looking at our expenditure requirements and how much we are able to fund from other non-rates sources. When we determine how much we need to collect we consider the impact on the ratepayers we have today and on our future ratepayers (often referred to as intergenerational equity). The idea is that each year the ratepayers at that time should pay for the cost of all services delivered and all assets consumed during that year. We need to be able to clearly articulate whether we are collecting too much or not enough and why. Sometimes we may propose to soften the impact of any sudden cost increases and also we may propose to soften the impact of future increases by collecting additional funds in advance.

We are aware that affordability is a critical issue for our community and for many years we had an underlying philosophy of aligning rate increases to the annual CPI movement. When determining the proposed increase in rates we now compare our cost increases to a specific basket of costs that reflects the increased costs that relate to local government (referred to as the LGCI or Local Government Cost index).

While we expect to continue to have comparatively low levels of residential rates additional investment is required and this will mean that additional rate increases are needed. An average rates increase of 5.2% is proposed in year one of the LTP (2018/19). The increases for future years are more moderate however rates will need to increase by a greater amount than the rate of inflation applied to local Government costs. For this LTP, Council has set an upper limit for rate increases of the LGCI plus 5%. The total rates income is capped at \$111m.



# Financial Strategy continues

## Other Specific Income Strategies

### Review Fees and Charges

The Council's preference is to recover costs that provide private benefits to members of the public or specific organisations through user fees and charges. These fees and charges are reviewed regularly, and normally adjusted for inflation and increases in costs. During the first three years of the LTP the Council will be reviewing a range of fees and charges as part of its Revenue and Financing Policy review. There has been no additional income included in the forecasts from this review.

### Review Council Assets for Potential Sale

During the first three years of the LTP (2018-2028), the Council will review the Council's assets and investments, to determine which may be surplus and suitable for sale. The Council's preference is to use proceeds from asset sales to reduce debt or purchase new assets, rather than offset operational expenditure.

To be considered for disposal, assets would need to be low performing, and the overall impact of the asset sale must be to reduce interest costs by more than the level of lost income from these assets. For example, if \$2 million was earned from leasehold land investments, this would be taken into account when calculating the value. Following the review of assets, any proposed sale and intended use of proceeds from the Council's strategic assets would be discussed with the community prior to making a final decision. There has been no income included in the forecasts from these potential asset sales.

As part of Councils review of potential surplus assets during 2017/18, the Ahuriri Bowling club was approved to go out for tender. Funding has been provided for community projects in the LTP as a result of this sale.

Council has initiated a review of its Community Housing portfolio as the current stock will not be fit for purpose in the long term. Council will undertake further consultation regarding the portfolio in the near future once a business case has been developed and approved.

### Increase Income from Council Owned Commercial Assets and Community Housing

The Council has a number of commercial and semi-commercial assets such as

Kennedy Park, Par2 Golf, National Aquarium, and the Napier Conference Centre and some of its Housing portfolio. The Council has recently appointed a Visitor Experience Manager in order to improve the Council's return from its investments. This manager is ensuring that commercial disciplines are applied in managing these investments. A series of new activity management plans have been prepared for the LTP 2018-2028.

The Council intends to review the charging regime for its commercial assets, and will ensure charges fairly represent costs and a return on investment. The Council also intends to provide a greater level of re-investment in commercial assets to ensure their ongoing commercial viability. Planned reinvestments in commercial assets have been included in the financial forecasts along with known increases in fees and charges.

Another option to increase income is to set community housing rents closer to market levels, to partner with external organization (CHPS) or to sell its housing portfolio. Any such significant change would need to be phased in over time.

### Investigate Accommodation Levy

We will continue to explore non rates funded income opportunities, including an accommodation levy to assist with funding for tourism infrastructure requirements. This will be investigated during the LTP with further consultation to occur when this has been scoped and developed

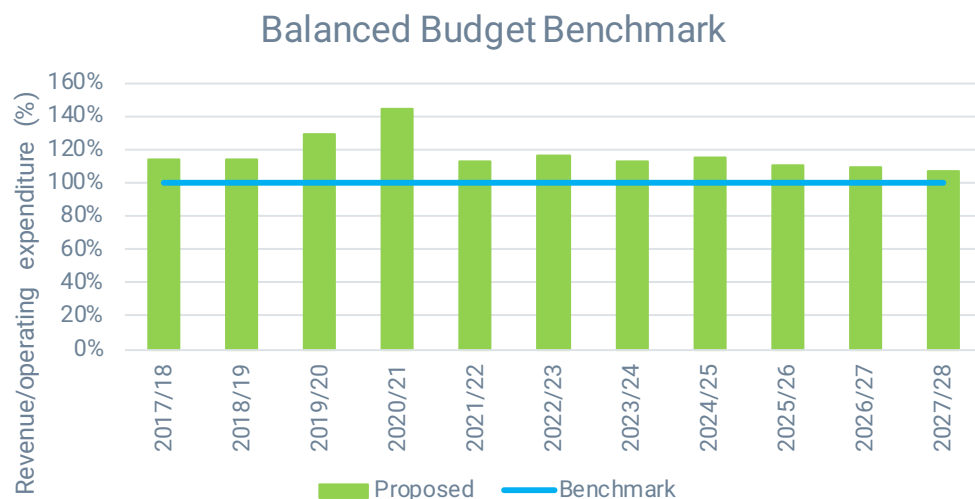
### How we balance our budget

Each year we must collect sufficient revenues to meet our operating expenditure requirements (referred to as the balanced budget requirement). This includes all of our "cash" expenses such as pay staff and suppliers who delivers services to the community. In addition is also includes an annual charge for depreciation which represents the consumption of our assets during the year. The cash we collect from the annual depreciation charge is then used to fund expenditure on the replacement (renewal) of our assets and, when our asset renewal expenditure is lower than the annual depreciation cost we will repay debt or fund new asset purchases. Then, in years when we have greater asset renewal requirements, we will have the financial capacity to fund the expenditure so any "lumpy" asset renewal requirements will not directly impact on rates.

## Financial Strategy continues

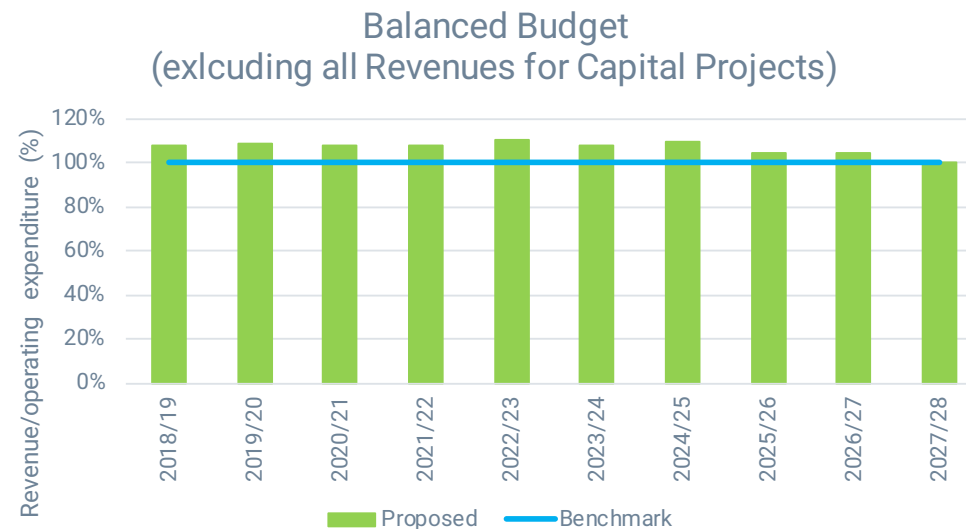
This represents a change to the approach outlined in the last LTP however it has not increased the amount we need to collect from rates. Council has been budgeting for a balanced budget in previous years, so we have been funding all depreciation each year. This new approach represents a more disciplined approach to making sure we meet our legal obligations and are charging today's ratepayers the correct amount.

The following graph shows how we are meeting the balanced budget requirements as set out in the Local Government Act.



To ensure we are collecting the correct amount for our current ratepayers each year we have developed an alternative benchmark where we remove all one-off revenues sourced to fund new capital projects. We have excluded all NZTA subsidies for roads and have also excluded 51% of the annual depreciation expense for those Road assets where we can expect to receive an NZTA subsidy of 51%.

This graph shows a much smoother profile and it shows that, in the later years of the LTP when we will no longer be receiving revenue from our Parklands residential subdivision activities, we are only just collecting enough from our current ratepayers.



### Expenditure

Council's annual expenditure requirements are the key driver of rate increases for our community. As the city grows and acquires new assets, the annual cost of operating the city grows. The Council is committed to ensuring delivery of these services in a cost effective and efficient manner, and we have set a target for each year in the plan. This will be achieved by internal service delivery reviews, and improvements in technology to support the business for efficiently.

## Financial Strategy continues

While Council will operate with a balanced budget and will generate sufficient revenues to be able to fund all depreciation each year, Council still has discretion in determining how it will fund the renewal of its assets. The current approach will continue, where community assets considered as non-critical /essential nature, and this will be managed and funded as part of the City's Building Asset Management Plans. Council will continue to maintain these assets at a sufficient level on an ongoing basis. Any decision to replace these assets will be made at the time in consultation with the community. A mixture of loans, reserves and community funding could fund the cost of replacement. Assets identified as non-critical/essential include: Rodney Green Centennial Events Centre, McLean Park, Napier Municipal Theatre, War Memorial Conference Centre, and other halls, tourism assets (Napier i-SITE Visitor Centre, Par 2 MiniGolf, National Aquarium of NZ) and MTG Hawke's Bay.

### Debt

As at June 2017, Napier City Council had no external debt. As a result of an increased capital investment programme Council expects to peak with external debt at \$30m during 2020/21 and no external debt again by 2026/27.

As a result of moving to external debt, Council has changed its debt limits to follow best practice and focus on Council's exposure to funds raised externally.

Consistent with Council's treasury policy Council will also adhere to the following debt limits:

Net external debt as a percentage of total income will not exceed 100%

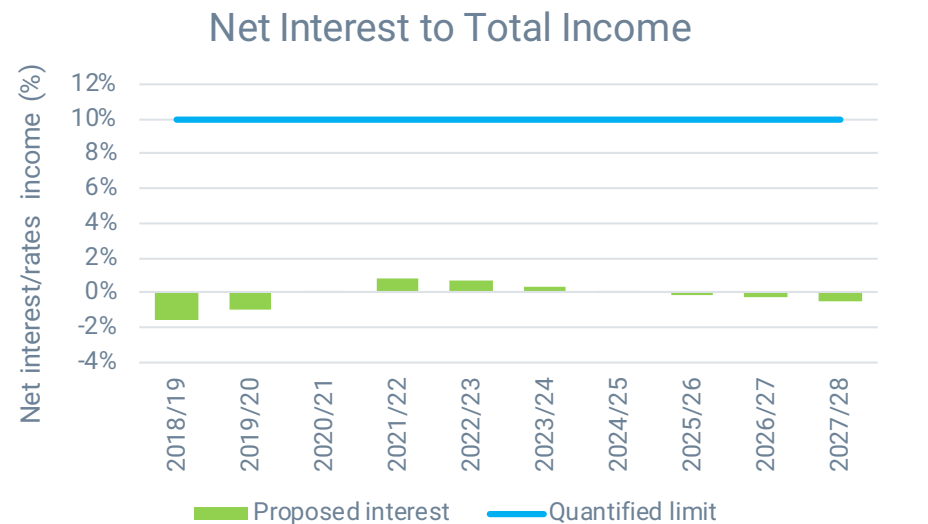
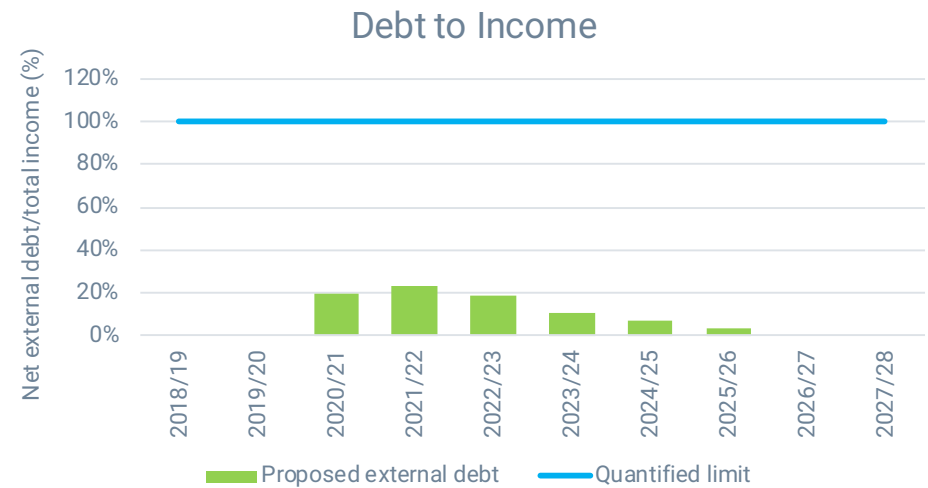
Net interest expense on external debt to total income will not exceed 10% (Industry standard ratio)

Liquidity to external debt must be at least 110%

To offset debt required for large projects Council has approved the following projects to be partially funded from reserves rather than external debt and subject to consultation:

Aquatic Centre expansion - \$7.4m (Parklands)

Aquarium - \$7.5m (Parklands)



# Financial Strategy continues

## Development, Vibrancy and Growth

This Council sees itself in playing an important role in the development, vibrancy and growth of the city to enable its vision of being the best little city to work, play and bring up a family.

During the LTP 2015-25, projects such as Marine Parade Development, Napier Conference Centre upgrade, and the Destination Playground were included to meet these objectives. The current plan looks to build further on the growth opportunities for Napier including the expansion of the Aquarium as part of the Regional Economic Development Strategy.

Development contributions will pay for most of the new infrastructure costs related to growth. However, the areas with rapid growth will also need the Council to invest in infrastructure to meet current and future needs. A review of the development of Lagoon Farm will be undertaken by 2020.

## Growth in Napier's Population

The Council must consider how to respond to the needs of current and future communities. For past LTPs, growth in the community has been low. The underlying assumption for this LTP has seen a changed to a medium to high projected growth. These changes in population and land use will also lead to changes in the capital and operational costs for the Council.

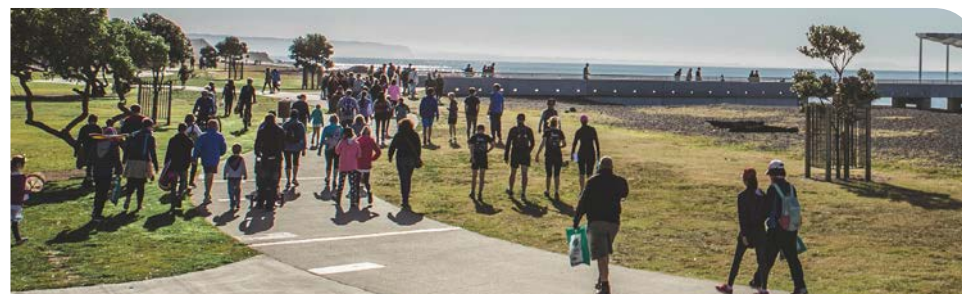


The population is projected to increase from 62,700 in 2018 to 66,450 by 2028 (figures supplied by Statistics New Zealand). At the same time, the number of households is also expected to grow.<sup>1</sup>

June Years	Population	Households
Latest Estimate for 2017	61,100	25,100
2018	62,700	25,600
2023	64,700	26,550
2028	66,450	27,400
2033	67,950	28,150
2038	69,050	28,600
2043	70,000	29,200
2048	70,900	29,550

<sup>1</sup>The Heretaunga Plains Urban Development Strategy (HPUDS) developed and adopted in 2010 and updated in 2017 provides the basis for strategic land use planning for Napier City. Growth (excluding infill) has been provided for with an additional 915 lots available within Parklands and Mission Estate. Allowance is also made for further growth in Te Awa.

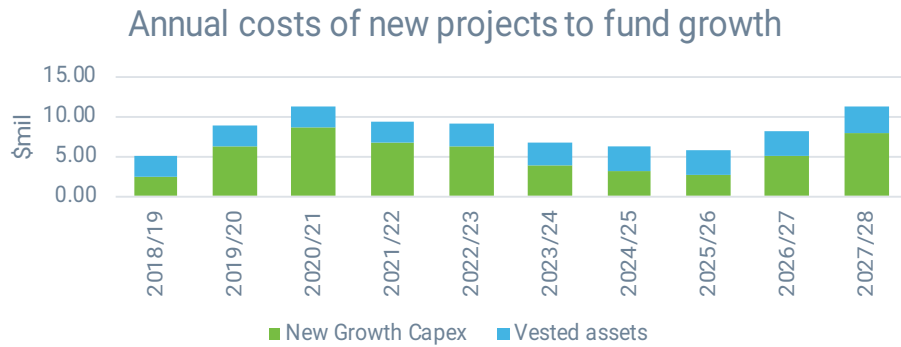
The Council considers that with these developments, a portion the whole city should contribute funds to a range of infrastructure assets. This ensures everyone can be provided with essential infrastructure, and (at least) minimum levels of service. Use of this club approach means all residents will share in the costs and benefits of each other's infrastructure and services, all receiving benefit over time. Development and Financial contributions where direct benefit can be ascertained is considered in the Development and Financial Contributions Policy.



# Financial Strategy continues

## The Cost of Supporting Napier’s Population Growth

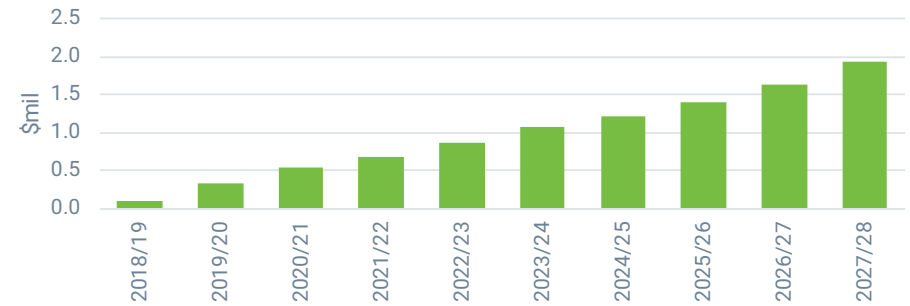
The graph showing to the right represents the projected capital expenditure to service our growing community. These projects are primarily funded by development and financial contributions. Each year additional rates revenue, equivalent to 0.30% of total annual rates is expected to come from new properties added. This is sufficient to meet the additional operational costs from new growth related projects and services.



## Operating expenditure

The following graph shows the cumulative annual operating expenditure related to expected changes in population and land use from 2018 to 2028.

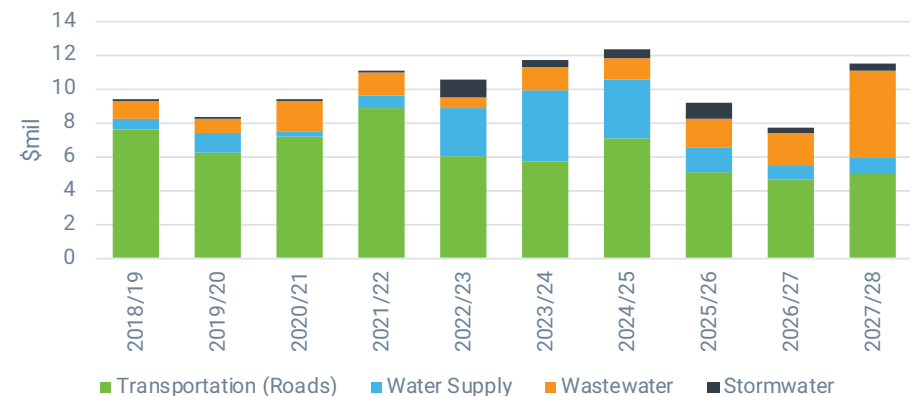
Cumulative annual operating expenditure to fund growth



## The Cost of Maintaining our Existing Levels of Service

The Council provides annual budgets for asset renewal expenditure based on the requirements of its asset management plans. The total provided for each major infrastructure area is as follows:

Annual budgets for asset renewal expenditure



# Financial Strategy continues

## Significant Infrastructure Issues over the Next 30 Years

The infrastructure strategy identifies the following significant issues over the next 30 years:

- Water – security for reticulated water supplies, chlorination of systems, improvements to water quality, and integration of water systems
- Stormwater management – residential areas in the district are subject to some level of flood hazard, with a need to improve the water discharging to our estuary and ocean
- Wastewater – a focus on treatment, disposal, infiltration and inflow while meeting demand for growth
- Improvements in telemetry and control systems for our 3 waters as noted above
- Addressing immediate issues associated with our Inner Harbour, while considering the Ahuriri Master Plan and future vision for that area
- Upgrade/replacement of the Onekawa Pool due to increasing demands
- Upgrade of the National Aquarium of NZ
- Potential Upgrade or replacement of the Central Library building for Civic administration activities (subject to a business case and options)
- Potential new library (or return to old building) after the development of library strategy and options analysis
- Ensuring our buildings and properties are well maintained and meet required levels of service
- Joint landfill expansion with Hastings as existing landfill has limited years of capacity
- McLean Park - assess the future development opportunities to maintain standards to compete nationally for events
- The potential impact of regulatory changes to Resource Management Act on standards for our sewerage disposal
- Impacts of Coastal erosion

Each of these issues noted above have budgetary considerations and have been taken into account, in the LTP.

## Vulnerability to Natural Hazards

Most of Napier is near the sea, or in low-lying areas. These areas are susceptible to sea level rise and coastal inundation, and flooding. The impacts of natural disasters can be significant and impose substantial unbudgeted costs on the Council.

Predicted sea level rise is also likely to increase the costs to the Council when infrastructure needs replacing or relocating. The Council wants to reduce its vulnerability to natural hazards.

## INCOMES, INEQUALITY AND PROPERTY PRICES

Napier City has experienced a significant growth in residential property prices in recent years. Residential prices have increased significantly over the past three years. The high growth in prices has been concentrated in Bluff Hill, Hospital Hill, Ahuriri, Westshore, Taradale and Greenmeadows areas.

While this can be a benefit for existing homeowners, it is contributing to a housing affordability challenge for younger and lower income residents. It also means higher rates for people who live in the areas where property values have increased more than the average for the city. However, this is offset by lower increases in rates in other areas (again, relative to the city average.)

Napier City has a median wage economy with lower incomes than some other parts of the country. A relatively high proportion of people are on a fixed income. Napier City has had one of the lowest levels of rates across NZ councils. Any rate increases coming off a lower base may be higher in percentage terms, however are unlikely to change its overall position of being a low rating authority. It will continue to focus on its ability to generate non rates funded income to offset rates related costs where possible.

At the time of writing this Strategy, the Labour government were implementing changes to the minimum wage progressively from 1 April 2018 to 1 April 2021. The impact of these changes were significant to this Council and the number of employees it has. Provision for the costs of minimum wage adjustments have been made in this LTP.



## Financial Strategy continues

Also, Napier's population is getting older. Currently 19.8% of our population is aged over 65, (2013 Census) and this is projected to increase to 25.8% by 2028. Most of these older people are likely to be retired, therefore on fixed lower incomes, and financially vulnerable to rates increases above the movement in the Consumer Price Index/Local Government Cost Index.

### Regional Shared Services and Collaboration

HBLASS Ltd ceased trading during 2017/18. The Councils granted HBLASS Ltd an exemption under Section 7 of the Local Government Act 2002.

Napier City, Hastings District, Wairoa District, Central Hawke's Bay and Regional Council all participate in Hawke's Bay Local Authority Shared Services with a revised focus on collaboration across the organisations.

All Councils are required to deliver efficient and effective services for the current and future needs of its communities. Local Government Act Section 17a Service Delivery reviews are undertaken jointly where appropriate and as part of the ongoing 6 yearly requirement for these reviews.

Regional activities/Joint Activities include Omarunui Landfill, web services, joint recycling and refuse collection contracts, Civic Defence, Alcohol Strategy, Geographic Information Services, fuel purchasing, Insurance, Hawke's Bay Airport, Business Hawke's Bay, Hawke's Bay Tourism, Regional Economic Development Strategy (Matariki REDS), and LIFT (Social Inclusion Strategy), Property Valuations, and Crematorium Services.

### The World Around Us

Napier City is influenced by external factors – national and international, environmental, economical, and political. Future changes in interest rates, international markets and legislation, as well as natural hazards and climate change, are likely to impact on the Council's finances.

The Council's resilience and ability to respond to these factors outside of its control will be enhanced by effectively managing debt to ensure Council maintains additional capacity to respond to any adverse event. If the Council spends and borrows to moderate levels, it will have more flexibility to respond to new situations.

### Financial Investments

Napier City holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Our primary objective when investing treasury funds is the protection of its investment capital and liquidity of its investments.

Investments and associated risks are monitored, managed and regularly reported back to Council. We are risk averse in our management of cash. In addition, our preferred approach for funds available for long-term investment, is that our investments support the Napier community.

In addition Council maintains strategic equity investments in Hawke's Bay Airport Authority Ltd and the Omarunui Regional Landfill. Council's objective with these equity investments is to retain local airport ownership and ratepayer control of solid waste disposal facilities. Any investment in the Local Government Funding Agency (LGFA) will be to ensure Napier and other local authorities have access to low cost debt funding. The primary driver of these investments is for strategic reasons.

We have in place control limits that are designed to manage interest rate and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with our working capital funding requirements and liquidity buffer amount requirements. An important objective of the financial investment portfolio is to match the portfolios maturity term to planned expenditure thereby ensuring that investments are available when required.

The following are the specified targets for returns on our financial and equity investments:

#### Financial Investments

- The targeted, minimum, return on our financial investments will be the average of the 90-day and one year Government investment rates.

#### Equity Investments

- The target rate of return for Hawke's Bay Airport Authority Ltd is set through the company's Statement of Intent. In general Council expects the company's return on equity to exceed Council's budgeted cost to borrow funds (4.5% in this LTP).

## Financial Strategy continues

- Any Council equity stake in the LGFA will be held for the purpose of helping facilitate this entity for the purpose of lowering the cost of borrowing for local Government in New Zealand.
- No specific return on equity is sought from the Oamarunui Regional Landfill. This facility is owned jointly with the Hastings District Council for the purpose of meeting both Council's legal obligations relating to the management and disposal of waste. The joint landfill committee uses a full cost accounting model to determine pricing for this facility.

### Giving of Securities

In order to borrow money externally, Council must offer some security just like people do with their mortgage. Like most Councils, when required, Council secures our debt by way of a debenture trust deed over its rates income. We generally do not offer assets security for any loan or performance of any obligation under an incidental arrangement. In exceptional circumstances, with prior Council approval, security may be offered as a charge over one or more specific assets.



# Financial Strategy continues

## Financial Goals

The Council's goals for managing its finances are outlined in the following table. These goals have been set to reflect where the Council wants to end up in 2028.

TOPIC	GOALS FOR THE NEXT 10 YEARS
<b>FINANCIAL PRUDENCE</b>	<ol style="list-style-type: none"> <li>1. To run a balanced budget in all years of the 10 year LTP. This means that operating income will meet or exceed operating expenditure each year .</li> <li>2. To seek to run a balanced budget – excluding any one off revenue sources such as revenues collected to fund new capital projects</li> <li>3. To manage the increased level of gross debt in a prudent manner and assess other funding streams for projects where possible</li> <li>4. To maximise the returns from the Parklands residential subdivision to ensure that this will benefit the current and future community</li> <li>5. Ensure that all new activities are supported by a detailed business case to ensure viability and long term sustainability. Council will ensure prudent decision making is achieved through this gateway process.</li> <li>6. The Council is committed to ensuring services are delivered in a cost effective and efficient manner, and will set an annual target up to \$500k of efficiencies for this plan. This will be achieved by internal service delivery reviews, and improvements in technology to support the business for efficiently</li> </ol>
<b>INCOME</b>	<ol style="list-style-type: none"> <li>7. To maintain and improve the financial performance of the Council's commercial investments and assets. This includes the review of the investment portfolio and may involve the sale of non-strategic land. Funds from the sale of this land will be replaced with investments that will provide a similar return and risk profile.</li> <li>8. To seek and improve tourism focused activities for maximum returns.</li> <li>9. To undertake a detailed review of Lagoon Farm and the development of the Business Park by 2020</li> <li>10. To review Council's assets and investments for potential disposal of surplus assets by 2020. The source of funds, restrictions and the use of related income will be recognised in the use of the proceeds.</li> <li>11. The additional funds available in this Long Term Plan as a result of the increased number of sections for Parklands will be focused on ensuring the current and future community benefit by future revenue generating opportunities</li> <li>12. To undertake a detailed review of the regulatory changes and impacts of the removal of Financial Contributions from year 5 of the LTP in detail by 2020 and its associated impacts. It is likely that Council will consult further during the intervening Annual Plans as this is further refined.</li> <li>13. To increase community contributions (i.e. fundraising) for new, large, community, recreational, sporting or cultural facilities, and their renewal, to a minimum of one third of the total project costs (excluding Saxton Field facilities).</li> </ol>
<b>RATES</b>	<ol style="list-style-type: none"> <li>14. To limit total rates income increases at a maximum of LGCI plus 5 % per annum.</li> <li>15. To take a long-term view to our funding requirements and look to smooth the impacts on ratepayers of any significant changes in our annual funding requirements.</li> </ol>

## Financial Strategy - Financial Goals continues

TOPIC	GOALS FOR THE NEXT 10 YEARS
<b>EXPENDITURE</b>	16. To ensure there are sufficient funds or borrowing capacity available to fund the capital program including major projects. 17. To ensure that the growth component of capital projects will be primarily funded through development and financial contributions noting the regulatory changes to financial development contributions will be occurring in year five of the plan 18. To recognise the overall impact of increased costs associated with the governments increase in minimum wage on its business e.g. construction costs and implement in an affordable manner 19. To consider pre-funding significant capital costs of major projects. 20. To review the Sewerage Treatment Plant resource consent requirements and set the timing of the rating impact for the funding of this by 2020
<b>DEBT and BORROWING</b>	21. To limit external total debt to a maximum of \$143m over the term of the LTP. Planned external net debt is expected to reach a maximum of \$30m during 2020/21.
<b>LEVELS OF SERVICE</b>	22. To maintain overall levels of service as set out in the LTP 2018- 2028 and provide similar levels of service for growth areas. 23. Service level improvements will be undertaken for water, stormwater and sewerage network requirements and aquatic facilities 24. Environmental improvements will be a focus, and will be implemented based on the findings and consultation around the Ahuriri Master Plan
<b>PLANNING FOR EMERGENCY EVENTS and CONTINGENCIES</b>	25. Napier has significant reserves that have been deliberately accumulated. These funds provide sufficient cover to be able to deal with emergency events and contingencies. Although Council will go into debt during this plan, it still has capacity to be able to respond in an emergency 26. To maintain appropriate insurance cover, activity budgets and committed borrowing facilities to mitigate costs related to unexpected events.

### Assumptions

This financial strategy has been developed based on some important assumptions. If these assumptions change, there may need to be changes to the financial strategy. It is assumed that the Onekawa Pool redevelopment, and the Aquarium expansion will go ahead, with a significant amount of funds contributed by external parties. If either of these projects do not go ahead, there would need to be a change in focus, particularly on alternatives for securing alternative pool swimming facilities for the community.

For the purpose of this financial strategy, it is also assumed that Napier City Council will remain an autonomous organisation, with no underlying changes to the delivery of services e.g. Council Controlled Organisations as proposed by the previous government.

# Significant Planning Assumptions

In order to plan for the long term it is imperative to make assumptions about various aspects in the future. The significant assumptions made about the future form an important part of the planning framework.

Schedule 10 of the Local Government Act 2002 requires that the Council identifies the significant forecasting assumptions and risks underlying the financial information set out in the LTP. Where there is a high level of uncertainty the Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

The significant planning assumptions are listed below.

## 1. Inflation

Assumption	Inflation rates are based on the Local Government Cost Index (LGCI) forecasts from BERL (Forecasts of Price Level Change Adjustors – 2017 Update). The following rates are applied to operating expenditure, capital expenditure and revenue.									
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Cost Adjustors									
	LGCI Operating	2.2	2.2	2.2	2.3	2.3	2.4	2.5	2.5	2.6
	LGCI Capital	2.2	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.7
	The inflation rates applied to financial projections for periods beyond 2027/28 are those projected for 2027/28 (2.6% operating and 2.7% capital). These factors are not applied to loan interest costs.									
Risk	Actual inflation rates and industry movements will vary from these forecasts.									
Level of Uncertainty	Moderate									
Impact on Integrity of LTP	Moderate: Incorrect adjustor forecasts could result in Council over or underfunding operational and capital costs. Preparing an annual budget and resetting rates combined with a triennial review of the LTP mitigates this risk and effect. At the point in time of writing the LTP, construction i.e., year on year adjustments for capital movements were higher than inflation which may impact on the capital budget requirements set out in the plan.									

## Significant Planning Assumptions continues

### 2. Population Growth

<b>Assumption</b>	Projected total City population growth over the ten years of the LTP is 3,750 (5.98%). The projections are halfway between Medium and High Statistics NZ projections.	<b>Year (ending 30 June)</b>	<b>Total Napier City</b>	<b>Annual Growth Rate</b>		
<b>Risk</b>	The actual population growth and its composition could differ.	2018	62,700			
<b>Level of Uncertainty</b>	Moderate	2019 (year 1 of LTP)	63,100	0.64%		
<b>Impact on Integrity of LTP</b>	<p>Low: Variations in growth of population will impact the growth of households and the demand for community facilities over time. Changes may require acceleration or slow-down of growth related projects. Council's Financial Strategy outlines how such projects are to be funded. Impacts on individual ratepayers will not be significant unless growth is significantly above that forecast.</p> <p>Any impacts from the changing demographics of Napier's population during the term of this LTP is not considered significant.</p>	2020	63,500	0.63%		
		2021	63,900	0.63%		
		2022	64,300	0.63%		
		2023	64,700	0.62%		
		2024	65,050	0.54%		
		2025	65,400	0.54%		
		2026	65,750	0.54%		
		2027	66,100	0.53%		
		2028	66,450	0.53%		
		<b>Projections for years 11 to 30</b>				
		2033	67,950	0.45%		
2038	69,050	0.32%				
2043	70,000	0.27%				
2048	70,900	0.26%				

### 3. Household Growth

<b>Assumption</b>	The projected total City household growth over the next ten years is 1,800 (7.03%) The projections are halfway between Medium and High Statistics NZ projections.
<b>Risk</b>	Actual physical growth could differ.
<b>Level of Uncertainty</b>	Moderate
<b>Impact on Integrity of LTP</b>	Moderate: The rate of growth will impact the revenue from Development Levies/ Financial Contributions and Consents. Council will carefully monitor growth and adjust the timing of growth related projects based on revised market demand and revenue timing. The financial implications are largely mitigated by Council's policies for the funding of growth.

## Significant Planning Assumptions continues

### 3. Household Growth continues

Year (ending 30 June)	Total household numbers	Development Split			Napier City Council is a participant of the Heretaunga Plains Urban development Strategy (HPUDS) which has shaped its approach to managing urban growth since the adoption of this regional strategy by the Council in 2010 (updated 2017)												
		Infill	Greenfield	Rural													
2018	25,600	20,095	4,670	835	In the move towards more compact urban form for the Heretaunga Plains sub-region, an increasing proportion of the residential growth has been identified to take place through intensification, by redevelopment within existing residential and rural residential areas, HPUDS indicates that development is expected to transition from current development allocation levels with more intensification going forward; however, Napier City Council expects the current mix to remain based on the existing levels of intensification and availability of land for intensification purposes.												
2019 (year 1 of LTP)	25,790	20,177	4,773	841													
2020	25,980	20,258	4,875	846													
2021	26,170	20,340	4,978	852													
2022	26,360	20,422	5,080	858													
2023	26,550	20,504	5,183	864													
2024	26,720	20,577	5,275	869													
2025	26,890	20,650	5,367	874													
2026	27,060	20,723	5,458	879													
2027	27,230	20,796	5,550	884													
2028	27,400	20,869	5,642	889	<table border="1"> <thead> <tr> <th>Development Type</th> <th>Napier City</th> <th>HPUDS – regional target split by 2045</th> </tr> </thead> <tbody> <tr> <td>Intensification (infill an brownfields)</td> <td>47%</td> <td>60%</td> </tr> <tr> <td>Greenfield</td> <td>54%</td> <td>35%</td> </tr> <tr> <td>Rural</td> <td>3%</td> <td>5%</td> </tr> </tbody> </table>	Development Type	Napier City	HPUDS – regional target split by 2045	Intensification (infill an brownfields)	47%	60%	Greenfield	54%	35%	Rural	3%	5%
Development Type	Napier City	HPUDS – regional target split by 2045															
Intensification (infill an brownfields)	47%	60%															
Greenfield	54%	35%															
Rural	3%	5%															
Projections for years 11 to 30																	
2033	28,150	21,192	6,047	912													
2038	28,600	21,385	6,290	925													
2043	29,200	21,643	6,614	943													
2048	29,550	21,794	6,803	954													

## Significant Planning Assumptions continues

### 4. Growth in Rating Base

<b>Assumption</b>	Growth in the rating base (number of properties from which council collects rates) is driven by growth in the number of households and industrial\commercial expansion. Based on historic data and the growth assumptions in this LTP an allowance of 0.30% per annum has been included for additional rates revenue as a result of growth in the rating base. This represents a conservative estimate relative to the potential income from the projected increase in households.	<b>Year ending 30 June</b>	<b>Rating Units</b>
		2018	25,792
<b>Risk</b>	Actual growth in the rating base could differ.	2019	25,972
<b>Level of Uncertainty</b>	Moderate	2020	26,162
<b>Impact on Integrity of LTP</b>	Low: The rate of growth will impact on the average rates increase for existing ratepayers.	2021	26,352
		2022	26,542
		2023	26,732
		2024	26,922
		2025	27,092
		2026	27,262
		2027	27,432
		2028	27,602
		2029	27,772

### 5. Resource Consents

<b>Assumption</b>	Conditions for existing resource consents held by Council will not be significantly altered. Any resource consents due for renewal during the 10 year period will be renewed accordingly.
<b>Risk</b>	Conditions of Resource Consents may be altered significantly and Council is unable to renew existing resource consents upon expiry.
<b>Level of Uncertainty</b>	Low
<b>Impact on Integrity of LTP</b>	Moderate: Material changes to resource consent conditions can result in a need for upgrade to assets and changes to the manner in which they are operated. Constant monitoring of the regulatory environment, performance against existing conditions and a good relationship with the Hawke's Bay Regional Council assist in mitigation.



## Significant Planning Assumptions continues

### 6. Levels of Service

Assumption	There are no significant changes to the level of core or essential services within the Plan. The proposed new investments for Aquatic Facilities, the National Aquarium of New Zealand and Water Supply will result in an improved level of service for those activities. Also in the longer term, the investment programme in support of growth will potentially increase certain service levels incrementally over time.
Risk	Council may decide to significantly change the level of a service or services delivered.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: Service levels usually have a direct impact on Council's rate requirement. Any future changes to service levels are subject to consultation with the community.

### 7. Service Delivery

Assumption	Section 17A of the LGA requires a review of the cost effectiveness of current arrangements for meeting the needs of the community for good quality local infrastructure, local public services and performance of regulatory functions at least every six years. The LTP does not include provision for the effects of any resulting changes. Any changes will be consulted in accordance with the Significance and Engagement Policy and included in subsequent LTPs and / or LTPs.
Risk	That Section 17A reviews will result in a change of method of delivery of good-quality local infrastructure, local public services and performance of regulatory functions.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: Since the reviews are based on cost effectiveness any changes will potentially lower projected rates increases for ensuing years. At this point in time no significant impacts are expected as a result of the s17a reviews.

### 8. Useful Lives of Significant Assets

Assumption	The assumed useful life of significant assets as outlined in the Statement of Accounting Policies determine the annual charge for the consumption or wearing out of assets (depreciation).
Risk	Useful lives may be shorter/longer than expected.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: Assets may have to be replaced sooner or later than forecast which may impact on Council cashflows.

## Significant Planning Assumptions continues

### 9. Depreciation

Assumption	<p>Depreciation rates applying to existing assets are outlined in the Statement of Accounting Policies and is based on the assumed useful lives of assets. Depreciation on new major infrastructural assets is calculated on actual expected rates commencing from expected time of completion of the project.</p> <p>The depreciation of other items is based on actual expected depreciation rates with a half year applied in the year of purchase.</p> <p>Depreciation is calculated on book values projected at 30 June, plus new capital.</p>
Risk	The cost adjustor forecasts could be incorrect. Capital projects could take longer to complete than budgeted. To some extent these factors mitigate each other.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: The impact of applying incorrect depreciation rates is not considered material in the context of the LTP.

### 10. Sources of Funds for Future Replacement of Significant Assets

Assumption	It is assumed that significant infrastructural assets will be subject to continual renewal, and funded in the LTP. The source of funding any replacement of other significant assets is determined and disclosed. Refer also to the Funding of Capital Expenditure in the Revenue and Financing Policy, the Financial Strategy and the Infrastructure Strategy.
Risk	Source of funding not available for asset renewal.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: If sufficient funds are not available for asset renewal within any given year, Council, due to its strong balance sheet, is able to borrow funds to meet its expenditure requirements.

### 11. Asset Revaluations

Assumption	Road, Library and Investment Property assets are assumed to be revalued annually. All other assets, excluding Plant and Equipment which are held at cost, are assumed to be revalued three yearly using the inflation rates outlined in Assumption 1.
Risk	The forecast revaluation could be incorrect, affecting the validity of the estimates.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: Variances in depreciation charge following revaluation would impact on the operating expenditure projections. Council has the ability to smooth the impact of any changes on rates subject to meeting or explaining any variance from the balanced budget requirements. Triennial reviews of the LTP provide for regular opportunities to update forecasts.

## Significant Planning Assumptions continues

### 12. Investments

<b>Assumption</b>	The interest rate or funds invested is assumed at 3.5% per annum. This is based on an assessment of market interest rates. The returns on the commercial and industrial property portfolio is assumed to grow at the same rate as other revenues based on the inflation factors in Assumption 1.
<b>Risk</b>	Changes in market interest rates and average levels of cash on deposit or invested may differ significantly from the plan. Investment income on the commercial and industrial land portfolio may grow at a different rate to the applied inflation factors.
<b>Level of Uncertainty</b>	Moderate
<b>Impact on Integrity of LTP</b>	Moderate: Lower than assumed rates of return could result in Council receiving less than forecast investment income. The possible effect is mitigated by Council taking a conservative approach to rates of return.

### 13. Interest on Loans

<b>Assumption</b>	Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. Council has significant cash reserves and proposes to utilise internal borrowing to meet most of the borrowing requirements in this LTP. An interest rate of 4.5% has been assumed on all new internal and external loans.
<b>Risk</b>	i. Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. A significant change to interest rates would affect the validity of the estimates. ii. The financial statements assume reserves and special funds revenues received are sufficient to provide internal funding for the majority of loan funded capital items.
<b>Level of Uncertainty</b>	Low
<b>Impact on Integrity of LTP</b>	i. A 1% increase in interest rates would increase total rate funded interest costs (for both internal and external debt) by about \$460,000 in 2018/19 rising to an impact of \$1.4million in 2027/28 ii. The impact of this level of increase in interest costs on rates is 0.7% in 2018/19 rising to 1.8% in 2027/28. Such increases are mitigated in terms of Council's overall rating requirement as exposure to external rates of interest is reduced via the use of internal loans. iii. As internal funds will be utilised for the majority of council's borrowing the only real exposure is for the \$30m of external borrowing proposed in this plan. Any changes in the interest rate charged on internal borrowings will be offset by an increase in internal interest revenues.

## Significant Planning Assumptions continues

### 14. New Zealand Transport Agency (NZTA)

Assumption	It is assumed that the level of subsidies received through the NZTA is 51% for both maintenance works and new construction and renewal works.
Risk	That the level of NZTA subsidies changes.
Level of Uncertainty	Low
Impact on Integrity of LTP	Moderate: A change in subsidy level could affect the validity of the estimates by way of funding available for subsidised work and potentially the level of service delivered. Total NZTA subsidy of \$62m has been provided for in this plan. A 1% change in the assumed subsidy rate would result in an impact of about \$115,000 impact in 2018/19 and about \$129,000 in 2027/28.

### 15. Legislation

Assumption	The Government has a number of legislative changes in discussion. This LTP does not include provision for any legislative change however it has been assumed that following the Havelock North Water inquiry treatment of all water supplies will become mandatory.
Risk	Legislative changes may arise that affect the services delivered by Council.
Level of Uncertainty	Low
Impact on Integrity of LTP	Moderate: Changes to Local Government Legislation are ongoing and issues currently flagged include Resource Legislation, Dog Control, Rating issues, Insurance, CCOs for infrastructure services and Water initiatives are currently under discussion. The only financial impacts included in this LTP relate to increased costs for treatment of our water supplies.

### 16. Emissions Trading Scheme (ETS)

Assumption	Current ETS charges are met by the Omarunui Landfill. Known and expected charges have been incorporated into the landfill refuse charges in this plan.
Risk	Additional charges may be levied on fuel, power etc. which increase Councils' operating costs.
Level of Uncertainty	Low
Impact on Integrity of LTP	Low: Some additional ETS charges have been allowed for in this plan and any further increases would impact on financial forecasts. Mitigated by inclusion of LGCI adjustors, LTP planning process and triennial review of LTP.

## Significant Planning Assumptions continues

### 17. Natural Disasters

<b>Assumption</b>	This LTP does not include provision for major natural disasters or similar event that cannot be funded out of budgetary provisions. Note: The Infrastructure Strategy focusses on providing resilience of infrastructure to better cope with natural disasters.
<b>Risk</b>	Natural Adverse Event(s) could occur at a level where the effects could not be funded within budget.
<b>Level of Uncertainty</b>	Low
<b>Impact on Integrity of LTP</b>	High: Any significant natural disaster would impact on the financial forecasts in this plan. The financial effects of natural adverse events are partly mitigated by special risk insurance related to underground infrastructural assets. The LTP would require complete review as soon as possible after a significant natural disaster.

### 18. Earthquake Prone Buildings

<b>Assumption</b>	Council has vacated its Central Library and Civic Administration buildings as these buildings are considered to be earthquake prone. The current budgets provide for the continued operation in leased premises together with funding for investigations on long-term options for replacement\upgrade. Funding is included for earthquake assessments on other Council building however no allowance has been made for any possible remedial work on any other buildings.
<b>Risk</b>	The costs relating to the replacement\upgrade of the Central library and Civic Administration Building may exceed the budgetary provision in the LTP. Additional costs, beyond those budgeted, may be identified as a result of further earthquake assessments.
<b>Level of Uncertainty</b>	Moderate
<b>Impact on Integrity of LTP</b>	Moderate: The initial costs for the upgrade or replacement of the library and administration buildings would significantly exceed the annual cost of leased premises as provided in the LTP. Council is able to manage the cost as any future capital investment decision would be subject to a full business case. Costs to remediate any other buildings deemed to be earthquake prone, following earthquake assessments, would result in a budgetary impact. This would be considered an included in a future LTP or, if significant, in an LTP amendment.

## Significant Planning Assumptions continues

### 19. Climate Change

<b>Assumption</b>	It is assumed that climate change will not have a significant impact on the Napier community during the period covered by the plan.
<b>Risk</b>	Although there is a likelihood of a localised flooding event the overall impact in the short to medium term is likely to be minimal.
<b>Level of Uncertainty</b>	Moderate
<b>Impact on Integrity of LTP</b>	Low: The effects of climate change are incremental and Council's infrastructure strategy enables the situation and planned response to be monitored and updated as required. Work on the Coastal Strategy also provides planning and response to climate change affects.

### 20. Parklands Residential Development

<b>Assumption</b>	The budget in this LTP assumes the sale of 365 Parklands lots. This is based on past sales and the amount of Council owned land zoned for residential development. The land available is expected to be exhausted in year 9 (2026/27) of this plan and revenues from Council's residential subdivision activities will cease at this point.
<b>Risk</b>	That the sales are higher or lower than the annual forecast.
<b>Level of Uncertainty</b>	Low
<b>Impact on Integrity of LTP</b>	Moderate: Customer demand and availability of builders has a direct impact on the number of lots offered and the actual sales completed. These factors are indirectly impacted by the national economy for better or worse. Higher or lower sales than budgeted will impact on revenue and cash reserves. Special projects for Council that are funded from this source may have to be delayed if funding is not available.

### 21. Development and Financial Contributions

<b>Assumption</b>	It is assumed in this LTP that the revenue from financial contributions from Infill, Greenfields and Rural lots levied under the District Plan will be replaced by equivalent levels of development contributions when council changes the charging mechanism in year 5 of the plan.
<b>Risk</b>	That the change in charging mechanism results in a reduced level of income or that the number of subdivisions actioned are higher or lower than the annual forecast.
<b>Level of Uncertainty</b>	Low
<b>Impact on Integrity of LTP</b>	Medium: Council have sufficient lead time to ensure it transitions effectively into a new charging regime. Slower subdivision rates than projected will impact the revenue from Development Levies/Financial Contributions and consents. Council will manage the financial implications of this by monitoring subdivision approvals and timing.

## Significant Planning Assumptions continues

### 22. Major Project External Funding

<b>Assumption</b>	The Capital Programme includes a number of projects with proposed funding from external contributions (Government, Corporates and private individuals). These projects include the National Aquarium of NZ Expansion and the Napier Library Rebuild. The total of \$51.2 million (inflated) is a significant source of project funding.
<b>Risk</b>	That the Government and / or external funding is unable to be secured. That the projects are unable to be delivered within the proposed budgets.
<b>Level of Uncertainty</b>	High
<b>Impact on Integrity of LTP</b>	<p>If the proposed Government and external funding is not secured Council will need to reassess the scope and funding of the project.</p> <p>National Aquarium of New Zealand – in the event budget levels of non-government external funding was not met, there is a decision gateway for Council to determine its options. This may include seeking additional Central government funding as they have indicated a strong interest in this project (being the National Aquarium), or Council may consider reducing the scope of the project and/or provide additional funding from reserves (in conjunction with further consultation as appropriate). There is an expectation that any shortfall would not impact on current planned rates levels.</p> <p>Napier Library Rebuild – the library strategy is currently being completed. As part of this process, the future library location will be determined and an application to the Provincial Growth Fund for funding for the project undertaken. Council is planning further consultation with the public regarding this project from development of the strategy as well as the future site of the library. During that time, should any funding deficit be identified, this will be included as part of consultation. This may impact on loans and future rate increases.</p>

# Capital Programme

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
<b>Transportation</b>															
Roading Renewals	Roading IAR	24,853	2,935	2,170	1,736	2,550	2,570	2,465	2,716	2,823	2,449	2,440			
Roading Renewals	NZTA Subsidy	13,524	1,977	1,083	857	1,227	1,271	1,535	1,451	1,588	1,290	1,246			
Roading Renewals Total		38,377	4,912	3,253	2,593	3,776	3,841	4,000	4,167	4,411	3,739	3,686			100%
Embankment Road Bridge	Loan - Rates	187	187	-	-	-	-	-	-	-	-	-			100%
Watchman Road	Prior Year Projects Fund	225	225	-	-	-	-	-	-	-	-	-			100%
Ahuriri Masterplan - West Quay Upgrade	Rates	414	-	23	392	-	-	-	-	-	-	-			
Ahuriri Masterplan - West Quay Upgrade	Roading IAR	414	-	23	392	-	-	-	-	-	-	-			
Ahuriri Masterplan - West Quay Upgrade Total		829	-	46	783	-	-	-	-	-	-	-			100%
Ahuriri Masterplan - West Quay Car Park	Parklands Fund	2,645	-	-	1,044	1,601	-	-	-	-	-	-			100%
CBD Development	Loan - Rates	15,035	1,150	2,555	4,176	4,903	1,201	134	916	-	-	-			100%
Ahuriri Masterplan - Bridge Street Pedestrian facilities	Loan - Rates	3,604	-	-	-	-	-	-	-	107	1,938	1,559			
Ahuriri Masterplan - Bridge Street Pedestrian facilities	Financial Contribution	1,390	-	-	-	-	-	-	-	41	748	601			
Ahuriri Masterplan - Bridge Street Pedestrian facilities	Development Contributions	154	-	-	-	-	-	-	-	5	83	67			
Ahuriri Masterplan - Bridge Street Pedestrian facilities Total		5,148	-	-	-	-	-	-	-	153	2,769	2,227	30%	70%	
Ahuriri Masterplan - Meeanee Quay Upgrade	Loan - Rates	2,950	-	-	-	-	131	-	1,374	-	1,445	-			100%
Ahuriri Masterplan - Pandora Road Upgrade	Loan - Rates	1,186	-	-	-	-	-	-	-	-	72	1,113			100%
Associated Improvements	Roading IAR	363	24	25	25	38	39	40	41	42	43	45			
Associated Improvements	NZTA Subsidy	771	51	52	53	82	84	86	88	90	92	95			
Associated Improvements	Development Contributions	378	25	26	26	40	41	42	43	44	45	46			
Associated Improvements Total		1,512	100	102	104	160	164	168	172	176	181	186	50%	50%	
Awatoto to Expressway Link Improvements	Loan - Rates	87	-	-	-	-	-	-	-	-	-	87			
Awatoto to Expressway Link Improvements	Financial Contribution	192	-	-	-	-	-	-	-	-	-	192			
Awatoto to Expressway Link Improvements	NZTA Subsidy	315	-	-	-	-	-	-	-	-	-	315			
Awatoto to Expressway Link Improvements	Development Contributions	25	-	-	-	-	-	-	-	-	-	25			
Awatoto to Expressway Link Improvements Total		619	-	-	-	-	-	-	-	-	-	619	70%	30%	
Capacity Improvement Projects	Roading IAR	54	-	-	-	-	-	-	-	-	-	54			
Capacity Improvement Projects	NZTA Subsidy	63	-	-	-	-	-	-	-	-	-	63			
Capacity Improvement Projects	Development Contributions	6	-	-	-	-	-	-	-	-	-	6			



## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Capacity Improvement Projects Total		124	-	-	-	-	-	-	-	-	-	124	100%		
Ground stabilisation and retaining wall	Roading IAR	1,653	123	150	179	183	187	192	196	144	147	152			
Ground stabilisation and retaining wall	NZTA Subsidy	1,720	128	156	186	190	195	200	204	150	154	158			
Ground stabilisation and retaining wall Total		3,373	250	307	365	373	382	391	401	294	301	309		70%	30%
Intersection Improvement Projects	Roading IAR	1,318	240	-	13	-	52	429	302	282	-	-			
Intersection Improvement Projects	NZTA Subsidy	5,869	523	130	27	27	390	941	1,460	611	768	994			
Intersection Improvement Projects	Financial Contribution	3,976	232	118	11	25	299	419	1,014	269	692	896			
Intersection Improvement Projects	Development Contributions	345	31	8	2	2	23	55	86	36	45	58			
Intersection Improvement Projects Total		11,508	1,025	256	52	53	764	1,845	2,863	1,197	1,505	1,948	25%	25%	50%
Intersection Safety Improvement Projects	Rates	4,189	464	283	106	95	193	886	1,059	647	319	137			
Intersection Safety Improvement Projects	Financial Contribution	381	42	26	10	9	18	81	96	59	29	12			
Intersection Safety Improvement Projects	Development Contributions	95	11	6	2	2	4	20	24	15	7	3			
Intersection Safety Improvement Projects	NZTA Subsidy	4,856	538	328	122	110	224	1,027	1,227	750	370	159			
Intersection Safety Improvement Projects Total		9,521	1,055	644	240	216	439	2,015	2,407	1,470	725	312	10%	90%	
KiwiRail - Level Crossing	Rates	238	44	45	46	39	27	14	6	6	6	6			
KiwiRail - Level Crossing	NZTA Subsidy	248	46	47	48	41	28	14	6	6	6	6			
KiwiRail - Level Crossing Total		486	90	92	94	80	55	28	11	12	12	12		100%	
Local Area Traffic Management Projects	Loan - Rates	2,220	550	204	-	-	437	268	458	-	30	272			100%
Marine Parade Safety Improvements	Rates	562	20	80	-	-	245	218	-	-	-	-			
Marine Parade Safety Improvements	Financial Contribution	130	5	18	-	-	57	50	-	-	-	-			
Marine Parade Safety Improvements	Development Contributions	14	1	2	-	-	6	6	-	-	-	-			
Marine Parade Safety Improvements	NZTA Subsidy	735	26	104	-	-	320	285	-	-	-	-			
Marine Parade Safety Improvements Total		1,441	50	204	-	-	628	559	-	-	-	-	20%	80%	
New Cycle and Walking Tracks	Rates	4,173	308	472	345	200	60	148	81	1,400	747	414			
New Cycle and Walking Tracks	Financial Contribution	379	28	43	31	18	5	13	7	127	68	38			
New Cycle and Walking Tracks	Development Contributions	95	7	11	8	5	1	3	2	32	17	9			
New Cycle and Walking Tracks	NZTA Subsidy	4,837	357	547	399	231	70	171	93	1,623	866	479			
New Cycle and Walking Tracks Total		9,484	700	1,073	783	453	137	335	183	3,182	1,698	940	10%	90%	
Public Transport Infrastructure	Financial Contribution	100	9	9	9	10	10	10	10	11	11	11			
Public Transport Infrastructure	Development Contributions	11	1	1	1	1	1	1	1	1	1	1			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Public Transport Infrastructure	Roading IAR	161	15	15	15	15	16	16	17	17	17	18			
Public Transport Infrastructure	NZTA Subsidy	283	26	26	27	27	28	29	29	30	31	32			
<b>Public Transport Infrastructure Total</b>		<b>555</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>55</b>	<b>56</b>	<b>57</b>	<b>59</b>	<b>60</b>	<b>62</b>	<b>40%</b>	<b>60%</b>	
Puketitiri Road Upgrade	Finanical Contribution	2,746	93	174	809	992	677	-	-	-	-	-			
Puketitiri Road Upgrade	Development Contributions	354	12	22	104	128	87	-	-	-	-	-			
Puketitiri Road Upgrade	Roading IAR	1,240	42	79	365	448	306	-	-	-	-	-			
Puketitiri Road Upgrade	NZTA Subsidy	4,517	153	287	1,331	1,633	1,114	-	-	-	-	-			
<b>Puketitiri Road Upgrade Total</b>		<b>8,857</b>	<b>300</b>	<b>562</b>	<b>2,610</b>	<b>3,201</b>	<b>2,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70%</b>	<b>30%</b>	
School Zone Safety Work	Rates	175	25	150	-	-	-	-	-	-	-	-			
School Zone Safety Work	NZTA Subsidy	182	26	156	-	-	-	-	-	-	-	-			
<b>School Zone Safety Work Total</b>		<b>357</b>	<b>50</b>	<b>307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>100%</b>	
Severn St roundabout	Finanical Contribution	582	-	-	230	352	-	-	-	-	-	-			
Severn St roundabout	Development Contributions	66	-	-	26	40	-	-	-	-	-	-			
Severn St roundabout	NZTA Subsidy	674	-	-	266	408	-	-	-	-	-	-			
<b>Severn St roundabout Total</b>		<b>1,322</b>	<b>-</b>	<b>-</b>	<b>522</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>		
Urban Corridor Improvement Projects	Rates	946	50	91	34	28	160	191	10	3	155	226			
Urban Corridor Improvement Projects	Finanical Contribution	867	46	83	31	26	147	175	9	3	142	207			
Urban Corridor Improvement Projects	Development Contributions	118	6	11	4	4	20	24	1	0	19	28			
Urban Corridor Improvement Projects	NZTA Subsidy	2,011	107	193	72	60	340	405	20	6	329	479			
<b>Urban Corridor Improvement Projects Total</b>		<b>3,942</b>	<b>210</b>	<b>378</b>	<b>141</b>	<b>117</b>	<b>666</b>	<b>794</b>	<b>40</b>	<b>12</b>	<b>644</b>	<b>940</b>	<b>50%</b>	<b>50%</b>	
Ahuriri Masterplan - Thames Severn Stormwater Management	Roading IAR	541	-	-	261	-	-	280	-	-	-	-			100%
<b>Total Transportation</b>		<b>122,444</b>	<b>10,904</b>	<b>10,034</b>	<b>13,821</b>	<b>15,787</b>	<b>11,083</b>	<b>10,872</b>	<b>13,049</b>	<b>10,964</b>	<b>13,181</b>	<b>12,749</b>			
<b>Water Supply</b>															
Water Pipes Renewals	Water Supply IAR	5,089	242	248	263	573	586	600	615	652	646	664			
Water Pipes Renewals	Finanical Contribution	214	10	10	11	24	25	25	26	27	27	28			
Water Pipes Renewals	Development Contributions	54	3	3	3	6	6	6	6	7	7	7			
<b>Water Pipes Renewals Total</b>		<b>5,357</b>	<b>255</b>	<b>261</b>	<b>277</b>	<b>603</b>	<b>617</b>	<b>632</b>	<b>647</b>	<b>687</b>	<b>680</b>	<b>699</b>	<b>5%</b>		<b>95%</b>

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
IAR Pump Stations	Water Supply Pump Stations IAR	110	110	-	-	-	-	-	-	-	-	-			100%
Water Meter Renewals	Water Meters IAR	783	5	5	5	6	7	7	7	241	247	254			100%
New Taradale Bore Field	Loan - Rates	3,848	80	409	2,506	854	-	-	-	-	-	-			
New Taradale Bore Field	Financial Contribution	818	17	87	532	181	-	-	-	-	-	-			
New Taradale Bore Field	Development Contributions	144	3	15	94	32	-	-	-	-	-	-			
<b>New Taradale Bore Field Total</b>		<b>4,810</b>	<b>100</b>	<b>511</b>	<b>3,132</b>	<b>1,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20%</b>	<b>80%</b>	
Replacement of Enfield reservoir	Loan - Rates	9,233	40	-	-	213	2,184	3,578	2,748	470	-	-			
Replacement of Enfield reservoir	Financial Contribution	1,962	9	-	-	45	464	760	584	100	-	-			
Replacement of Enfield reservoir	Development Contributions	346	2	-	-	8	82	134	103	18	-	-			
<b>Replacement of Enfield reservoir Total</b>		<b>11,541</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>2,730</b>	<b>4,472</b>	<b>3,435</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>20%</b>		<b>80%</b>
Thompson Reservoir Upgrade	Loan - Rates	1,119	220	899	-	-	-	-	-	-	-	-			100%
Water Control System minor works	Water Supply IAR	56	5	5	5	5	5	6	6	6	6	6			100%
Upgrade Water Supply Control System	Prior Year Project Fund	200	200	-	-	-	-	-	-	-	-	-		100%	
De-Chlorination Stations	Rates	66	66	-	-	-	-	-	-	-	-	-		100%	
Dedicated water takes from hydrants	Rates	95	95	-	-	-	-	-	-	-	-	-		100%	
District Modelling Projects	Rates	271	150	-	-	37	-	-	40	-	-	43		100%	
District Monitoring Project	Loan - Rates	1,017	500	256	261	-	-	-	-	-	-	-		100%	
Improve Bores	Rates	250	250	-	-	-	-	-	-	-	-	-		100%	
New bores in Awatoto	Financial Contribution	1,023	186	48	194	595	-	-	-	-	-	-			
New bores in Awatoto	Development Contributions	77	14	4	15	45	-	-	-	-	-	-			
<b>New bores in Awatoto Total</b>		<b>1,100</b>	<b>200</b>	<b>51</b>	<b>209</b>	<b>640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50%</b>	<b>50%</b>	
New Reservoir Westen Hills	Financial Contribution	1,827	-	445	454	928	-	-	-	-	-	-			
New Reservoir Westen Hills	Development Contributions	273	-	66	68	139	-	-	-	-	-	-			
<b>New Reservoir Westen Hills Total</b>		<b>2,100</b>	<b>-</b>	<b>511</b>	<b>522</b>	<b>1,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>		
New Water Treatment Plant	Loan - Rates	1,386	160	1,226	-	-	-	-	-	-	-	-			
New Water Treatment Plant	Financial Contribution	295	34	261	-	-	-	-	-	-	-	-			
New Water Treatment Plant	Development Contributions	52	6	46	-	-	-	-	-	-	-	-			
<b>New Water Treatment Plant Total</b>		<b>1,733</b>	<b>200</b>	<b>1,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20%</b>	<b>80%</b>	
Optimise Church Rd booster pump station	Rates	400	400	-	-	-	-	-	-	-	-	-		100%	
Reservoir Inlets and Outlets Improvements	Water Supply IAR	904	80	511	313	-	-	-	-	-	-	-		100%	

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
<b>Total Water Supply</b>		<b>31,911</b>	<b>2,886</b>	<b>4,543</b>	<b>4,724</b>	<b>3,693</b>	<b>3,359</b>	<b>5,116</b>	<b>4,135</b>	<b>1,520</b>	<b>933</b>	<b>1,002</b>			
<b>Stormwater</b>															
Pump station minor replacements (mechanical)	Stormwater IAR	222	20	20	21	21	22	22	23	23	24	25			100%
SCADA minor replacements	Rates	278	25	26	26	27	27	28	29	29	30	31			100%
Stormwater Pump Replacements	Stormwater IAR	202	-	-	63	-	66	-	-	-	-	74			
Stormwater Pump Replacements	Financial Contribution	46	-	-	14	-	15	-	-	-	-	17			
Stormwater Pump Replacements	Development Contributions	5	-	-	2	-	2	-	-	-	-	2			
<b>Stormwater Pump Replacements Total</b>		<b>253</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>20%</b>		<b>80%</b>
Stormwater Pump Station Electrical Replacements	Stormwater IAR	222	20	20	21	21	22	22	23	23	24	25			100%
Stormwater Reticulation Replacements	Stormwater IAR	1,020	-	-	-	-	491	-	-	528	-	-			
Stormwater Reticulation Replacements	Financial Contribution	102	-	-	-	-	49	-	-	53	-	-			
Stormwater Reticulation Replacements	Development Contributions	11	-	-	-	-	5	-	-	6	-	-			
<b>Stormwater Reticulation Replacements Total</b>		<b>1,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>10%</b>		<b>90%</b>
Thames/Tynes Pipe and Drain Upgrades	Stormwater IAR	651	43	608	-	-	-	-	-	-	-	-			
Thames/Tynes Pipe and Drain Upgrades	Financial Contribution	100	7	93	-	-	-	-	-	-	-	-			
Thames/Tynes Pipe and Drain Upgrades	Development Contributions	15	1	14	-	-	-	-	-	-	-	-			
<b>Thames/Tynes Pipe and Drain Upgrades Total</b>		<b>765</b>	<b>50</b>	<b>715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15%</b>		<b>85%</b>
New pump station in Bay View	Loan - Rates	2,829	160	164	2,506	-	-	-	-	-	-	-			
New pump station in Bay View	Financial Contribution	637	36	37	564	-	-	-	-	-	-	-			
New pump station in Bay View	Development Contributions	71	4	4	63	-	-	-	-	-	-	-			
<b>New pump station in Bay View Total</b>		<b>3,536</b>	<b>200</b>	<b>204</b>	<b>3,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20%</b>		<b>80%</b>
Outfalls Marine Parade	Rates	202	-	-	63	-	-	67	-	-	72	-			
Outfalls Marine Parade	Financial Contribution	45	-	-	14	-	-	15	-	-	16	-			
Outfalls Marine Parade	Development Contributions	5	-	-	2	-	-	2	-	-	2	-			
<b>Outfalls Marine Parade Total</b>		<b>252</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>20%</b>		<b>80%</b>
Minor drain Improvements	Rates	333	30	31	31	32	33	34	34	35	36	37			100%
Te Awa Stormwater Pond	Financial Contribution	170	170	-	-	-	-	-	-	-	-	-			100%
Jervoistown Stormwater Improvements	Financial Contribution	157	-	-	-	157	-	-	-	-	-	-			
Jervoistown Stormwater Improvements	Development Contributions	3	-	-	-	3	-	-	-	-	-	-			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Jervoisstown Stormwater Improvements Total		160	-	-	-	160	-	-	-	-	-	-	20%	80%	
Ahuriri Masterplan Project 1 - stormwater treatment wetlands	Loan - Rates	2,494	-	-	-	-	-	319	2,176	-	-	-			
Ahuriri Masterplan Project 1 - stormwater treatment wetlands	Financial Contribution	105	-	-	-	-	-	13	92	-	-	-			
Ahuriri Masterplan Project 1 - stormwater treatment wetlands	Development Contributions	26	-	-	-	-	-	3	23	-	-	-			
Ahuriri Masterplan Project 1 - stormwater treatment wetlands Total		2,625	-	-	-	-	-	335	2,290	-	-	-	5%	95%	
Ahuriri Masterplan Project 4 - Upper catchment stormwater quality improvements	Stormwater Catchment Fund	1,026	-	-	-	507	519	-	-	-	-	-			
Ahuriri Masterplan Project 4 - Upper catchment stormwater quality improvements	Financial Contribution	43	-	-	-	21	22	-	-	-	-	-			
Ahuriri Masterplan Project 4 - Upper catchment stormwater quality improvements	Development Contributions	11	-	-	-	5	5	-	-	-	-	-			
Ahuriri Masterplan Project 4 - Upper catchment stormwater quality improvements Total		1,080	-	-	-	534	546	-	-	-	-	-	5%	95%	
Ahuriri Masterplan stormwater study	Stormwater IAR	291	95	97	99	-	-	-	-	-	-	-			
Ahuriri Masterplan stormwater study	Financial Contribution	12	4	4	4	-	-	-	-	-	-	-			
Ahuriri Masterplan stormwater study	Development Contributions	3	1	1	1	-	-	-	-	-	-	-			
Ahuriri Masterplan stormwater study Total		307	100	102	104	-	-	-	-	-	-	-	5%	95%	
Ahuriri Masterplan Project 11 - Pandora catchment improvements	Stormwater Catchment Fund	1,186	-	194	992	-	-	-	-	-	-	-			
Ahuriri Masterplan Project 11 - Pandora catchment improvements	Financial Contribution	50	-	8	42	-	-	-	-	-	-	-			
Ahuriri Masterplan Project 11 - Pandora catchment improvements	Development Contributions	12	-	2	10	-	-	-	-	-	-	-			
Ahuriri Masterplan Project 11 - Pandora catchment improvements Total		1,248	-	204	1,044	-	-	-	-	-	-	-	5%	95%	
Ahuriri Masterplan Project 3 - improve direct outfalls	Loan - Stormwater Catchment Fund	1,190	-	-	1,190	-	-	-	-	-	-	-			
Ahuriri Masterplan Project 3 - improve direct outfalls	Financial Contribution	50	-	-	50	-	-	-	-	-	-	-			
Ahuriri Masterplan Project 3 - improve direct outfalls	Development Contributions	13	-	-	13	-	-	-	-	-	-	-			
Ahuriri Masterplan Project 3 - improve direct outfalls Total		1,253	-	-	1,253	-	-	-	-	-	-	-	5%	95%	
CBD Stormwater Upgrade	Loan - Rates	920	-	920	-	-	-	-	-	-	-	-			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
CBD Stormwater Upgrade	Financial Contribution	92	-	92	-	-	-	-	-	-	-	-			
CBD Stormwater Upgrade	Development Contributions	10	-	10	-	-	-	-	-	-	-	-			
<b>CBD Stormwater Upgrade Total</b>		<b>1,022</b>	<b>-</b>	<b>1,022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10%</b>	<b>90%</b>	
Construction of a hydraulic model and upgrades	Rates	233	125	51	-	-	27	-	-	29	-	-			
Construction of a hydraulic model and upgrades	Financial Contribution	205	110	45	-	-	24	-	-	26	-	-			
Construction of a hydraulic model and upgrades	Development Contributions	28	15	6	-	-	3	-	-	4	-	-			
<b>Construction of a hydraulic model and upgrades Total</b>		<b>466</b>	<b>250</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>50%</b>	<b>50%</b>	
Installation of emergency generator - Dalton St pump station	Rates	373	-	-	-	373	-	-	-	-	-	-		100%	
New pump station and pumping main for Marewa Catchment	Loan - Rates	3,554	-	-	63	192	2,293	1,006	-	-	-	-			
New pump station and pumping main for Marewa Catchment	Financial Contribution	2,073	-	-	37	112	1,338	587	-	-	-	-			
New pump station and pumping main for Marewa Catchment	Development Contributions	296	-	-	5	16	191	84	-	-	-	-			
<b>New pump station and pumping main for Marewa Catchment Total</b>		<b>5,924</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>320</b>	<b>3,822</b>	<b>1,677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40%</b>	<b>60%</b>	
SCADA upgrade project	Rates	304	100	204	-	-	-	-	-	-	-	-		100%	
Stormwater Catchment Project	Loan - Stormwater Catchment Fund	1,190	-	-	-	-	-	-	286	294	301	309			
Stormwater Catchment Project	Financial Contribution	1,119	-	-	-	-	-	-	269	276	283	291			
Stormwater Catchment Project	Development Contributions	71	-	-	-	-	-	-	17	18	18	19			
<b>Stormwater Catchment Project Total</b>		<b>2,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>573</b>	<b>587</b>	<b>602</b>	<b>619</b>	<b>30%</b>	<b>30%</b>	<b>40%</b>
Stormwater pipe upgrades Marewa Catchment	Stormwater IAR	1,017	-	-	-	-	-	89	458	470	-	-			
Stormwater pipe upgrades Marewa Catchment	Financial Contribution	229	-	-	-	-	-	20	103	106	-	-			
Stormwater pipe upgrades Marewa Catchment	Development Contributions	25	-	-	-	-	-	2	11	12	-	-			
<b>Stormwater pipe upgrades Marewa Catchment Total</b>		<b>1,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>573</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>20%</b>	<b>40%</b>	<b>40%</b>
Taradale Catchment Stormwater Upgrades - Stage 1	Loan - Stormwater Catchment Fund	1,539	-	-	-	133	819	587	-	-	-	-			
Taradale Catchment Stormwater Upgrades - Stage 1	Financial Contribution	1,447	-	-	-	125	770	552	-	-	-	-			
Taradale Catchment Stormwater Upgrades - Stage 1	Development Contributions	92	-	-	-	8	49	35	-	-	-	-			
<b>Taradale Catchment Stormwater Upgrades - Stage 1 Total</b>		<b>3,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>1,638</b>	<b>1,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30%</b>	<b>50%</b>	<b>20%</b>
Taradale Stormwater Diversion	Rates	280	280	-	-	-	-	-	-	-	-	-			
Taradale Stormwater Diversion	Financial Contribution	63	63	-	-	-	-	-	-	-	-	-			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Taradale Stormwater Diversion	Development Contributions	7	7	-	-	-	-	-	-	-	-	-			
Taradale Stormwater Diversion Total		350	350	-	-	-	-	-	-	-	-	-	15%	85%	
Tennyson St outfall improvements	Loan - Rates	506	250	256	-	-	-	-	-	-	-	-		100%	
Upgrade existing Onehunga pump station	Rates	72	72	-	-	-	-	-	-	-	-	-			
Upgrade existing Onehunga pump station	Financial Contribution	7	7	-	-	-	-	-	-	-	-	-			
Upgrade existing Onehunga pump station	Development Contributions	1	1	-	-	-	-	-	-	-	-	-			
Upgrade existing Onehunga pump station Total		80	80	-	-	-	-	-	-	-	-	-	10%	90%	
Upgrading Dalton St pump station	Loan - Rates	2,694	-	-	282	1,921	491	-	-	-	-	-			
Upgrading Dalton St pump station	Financial Contribution	269	-	-	28	192	49	-	-	-	-	-			
Upgrading Dalton St pump station	Development Contributions	30	-	-	3	21	5	-	-	-	-	-			
Upgrading Dalton St pump station Total		2,993	-	-	313	2,134	546	-	-	-	-	-	10%	90%	
<b>Total Stormwater</b>		<b>32,585</b>	<b>1,645</b>	<b>2,908</b>	<b>6,207</b>	<b>3,889</b>	<b>7,338</b>	<b>3,488</b>	<b>3,544</b>	<b>1,931</b>	<b>807</b>	<b>829</b>			
<b>Wastewater</b>															
Wastewater Pipe Renewals	Sewerage IAR	5,665	225	276	1,175	480	295	1,006	258	581	813	557			
Wastewater Pipe Renewals	Financial Contribution	566	23	28	117	48	29	101	26	58	81	56			
Wastewater Pipe Renewals	Development Contributions	63	3	3	13	5	3	11	3	6	9	6			
Wastewater Pipe Renewals Total		6,294	250	307	1,305	534	328	1,118	286	646	903	619	10%		90%
Wastewater Pump Station Renewals	Sewer Pump Stations Renewals	2,002	436	78	121	380	83	85	545	89	92	94			
Wastewater Pump Station Renewals	Financial Contribution	425	93	17	26	81	18	18	116	19	19	20			
Wastewater Pump Station Renewals	Development Contributions	75	16	3	5	14	3	3	20	3	3	4			
Wastewater Pump Station Renewals Total		2,503	545	97	151	475	104	106	681	112	114	118	20%		80%
Wastewater Treatment Plant Renewals	Sewer Treatment Plant Renewals	2,460	180	184	188	192	197	201	227	264	271	557			
Wastewater Treatment Plant Renewals	Financial Contribution	246	18	18	19	19	20	20	23	26	27	56			
Wastewater Treatment Plant Renewals	Development Contributions	27	2	2	2	2	2	2	3	3	3	6			
Wastewater Treatment Plant Renewals Total		2,734	200	204	209	213	218	224	252	294	301	619	10%		90%
Wastewater Treatment Plant Upgrade	Sewer Treatment Plant Renewals	495	-	-	-	-	-	-	-	-	-	495			
Wastewater Treatment Plant Upgrade	Financial Contribution	105	-	-	-	-	-	-	-	-	-	105			
Wastewater Treatment Plant Upgrade	Development Contributions	19	-	-	-	-	-	-	-	-	-	19			
Wastewater Treatment Plant Upgrade Total		619	-	-	-	-	-	-	-	-	-	619	20%	80%	

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Wastewater Outfall Replacement	Wastewater Outfall IAR	6,254	40	41	84	341	44	45	275	704	722	3,958			
Wastewater Outfall Replacement	Financial Contribution	1,329	9	9	18	73	9	10	58	150	154	841			
Wastewater Outfall Replacement	Development Contributions	235	2	2	3	13	2	2	10	26	27	148			
Wastewater Outfall Replacement Total		7,818	50	51	104	427	55	56	344	881	903	4,948	20%		80%
Flow meter replacements	Sewer Pump Stations Renewals	116	-	-	-	-	55	-	-	-	-	62			100%
SCADA Upgrade	Rates	722	212	204	209	13	13	13	14	14	14	15			
SCADA Upgrade	Financial Contribution	153	45	43	44	3	3	3	3	3	3	3			
SCADA Upgrade	Development Contributions	27	8	8	8	0	0	1	1	1	1	1			
SCADA Upgrade Total		902	265	256	261	16	16	17	17	18	18	19			100%
Construction of a hydraulic model and subsequent upgrades	Rates	102	50	-	-	16	-	-	17	-	-	19			
Construction of a hydraulic model and subsequent upgrades	Financial Contribution	96	47	-	-	15	-	-	16	-	-	17			
Construction of a hydraulic model and subsequent upgrades	Development Contributions	6	3	-	-	1	-	-	1	-	-	1			
Construction of a hydraulic model and subsequent upgrades Total		203	100	-	-	32	-	-	34	-	-	37	20%		80%
Flow metering	Sewer Pump Stations Renewals	303	150	153	-	-	-	-	-	-	-	-			100%
Guppy Rd pumping main installation	Sewer Pump Stations Renewals	113	113	-	-	-	-	-	-	-	-	-			
Guppy Rd pumping main installation	Financial Contribution	324	324	-	-	-	-	-	-	-	-	-			
Guppy Rd pumping main installation	Development Contributions	14	14	-	-	-	-	-	-	-	-	-			
Guppy Rd pumping main installation Total		450	450	-	-	-	-	-	-	-	-	-	75%		25%
Harold Holt wastewater upgrades	Loan - Rates	156	-	26	131	-	-	-	-	-	-	-			
Harold Holt wastewater upgrades	Financial Contribution	449	-	74	376	-	-	-	-	-	-	-			
Harold Holt wastewater upgrades	Development Contributions	19	-	3	16	-	-	-	-	-	-	-			
Harold Holt wastewater upgrades Total		624	-	102	522	-	-	-	-	-	-	-	75%		25%
Installation of Generator Connections	Rates	204	-	204	-	-	-	-	-	-	-	-			100%
Odour control at Petane pump station	Sewer Pump Stations Renewals	42	-	-	42	-	-	-	-	-	-	-			100%
Pandora Industrial Main	Loan - Rates	1,146	120	818	209	-	-	-	-	-	-	-			
Pandora Industrial Main	Financial Contribution	244	26	174	44	-	-	-	-	-	-	-			
Pandora Industrial Main	Development Contributions	43	5	31	8	-	-	-	-	-	-	-			



## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Pandora Industrial Main Total		1,433	150	1,022	261	-	-	-	-	-	-	-	20%	80%	
Taradale Wastewater Diversion	Loan - Rates	567	50	256	261	-	-	-	-	-	-	-			
Taradale Wastewater Diversion	Financial Contribution	533	47	240	245	-	-	-	-	-	-	-			
Taradale Wastewater Diversion	Development Contributions	34	3	15	16	-	-	-	-	-	-	-			
Taradale Wastewater Diversion Total		1,133	100	511	522	-	-	-	-	-	-	-	50%	50%	
<b>Total Wastewater</b>		<b>25,379</b>	<b>2,260</b>	<b>2,908</b>	<b>3,377</b>	<b>1,697</b>	<b>775</b>	<b>1,520</b>	<b>1,614</b>	<b>1,949</b>	<b>2,239</b>	<b>7,039</b>			
<b>Other Infrastructure</b>															
<b>Waste Minimisation</b>															
Omarunui Development - Valley D	Solid Waste Disposal Income Account	3,757	774	480	574	296	234	319	307	251	258	265			100%
Omarunui Development - Plant	Solid Waste Disposal Income Account	737	47	17	17	258	17	102	33	83	33	130			100%
Omarunui Development - Forestry	Solid Waste Disposal Income Account	113	50	12	5	6	6	7	6	6	8	6			100%
Omarunui Development - Valleys B & C	Solid Waste Disposal Income Account	5,189	161	1,222	1,123	567	370	332	340	349	358	367			100%
Solid Waste Renewals.	Transfer Station & Composting IAR	1,033	93	95	97	99	102	104	106	109	112	115			100%
Pavement & Surfacing of Transfer station	Transfer Station & Composting IAR	124	2	2	2	2	2	2	3	3	3	103			100%
<b>Total Waste Minimisation</b>		<b>10,953</b>	<b>1,127</b>	<b>1,830</b>	<b>1,819</b>	<b>1,227</b>	<b>731</b>	<b>866</b>	<b>795</b>	<b>801</b>	<b>770</b>	<b>986</b>			
<b>Public Toilets</b>															
Public Toilets Renewals	Public Toilets IAR	3,049	100	307	-	-	109	503	630	235	361	804			100%
Public toilet review and data capture	Public Toilets IAR	41	-	41	-	-	-	-	-	-	-	-			100%
Parent Facility	Parklands Fund	50	50	-	-	-	-	-	-	-	-	-		100%	
<b>Total Public Toilets</b>		<b>3,140</b>	<b>150</b>	<b>347</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>503</b>	<b>630</b>	<b>235</b>	<b>361</b>	<b>804</b>			
<b>Cemeteries</b>															
Cemeteries Renewals	Cemeteries IAR	623	90	112	115	117	120	22	23	23	-	-			100%
Western Hills Extension	Prior Year Project Fund	315	315	-	-	-	-	-	-	-	-	-	10%	90%	
Cemetery Planting	Cemeteries IAR	278	25	26	26	27	27	28	29	29	30	31			100%
Napier Cemetery Development	Cemeteries IAR	452	100	87	131	37	38	11	11	12	12	12			100%
Taradale cemetery Heritage work	Cemeteries IAR	17	-	-	-	-	-	17	-	-	-	-			100%
Wharerangi Building Refurbishment	Cemeteries IAR	32	-	-	10	11	11	-	-	-	-	-			100%

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Cemetery Concept Plan Implementation	Rates	529	20	41	63	64	87	67	92	47	48	-	10%	90%	
Cemetery land purchase	Loan - Rates	619	-	-	-	-	-	-	-	-	-	619	10%	90%	
Western Hill Extension - Stage 2	Rates	373	-	-	-	373	-	-	-	-	-	-	10%	90%	
<b>Total Cemeteries</b>		<b>3,237</b>	<b>550</b>	<b>266</b>	<b>345</b>	<b>630</b>	<b>284</b>	<b>145</b>	<b>155</b>	<b>112</b>	<b>90</b>	<b>662</b>			
<b>Total Other Infrastructure</b>		<b>17,330</b>	<b>1,827</b>	<b>2,443</b>	<b>2,164</b>	<b>1,857</b>	<b>1,124</b>	<b>1,515</b>	<b>1,579</b>	<b>1,147</b>	<b>1,222</b>	<b>2,452</b>			
<b>Community and Visitor Experiences</b>															
<b>Sportsgrounds</b>															
Sportsgrounds I.A.R.	Sportsground IAR	4,127	320	634	334	469	371	380	389	399	409	421			100%
McLean Park Facility Renewals	Sportsground IAR	1,773	-	215	459	245	382	224	-	-	-	247	20%		80%
McLean Park light tower upgrades	Sportsground IAR	24	-	-	16	-	-	-	-	-	8	-	20%		80%
McLean Park re-turf	Sportsground IAR	1,100	1,100	-	-	-	-	-	-	-	-	-	20%		80%
Safety Projects/CPTED	Sportsground IAR	56	-	10	-	11	-	11	-	12	-	12	50%		50%
McLean Park Digital Screen	Sportsground IAR	294	-	-	-	-	-	-	-	294	-	-	20%		80%
McLean Park Cricket Practice Nets upgrade	Rates	918	100	818	-	-	-	-	-	-	-	-	20%		80%
Neighbourhood Parks Upgrades	Sportsground IAR	1,159	20	-	-	-	273	-	-	-	-	866	30%	30%	40%
New Pathways	Sportsground IAR	225	-	41	-	43	-	45	-	47	-	49	20%		80%
New Shade Areas	Sportsground IAR	163	20	20	21	21	22	11	11	12	12	12		100%	
Park Island - Footbridge	Rates	150	150	-	-	-	-	-	-	-	-	-	20%	80%	
Park Island Central Development	Loan - Rates	124	-	-	-	-	-	-	-	-	-	124	20%	80%	
Park Island Northern Development	Loan - Rates	4,447	100	2,596	-	107	-	1,335	-	-	-	309	20%	80%	
Park Island Southern Development	Loan - Rates	11,053	-	-	104	-	109	112	172	924	9,632	-	20%	80%	
Playground Development	Sportsground IAR	330	-	-	-	107	109	-	115	-	-	-	50%		50%
Riparian Planting	Sportsground IAR	55	10	-	10	-	11	-	11	-	12	-		100%	
Turf Farm development	Loan - Rates	1,237	-	-	-	-	-	-	-	-	-	1,237	20%		80%
Onekawa Park	Sportsground IAR	802	-	-	-	-	-	-	802	-	-	-			100%
<b>Total Sportsgrounds</b>		<b>28,035</b>	<b>1,820</b>	<b>4,333</b>	<b>945</b>	<b>1,003</b>	<b>1,278</b>	<b>2,117</b>	<b>1,500</b>	<b>1,687</b>	<b>10,074</b>	<b>3,278</b>			
<b>Reserves</b>															
Reserves I.A.R.	Reserves IAR	5,355	700	593	637	854	1,081	224	618	235	229	186			100%

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Marine Parade Historic Skating Rink	External Grants	868	50	818	-	-	-	-	-	-	-	-			100%
Coastal Erosion	Reserves IAR	2,221	200	204	209	213	218	224	229	235	241	247			100%
Foreshore Planting	Reserves IAR	222	20	20	21	21	22	22	23	23	24	25		100%	
Freedom Camping	Reserves IAR	495	-	-	-	-	-	-	-	-	-	495		100%	
Marine Parade renewals	Reserves IAR	1,581	115	271	277	416	262	145	23	23	24	25			100%
Planting	Reserves IAR	777	70	72	73	75	76	78	80	82	84	87		100%	
Riparian Planting	Reserves IAR	222	20	20	21	21	22	22	23	23	24	25		100%	
Playground Renewals	Reserves IAR	1,460	350	204	209	-	109	112	115	117	120	124			100%
Passive Recreation Reserves	Financial Contribution	125	125	-	-	-	-	-	-	-	-	-	20%		80%
Whakarire Ave Rock Revetment	Loan - HBHB Endowment Land Income	1,737	-	1,737	-	-	-	-	-	-	-	-		100%	
Hardinge Road Erosion	HBHB Endowment Land Income	320	320	-	-	-	-	-	-	-	-	-			100%
Maraenui Park Development	Rates	107	-	-	-	107	-	-	-	-	-	-		100%	
Urban Growth	Financial Contribution	4,657	-	204	52	267	491	56	286	704	60	2,536	100%		
Western Hill Pathway Development	Rates	420	-	286	-	-	-	134	-	-	-	-	20%	80%	
Kent Terrace to Toronui Pathway	Walk/Cycleway Fund	213	213	-	-	-	-	-	-	-	-	-		100%	
Te Roera Trail Pathway	Walk/Cycleway Fund	647	647	-	-	-	-	-	-	-	-	-		100%	
Westshore Erosion and Inudation Remediation	Loan - HBHB Endowment Land Income	8,564	-	-	-	-	-	2,795	4,008	1,761	-	-		100%	
Westshore Nearshore Restoration	Loan - HBHB Endowment Land Income	1,078	-	511	-	-	273	-	-	294	-	-		100%	
Ahuriri Estuary Projects	Reserves IAR	1,510	-	20	313	1,067	109	-	-	-	-	-		100%	
Destination Playground - Stage 2	Parklands Fund	1,145	-	-	-	-	-	-	1,145	-	-	-		100%	
Allen Berry Future Development	Reserves IAR	107	-	-	-	107	-	-	-	-	-	-	10%	90%	
<b>Total Reserves</b>		<b>33,830</b>	<b>2,830</b>	<b>4,962</b>	<b>1,811</b>	<b>3,148</b>	<b>2,664</b>	<b>3,812</b>	<b>6,549</b>	<b>3,499</b>	<b>807</b>	<b>3,748</b>			
<b>Bay Skate</b>															
Napier Skate Park Renewals	Marine Pde Facilities IAR	354	24	20	48	20	25	22	57	26	24	88			100%
Park equipment	Marine Pde Facilities IAR	33	10	10	13	-	-	-	-	-	-	-	10%	90%	
Skate ramps	Marine Pde Facilities IAR	352	150	-	63	-	-	67	-	-	72	-	40%	60%	
Sound System	Marine Pde Facilities IAR	25	25	-	-	-	-	-	-	-	-	-	15%	85%	
Bay Skate Ramps - Stage 3 Development	Capital Reserve	50	50	-	-	-	-	-	-	-	-	-	40%	60%	
<b>Total Bay Skate</b>		<b>814</b>	<b>259</b>	<b>31</b>	<b>124</b>	<b>20</b>	<b>25</b>	<b>89</b>	<b>57</b>	<b>26</b>	<b>96</b>	<b>88</b>			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
<b>Community Facilities</b>															
Halls Renewals	Building Project Fund	604	100	31	37	32	82	34	34	59	72	124			100%
Maraenui Com Centre internal refurbishment	Building Project Fund	30	30	-	-	-	-	-	-	-	-	-			100%
Taradale Town Hall internal refurbishment	Building Project Fund	89	-	-	89	-	-	-	-	-	-	-			100%
Taradale Community Rooms - Refurb	Prior Year Project Fund	269	269	-	-	-	-	-	-	-	-	-		100%	
Maraenui Community Space	Loan - Rates	1,478	-	-	731	747	-	-	-	-	-	-			
Maraenui Community Space	Building Project Fund	633	-	-	313	320	-	-	-	-	-	-			
Maraenui Community Space Total		2,111	-	-	1,044	1,067	-	-	-	-	-	-		100%	
Minor Capital Allowance	Building Project Fund	666	60	61	63	64	66	67	69	70	72	74			100%
<b>Total Community Facilities</b>		<b>3,769</b>	<b>459</b>	<b>92</b>	<b>1,232</b>	<b>1,163</b>	<b>147</b>	<b>101</b>	<b>103</b>	<b>129</b>	<b>144</b>	<b>198</b>			
<b>Libraries</b>															
Library Renewals	Libraries IAR	117	10	10	10	11	11	11	11	12	12	19			100%
Building Renewals	Libraries IAR	422	11	11	11	17	5	12	33	57	216	47		100%	
Library Stock	Rates	4,333	340	347	355	363	459	470	481	493	506	520			
Library Stock	Financial Contribution	222	20	20	21	21	22	22	23	23	24	25			
Library Stock Total		4,555	360	368	376	384	480	492	504	517	530	544		100%	
Robson Collection Donations	Robson Collection Fund	11	1	1	1	1	1	1	1	1	1	1		100%	
Customer Insight beams - Napier	Rates	55	-	-	-	-	55	-	-	-	-	-		100%	
Napier Library Rebuild	Parklands Fund	13,165	129	858	3,324	8,854	-	-	-	-	-	-			
Napier Library Rebuild	Loan - Rates	2,696	26	176	681	1,814	-	-	-	-	-	-			
Napier Library Rebuild Total		15,861	155	1,033	4,005	10,668	-	-	-	-	-	-		100%	
Self Issuing Kiosks - Napier	Loan - Rates	63	-	31	-	-	33	-	-	-	-	-		100%	
Technology Hub - Napier	Loan - Rates	274	-	-	-	80	109	56	29	-	-	-			
Technology Hub - Napier	Libraries IAR	274	-	-	-	80	109	56	29	-	-	-			
Technology Hub - Napier Total		548	-	-	-	160	218	112	57	-	-	-		100%	
Taradale Library - Minor Work	Rates	250	-	5	151	-	-	-	-	94	-	-		100%	
Minor Capital	Rates	111	10	10	10	11	11	11	11	12	12	12		100%	
<b>Total Libraries</b>		<b>21,993</b>	<b>547</b>	<b>1,470</b>	<b>4,565</b>	<b>11,251</b>	<b>815</b>	<b>639</b>	<b>618</b>	<b>692</b>	<b>771</b>	<b>624</b>			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
<b>Aquatic Centre</b>															
NAC I.A.R.	Pools IAR	3,257	140	289	346	207	347	256	123	632	515	401			100%
Napier Aquatic Centre Expansion	Parklands Fund	7,452	414	2,410	4,390	238	-	-	-	-	-	-			
Napier Aquatic Centre Expansion	Loan - Rates	33,947	1,886	10,978	19,998	1,085	-	-	-	-	-	-			
Napier Aquatic Centre Expansion Total		41,399	2,300	13,388	24,388	1,323	-	-	-	-	-	-	10%	40%	50%
Minor Capital	Rates	20	20	-	-	-	-	-	-	-	-	-			100%
<b>Total Aquatic Centre</b>		<b>44,676</b>	<b>2,460</b>	<b>13,677</b>	<b>24,734</b>	<b>1,531</b>	<b>347</b>	<b>256</b>	<b>123</b>	<b>632</b>	<b>515</b>	<b>401</b>			
<b>Marine Parade Pools</b>															
Marine Parade Pools Renewals	Marine Pde Facilities IAR	222	20	20	21	21	22	22	23	23	24	25			100%
Ocean Spa Upgrade	Rates	404	200	204	-	-	-	-	-	-	-	-		100%	
<b>Total Marine Parade Pools</b>		<b>626</b>	<b>220</b>	<b>225</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>25</b>			
<b>National Aquarium of NZ</b>															
Aquarium Renewals	Tourism Capital Fund	1,464	247	169	351	130	-	125	7	220	12	203			100%
Expansion Project	External Grants	42,573	-	12,036	30,537	-	-	-	-	-	-	-			
Expansion Project	Loan - Rates	3,191	1,000	-	2,191	-	-	-	-	-	-	-			
Expansion Project	Parklands Fund	7,000	1,392	5,338	270	-	-	-	-	-	-	-			
Expansion Project Total		52,765	2,392	17,374	32,998	-	-	-	-	-	-	-		90%	10%
Kiwi Facility Upgrade	Rates	404	200	204	-	-	-	-	-	-	-	-		90%	10%
NANZ Minor Capital	Tourism Capital Fund	441	-	-	-	-	-	84	86	88	90	93			100%
<b>Total National Aquarium of NZ</b>		<b>55,074</b>	<b>2,839</b>	<b>17,748</b>	<b>33,349</b>	<b>130</b>	<b>-</b>	<b>209</b>	<b>93</b>	<b>308</b>	<b>102</b>	<b>295</b>			
<b>Par2 MiniGolf</b>															
Par2 MiniGolf Renewal	Tourism Capital Fund	73	43	3	3	3	3	3	3	4	4	4			100%
Course Upgrade	Loan - Rates	981	-	511	470	-	-	-	-	-	-	-			100%
Building Renewals	Tourism Capital Fund	164	-	3	13	-	18	15	-	4	19	92			100%
Par2 Building Upgrade	Loan - Rates	885	-	102	783	-	-	-	-	-	-	-		100%	

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Par2 Minor Capital	Tourism Capital Fund	21	11	1	1	1	1	1	1	1	1	1		100%	
<b>Total Par2 MiniGolf</b>		<b>2,124</b>	<b>54</b>	<b>620</b>	<b>1,270</b>	<b>4</b>	<b>22</b>	<b>19</b>	<b>5</b>	<b>9</b>	<b>24</b>	<b>97</b>			
<b>Napier Conference Centre</b>															
CC Renewals	Tourism Capital Fund	1,026	94	41	146	208	120	123	149	47	48	49			100%
Building Renewals	Tourism Capital Fund	1,345	133	107	-	16	20	7	733	68	51	208			100%
CC Minor Capital	Tourism Capital Fund	666	60	61	63	64	66	67	69	70	72	74			100%
<b>Total Napier Conference Centre</b>		<b>3,037</b>	<b>288</b>	<b>209</b>	<b>209</b>	<b>289</b>	<b>205</b>	<b>198</b>	<b>950</b>	<b>186</b>	<b>172</b>	<b>332</b>			
<b>Napier Mincipal Theatre</b>															
NMT Renewals	Tourism Capital Fund	1,658	139	99	180	128	337	212	149	35	187	192			100%
Building Renewals	Tourism Capital Fund	1,038	44	15	19	161	78	137	162	51	332	39			100%
Replace sound system	Tourism Capital Fund	253	100	153	-	-	-	-	-	-	-	-			100%
Administration Room and Staff Tearoom	Tourism Capital Fund	84	-	-	-	-	-	84	-	-	-	-			100%
Upgrade ticket and reception office	Tourism Capital Fund	84	-	-	-	-	-	84	-	-	-	-			100%
NMT Minor Capital	Tourism Capital Fund	509	120	41	63	43	44	45	46	35	36	37			100%
<b>Total Napier Mincipal Theatre</b>		<b>3,626</b>	<b>403</b>	<b>308</b>	<b>261</b>	<b>332</b>	<b>459</b>	<b>562</b>	<b>357</b>	<b>122</b>	<b>555</b>	<b>267</b>			
<b>i-SITE</b>															
i-SITE Renewals	Tourism Capital Fund	62	5	-	-	-	-	-	57	-	-	-			100%
i-SITE building upgrade	Loan - Rates	885	-	102	783	-	-	-	-	-	-	-		100%	
i-SITE Minor Capital	Tourism Capital Fund	96	55	20	21	-	-	-	-	-	-	-			100%
<b>Total i-SITE</b>		<b>1,044</b>	<b>60</b>	<b>123</b>	<b>804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Kennedy Park</b>															
Kennedy Park I.A.R.	Tourism Capital Fund	2,240	120	102	167	464	191	224	240	352	144	235			100%
Building Renewals	Tourism Capital Fund	4,440	81	109	397	73	282	664	130	1,042	413	1,248			100%
Upgrade TV Infrastructure	Tourism Capital Fund	191	-	-	-	-	191	-	-	-	-	-		100%	
Deluxe Ensuite Units	Loan - Rates	171	-	-	-	171	-	-	-	-	-	-		100%	

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Kitchen Cabins	Loan - Rates	131	-	-	-	-	131	-	-	-	-	-		100%	
Main Ablution Block	Loan - Rates	404	200	204	-	-	-	-	-	-	-	-		100%	
Replace Workshop	Tourism Capital Fund	427	-	-	-	427	-	-	-	-	-	-			100%
Kennedy Park Minor Capital	Tourism Capital Fund	297	95	20	21	21	22	22	23	23	24	25			100%
<b>Total Kennedy Park</b>		<b>8,301</b>	<b>496</b>	<b>436</b>	<b>585</b>	<b>1,156</b>	<b>817</b>	<b>910</b>	<b>393</b>	<b>1,418</b>	<b>581</b>	<b>1,507</b>			
<b>MTG Hawkes Bay</b>															
MTG Renewals	MTG IAR	793	60	143	63	109	66	67	69	70	72	74			100%
Building Renewals	MTG IAR	2,837	36	23	224	96	268	55	147	336	1,003	648			100%
Air con monitoring at off site storage	Rates	41	-	41	-	-	-	-	-	-	-	-			100%
Archive Store conversion to Gallery	Loan - Rates	177	-	-	-	-	87	89	-	-	-	-			
Archive Store conversion to Gallery	MTG IAR	44	-	-	-	-	22	22	-	-	-	-			
Archive Store conversion to Gallery Total		221	-	-	-	-	109	112	-	-	-	-			100%
Century Theatre Foyer Upgrade	Loan - Rates	111	-	-	-	-	55	56	-	-	-	-			100%
Development of new gallery space off Century Theatre Foyer	Loan - Rates	276	-	-	-	21	87	168	-	-	-	-			100%
Earthquake Gallery	Rates	60	-	-	-	60	-	-	-	-	-	-			
Earthquake Gallery	MTG IAR	26	-	-	-	26	-	-	-	-	-	-			
Earthquake Gallery Total		85	-	-	-	85	-	-	-	-	-	-			100%
Fit Out for New Storage Facility	Loan - Rates	307	-	307	-	-	-	-	-	-	-	-		100%	
New Collection Shelving	MTG IAR	539	-	-	539	-	-	-	-	-	-	-			100%
MTG Minor Capital	MTG IAR	711	75	82	63	109	55	56	92	59	60	62			100%
Building Upgrades	Loan - Rates	192	-	-	-	192	-	-	-	-	-	-			100%
Seismic Strengthening	Loan - Rates	307	-	307	-	-	-	-	-	-	-	-			100%
Minor Capital	Rates	56	5	5	5	5	5	6	6	6	6	6			100%
<b>Total MTG Hawkes Bay</b>		<b>6,475</b>	<b>177</b>	<b>907</b>	<b>894</b>	<b>618</b>	<b>645</b>	<b>519</b>	<b>313</b>	<b>471</b>	<b>1,142</b>	<b>790</b>			
<b>Housing</b>															
Retirement Housing Renewals	Housing Building Project Fund	13,495	668	799	1,306	751	1,118	1,480	869	2,062	966	3,477			100%
Henry Charles Hall Internal Refurbishment	Housing Building Project Fund	85	-	-	-	85	-	-	-	-	-	-			100%

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Retirement Housing Minor Capital	Housing Building Project Fund	988	89	91	93	95	97	100	102	104	107	110			100%
GME Fencing	Housing Building Project Fund	35	35	-	-	-	-	-	-	-	-	-		100%	
Rental Housing Renewals	Housing Building Project Fund	2,114	231	120	215	218	229	234	172	246	189	259			100%
Rental Housing Minor Capital	Housing Building Project Fund	157	21	21	22	22	23	23	24	-	-	-		100%	
<b>Total Housing</b>		<b>16,874</b>	<b>1,043</b>	<b>1,031</b>	<b>1,636</b>	<b>1,172</b>	<b>1,467</b>	<b>1,837</b>	<b>1,167</b>	<b>2,413</b>	<b>1,262</b>	<b>3,846</b>			
<b>Total Community and Visitor Experiences</b>		<b>230,299</b>	<b>13,955</b>	<b>46,172</b>	<b>72,441</b>	<b>21,837</b>	<b>8,914</b>	<b>11,291</b>	<b>12,309</b>	<b>11,613</b>	<b>16,268</b>	<b>15,498</b>			
<b>City Strategy</b>															
<b>Animal Control</b>															
Agility Tracks	Dog Control	66	20	-	-	-	-	-	46	-	-	-			100%
Complex Shelter & Office Renewals	Dog Control	79	-	8	-	3	2	16	6	2	31	10			100%
Stock Control Equipment	Dog Control	22	2	2	2	2	2	2	2	2	2	2		100%	
New Canopy	Dog Control	40	40	-	-	-	-	-	-	-	-	-		100%	
<b>Total Animal Control</b>		<b>207</b>	<b>62</b>	<b>10</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>18</b>	<b>54</b>	<b>5</b>	<b>34</b>	<b>12</b>			
<b>Parking</b>															
CBD Parking Projects	Parking Account	7,413	500	2,248	522	534	546	559	573	587	602	742	40%	60%	
Alternative Transport Parking	Parking Account	131	30	10	10	11	11	11	11	12	12	12	40%	60%	
Parking Minor Capital	Parking Account	56	5	5	5	5	5	6	6	6	6	6		100%	
Parking Equipment Replacement	Parking Equipment Fund	434	50	51	52	53	55	56	57	29	30	-			100%
<b>Total Parking</b>		<b>8,033</b>	<b>585</b>	<b>2,315</b>	<b>590</b>	<b>603</b>	<b>617</b>	<b>632</b>	<b>647</b>	<b>634</b>	<b>650</b>	<b>761</b>			
<b>Total City Strategy</b>		<b>8,240</b>	<b>647</b>	<b>2,325</b>	<b>592</b>	<b>608</b>	<b>621</b>	<b>650</b>	<b>701</b>	<b>639</b>	<b>684</b>	<b>773</b>			
<b>Property Assets</b>															
<b>Property Holdings</b>															
Seismic Strengthening Council Buildings	Loan - Rates	300	300	-	-	-	-	-	-	-	-	-			100%
Property Purchase	Parklands Fund	1,566	-	-	1,566	-	-	-	-	-	-	-		100%	
Assessment & Compliance Projects	Building Project Fund	1,079	305	291	235	53	55	34	34	23	24	25			100%
Indoor Court Projects	Parklands Fund	4,088	-	4,088	-	-	-	-	-	-	-	-			100%



## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
Civic Buildings Renewals	Building Project Fund	804	-	-	-	107	109	112	115	117	120	124			100%
Library Building Renewals	Building Project Fund	2,251	-	-	-	160	328	335	344	352	361	371			100%
<b>Total Property Holdings</b>		<b>10,088</b>	<b>605</b>	<b>4,379</b>	<b>1,801</b>	<b>320</b>	<b>491</b>	<b>481</b>	<b>492</b>	<b>493</b>	<b>506</b>	<b>520</b>			
<b>Inner Harbour</b>															
Inner Harbour Facilities I.A.R.	HBHB Endowment Land Income	4,632	500	2,044	2,088	-	-	-	-	-	-	-			100%
Ahuriri Masterplan - Iron Pot Public Access	HBHB Endowment Land Income	3,334	820	2,514	-	-	-	-	-	-	-	-			
Ahuriri Masterplan - Iron Pot Public Access	NZTA Subsidy	732	180	552	-	-	-	-	-	-	-	-			
Ahuriri Masterplan - Iron Pot Public Access Total		4,066	1,000	3,066	-	-	-	-	-	-	-	-		100%	
<b>Total Inner Harbour</b>		<b>8,698</b>	<b>1,500</b>	<b>5,110</b>	<b>2,088</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total Property Assets</b>		<b>18,786</b>	<b>2,105</b>	<b>9,489</b>	<b>3,889</b>	<b>320</b>	<b>491</b>	<b>481</b>	<b>492</b>	<b>493</b>	<b>506</b>	<b>520</b>			
<b>Support Units</b>															
Minor Capital General Provision	Rates	777	70	72	73	75	76	78	80	82	84	87		100%	
Software Replacements and Upgrades	IT Project Fund	5,198	240	235	517	550	562	643	590	605	620	637		100%	
Corporate IT Network	IT Project Fund	144	13	13	14	14	14	15	15	15	16	16		100%	
Technology Equipment Minor Capital	Technology Equipment Renewal	7,916	1,098	715	809	1,033	519	486	868	804	572	1,012			100%
Depot General Renewals	City Services Projects Fund	333	30	31	31	32	33	34	34	35	36	37			100%
Depot Building Renewals	City Services Projects Fund	1,743	50	40	86	1,007	59	16	41	125	253	64			100%
Lockable storage-more sheds	City Services Projects Fund	36	10	10	10	5	-	-	-	-	-	-			100%
CCTV Camera Extension Depot	City Services Projects Fund	10	10	-	-	-	-	-	-	-	-	-			100%
Network Connection to Smoko Building	City Services Projects Fund	12	-	-	-	-	-	-	-	12	-	-			100%
Depot Minor Capital	City Services Projects Fund	139	13	13	13	13	14	14	14	15	15	15			100%
Replacement of Mobile Plant and Vehicle	Plant Purchase & Renewals	10,235	900	920	940	960	983	1,006	1,031	1,115	1,144	1,237			100%
<b>Total Support Units</b>		<b>26,544</b>	<b>2,434</b>	<b>2,049</b>	<b>2,493</b>	<b>3,689</b>	<b>2,260</b>	<b>2,292</b>	<b>2,673</b>	<b>2,809</b>	<b>2,740</b>	<b>3,106</b>			

## Capital Programme 2018-28 continues

Description	Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	Growth	Level of Service	Renewal
<b>Vested Assets</b>															
Roading Vested Assets	Vested Assets	13,046	1,175	1,201	1,227	1,254	1,283	1,314	1,345	1,379	1,415	1,453	100%		
Water Supply Vested Assets	Vested Assets	2,454	221	226	231	236	241	247	253	259	266	273	100%		
Stormwater Vested Assets	Vested Assets	4,974	448	458	468	478	489	501	513	526	539	554	100%		
Wastewater Vested Assets	Vested Assets	4,452	401	410	419	428	438	448	459	471	483	496	100%		
Reserves Vested Assets	Vested Assets	3,331	300	307	313	320	328	335	344	352	361	371	100%		
<b>Total Vested Assets</b>		<b>28,257</b>	<b>2,545</b>	<b>2,601</b>	<b>2,657</b>	<b>2,716</b>	<b>2,779</b>	<b>2,845</b>	<b>2,914</b>	<b>2,988</b>	<b>3,064</b>	<b>3,148</b>			
<b>Total Capital Programme</b>		<b>541,774</b>	<b>41,208</b>	<b>85,470</b>	<b>112,365</b>	<b>56,093</b>	<b>38,746</b>	<b>40,071</b>	<b>43,010</b>	<b>36,053</b>	<b>41,644</b>	<b>47,114</b>			

## Capital Programme 2018-28 continues

Total Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000
Building Project Fund	6,156	495	383	736	736	639	581	595	622	650	717
Capital Reserve	50	50	-	-	-	-	-	-	-	-	-
Cemeteries IAR	1,402	215	225	282	192	197	78	63	65	42	43
City Services Projects Fund	2,273	113	94	141	1,058	105	64	90	187	304	117
Development Contributions	3,907	203	325	521	540	545	437	356	235	288	456
Dog Control	207	62	10	2	5	4	18	54	5	34	12
External Grants	43,441	50	12,854	30,537	-	-	-	-	-	-	-
Financial Contribution	33,376	1,882	2,427	4,039	4,340	4,559	2,950	2,762	2,081	2,384	5,951
HBHB Endowment Land Income	8,286	1,640	4,558	2,088	-	-	-	-	-	-	-
Housing Building Project Fund	16,874	1,043	1,031	1,636	1,172	1,467	1,837	1,167	2,413	1,262	3,846
IT Project Fund	5,342	253	248	530	563	577	657	605	620	636	653
Libraries IAR	813	21	21	22	107	126	79	73	69	228	66
Loan - HBHB Endowment Land Income	11,378	-	2,248	-	-	273	2,795	4,008	2,055	-	-
Loan - Rates	120,991	6,979	23,300	36,134	12,299	7,349	7,121	7,872	1,500	13,118	5,319
Loan - Stormwater Catchment Fund	3,919	-	-	1,190	133	819	587	286	294	301	309
Marine Pde Facilities IAR	986	229	51	145	41	47	112	79	50	120	113
MTG IAR	4,950	172	248	888	339	410	200	308	465	1,135	784
NZTA Subsidy	41,338	4,136	3,662	3,388	4,036	4,063	4,692	4,579	4,852	3,904	4,026
Parking Account	7,599	535	2,264	538	550	562	576	590	605	620	761
Parking Equipment Fund	434	50	51	52	53	55	56	57	29	30	-
Parklands Fund	37,110	1,985	12,693	10,594	10,693	-	-	1,145	-	-	-
Prior Year Projects Fund	225	225	-	-	-	-	-	-	-	-	-
Plant Purchase & Renewals	10,235	900	920	940	960	983	1,006	1,031	1,115	1,144	1,237
Pools IAR	3,257	140	289	346	207	347	256	123	632	515	401
Prior Year Project Fund	784	784	-	-	-	-	-	-	-	-	-
Public Toilets IAR	3,090	100	347	-	-	109	503	630	235	361	804
Rates	23,890	3,881	3,899	1,908	1,917	1,479	2,364	1,959	2,897	2,035	1,552
Reserves IAR	13,950	1,475	1,405	1,759	2,774	1,900	827	1,111	740	746	1,212
Roading IAR	30,598	3,378	2,461	2,986	3,235	3,171	3,422	3,273	3,308	2,658	2,708

## Capital Programme 2018-28 continues

Total Funding	Ten Years Total \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000
Robson Collection Fund	11	1	1	1	1	1	1	1	1	1	1
Sewer Pump Stations Renewals	2,576	699	231	163	380	138	85	545	89	92	156
Sewer Treatment Plant Renewals	2,955	180	184	188	192	197	201	227	264	271	1,051
Sewerage IAR	5,665	225	276	1,175	480	295	1,006	258	581	813	557
Solid Waste Disposal Income Account	9,796	1,032	1,732	1,720	1,126	627	760	686	689	656	768
Sportsground IAR	10,107	1,470	920	840	896	1,168	671	1,328	763	442	1,608
Stormwater Catchment Fund	2,212	-	194	992	507	519	-	-	-	-	-
Stormwater IAR	3,625	178	746	204	43	601	134	504	1,045	48	124
Technology Equipment Renewal	7,916	1,098	715	809	1,033	519	486	868	804	572	1,012
Tourism Capital Fund	16,579	1,348	946	1,445	1,740	1,373	1,897	1,855	2,041	1,434	2,499
Transfer Station & Composting IAR	1,157	95	97	99	102	104	106	109	112	115	218
Vested Assets	28,257	2,545	2,601	2,657	2,716	2,779	2,845	2,914	2,988	3,064	3,148
Walk/Cycleway Fund	860	860	-	-	-	-	-	-	-	-	-
Wastewater Outfall IAR	6,254	40	41	84	341	44	45	275	704	722	3,958
Water Meters IAR	783	5	5	5	6	7	7	7	241	247	254
Water Supply IAR	6,049	327	764	581	578	592	606	620	658	652	670
Water Supply Pump Stations IAR	110	110	-	-	-	-	-	-	-	-	-
	<b>541,774</b>	<b>41,208</b>	<b>85,470</b>	<b>112,365</b>	<b>56,093</b>	<b>38,746</b>	<b>40,071</b>	<b>43,010</b>	<b>36,053</b>	<b>41,644</b>	<b>47,114</b>

*Napier City Council*  
**PROSPECTIVE  
FINANCIAL  
STATEMENTS**



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*



# Statement of Accounting Policies

In accordance with the Local Government Act 2002 Part 6 Section 93, Napier City Council (the Council) adopted for consultation the Consultation Document for Napier's 2018 - 2028 Long Term Plan document on 10 April 2018. The final 2018 - 2028 Long Term Plan (LTP) was authorised and adopted by the Council on 29 June 2018 following public consultation. As the authorising body, the Council is responsible for the LTP presented along with the underlying assumptions and all other required disclosures. The principal accounting policies adopted in the preparation of the LTP financial statements are set out below. The financial statements comprise the financial statements for the Council as an individual entity. The main purpose of the prospective financial statements outlined in the LTP is to provide users with information about core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service.

## Reporting Entity

Napier City Council (the Council) is a New Zealand territorial local authority. It is governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The reporting entity consists of the Council only. The Council has investments in the following entities which are Council Controlled Organisations (CCO):

- Hawke's Bay Museum Trust classified as an investment;
- Hawke's Bay Airport Limited (26% share of voting rights) equity accounted.

The Council provides local infrastructure, local public services and amenities, and performs regulatory functions for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

## Basis of Preparation

### Statement of Compliance

The prospective financial statements are for the Council as a separate legal entity and have been prepared in accordance with Section 93 of the Act which requires local authorities to prepare and adopt a long term plan before the commencement of the first year to which it relates, and continues in force until the close of the third consecutive year to which it relates.

These prospective financial statements have been prepared in accordance with the requirements of the Act Part 6, Section 98 and Part 1 of Schedule 10, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

### Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

### Changes in Accounting Standards

#### Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment assets measured at cost were scoped into the impairment accounting standards. From the 30 June 2018 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs. This amendment will be applied for these prospective financial statements.

# Statement of Accounting Policies continues

## PBE IFRS 9 Financial Statements

In January 2017 the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council intends to apply this standard in its 30 June 2022 financial statements

The initial consideration of the impacts the implementation of PBE IFRS 9 is expected to have in the Council's financial statements are described below.

### (a) Classification and measurement

Currently the Council classifies its investment in listed and non-listed equity shares and listed debt instruments as available-for-sale (AFS) financial assets. For the equity shares currently classified as AFS, the Council expects to continue measuring them at fair value.

Loans as well as receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Council has analysed the contractual cash flow characteristics of those instruments and concluded they meet the criteria for amortised cost measurement under PBE IFRS 9. Therefore reclassification for these instruments is not required.

### (b) Impairment

PBE IFRS 9 requires the Council to record expected credit losses on all of its debt instruments classified at amortised cost or fair value through other comprehensive revenues and expenses. For all of such assets, except receivables, the Council expects to apply the simplified approach and record lifetime expected losses on all receivables. The Council does not expect the application of PBE IFRS 9 to result in a significant impairment of its term deposits, or debt instruments.

## Interests in other entities

In January 2017 the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or on the 1 January 2019, with early application permitted.

The key changes introduced by the new standards and the expected impact on the Council is as follows:

### (a) Control

The new standards introduce an amended definition of control including extensive guidance on this definition. The Council does not expect the new standards to result in the consolidation of additional entities.

### (b) Investment entities

The standards introduce the concept of an "investment entity". They exempt investment entities from consolidating controlled entities, and require investment entities to recognise controlled entities at fair value through surplus or deficit instead. These requirements do not apply to the Council.

### (c) Joint arrangements

PBE IPSAS 37 introduces a new classification of joint arrangements, sets out the accounting requirements for each type of arrangement (joint operations and joint ventures) and removes the option of using the a proportionate consolidation method. The Council will reclassify its interest in a jointly controlled entity as a joint operation under the new standards and will continue to account by way of recognising its share of the asset, classified as plant and equipment. In addition, the Council recognises its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

### (c) Disclosures on interests in other entities

The standards requires PBEs to disclose information on their interests in other entities, including some additional disclosures that are not currently required under PBE IPSAS 6,7 and 8. This will result in additional disclosures regarding the Council's controlled entities, associate and joint arrangement.

## Other changes in accounting policies

There have been no other changes in accounting policies.



# Statement of Accounting Policies continues

## Prospective Financial Information

These are prospective financial statements and have been prepared in accordance with the requirements of the Local Government Act 2002 and may not be appropriate for other purposes. The main purpose of the prospective financial statements in the LTP is to provide users with information about Council's plans for the next 10 years and the rates that will be required to fund these plans.

As a forecast, the LTP has been prepared on the basis of assumptions as to future events the Council reasonably expects to occur associated with the actions the Council reasonably expects to take, as at the date the information was prepared. The Significant Forecasting Assumptions are included in the LTP and outline assessed potential risks that may impact future results. Actual results achieved for the LTP periods covered are likely to vary from the information presented and the variations may be material.

The LTP is based on the actual results reported in the financial statements for the year ended 30 June 2017. The prospective financial statements have been prepared by using the best information available at the time for the 10 years of the LTP. The final adopted LTP will be updated no later than 29 June 2018.

In accordance with the Local Government Act 2002 Part 6 Section 93, the Council adopted and authorised for issue the Consultation Document on 10 April 2018. As the authorising body, the Council is responsible for the LTP presented along with the underlying assumptions and all other required disclosures. The prospective financial statements contained in this LTP are in full compliance with PBE Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42).

Council reserves the right to change the statements should circumstances change.

## Principles of Consolidation

The prospective financial statements comprise of the Council and its equity accounted investments.

### Investments

#### Investment in Associates

The Council's associate investment is accounted for in the financial statements using

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

If the share of deficits of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further deficits. After the Council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Council transacts with an associate, surplus or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

### Subsidiaries

The Council has no subsidiaries.

### Joint Ventures

#### Jointly Controlled Assets

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

The Council has an interest in a joint venture that is jointly controlled asset. The Council recognises its share of the asset, classified as plant and equipment. In addition, the Council recognises its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

# Statement of Accounting Policies continues

## Foreign Currency Translation

### Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit of the Statement of Comprehensive Revenue and Expenses.

## Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

### Non-exchange Revenue

#### Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised as revenue at the start of the financial year to which the rates resolution relates, and they are recognised at the amount due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates 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.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

## Grants and Subsidies

Grants and subsidies received are recognised as revenue when the Council obtains control of the transferred asset (cash, goods, other assets or services) and the transfer is free from conditions that require the Council refund or return the asset if the conditions relating to the asset are not fulfilled. When grants and subsidies include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised. The Council receives the majority of grants and subsidies revenue from New Zealand Transport Agency (NZTA), which subsidises part of the Council's costs in maintaining the local road infrastructure. The right to receive the funding from NZTA arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.

### Donated, Subsidised or Vested Assets

Donated, subsidised or vested assets are recognised when the right to receive them is established. Revenue is recognised at this time unless there are conditions attached to the asset, which require the asset to be returned if conditions are not met. A liability is recognised until the conditions are met. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

### Parking and Traffic Infringement

Revenue is recognised when the ticket is issued as there are no conditions attached.

### Exchange Revenue

### Licences and Permits

Revenue derived from licences and permits are recognised on receipt of appropriate application.

# Statement of Accounting Policies continues

## Residential Developments

Sales of sections in residential developments are recognised when contracts for sale are unconditional, as control is deemed to have been transferred.

## Development and Financial Contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

## Sales of Goods (Retail)

Sales of goods are recognised when a product is sold to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.

## Sales of Services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed, on the basis of the actual service provided as a proportion of the total services to be provided.

## Rental Revenue

Rental revenue is recognised on a straight line basis over the term of the lease.

## Interest Revenue

Interest revenue is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Council reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest revenue. Interest revenue on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

## Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established.

## Building and Resource Consent Revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

## Income Tax

In general, local authorities are only subject to tax from income derived through council controlled organisations and as a port operator.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting surplus or deficit or taxable surplus or deficit

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised in other comprehensive revenue and expense or directly in equity.

## Statement of Accounting Policies continues

### Goods and Services Tax (GST)

The Statement of Comprehensive Revenue and Expenses has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, Inland Revenue, 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 disclosed exclusive of GST.

### Leases

#### The Council is the Lessee

Leases of Property, Plant and Equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expenses over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating

leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Revenue and Expenses on a straight line basis over the period of the lease.

#### The Council is the Lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental revenue (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

### Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

### Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less impairment for doubtful debts.

Trade receivables are due for settlement no more than 150 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

## Statement of Accounting Policies continues

When the receivable is uncollectible, it is written-off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

### Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

Commercial: measured at the lower of cost and net realisable value.

Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the items of inventory that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses in the period of the write-down.

### Land held for development and future resale

When land held for development and future resale is transferred from investment property or property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

### Non-Current Assets Held For Sale

Non-current assets 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.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell in the Council's operating expenses. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

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. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

### Other Financial Assets Excluding Derivatives

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at their value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

## Statement of Accounting Policies continues

Financial assets are classified into the categories below:

### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Council provides money, goods or services directly to a debtor with no intention of selling the receivable. Those with maturities greater than 12 months after the balance date are classified as non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### Fair Value through Other Comprehensive Revenue and Expenses (Available for sale)

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category at initial recognition, or not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses below cost (as outlined below), which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the surplus or deficit as gains and losses from investment securities.

### Fair Value Changes

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

### Impairment of Financial Assets

The Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. Impairment losses are recognised in the surplus or deficit. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus and deficit is removed from equity and recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses. Impairment losses recognised on available for sale equity instruments are not reversed through surplus or deficit in the Statement of Comprehensive Revenue and Expenses. Instead, increases in the fair value of these assets after impairment are recognised in other comprehensive revenue and expenses in the Statement of Comprehensive Revenue and Expenses.

Refer to trade receivables for details of impairment testing of loans and receivables.

## Property, Plant and Equipment

Property, Plant and Equipment consist of:

**Operational assets** – These include land, buildings, library books, plant and equipment and motor vehicles.

**Restricted assets** – Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

**Infrastructure assets** – infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

### Additions

Items of Property, Plant and Equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location

## Statement of Accounting Policies continues

and condition necessary for it to be capable of operating in the manner intended by management.

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

Where a physical asset is acquired for nil or nominal consideration, it is recognised at its fair value at the date the asset was received with the fair value recognised as revenue. Work in progress is recognised at cost less impairment and is not depreciated.

### Disposals

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

### Revaluations

Assets which are revalued are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation (except land which is not depreciated). 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. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Roading infrastructure assets are valued at depreciated replacement cost and revalued annually. Other infrastructural assets (except land under roads) are revalued on a three yearly valuation cycle.

Increases in the carrying amounts arising on a revalued class of assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously recognised for the same class of assets in the surplus or deficit, the increase is first recognised in the surplus or deficit. Where the revaluation movement would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

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 the Statement of Comprehensive Revenue and Expenses during the financial period in which they are incurred.

### Depreciation

Depreciation of property, plant and equipment other than land is calculated on a straight line basis at rates that will write off the cost or valuation, less estimated residual value, over their expected useful economic lives.

The following rates have been applied:

	Depreciation
Buildings & Structural Improvements	2 to 10%
Fixed Plant & Equipment	5 to 20%
Mobile Plant & Equipment	5 to 50%
Motor Vehicles	10 to 33.33%
Furniture & Fittings	4 to 20%
Office Equipment	8 to 66.67%
Library Book Stock	7 to 25%

## Statement of Accounting Policies continues

Depreciation of infrastructural and restricted assets is calculated on a straight line basis at rates that will write off their cost or valuation over their expected useful economic lives.

The expected lives, in years, of major classes of infrastructural and restricted assets are as follows:

Asset	Years
<b>ROADING</b>	
Base Course	60-130
Surfacings	20-25
Concrete Pavers	80
Footpaths & Pathways/Walkways	15-80
Drainage	25-100
Bridges & Structures	20-100
Road Lighting	4-50
Traffic Services & Safety	10-25
<b>WATER</b>	
Reticulation	56-200
Reservoirs	100
Pump Stations	15-80
<b>STORMWATER</b>	
Reticulation	80-100
Pump Stations	15-80
<b>SEWERAGE</b>	
Reticulation	80-100
Pump Stations	15-80
Milliscreen	10-80
Outfall	60
<b>OTHERS</b>	
Grandstands, Community & Sports Halls	50
Sportsgrounds, Parks & Reserves Improvements	10-50
Buildings on Reserves	10-50

Asset	Years
Pools	10-50
Inner Harbour	20-50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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.

### Valuation of Property, Plant and Equipment

Council's Property, Plant and Equipment are valued as follows:

Description	Method of Valuation
Library Collections	Carried at fair value less depreciation. Valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library in May 2002 for general collections and replacement cost for the Heritage Collection. The Library valuation performed on an annual basis. The last valuation was performed in June 2017.
Land under Roads	Carried at cost. Land under roads was valued based on fair value of adjacent land as at 30 June 2005. The Council has elected to use fair value of land under roads at 30 June 2005 as deemed cost. Land under roads is no longer revalued.
Land and Buildings	Carried at fair value less depreciation for buildings only. Land and Buildings are valued as at 30 June 2017 using fair value based on market valuations. Land and buildings are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value.
Infrastructural Road Assets	Carried at fair value less depreciation. Infrastructural road assets are valued annually at depreciated replacement cost using the RMM valuation system. Road assets were revalued at 30 June 2017.



## Statement of Accounting Policies continues

Description	Method of Valuation
Water, Wastewater and Stormwater Above and Below Ground Assets	Carried at fair value less depreciation. Most Water, Wastewater and Stormwater above and below ground assets, excluding land, are valued at depreciated replacement cost by Council's engineers and independently reviewed by a registered valuer as at 30 June 2017. Some above ground assets e.g. Pumps are independently reviewed by registered valuer as at 30 June 2017. Water, Wastewater and Stormwater above and below ground assets are revalued on a three yearly valuation cycle.
Restricted Assets	Carried at fair value less depreciation. Valued by independent registered valuer as at 30 June 2017 using depreciated replacement cost method. Restricted assets are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, then the off-cycle asset classes are revalued. All restricted asset classes carried at valuation were valued.
Plant and Equipment	Carried at cost less depreciation and impairment. Valued in 1994 using market value. Additions are at cost.
Omarunui Landfill	Carried at cost less depreciation and impairment. Landfill assets are comprised of land, plant and equipment, and motor vehicles.

### Investment Property

Investment property is held for long term rental yields and capital appreciation and is not occupied by the Council or held to meet service delivery objectives.

Properties leased to third parties under operating leases will generally be classified as investment property unless:

- the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation;
- the occupants provide services that are integral to the operation of the

owner'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 lessor uses services of the owner and those services are integral to the reasons for their occupancy of the property.

Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recognised in the surplus or deficit of the Prospective Statement of Comprehensive Revenue and Expenses.

### Intangible Assets

#### Trademarks and Licences

Trademarks and licences have a finite useful life and are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from three to five years.

#### Computer Software

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years.

### Impairment of Non-Financial Assets

Assets that have an indefinite useful life and capital work in progress are not subject to

## Statement of Accounting Policies continues

amortisation and are tested annually for impairment. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment will depend on whether the asset is deemed to be cash generating or non-cash generating. All cash generating assets are assets held with the primary objective of generating a commercial return, all other assets are non-cash generating.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For non-cash generating assets where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For cash generating assets, value in use is determined using a present value of future cash flows valuation methodology.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for assets that are cash generating. Once this assessment is made, this is adjusted through the revaluation reserve for revalued assets (where there is a positive reserve), or in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses where revaluation does not occur or there is no positive revaluation reserve.

### Trade and Other Payables

These amounts are initially recorded at their fair value and subsequently recognised at amortised cost. They represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

### Borrowing Costs

In line with PBE IPSAS 5 Borrowing Costs, all borrowing costs are recognised as an expense in the period in which they are incurred.

### Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. An increase in the provision due to the passage of time is recognised as an interest expense.

### Financial Guarantee

A financial guarantee contract is a contract that 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, a liability is only recognised when it is probable there will be an outflow under the guarantee.

## Statement of Accounting Policies continues

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

### Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Any funds that are not spent for the approved purpose are returned to the Council by 30 June of the same financial year.

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

### Employee Benefits

#### Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current employee benefit liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### Long Service Leave and Gratuities

The liability for long service leave and gratuities is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national

government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### Retirement Benefit Obligations

Current and former employees of the Council are entitled to benefits on retirement, disability or death from the Council's multi-employer benefit scheme. The scheme manager, National Provident Fund, has advised Council there is no consistent and reliable basis for allocating the obligation scheme assets and cost of the multi-employer defined benefit scheme to individual participating employers. As a result, the scheme is accounted for as a defined contribution plan and contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

#### Defined Contribution Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

#### Bonus Plans

The Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### Biological Assets

#### Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. Changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

### Net Assets / Equity

Net Assets/Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Net Assets/Equity is disaggregated and classified into a number of components.

## Statement of Accounting Policies continues

These are:

- Accumulated comprehensive revenue and expenses; and
- Reserves
- Restricted Reserves
- Asset Revaluation Reserves
- Fair Value Reserves

### Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific requirements accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

### Budget Figures

The budget figures are those approved by the Council and adopted as a part of the Council's Ten Year Plan or as revised and approved by Council prior to the commencement of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

### Cost Allocation

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 significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged

to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

### Critical Accounting Estimates and Assumptions

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

#### Landfill Aftercare Provision

The Omarunui Landfill is owned jointly by the Hastings District Council (63.68%) and Napier City Council (36.32%). The landfill is operated by the Hastings District Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a resource consent in 1985 to operate the Omarunui Landfill. The Councils have responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

#### Closure responsibilities:

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for monitoring and recovery of gas

#### Post-closure responsibilities:

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery

## Statement of Accounting Policies continues

- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

The management of the landfill will influence the timing of recognition of some liabilities – for example, the current landfill will operate in four stages. A liability relating to stages three and four will only be created when the stage is commissioned and when refuse begins to accumulate in these stages.

### Capacity of the site:

The landfill is divided into four valleys as below	Total Capacity (million)	Useful Life of Valley	Remaining Useful Life
Valley A – opened in December 1998, closed 2006	2.6m <sup>3</sup>	17 years	Closed
Valley D – opened in December 2006 and currently in operation	1.8m <sup>3</sup>	17 years	7.4 years
Valleys B & C – not yet in operation			

Estimates of the life have been made by Hastings District Council's engineers based on historical volume information. The cash outflows for landfill post-closure are expected to occur in 2024 for Valley D and began in 2007 for Valley A. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.5%. The following major assumptions have been made in the calculation of the provision:

- Aftercare will be required for 30 years after the closure of each stage.
- The annual cost of aftercare for Valley A and D is \$76,800
- The provision reported is for the Napier City Council's share only (36.32%).

### Infrastructural Assets

There are a number of assumptions and estimates used when performing depreciated replacement cost 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 underground such as stormwater, wastewater and water supply pipes. 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

Estimating 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 the Council could be over or under in estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expenses. To minimise this risk, the 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 and deterioration and condition modelling are also carried out regularly as part of the Council asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations except for most above and below ground water, wastewater and stormwater assets where the independent valuer peer reviews Council's valuations. In some cases, e.g. Pumps are independently valued by an independent valuer.

## Critical Judgements in Applying Napier City Council's Accounting Policies

### Classification of Property

The Council owns a number of leasehold land and rental properties. The receipt of market-based rentals from these properties is incidental to the holding of these properties. In the case of residential leasehold properties, there are legal restrictions applying to how Council can manage these properties and in the case of rental properties, these are held as part of the Council's social housing policy or to secure the ability to undertake long term city development projects. As some of these properties are held for service delivery objectives, they have been accounted for as property, plant and equipment.

# Prospective Statement of Comprehensive Revenue and Expense

## Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Revenue</b>										
53,319	Rates Revenue <span style="float: right;">Note 1</span>	56,104	58,968	61,969	64,975	67,881	70,983	74,161	76,468	78,598	81,040
728	Finance Revenue	1,925	1,313	525	350	350	350	350	350	525	788
3,094	Financial and Development Contributions	2,851	3,349	3,621	3,224	3,019	2,640	2,704	3,494	3,580	4,063
5,586	Subsidies and Grants	8,087	20,904	37,139	10,282	6,812	7,516	7,483	7,843	6,982	7,198
49,311	Other Revenue	50,310	46,196	44,680	52,081	53,617	56,760	59,103	51,178	52,553	48,437
402	Other gains/(losses)	1,076	1,096	1,116	(2,924)	1,202	1,276	1,311	1,392	1,479	1,574
<b>112,440</b>	<b>Total revenue</b>	<b>120,353</b>	<b>131,825</b>	<b>149,050</b>	<b>127,988</b>	<b>132,881</b>	<b>139,525</b>	<b>145,111</b>	<b>140,725</b>	<b>143,718</b>	<b>143,100</b>
	<b>Expenses</b>										
32,150	Employee Benefit Expense	35,785	36,621	37,428	38,365	39,448	40,537	41,664	42,820	43,879	45,010
23,695	Depreciation and Amortisation <span style="float: right;">Note 2</span>	23,791	24,961	27,226	29,512	30,660	33,062	32,993	34,079	36,960	38,328
-	Finance Costs	-	-	675	1,350	1,238	900	563	338	113	-
42,858	Other Operating Expenses	45,688	40,484	38,161	44,313	43,215	49,029	51,117	50,012	50,661	50,101
<b>98,703</b>	<b>Total Expenses</b>	<b>105,264</b>	<b>102,065</b>	<b>103,490</b>	<b>113,540</b>	<b>114,560</b>	<b>123,528</b>	<b>126,336</b>	<b>127,249</b>	<b>131,613</b>	<b>133,439</b>
13,737	Operating surplus/(deficit) before tax	15,090	29,760	45,560	14,448	18,321	15,997	18,775	13,476	12,105	9,660
400	Share of associate surplus/deficit	344	248	249	250	250	250	250	250	250	250
13,337	Surplus/(deficit) before tax	15,433	30,008	45,808	14,698	18,571	16,247	19,025	13,726	12,355	9,910
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
<b>14,137</b>	<b>Surplus/(deficit) after tax</b>	<b>15,433</b>	<b>30,008</b>	<b>45,808</b>	<b>14,698</b>	<b>18,571</b>	<b>16,247</b>	<b>19,025</b>	<b>13,726</b>	<b>12,355</b>	<b>9,910</b>
	<b>Other comprehensive revenue and expense for the period</b>										
2,898	Valuation gains/(losses) taken to equity	5,104	41,555	5,603	1,769	71,604	7,060	7,355	84,496	8,621	9,368
-	Fair Value gains/(losses) through comprehensive income on investments										
<b>17,035</b>	<b>Total comprehensive revenue and expense for the period</b>	<b>20,538</b>	<b>71,564</b>	<b>51,411</b>	<b>12,929</b>	<b>90,175</b>	<b>23,306</b>	<b>26,380</b>	<b>98,222</b>	<b>20,976</b>	<b>19,278</b>

# Notes to Prospective Financial Statements

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
492	<b>1. Income from targeted rates for metered water supply</b>	552	564	576	589	603	616	631	647	663	680
	<b>2. Depreciation and Amortisation Expense by Group of Activity</b>										
308	City Strategy	329	350	450	469	490	551	471	505	565	585
5,904	Community and Visitor Experiences	5,683	6,020	6,928	8,148	9,868	11,164	11,243	11,677	13,267	14,211
902	Other Infrastructure	719	787	872	843	584	716	657	701	756	773
660	Property Assets	365	449	667	948	943	1,110	1,150	1,233	1,397	1,420
2,199	Stormwater	2,553	2,579	2,736	2,877	2,590	2,903	2,980	3,041	3,334	3,342
1,331	Support Units	1,706	2,005	2,129	2,193	2,460	2,373	2,171	2,307	2,410	2,565
6,150	Transportation	6,097	6,302	6,544	6,749	6,866	7,095	7,321	7,641	7,989	8,248
4,310	Wastewater	4,324	4,378	4,676	4,836	4,413	4,601	4,484	4,445	4,766	4,744
1,931	Water Supply	2,016	2,091	2,223	2,449	2,447	2,549	2,517	2,529	2,476	2,439
<b>23,695</b>	<b>Total directly attributable depreciation and amortisation by group of activity</b>	<b>23,791</b>	<b>24,961</b>	<b>27,226</b>	<b>29,512</b>	<b>30,660</b>	<b>33,062</b>	<b>32,993</b>	<b>34,079</b>	<b>36,960</b>	<b>38,328</b>

# Prospective Statement of Financial Performance

## Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Operating revenue (Activity Cost of Service Statements)</b>										
5,397	City Strategy	6,081	6,272	6,378	6,510	6,653	6,797	7,032	7,218	7,369	7,568
15,703	Community and Visitor Experiences	18,727	32,450	49,126	18,516	20,533	22,215	23,764	25,012	25,625	26,369
5,979	Other Infrastructure	6,534	6,902	7,098	7,309	7,546	7,778	8,033	8,312	8,595	8,903
21,891	Property Assets	20,307	15,672	12,969	19,046	18,356	19,359	19,788	10,225	10,480	5,302
1,006	Stormwater	967	1,040	1,087	1,053	1,089	1,040	1,065	1,191	1,221	1,307
8,167	Transportation	9,261	8,727	9,252	9,768	9,995	10,496	10,536	11,445	10,677	11,247
8,433	Wastewater	9,168	9,411	9,857	10,160	9,901	10,193	10,201	10,354	10,774	10,997
5,549	Water Supply	6,282	6,524	6,705	7,058	7,057	7,227	7,572	7,616	7,665	7,929
<b>72,125</b>	<b>Total operating revenue</b>	<b>77,326</b>	<b>86,998</b>	<b>102,472</b>	<b>79,419</b>	<b>81,130</b>	<b>85,105</b>	<b>87,991</b>	<b>81,374</b>	<b>82,405</b>	<b>79,621</b>
	<b>Other revenue (as per Prospective Statement of Comprehensive Revenue and Expenses)</b>										
38,552	General rates	40,053	42,445	44,837	47,106	50,265	52,824	55,624	57,829	59,463	61,464
728	Interest revenue	1,925	1,313	525	350	350	350	350	350	525	788
1,035	Other revenue	1,049	1,070	1,216	1,113	1,137	1,246	1,146	1,172	1,324	1,227
<b>112,440</b>	<b>Total Revenue</b>	<b>120,353</b>	<b>131,825</b>	<b>149,050</b>	<b>127,988</b>	<b>132,881</b>	<b>139,525</b>	<b>145,111</b>	<b>140,725</b>	<b>143,718</b>	<b>143,100</b>
	<b>Operating Expenditure (Activity Cost of Service Statements)</b>										
8,806	City Strategy	9,949	10,150	10,468	10,751	11,018	11,340	11,493	11,798	12,081	12,428
37,451	Community and Visitor Experiences	39,886	39,543	41,886	47,166	48,883	52,617	54,559	56,957	59,500	61,799
3,320	Democracy and Governance	3,532	3,621	3,603	3,796	3,900	3,892	4,088	4,191	4,184	4,404
7,553	Other Infrastructure	8,382	8,335	8,488	9,046	9,624	10,055	10,310	10,716	11,071	11,428
12,190	Property Assets	11,350	9,074	6,359	10,105	8,748	12,474	12,468	8,919	8,669	6,127
4,011	Stormwater	4,711	4,889	5,151	5,442	5,294	5,724	5,920	6,266	6,606	6,795
14,116	Transportation	13,671	14,198	14,875	15,211	15,762	16,311	16,868	18,045	18,732	19,762
7,755	Wastewater	9,629	8,754	9,185	9,472	9,197	9,496	9,494	9,632	10,045	10,248
4,952	Water Supply	6,019	5,966	6,135	6,476	6,461	6,653	6,984	7,014	7,047	7,295



## Prospective Statement of Financial Performance continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
100,154	<b>Total operating expenditure</b>	107,128	104,531	106,150	117,466	118,885	128,562	132,184	133,537	137,935	140,284
	<b>Other expenditure (as per Prospective Statement of Comprehensive Revenue and Expenses)</b>										
(1,969)	Internal expenditure	(1,833)	(2,343)	(3,370)	(4,905)	(5,271)	(5,451)	(5,681)	(6,035)	(5,970)	(6,352)
219	Rates remissions	219	219	219	219	219	219	219	219	219	219
-	Interest Expense	-	-	675	1,350	1,238	900	563	338	113	-
299	Other Expenses	(251)	(342)	(183)	(590)	(511)	(702)	(948)	(809)	(684)	(712)
98,703	<b>Total Expenditure</b>	105,264	102,065	103,490	113,540	114,560	123,528	126,336	127,249	131,613	133,439
13,737	<b>Operating surplus/(deficit) before tax as per Prospective Statement of Comprehensive Revenue and Expenses)</b>	15,090	29,760	45,560	14,448	18,321	15,997	18,775	13,476	12,105	9,660
400	Share of associate surplus/deficit	344	248	249	250	250	250	250	250	250	250
14,137	<b>Surplus/(deficit) before tax</b>	15,433	30,008	45,808	14,698	18,571	16,247	19,025	13,726	12,355	9,910
-	Income tax expense	-	0	0	0	0	0	0	0	0	0
14,137	<b>Surplus/(deficit) after tax</b>	15,433	30,008	45,808	14,698	18,571	16,247	19,025	13,726	12,355	9,910

# Prospective Statement of Changes in Net Assets/Equity

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
1,512,590	Total Net Equity balance at 1 July	1,583,822	1,604,360	1,675,924	1,727,335	1,740,264	1,830,439	1,853,746	1,880,126	1,978,348	1,999,324
17,035	Total comprehensive revenue for the period	20,538	71,564	51,411	12,929	90,175	23,306	26,380	98,222	20,976	19,278
<b>1,529,625</b>	<b>Total Net Equity balance at 30 June</b>	<b>1,604,360</b>	<b>1,675,924</b>	<b>1,727,335</b>	<b>1,740,264</b>	<b>1,830,439</b>	<b>1,853,746</b>	<b>1,880,126</b>	<b>1,978,348</b>	<b>1,999,324</b>	<b>2,018,602</b>
	Total comprehensive revenue and expenses attributable to:										
17,035	Napier City Council	20,538	71,564	51,411	12,929	90,175	23,306	26,380	98,222	20,976	19,278
<b>17,035</b>	<b>Total comprehensive revenue and expenses</b>	<b>20,538</b>	<b>71,564</b>	<b>51,411</b>	<b>12,929</b>	<b>90,175</b>	<b>23,306</b>	<b>26,380</b>	<b>98,222</b>	<b>20,976</b>	<b>19,278</b>

# Prospective Statement of Financial Position

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Assets</b>										
	Current assets										
4,363	Cash and cash equivalents	12,897	16,570	15,165	10,346	16,055	16,260	21,127	28,479	20,441	15,693
11,535	Debtors and other receivables	14,545	16,011	18,349	15,462	15,228	15,841	16,293	15,346	15,500	15,060
3,294	Inventories	3,284	2,992	3,667	3,539	3,603	3,067	1,470	934	387	387
300	Biological assets	288	292	296	300	304	308	312	316	320	324
28,000	Other financial assets	55,000	20,000	10,000	10,000	10,000	10,000	10,000	10,000	20,000	25,000
<b>47,492</b>	<b>Total current assets</b>	<b>86,014</b>	<b>55,865</b>	<b>47,478</b>	<b>39,646</b>	<b>45,190</b>	<b>45,477</b>	<b>49,201</b>	<b>55,074</b>	<b>56,648</b>	<b>56,464</b>
	Non-current assets										
1,457,471	Property, plant and equipment	1,488,580	1,590,984	1,681,768	1,702,497	1,782,264	1,796,443	1,813,925	1,900,522	1,913,973	1,932,271
73	Intangible assets	1,749	1,471	1,496	1,586	1,587	1,570	1,565	1,562	1,560	1,582
32,976	Investment property	35,595	36,378	37,178	37,996	38,870	39,803	40,758	41,777	42,863	44,020
8,025	Investment in associates	8,231	8,380	8,530	8,680	8,830	8,980	9,130	9,280	9,430	9,580
475	Other financial assets	448	448	448	448	448	448	448	448	448	448
5,519	Inventories	8,524	7,527	5,854	4,310	2,702	1,093	547	0	0	0
<b>1,504,539</b>	<b>Total non-current assets</b>	<b>1,543,127</b>	<b>1,645,188</b>	<b>1,735,273</b>	<b>1,755,517</b>	<b>1,834,700</b>	<b>1,848,337</b>	<b>1,866,373</b>	<b>1,953,588</b>	<b>1,968,273</b>	<b>1,987,901</b>
<b>1,552,031</b>	<b>Total assets</b>	<b>1,629,141</b>	<b>1,701,053</b>	<b>1,782,751</b>	<b>1,795,164</b>	<b>1,879,890</b>	<b>1,893,813</b>	<b>1,915,574</b>	<b>2,008,662</b>	<b>2,024,921</b>	<b>2,044,365</b>
	<b>Liabilities</b>										
	Current liabilities										
13,641	Trade payables and other accruals	14,476	14,924	15,311	14,894	14,546	15,263	15,643	15,509	15,791	15,958
3,508	Employee benefit liabilities	3,908	3,962	4,016	4,070	4,124	4,178	4,232	4,286	4,340	4,394
-	Borrowings	-	-	-	-	-	-	-	-	-	-
<b>17,149</b>	<b>Total current liabilities</b>	<b>18,384</b>	<b>18,887</b>	<b>19,327</b>	<b>18,965</b>	<b>18,670</b>	<b>19,441</b>	<b>19,875</b>	<b>19,795</b>	<b>20,132</b>	<b>20,352</b>

## Prospective Statement of Financial Position continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	Non-current liabilities										
4,257	Provisions	5,059	4,959	4,859	4,759	4,659	4,559	4,559	4,559	4,559	4,559
1,000	Employee benefit liabilities	1,069	1,015	961	907	853	799	745	691	637	583
-	Borrowings	-	-	30,000	30,000	25,000	15,000	10,000	5,000	-	-
-	Revenue received in advance	269	269	269	269	269	269	269	269	269	269
<b>5,257</b>	<b>Total non-current liabilities</b>	<b>6,397</b>	<b>6,243</b>	<b>36,089</b>	<b>35,935</b>	<b>30,781</b>	<b>20,627</b>	<b>15,573</b>	<b>10,519</b>	<b>5,465</b>	<b>5,411</b>
<b>22,406</b>	<b>Total liabilities</b>	<b>24,781</b>	<b>25,129</b>	<b>55,416</b>	<b>54,899</b>	<b>49,451</b>	<b>40,068</b>	<b>35,448</b>	<b>30,314</b>	<b>25,596</b>	<b>25,763</b>
<b>1,529,625</b>	<b>Total net assets</b>	<b>1,604,360</b>	<b>1,675,924</b>	<b>1,727,335</b>	<b>1,740,264</b>	<b>1,830,440</b>	<b>1,853,746</b>	<b>1,880,126</b>	<b>1,978,348</b>	<b>1,999,324</b>	<b>2,018,602</b>
	<b>Net assets / equity</b>										
786,831	Accumulated revenue & expenses	798,830	832,655	880,055	894,876	912,944	928,717	947,580	962,275	975,135	985,539
742,794	Other reserves	805,530	843,269	847,280	845,389	917,496	925,029	932,546	1,016,073	1,024,190	1,033,063
<b>1,529,625</b>	<b>Total net assets / equity</b>	<b>1,604,360</b>	<b>1,675,924</b>	<b>1,727,335</b>	<b>1,740,264</b>	<b>1,830,440</b>	<b>1,853,746</b>	<b>1,880,126</b>	<b>1,978,348</b>	<b>1,999,324</b>	<b>2,018,602</b>

# Prospective Statement of Cash Flows

## Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Cash flows from operating activities</b>										
53,326	Receipts from rates revenue	55,266	58,882	61,879	64,884	67,794	70,889	74,065	76,399	78,534	80,967
728	Interest received	1,925	1,313	525	350	350	350	350	350	525	788
-	Dividends received	-	-	-	-	-	-	-	-	-	-
56,883	Receipts from other revenue	57,999	67,757	81,532	67,523	62,534	65,695	68,164	61,626	60,508	57,063
-	Goods and services tax (net)	-	-	-	-	-	-	-	-	-	-
(70,719)	Payments to suppliers and employees	(80,429)	(77,645)	(75,844)	(82,073)	(82,768)	(88,980)	(92,463)	(92,831)	(94,374)	(95,058)
-	Interest paid	-	-	(675)	(1,350)	(1,238)	(900)	(563)	(338)	(113)	-
<b>40,218</b>	<b>Net cash from operating activities</b>	<b>34,761</b>	<b>50,307</b>	<b>67,416</b>	<b>49,333</b>	<b>46,672</b>	<b>47,055</b>	<b>49,554</b>	<b>45,207</b>	<b>45,081</b>	<b>43,758</b>
	<b>Cash flows from investing activities</b>										
968	Proceeds from sale of property, plant and equipment	250	250	250	250	250	250	250	250	250	250
85,204	Proceeds from withdrawal of investments	165,138	95,099	40,100	30,100	30,100	30,100	30,100	30,100	50,100	70,100
(53,100)	Purchase of property, plant and equipment	(38,829)	(81,983)	(109,171)	(54,503)	(36,313)	(37,199)	(40,037)	(33,204)	(38,468)	(43,856)
-	Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-
(73,000)	Acquisition of investments	(165,000)	(60,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(60,000)	(75,000)
<b>(39,928)</b>	<b>Net cash from investing activities</b>	<b>(38,442)</b>	<b>(46,634)</b>	<b>(98,821)</b>	<b>(54,153)</b>	<b>(35,963)</b>	<b>(36,849)</b>	<b>(39,687)</b>	<b>(32,854)</b>	<b>(48,118)</b>	<b>(48,506)</b>
	<b>Cash flows from financing activities</b>										
-	Proceeds from borrowings	-	-	30,000	-	-	-	-	-	-	-
-	Repayment of borrowings	-	-	-	-	(5,000)	(10,000)	(5,000)	(5,000)	(5,000)	-
-	Payment of finance lease liabilities	-	-	-	-	-	-	-	-	-	-
-	<b>Net cash from financing activities</b>	-	-	<b>30,000</b>	-	<b>(5,000)</b>	<b>(10,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	-
290	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(3,681)	3,673	(1,405)	(4,819)	5,709	205	4,867	7,352	(8,038)	(4,748)
4,073	Cash, cash equivalents and bank overdrafts at 1 July	16,578	12,897	16,570	15,165	10,346	16,055	16,260	21,127	28,479	20,441
<b>4,363</b>	<b>Cash, cash equivalents and bank overdrafts at 30 June</b>	<b>12,897</b>	<b>16,570</b>	<b>15,165</b>	<b>10,346</b>	<b>16,055</b>	<b>16,260</b>	<b>21,127</b>	<b>28,479</b>	<b>20,441</b>	<b>15,693</b>

## Prospective Statement of Changes in Reserve Funds

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
<b>Council Created Reserves</b>						
Keep Napier Beautiful	Originally derived from surplus revenue in Keep Napier Beautiful project. Currently credited with annual grant for garden competition and used for competition expenses and administration costs.	Reserves	(1)	-	-	(1)
General Capital Grants	Derived from grants and donations for General Capital Projects	All Activities	-	(1,008)	1,008	-
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	122	(163)	40	(1)
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier City Business Inc. and Taradale Marketing Association.	City Development	(1)	(2,137)	2,137	(1)
Capital Reserve and Carry Forward Funds	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	(15,225)	(460)	6,466	(9,219)
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Transportation, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	247	(19,199)	11,099	(7,853)
Dog Control Account	This fund is a requirement under the Dog Control Act 1996. All transactions related to the dog owner's share of the costs of Animal Control, both operating and capital, flow to this account. Amounts include dog related fees received and the operating and capital costs of the dog related activity of Animal Control.	Animal Control	(107)	(9,446)	10,541	988

## Prospective Statement of Changes in Reserve Funds continues

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
<b>Financial Contributions</b>	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Transportation, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(818)	(21,529)	23,643	1,296
<b>Reserve Subdivision of Land Account</b>	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	(1,910)	(2,030)	-	(3,940)
<b>Plant &amp; Equipment Renewals</b>	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All Activities	(4,051)	(31,866)	18,257	(17,660)
<b>General Reserve No. 1</b>	Derived from rates from the NZ Railway land in Munroe and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Transportation, Stormwater, Parking	(374)	(2,010)	598	(1,786)
<b>HB Harbour Board Endowment Land Sale Account</b>	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	(17,766)	(14,192)	-	(31,958)
<b>HB Museum</b>	Funds collected from donations and government grants for the MTG Redevelopment Project.	MTG Hawke's Bay	(163)	-	-	(163)
<b>Infrastructural Asset Renewal and Upgrade Funds</b>	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Waste Minimisation, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	(26,203)	(128,902)	150,571	(4,534)

## Prospective Statement of Changes in Reserve Funds continues

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
<b>Marine Parade Disability Hoist</b>	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	(3)	-	-	(3)
<b>Mayor's Discretionary Fund</b>	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Strategies	(2)	(1)	-	(3)
<b>McLean Park Property Reserve Account</b>	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	(175)	(1,671)	1,380	(466)
<b>Pensioner Housing Upgrade Reserve</b>	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Housing	(353)	-	-	(353)
<b>Parking Contributions Account</b>	Funds derived for the provision of parking facilities.	Parking	(3,192)	(3,084)	-	(6,276)
<b>Parking Account</b>	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities for areas where there is public metered parking.	Parking	(7,621)	(26,786)	28,382	(6,025)
<b>Parking Equipment Reserve Account</b>	To provide funds for replacement of parking equipment on a regular basis.	Parking	(965)	-	(720)	(1,685)
<b>Taradale Parking Meters</b>	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	170	(2,108)	1,959	21



## Prospective Statement of Changes in Reserve Funds continues

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	(1,822)	(247)	2,000	(69)
Parklands Residential Devmt Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Bay Skate	(17,763)	(95,371)	93,923	(19,211)
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Transportation	301	124	-	425
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Waste Minimisation	(4,502)	(29,206)	26,515	(7,193)
Robson Collection Special Fund (Library)	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	(15)	-	11	(4)
Subdivision & Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	396	-	-	396
Roothing Walkways/ TNZ	Derived from NZTA contributions for Transportation	Transportation	-	(41,338)	41,338	(0)

## Prospective Statement of Changes in Reserve Funds continues

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
Marine Parade Walkway/ Cycleway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/ Walkways	Transportation	(20)	(2,504)	860	(1,664)
Aquarium Expansion Fund	Derived from grants and donations for the Aquarium Expansion Project	Aquarium	-	(49,599)	49,599	-
<b>Total Council Created Reserves</b>			<b>(101,815)</b>	<b>(484,733)</b>	<b>469,608</b>	<b>(116,940)</b>
<b>Restricted Reserves</b>						
Endowment Land Account	Derived from the sale of Bay City Power Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	(1,586)	(651)	-	(2,237)
HB Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Property Holdings	(328)	(21,898)	26,144	3,918
<b>Total Restricted Reserves</b>			<b>(1,914)</b>	<b>(22,549)</b>	<b>26,144</b>	<b>1,681</b>

## Prospective Statement of Changes in Reserve Funds continues

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
<b>Bequests and Trust Funds</b>						
<b>Colenso Bequest</b>	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital \$2500) ii) Provide assistance for prisoners released from Napier jail. (Capital \$500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital \$1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls & Colenso High Schools. (Capital \$1000)	Community Strategies	(30)	(12)	-	(42)
<b>Estate Henry Hodge</b>	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Housing	(163)	(67)	-	(230)
<b>Eskdale Cemetery Trust</b>	This Trust fund, comprising a number of bequests totalling \$1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	(24)	(10)	-	(34)
<b>HB Municipal Theatre</b>	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	(5)	(3)	-	(8)
<b>John Close Bequest</b>	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy.  A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993.	Community Strategies	(50)	(20)	-	(70)

## Prospective Statement of Changes in Reserve Funds continues

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2018 \$000	Deposits \$000	Expenditure \$000	Closing 30 June 2028 \$000
<b>Morecroft Bequest</b>	To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	(14)	(6)	-	(20)
<b>Napier Christmas Cheer</b>	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Strategies	(32)	(124)	111	(45)
<b>Total Bequests Trust Funds</b>			<b>(318)</b>	<b>(242)</b>	<b>111</b>	<b>(449)</b>

# Borrowing Programme

## Forecast for the Ten Years 2018/19 to 2027/2028

	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
<b>New Loans</b>										
Rates Funded	7,188	25,586	64,524	11,113	5,204	6,804	6,499	1,003	11,317	3,491
Non- Rates Funded	-	2,248	1,190	133	1,092	3,382	4,294	2,348	301	309
<b>Total New Loans</b>	<b>7,188</b>	<b>27,834</b>	<b>65,714</b>	<b>11,247</b>	<b>6,296</b>	<b>10,186</b>	<b>10,793</b>	<b>3,351</b>	<b>11,618</b>	<b>3,801</b>
Less Repayments (Net)	(3,124)	(3,377)	(2,938)	(3,618)	(8,996)	(14,047)	(9,084)	(9,446)	(9,577)	(5,035)
<b>Movement in Debt</b>	<b>4,064</b>	<b>24,457</b>	<b>62,776</b>	<b>7,628</b>	<b>(2,700)</b>	<b>(3,861)</b>	<b>1,709</b>	<b>(6,095)</b>	<b>2,041</b>	<b>(1,235)</b>
Opening Public Debt	46,403	50,467	74,924	137,699	145,327	142,628	138,767	140,476	134,381	136,422
<b>Gross Public Debt</b>	<b>50,467</b>	<b>74,924</b>	<b>137,699</b>	<b>145,327</b>	<b>142,628</b>	<b>138,767</b>	<b>140,476</b>	<b>134,381</b>	<b>136,422</b>	<b>135,187</b>
Internal Funding	(50,467)	(74,924)	(107,699)	(115,328)	(117,628)	(123,767)	(130,476)	(129,381)	(136,422)	(135,187)
<b>Net Public Debt</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>30,000</b>	<b>25,000</b>	<b>15,000</b>	<b>10,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>

## Napier City Council: Funding Impact Statement for 2018/2028 (whole of council)

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
38,771	General rates, uniform annual general charges, rates penalties	40,053	42,445	44,837	47,106	50,265	52,824	55,624	57,829	59,463	61,464
14,548	Targeted rates	16,051	16,523	17,131	17,868	17,616	18,159	18,536	18,639	19,135	19,576
2,684	Subsidies and grants for operating purposes	2,936	2,465	2,377	2,542	2,613	2,684	2,761	2,844	2,928	3,018
19,220	Fees and charges	21,860	22,305	22,605	23,825	25,427	26,928	28,590	29,929	30,655	31,511
728	Interest and dividends from investments	1,925	1,313	525	350	350	350	350	350	525	788
27,914	Local authorities fuel tax, fines, infringement fees, and other receipts	25,880	21,264	19,393	25,515	25,385	26,959	27,572	18,233	18,804	13,746
<b>103,865</b>	<b>Total operating funding (A)</b>	<b>108,705</b>	<b>106,315</b>	<b>106,868</b>	<b>117,206</b>	<b>121,656</b>	<b>127,904</b>	<b>133,433</b>	<b>127,824</b>	<b>131,510</b>	<b>130,103</b>
	<b>Applications of operating funding</b>										
75,006	Payments to staff and suppliers	81,251	76,882	75,367	82,457	82,441	89,345	92,558	92,610	94,318	94,889
-	Finance costs	-	-	675	1,350	1,238	900	563	338	113	-
3	Other operating funding applications	222	222	222	222	222	222	222	222	222	222
<b>75,009</b>	<b>Total applications of operating funding (B)</b>	<b>81,473</b>	<b>77,104</b>	<b>76,264</b>	<b>84,029</b>	<b>83,901</b>	<b>90,467</b>	<b>93,343</b>	<b>93,170</b>	<b>94,653</b>	<b>95,111</b>
<b>28,856</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>27,232</b>	<b>29,212</b>	<b>30,604</b>	<b>33,177</b>	<b>37,755</b>	<b>37,437</b>	<b>40,090</b>	<b>34,654</b>	<b>36,857</b>	<b>34,992</b>
	<b>Sources of capital funding</b>										
2,902	Subsidies and grants for capital expenditure	5,176	18,465	34,788	7,767	4,226	4,860	4,750	5,028	4,084	4,211
3,094	Development and financial contributions	2,851	3,349	3,621	3,224	3,019	2,640	2,704	3,494	3,580	4,063
-	Increase/(decrease) in debt	-	-	30,000	-	(5,000)	(10,000)	(5,000)	(5,000)	(5,000)	-
226	Gross proceeds from sale of assets	250	250	250	250	250	250	250	250	250	250
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>6,222</b>	<b>Total sources of capital funding (C)</b>	<b>8,277</b>	<b>22,064</b>	<b>68,659</b>	<b>11,241</b>	<b>2,495</b>	<b>-2,250</b>	<b>2,704</b>	<b>3,772</b>	<b>2,914</b>	<b>8,524</b>

## Funding Impact Statement for 2018/28 (whole of council) continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
7,257	- to meet additional demand	1,510	2,432	5,100	6,210	3,505	861	441	787	704	4,231
21,186	- to improve the level of service	13,784	40,776	57,168	23,622	11,705	13,492	14,517	10,544	19,251	9,722
20,641	- to replace existing assets	23,368	39,661	47,441	23,545	20,756	22,873	25,138	21,735	18,625	30,014
(14,006)	Increase (decrease) in reserves	(3,153)	(31,594)	(10,446)	(8,959)	4,284	(2,039)	2,698	5,360	1,191	(451)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>35,079</b>	<b>Total application of capital funding (D)</b>	<b>35,509</b>	<b>51,275</b>	<b>99,263</b>	<b>44,418</b>	<b>40,250</b>	<b>35,187</b>	<b>42,794</b>	<b>38,426</b>	<b>39,771</b>	<b>43,516</b>
<b>(28,856)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(27,232)</b>	<b>(29,211)</b>	<b>(30,604)</b>	<b>(33,177)</b>	<b>(37,755)</b>	<b>(37,437)</b>	<b>(40,090)</b>	<b>(34,654)</b>	<b>(36,857)</b>	<b>(34,992)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds in a more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

## Rating System

Small movements to the indicative rates stated in this document may occur as the Rating Information Database changes to 30 June 2018 and will be reflected in the final rates resolution.

The following sources of rates funding are also set out in the Council's Rating Policy. The full rating system to apply from 1 July 2018 is as follows:

### General Rate

- Based on land value of all rating units.
- Differentially applied. The differentials applying for 2018/19 and beyond are set in accordance with the Rating Policy to enable:
  - 70% of the total general rate together with the Uniform Annual General Charge to be collected from residential properties and 30% from non-residential properties.
  - The recovery of the assessed actual costs of services supplied to rural properties, excluding those in the Bay View Differential Rating Area.
  - The standardising of the rate for properties in the Bay View Differential Rating Area with those residential properties in Napier City, but adjusted to reflect assessed actual cost of transportation services supplied to Bay View.
  - The application of the same rate for miscellaneous non-residential properties as for residential properties.

Differentials	Group/Code	2018 to 2027/28
City Residential	1	100%
Commercial and Industrial	2	268.87%
Miscellaneous	3	100%
Ex-City Rural	4	64.32%
Other Rural	5	64.32%
Bay View	6	74.18%

- The general rate, together with the Uniform Annual General Charge, recovers the balance of the rating requirement not recovered from the targeted rates outlined below, and apply to activities where the direct user benefit is recovered by way of separate fees and charges, and where all or the remainder of the activity benefits ratepayers indirectly or the community as a whole, and also where Council has determined that some direct user benefit should be met by the community as a whole in line with particular activity funding policies.

### Uniform Annual General Charge

Council's Uniform Annual General Charge is set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding those related to Water Supply and Sewage Disposal, to recover about 20% of total rates.

The charge is applied to each separately used or inhabited part of a rating unit.

### Water Rates

Water rates apply to both City and Bay View water supply systems.

### Fire Protection Rate

- A targeted rate based on Capital Value of properties connected to the systems.
- Differentially applied, in recognition that the carrying capacity of water required in the reticulation system to protect commercial and industrial properties is greater than that required for residential properties.

Differentials	Percentage
Central Business District and Fringe Area	400%
Suburban Shopping Centres, Hotels and Motels and Industrial properties outside of the CBD	200%
Other properties connected to the water supply systems	100%

- This rate recovers 13.24% of the net costs of the water supply systems before the deduction of water by meter income.
- 50% of the base rate applies for each property not connected but located within 100 metres of the systems.

### Water Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the Council systems.
- This rate recovers the balance of the total net cost of the water supply systems. 50% of the rate applies for each rating unit not connected, but located within 100 metres of the systems.

### Refuse Collection and Disposal Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each



## Rating System continues

separately used or inhabited part of a rating unit for which a rubbish collection service is available and multiplied by number of times each week the service is provided.

- This rate recovers the net cost of the Solid Waste Activity, excluding costs related to litter control and the kerbside recycling collection service.

### Kerbside Recycling Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit for which the kerbside recycling collection service is available.
- The rate recovers the net cost of the kerbside recycling collection service.

### Sewerage Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the City Sewerage System.
- 50% of the rate applies to each rating unit (excluding Bay View properties) not connected but located within 30 metres of the system.
- This rate recovers the net cost of the Wastewater Activity.

### Bay View Sewerage Connection Rate

The Bay View Sewerage Scheme involves reticulation and pipeline connection to the City Sewerage System. Prior to 1 November 2005, property owners could elect to connect either under a lump sum payment option, or by way of a targeted rate payable over 20 years.

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the Bay View Sewerage Scheme, where the lump sum payment option was not elected.
- The rate applies from 1 July following the date of connection for a period

of 20 years, or until such time as a lump sum payment for the cost of connection is made.

- The category of rateable land for setting the targeted rate is defined as the provision of a service to those properties connected to the sewerage system, but have not paid the lump sum connection fee.
- The liability for the targeted rate is calculated as a fixed amount per separately used or inhabited part of a rating unit based on the provision of a service by the Council, including any conditions that apply to the provision of the service.
- The rate is used to recover loan servicing costs required to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

### Off Street Car Parking Rates

Targeted rates based on land value. The following rates apply:

#### CBD Off Street Car Parking Rate

- Differentially applied.
- Relates to commercial rating units in the mapped areas identified as the Central Business District.

Differentials	Percentage
Properties with full parking	100%
Properties with half parking	50%

Refer Council maps:

- CBD Off Street Car Parking – 100% Parking Area
- CBD Off Street Car Parking – 50% Parking Area
- The rate is used to provide additional off street car parking in the Central Business District.

#### Taradale Off Street Car Parking Rate

- Uniformly applied.

## Rating System continues

- Relates to properties in the Taradale Suburban Commercial area only (Diff 2.3.2).
- The rate is used to provide additional off street car parking in the Taradale Suburban Commercial area.

### Suburban Shopping Centre Off Street Car Parking Rate

- Uniformly applied.
- Relates to properties in suburban shopping centres and to commercial properties located in residential areas which are served by Council supplied off street car parking (Diff 2.5.2).
- The rate is used to provide additional off street car parking at each of these areas served by Council-supplied off street car parking, and to maintain the existing off street car parking areas.

### CBD Promotion Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to each commercial and industrial rating unit situated within the area as defined on Council map "CBD Promotion Rate Area".
- This rate recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc. The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

### Taradale Promotion Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to all rating units in the Taradale Suburban Commercial area (Diff 2.3).
- This rate recovers the full cost of the Taradale Marketing Association's promotional activities.

### Swimming Pool Safety Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each rating unit where a residential pool or small heated pool (within the meaning of the Building (Pools) Amendment Act 2016) is located.
- The rate recovers the cost of pool inspections and related costs to ensure owners meet the legal requirements of the Building Act 2004 and Building (Pools) Amendment Act 2016.

### Water by Meter Charges

- Targeted rate based on actual water use after the first 300m<sup>3</sup> per annum.
- Applies to all non-domestic water supplies in the Napier Water Supply Area, and metered domestic supplies outside the Napier Water Supply Area.

### Targeted Rates Note:

For the purposes of Schedule 10, clause 15(4)(e) or clause 20(4)(e) of the Local Government Act 2002, lump sum contributions will not be invited in respect of targeted rates, unless this is provided within the description of a particular targeted rate.

### Separately used or inhabited parts of a Rating Unit definition

#### Definition

For the purposes of the Uniform Annual General Charge and all uniform (or fixed value) Targeted Rates outlined above, a separately used or inhabited part of a rating unit is defined as:

- Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement (SUIP does not apply to properties that are used solely as a single family residence)
- This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other forms of occupation) on an occasional or long term basis by someone other than the owner.

## Rating System continues

### Examples of separately used or inhabited parts of a rating unit include:

- For residential rating units, each self contained area is considered a separately used or inhabited part, unless used solely as a single family residence. Each situation is assessed on its merits, but factors considered in determining whether an area is self contained would include the provision of independent facilities such as cooking / kitchen or bathroom, and its own separate entrance.
- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.
- For commercial or industrial properties, two or more different businesses operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.

These examples are not inclusive of all situations.

### Description of Differential Categories

#### GROUP 1: City Residential Properties

Every separately assessed property used exclusively as a home or residence of one or more households, and also including all vacant utilisable residential land, but excluding properties classified under Differential Groups 5 and 6

#### GROUP 2: Commercial and Industrial Properties

Every separately assessed commercial and industrial property in accordance with the subgroups listed below, but excluding properties classified under Differential Groups 5 and 6, formerly within the Hawke's Bay County but which became part of Napier City with effect from 1 November 1989 following Local Government Reform.

##### Sub Group 2.1: Central Business District

Every separately assessed commercial and industrial property situated within the area bounded by the base of the Hill, from Marine Parade to Milton Road, south along Clive

Square East and south along Munroe Street to Edwardes Street south along Hastings Street, east along Sale Street, and north along Marine Parade.

### Code

#### 2.1.1 Properties Receiving 100% Parking

Every separately assessed commercial property in the commercial retail zone as defined on Council map "CBD Off Street Car Parking – 100% Parking Dispensation Area"

#### 2.1.2 Properties Receiving 50% Parking

Every separately assessed commercial property in part of the Commercial Fringe Retail Zone as defined on Council map "CBD Off Street Car Parking – 50% Parking Dispensation Area".

#### Sub Group 2.2: Central Business District Fringe Area

Every separately assessed commercial and industrial property situated within the area bounded by the base of the Hill, from Marine Parade to Faraday Street, south along Faraday Street to Thackeray Street, east along Thackeray Street to Wellesley Road, south along Wellesley Road to Sale Street and east along Sale Street to Marine Parade, excluding the properties included in Sub Group 2.1 above, and also includes every separately assessed industrial property fronting the remainder of Owen Street and Faulknor Street and every separately assessed industrial property positioned immediately south of Sale Street and fronting Wellesley Road.

### Code

2.2.1 Improved Fringe Commercial

2.2.2 Unimproved Fringe Commercial

2.2.3 Improved Fringe Industrial

2.2.4 Unimproved Fringe Industrial

#### Sub Group 2.3: Taradale

Every separately assessed commercial property situated in the suburban shopping centre of Taradale which is zoned for commercial purposes.

## Differential Categories continues

### Code

2.3.1 Taradale Suburban Commercial Properties south of Puketapu Road

2.3.2 Taradale Suburban Commercial – others not covered in 2.3.1 or 2.3.3

2.3.3 Taradale Suburban Commercial – properties owned by JH McDonald Properties Ltd

10050 00600            27 Lee Road

10050 00700            220 Gloucester Street

10050 00800            230 Gloucester Street/1-731 Lee Road

### Sub Group 2.4: Other Suburban Commercial Areas Shown in the District Plan

Every separately assessed commercial property situated in the following suburban shopping centres in Napier, which centres are zoned suburban commercial; Greenmeadows, Trinity Crescent, Pirimai Plaza, Onekawa, Maraenui, Marewa, Wycliffe Street, League Park, Balmoral, Port Ahuriri, Westshore, Tamatea and Marewa (Latham Street).

### Sub Group 2.5: Commercial Properties in Residential Areas

All other commercial properties, including retail shops, professional offices, doctors surgeries, dental surgeries, veterinary clinics, garages, service stations and the like, not included in Sub Groups 2.1, 2.2, 2.3 and 2.4.

### Code

2.5.1 Shops and Commercial Properties in Residential Areas – other than in 2.5.2

2.5.2 Shops and Commercial Properties in Residential Areas – served by Council supplied off-street car parking

### Sub Group 2.6: Industrial – Outer City Areas

Properties used for industrial purposes and not included in Sub Groups 2.1 and 2.2.

### Sub Group 2.7: Hotels and Motels – Outer City Areas

Hotels and Motels situated in residential and industrially zoned areas and not included in Sub Groups 2.1 and 2.2.

### GROUP 3: Miscellaneous Properties

Every separately assessed property in accordance with the sub groups listed below used exclusively for the purposes indicated.

#### Sub Group 3.1: Vacant Substandard Sections

Every separately assessed vacant residential property which, because of its zone or location, cannot be utilised for residential purposes.

### Code

3.1.1 Vacant Substandard Sections

#### Sub Group 3.2: Other Miscellaneous Rateable Properties

Every separately assessed rateable property used exclusively for the following purposes:

### Code

3.2.1 Lodge Rooms, Halls and the like in Residential Areas

3.2.2 Land Occupied and/or Used for Churches and Private Schools

3.2.3 Homes for the Elderly, Private Hospitals, etc

3.2.4 Public Schools, Kindergartens and Playcentres

3.2.5 Miscellaneous Crown Properties

3.2.6 Public Utilities (not Council)

3.2.7 Pensioner Flats and Housing for the Aged

3.2.8 Sports Clubs previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

## Differential Categories continues

3.2.9 Non-Profit Making Organisations, excluding Sports Clubs, previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

3.3.8 Council Properties (other than leased)

### **Sub Group 3.3: Miscellaneous Non-Rateable Properties**

Every separately non-rateable property used exclusively for the following purposes:

#### **Code**

3.3.1 Land Occupied and/or Used for Churches and Private Schools

3.3.2 Homes for the Elderly, Private Hospitals, etc

3.3.3 Public Schools, Kindergartens and Playcentres

3.3.4 Miscellaneous Crown Properties

3.3.5 Public Utilities (not Council)

3.3.6 Sports Clubs and Other Non-Profit Making Organisations previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

3.3.7 Council Properties (used for purposes outlined in subsection 4 of part 1 of schedule 1 of Local Government (Rating) Act 2002)

### **GROUP 4: Ex-City Rural Areas**

Every separately assessed rural property, which is situated in an area not provided with normal city services, and which is not capable of development because of the lack of city services, but excluding all properties formerly within the Hawke's Bay County but which became part of Napier City with effect from 1 November 1989 following Local Government Reform.

#### **Code**

4.1.1 Ex-City Rural Properties

### **GROUP 5: Other Rural Areas**

Every separately assessed property, formerly within the Hawke's Bay County, but which became part of Napier City with effect from 1 November 1989 following Local Government Reform, except for those properties included in Group 6, or any subdivided property since reclassified to other Differential Groups.

### **GROUP 6: Bay View Differential Rating Area**

Every separately assessed property falling within the Bay View Differential Rating Area as defined on Council map "Bay View Differential Rating Area – Schedules 1,2,3".

#### **Differential categories**

The differential categories for the proposed water rate (city and Bay View) and fire protection rate are:

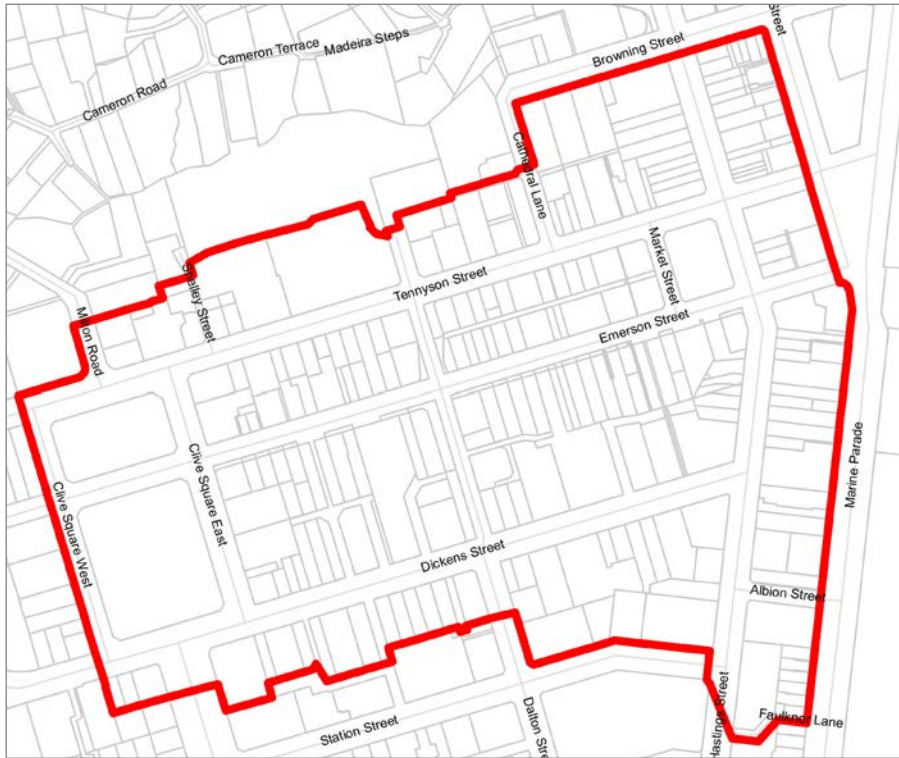
- Connected – any rating unit that is connected to a Council system
- Service available – any rating unit that is not connected to a Council system but is within 100 metres of such system

The differential categories for the proposed sewage rate are:

- Connected – any rating unit that is connected to the City sewerage system
- Service available – any rating unit that is not connected to the City sewerage system but is within 30 metres of such system

# Council Maps

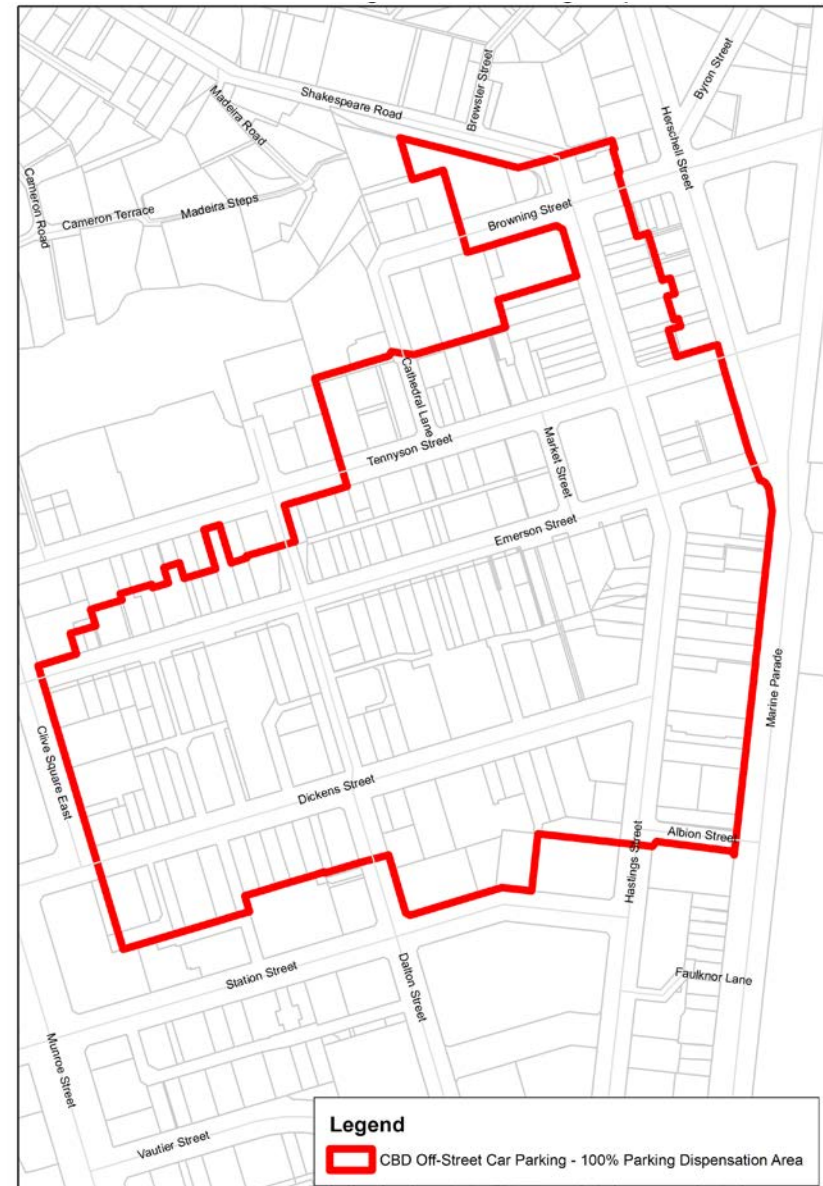
## CBD Promotion Rate Area




### Legend

 CBD Promotional Rate Area

## CBD Off Street Car Parking – 100% Parking Dispensation Area



### Legend

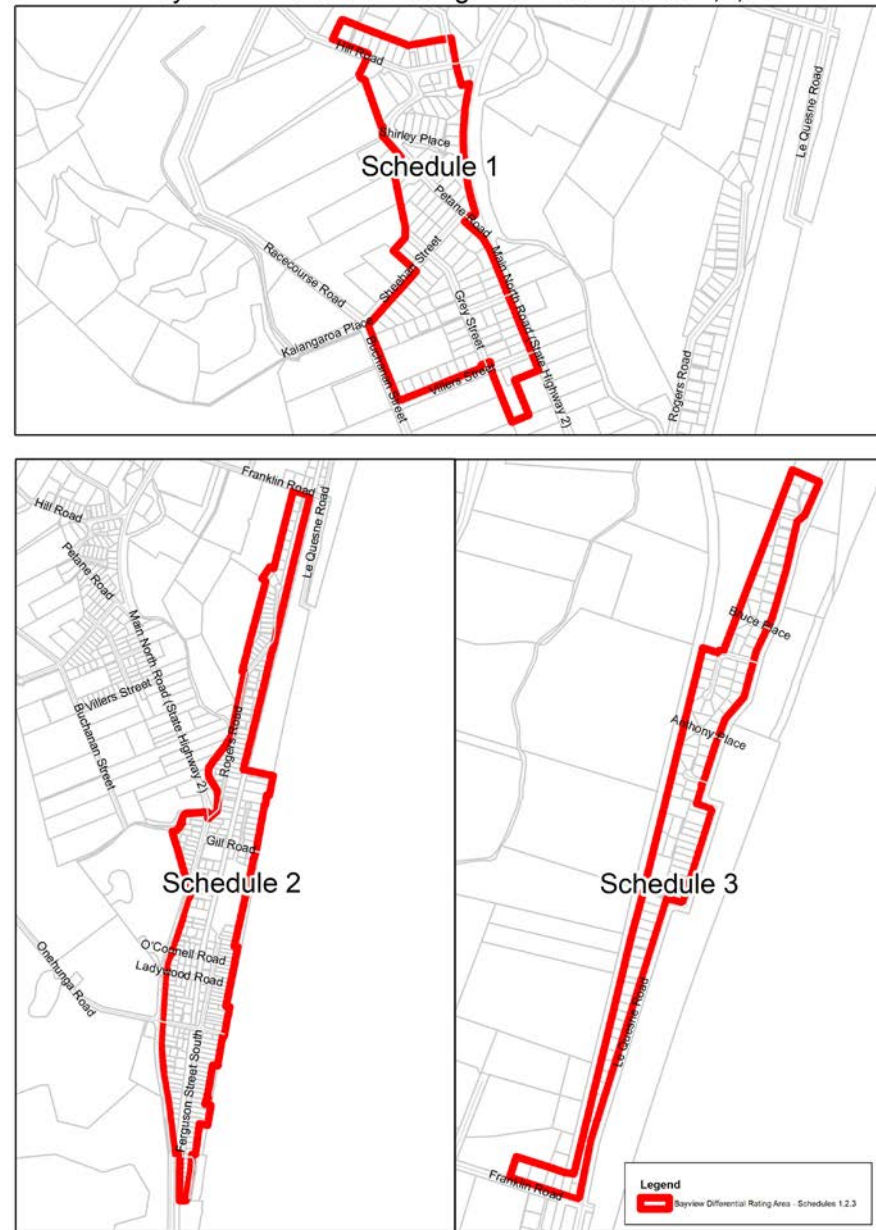
 CBD Off-Street Car Parking - 100% Parking Dispensation Area

# Council Maps continues

**CBD Off Street Car Parking – 50% Parking Dispensation Area**



**Bay View Differential Rating Area – Schedules 1,2,3**



## Other Rating Matters

### Due Dates for Payment of Rates

#### Instalment Rating

Rates for 2018/19 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 22 August 2018
- Second Instalment due 21 November 2018
- Third Instalment due 20 February 2019
- Fourth Instalment due 22 May 2019

#### Water by Meter Charges

- Targeted rates for metered water supply are separately invoiced; either quarterly in September, December, March and June for non-domestic supplies, or annually in June for metered domestic supplies.
- The payment due date is the 20th of the month after the month of invoice.

### Penalties

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10 per cent is added to each instalment or part thereof which is unpaid two full working days after the due date for payment. Previous years rates which remain unpaid will have a further 10% added two full working days after the due date for instalments one and three.

## Fees and Charges

Council applies a range of fees and charges to fully or partially recover the costs of various activities.

The level of fees and charges are reviewed annually and a schedule of Council Fees and Charges is prepared as a separate document.

The schedule is available upon request from the Council office.



## Indicative Rates

The following are sources of rating income:

Description	Category	Factor	Indicative Rates for 2018/19 (Incl GST)	Revenue Sought (Excl GST) (\$000)
<b>General Rates</b>				
<b>General Rate (cents per \$ LV)</b>	All rateable property	Land Value		30,543
Differential 1 City Residential			0.48529	
Differential 2 Commercial and Industrial			1.30477	
Differential 3 Miscellaneous			0.48529	
Differential 4 Ex-City Rural			0.31210	
Differential 5 Other Rural			0.31210	
Differential 6 Bay View			0.35997	
<b>Uniform Annual General Charge (UAGC)</b>				
<b>Uniform Annual General Charge (UAGC)</b>	All rateable property	Fixed amount per SUIP *	380	8,958
<b>Targeted Rates</b>				
<b>Fire Protection Rate (cents per \$ CV)</b>	Service Available / Connected	Capital Value		772
Differential 1, 2.5, 3, 4, 5, 6			0.00289/0.00578	
Differential 2.1, 2.2			0.00289/0.02260	
Differential 2.3, 2.4, 2.6, 2.7			0.00289/0.01130	
<b>Water Rate - City</b>				
<b>Water Rate - City</b>	Service Available / Connected	Fixed amount per SUIP *	100/200	4,391
<b>Water Rate - Bay View</b>				
<b>Water Rate - Bay View</b>	Service Available / Connected	Fixed amount per SUIP *	100/200	117
<b>Refuse Collection and Disposal Rate</b>				
<b>Refuse Collection and Disposal Rate</b>	Service Available	Fixed amount per SUIP *		1,908
1 collection per week			81	
2 collections per week			162	
3 collections per week			243	
<b>Kerbside Recycling Rate</b>				
<b>Kerbside Recycling Rate</b>	Service Available	Fixed amount per SUIP *	19	385
<b>Sewerage Rate</b>				
<b>Sewerage Rate</b>	Service Available / Connected	Fixed amount per SUIP *	182.50/365	8,040

## Indicative Rates continues

Description	Category	Factor	Indicative Rates for 2018/19 (Incl GST)	Revenue Sought (Excl GST) (\$000)
Bay View Sewerage Connection Rate	Service Available	Fixed amount per SUIP *	941.36	23
Off Street Car Parking Rate (cents per \$ LV)	Commercial in catchment area	Land Value		149
Differential 2.1.1			0.14871	
Differential 2.1.2, 3.2.1, 3.3.3			0.07436	
Differential 2.3.2, 2.4.3, 2.4.4, 2.4.5, 2.5.2			0.10526	
Promotion Rate - CBD (cents per \$ LV)	Commercial in catchment area	Land Value	0.20187	137
Promotion Rate - Taradale (cents per \$ LV)	Commercial in catchment area	Land Value	0.22700	56
Swimming Pool Safety Rate	Service Provision	Fixed amount per rating unit	50	73
<b>Total Revenue (Excluding metered water)</b>				<b>55,552</b>
<b>Water By Meter Charges</b>				<b>552</b>
Non Domestic Supplies (\$/m3)	Connected / Supply	Fixed amount per cubic metre	0.46444	
Metered Domestic Supplies outside Napier Water Supply Area (\$/m3)	Connected / Supply	Fixed amount per cubic metre	0.86180	
<b>Total Revenue (Including metered water)</b>				<b>56,104</b>

\* (Note: SUIP = Separately used or inhabited part)

For Council properties under differential codes 3.3.8 and 3.3.7, a nil rate will apply. The indicative rates and charges are provisional only, and are subject to Council setting and assessing its rates during July 2018.

## Examples of Rates for 2018/19

Examples of rating impacts for 2018/19 are shown in the following table:

Property Type	Land Value	Rates 2017/18	Rates 2018/19	Change %
<b>City Residential</b>				
Average	214,000	1,985	2,110	6.3%
Median	200,000	1,885	2,039	8.2%
Quartile 1	160,000	1,712	1,841	7.5%
Quartile 3	250,000	2,158	2,289	6.1%
<b>Commercial / Industrial</b>				
Average	490,000	7,643	7,631	-0.2%
CBD Average	291,000	6,902	6,220	-9.9%
Industrial Average	563,000	7,817	8,587	9.8%
<b>Miscellaneous Properties</b>				
Average	400,000	2,930	3,058	4.4%
<b>Rural</b>				
Average	460,000	1,825	1,916	5.0%
<b>Bay View</b>				
Average - No Sewerage Rate	248,000	1,472	1,596	8.4%
Average - With Sewerage Rate	248,000	1,809	1,961	8.4%

The three-yearly revaluation of the city for rating purposes was undertaken in 2017 and those valuations apply as the base for setting the general rate for 2018/19.

The rating examples should be read having regard for the following:

- Council's total rates revenue for 2018/19 will increase by 5.5% the impact on existing ratepayers is an increase of 5.2% after allowing for growth in the rating base.
- As property values directly affect the level of general rates, changes above and below average movements will be inevitable following the revaluation.
- A change in the allocation of general rates between residential and non-residential properties has altered rating differentials. The change has no effect on Council's total rating level, but does reduce the level of general rates collected from non-residential properties, while increasing rates for the residential category.
- Increases for Bay View properties are slightly higher than Council's overall rates increase. This results from an assessed benefit review of general rate funded services provided to these properties.

# Financial Prudence Benchmarks

## Local Government (Financial Reporting and Prudence) Regulations 2014

The Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations 2014) were developed to assist in identifying local authorities where further enquiry is warranted in relation to their financial management, and promote prudent financial management by local authorities.

Under Section 13 of the Regulations 2014, the Council must include in its LTP a Disclosure Statement that details the following benchmarks:

- For the 10 years of the LTP:
  - Rates affordability benchmarks; and
  - Debt Affordability benchmarks;
- For the year prior to the LTP plus the 10 years of the LTP:
  - Balanced budget benchmark;
  - Essential services benchmark; and
  - Debt servicing benchmark;

Section 101A of the LGA requires local authorities, to prepare and adopt a financial strategy that includes a statement that quantifies limits on rates, rate increase and borrowings. These limits are then used as the basis of the Rates and Debt Affordability benchmarks.

## Long-term plan disclosure statement for period commencing 1 July 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

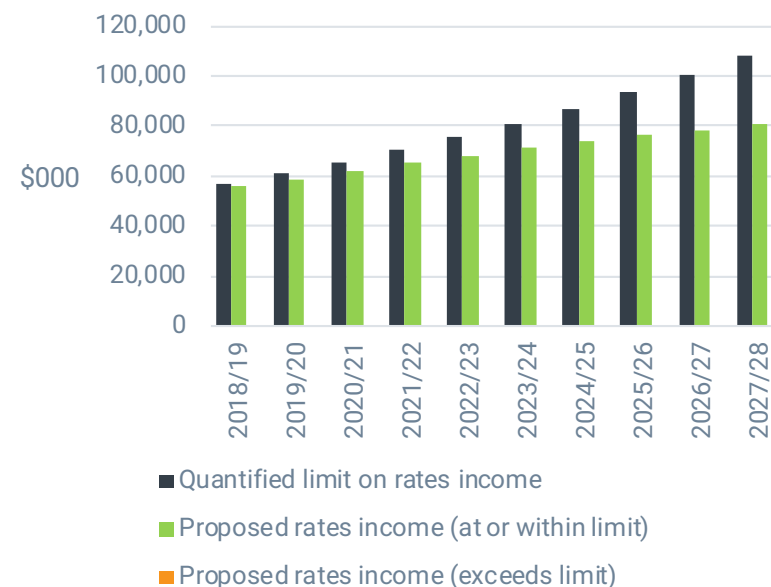
## Rates Affordability Benchmark

The council meets the rates affordability benchmark if—

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

### Rates (income) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is LGCI plus 5%.



# Financial Prudence Benchmarks continue

## Rates (increases) affordability

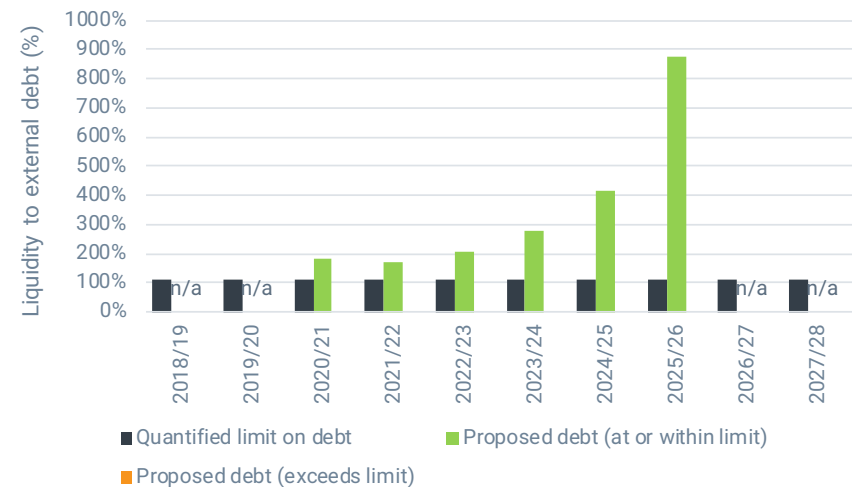
The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is LGCI plus 5%.



## Debt Affordability Benchmark

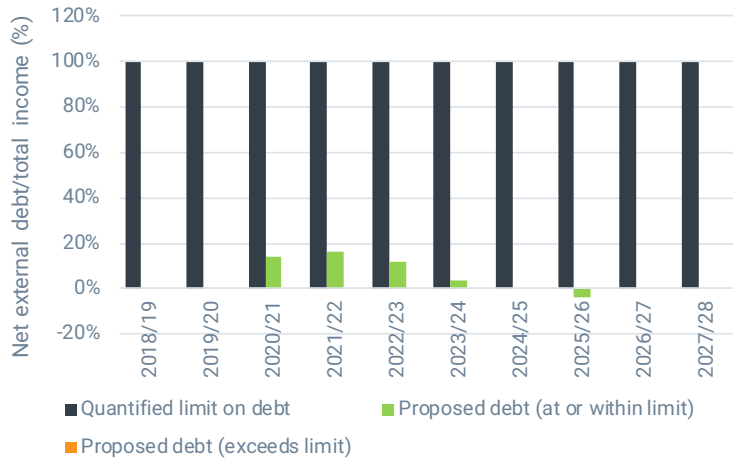
The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%.

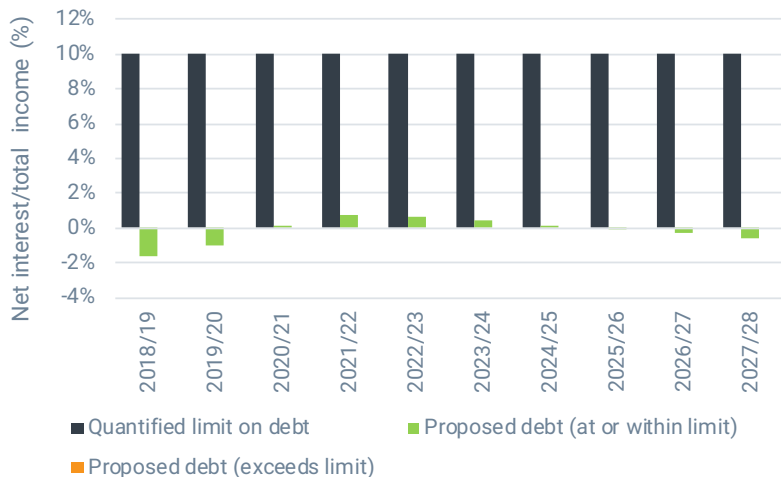


# Financial Prudence Benchmarks continue

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is net external debt as a percentage of total income will not exceed 100%. Note, where the external debt is \$0 in a particular year, net debt is shown as \$0 as well.



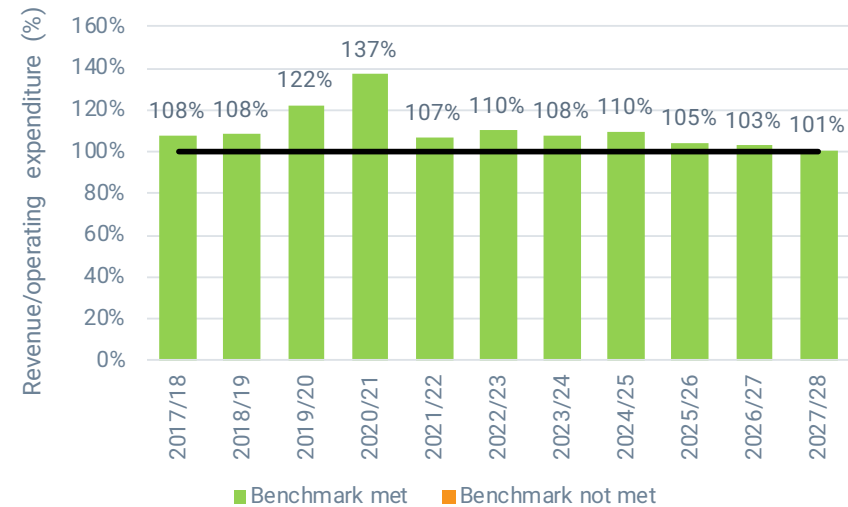
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is net interest expense on external debt to total income will not exceed 10%.



## Balanced Budget Benchmark

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

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

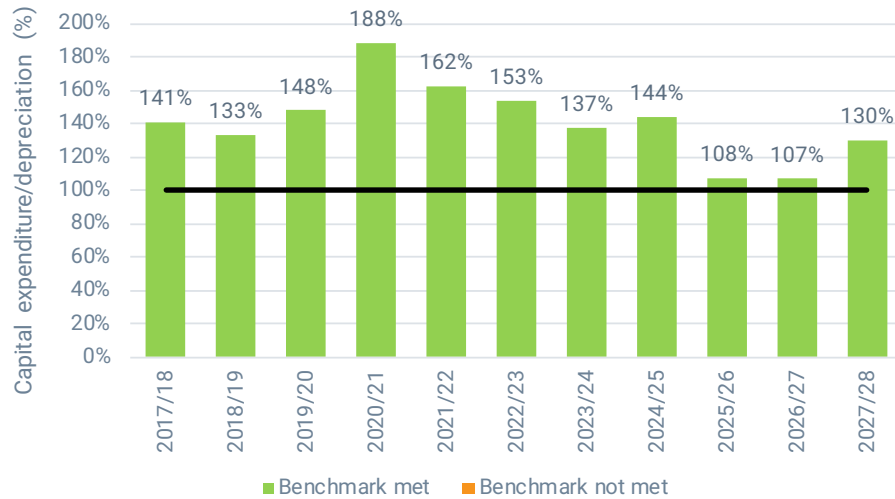


# Financial Prudence Benchmarks continue

## Essential Services Benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

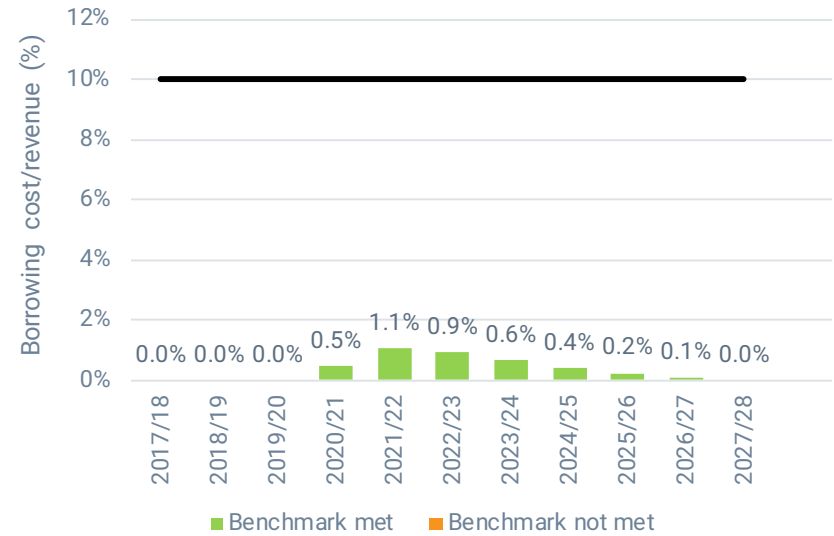
The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



## Debt Servicing Benchmark

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

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



## Council Controlled Organisations

A Council Controlled Organisation (CCO) can be best described as any organisation in which one or more local authorities control 50% or more of the voting rights or have the right to appoint 50% or more of the trustees, directors or managers. A CCO includes the following:

A company in which equity securities carrying 50% or more of the voting rights at any shareholders' meetings are held or controlled (directly or indirectly) by one or more local authorities, or where one or more local authorities has the right (directly or indirectly) to appoint 50% or more of the directors.

An entity where one or more local authorities have control (either directly or indirectly) of 50% or more of the votes at any meeting of the members or controlling body of the organisation, or the right to appoint 50% or more of the trustees, directors or managers of the organisation.

The following CCOs have been established to assist the Council to achieve its objectives:

### Hawke's Bay Airport Limited

#### Policies and Objectives Regarding Ownership and Control

Hawke's Bay Airport Limited (HBAL) is incorporated under the Companies Act and is owned by the Crown 50%, Hastings District Council 24% and Napier City Council 26%. The HBAL produces separate annual accounts and no payments are forecast to be made by Council to HBAL in the Long Term Plan (LTP).

There are no Council specific objectives, policies or targets for HBAL. Council reviews and confirms HBAL objectives outlined below.

#### Nature and Scope of Activities

HBAL's core business is to be an efficient airport operator providing appropriate facilities for all airport users and the travelling public. HBAL's Vision Statement is:

Our vision is to be New Zealand's leading regional airport where people and commerce thrive.

HBAL will work towards achieving its vision by pursuing the following Six Strategic imperatives:

- Optimise shareholder value and returns
- Diversify the HBAL revenue base
- Champion a positive customer experience inside and outside the terminal
- Continually improve the management of all business risks
- To be an employer of choice focused on the development of our people
- To improve our impact on the environment

#### Performance Targets for Hawke's Bay Airport Limited

The following table sets out the financial performance targets as per the Company's Statement of Intent for the year ended 30 June 2019, and the following two years.

Financial Performance Targets	2018/19	2019/20	2020/21
Group Revenue	6,633,623	6,865,275	7,159,855
Operating Expenses	3,238,013	3,343,311	3,460,160
Profit before Tax	1,837,257	1,326,885	1,328,603
Profit after Tax	1,322,926	955,327	956,530
Net Debt	10,636,000	14,698,000	14,033,000
Total Assets	48,608,000	52,819,000	52,460,000
Shareholders' Funds	31,144,000	31,570,000	32,145,000
Operating Cashflow	2,831,000	2,246,000	2,312,000
Capital Expenditure	11,105,000	5,779,000	1,264,000
Dividend	529,000	382,000	383,000
Return on Equity	4.3%	3.1%	3.0%
Net Gearing Ratio	22.2%	29.1%	27.6%
Shareholders' Funds/Total Assets	64%	60%	61%



# Council Controlled Organisations continues

## Hawke's Bay Museums Trust

### Policies and Objectives Regarding Ownership and Control

The Hawke's Bay Museums Trust (HBMT) is a Council Controlled Organisation as three of the five-member Board are Council nominees. This is in accordance with the revised Constitution and Rules adopted 30 October 2006, which were amended to reflect the change in role to that of owner and guardian of the regional collection.

### HBMT Objectives

The objectives of the Trust are:

- To hold and protect the collection for the people of Hawke's Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay
- To advance and promote cultural heritage and the arts through the use of the collection
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council
- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way in which best industry practices benefit the collection.

### Nature and Scope of Activities

The Nature and Scope of Activities to be undertaken by Napier City Council are outlined below. These activities will be achieved in accordance with agreed best industry practice and consistent with HBMT policies and procedures.

#### 1. Protection

- Storage including pest control, storage media, shelving and air quality
  - Pest control

- Storage media
- Shelving
- Air quality
- Security including alarm and access systems and monitoring, and insurance
  - Alarm systems (burglary, fire)
  - Alarm monitoring
  - Access systems
  - Insurance (loan items, owed items)
- Records Management including Vernon database and other records
  - Vernon database
  - Other records
- 2. Quality including conservation, accessioning and de-accessioning
  - Conservation - appropriate conservation to accepted best industry practice and consistent with HBMT collection policies.
  - Accessioning - appropriate accessioning to accepted best industry practice consistent with HBMT collection policies.
  - De-accessioning - appropriate de-accessioning to accepted best industry practice consistent with HBMT collection policies.
- 3. Access including exhibitions, research and archives
  - Exhibitions - Collection available to Hastings City Art Gallery and MTG Hawke's Bay and other institutions as appropriate within accepted best industry practice.
  - Research - Collection made available through MTG Hawke's Bay as appropriate within accepted best industry practice.
  - Archives - Archives made available through MTG Hawke's Bay as appropriate within accepted best industry practice.
- 4. Development including fundraising, reserves management and relationship development.
  - Fundraising - To work with the MTG Hawke's Bay Foundation to provide funding.
  - Reserves - To appropriately manage accession reserves.

## Council Controlled Organisations continues

- Relationships - To appropriately manage relationships to allow the collection to develop appropriately.
  - Funding Councils
  - Te Rōpū Kaiawhina Taonga
  - MTG Friends

### Capital Expenditure

There is no planned expenditure on buildings or plant and machinery for the 2018-2020 periods. Accessions and conservation will be funded from grants, donations, de-accessions, and bequest and investment interest income.

### Faraday Centre

Trustees are reviewing the future direction of the Faraday Centre. This includes potentially separating this activity from the Hawke's Bay Museums Trust when a sustainable model is identified.

### Compensation from Local Authority

The costs of maintaining the collection will be equally funded by Napier City Council and Hastings District Council. Additional funding may be sought from other sources as appropriate.

The Board estimates the commercial value of the Hawke's Bay Museums Trust collection (including the Faraday Collection) at approximately \$39 million excluding GST.



# Council Controlled Organisations - Hawke's Bay Museums Trust continues

## Performance Targets

Performance targets set by HBMT are:

Key Result Area	Performance Indicator	2018-2020 Target
Protection	Full insurance cover is provided for the collection.	Yes
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to environment
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes
Access	HBMT collections are used for academic and personal research	1,500 enquiries
	Collections are made available to the public through quality exhibitions	Minimum of five collection based exhibitions
Development	Bequest funds income is used in the manner determined by the donor.	Yes
	Conservation funds income is used solely for collection care.	Yes
	Joint HBMT/Te Rōpū Kaiawhina Taonga meeting held.	1 per annum

## Other Organisations with Council's Significant Interest

### Omarunui Landfill Operation

The Omarunui Landfill site is the disposal point of refuse from Napier City and Hastings District. The site is a 180 hectare farm located off Omarunui Road in the Hastings District.

The facility is jointly owned and operated by the two Councils under a Joint Committee Agreement, the ratio being Hastings District Council 63.68% and Napier City Council 36.32%.

The facility is operated as a part of this Council's solid waste infrastructure with the charges set at a level to cover all operating and capital costs.







# *Napier City Council* **ACTIVITY GROUPS**



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*





## Introduction

In accordance with Schedule 10 Sections 2 to 5 of the LGA this section provides details on Council's activities summarized into the following groups:

Democracy and Governance

Transportation

Stormwater

Wastewater

Water Supply

Other Infrastructure

City Strategy

Community and Visitor Experiences

Property Assets

### Details for each activity include:

- Scope
- Contribution to Community Outcomes
- Performance Measures
- Where to Next
- Risk Management
- Significant Negative Effects
- Financial Information
  - Graph of operating and capital budget
  - Graph of Capital Expenditure showing Growth, Level of Service and Renewal
  - Funding Impact Statement

Note: The Funding Impact Statement does not include Vested Assets. These are included in the graphs.

# Democracy and Governance

## Scope

Council's Democracy and Governance Activity provides a democratic and consultative system for governance and decision making. The activity encompasses the management of:

- the Council meeting and decision making process
- local elections
- responses to official information requests

Napier City Council elections are held triennially and it comprises:

- Mayor and six Councillors elected by the city as a whole
- Ahuriri Ward - 1 Councillor
- Onekawa-Tamatea Ward - 1 Councillor
- Nelson Park Ward - 2 Councillors
- Taradale Ward - 2 Councillors
- The Council has no Maori Wards or Community Boards.

Council governance function is delivered through a structure of Standing Committees, Joint Committees, Specialist and Sub-Committees and Council Controlled Organisations (CCO). The Local Governance Statement (available on the website) provides information on this structure and the processes through which Napier City Council engages with the residents of Napier, how the Council makes decisions, and how citizens can participate.

The Democracy and Governance group contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Democracy and Governance				①	

The overall aims are:

- To ensure the City is developed in a sustainable manner.
- To promote economic growth.
- To promote tourism.
- To foster a safe environment.
- To be a guardian of the City's assets and infrastructure.
- To engender pride in Napier

A fundamental role of Council is to represent the community, to receive and understand their views, make good decisions for the benefit of the community, and if appropriate explain Council reasoning behind a particular decision or policy, to those who might be interested.

Democracy and Governance stakeholders are all residents of Napier City and the wider region. Consultation with stakeholders is carried out in accordance with the Significance and Engagement Policy.

Council's Maori Consultative Committee provides Maori perspective across all Council business, through the review of Council and Standing Committee's open agendas. The Committee makes recommendations to the Council on these items or any other matters relevant to Council as it considers necessary.



# Democracy and Governance continues

## Performance Measures

Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Year 4-10 (2022-28)
Council holds regular Council and Council Committee meetings that are accessible and notified to the local community	Percentage of council meetings for which meeting agenda is made publicly available four working days (internally set) before the meeting date	100%	100%	100%	100%	100%
Council will comply with legislative requirements	Annual Reports and Long Term Plans receive 'unmodified' audit opinion	100%	100%	100%	100%	100%
Council will provide governance that is effective and transparent	Percentage of residents satisfied with the 'Sufficiency of Public Information' in the NRB Public Opinion Survey	69%	75%	75%	75%	75%
Council will respond to information requests in a timely manner	Number of LGOIMA requests responded to within statutory time frames	New measure	100%	100%	100%	100%

## Where to Next

Projected total City population growth over the ten years of this activity is 3,750 or 5.98%. The projected increase in households is 1,800 or 7.03%.

Whilst important in the context of Council service delivery as a whole, population and household growth does not have a major impact on the Democracy and Governance Activity.

Future representation reviews (as required by legislation) will ensure that the wider city is well represented. Organisational capacity and capability in support of representation needs will be right sized over time accordingly.

There are no changes proposed for changes in levels of services delivered by Democracy and Governance.

Key issues for the Democracy and Governance Activity over the next 10 years include:

- Remaining relevant and engaged with the Community. Constantly finding effective and efficient ways to ensure that the community's views inform Council decision-making.
- Ensuring the community's views are heard on the regional and national stage when appropriate.
- Remaining actively involved in any discussion on the structure of Local Government in New Zealand and the Hawke's Bay and ensuring that the Napier community's views are clearly represented. Government is undertaking a review of three waters. Linkage to regional governance and opportunity for greater collaboration.
- Conducting the Triennial Local Government Elections every three years in compliance with the Local Electoral Act, the next election being 2019.
- Partaking in the development of Triennial Agreements with other Territorial Local Authorities and the Regional Council no later than 1 March following each triennial election.

# Democracy and Governance continues

## Risk Management

There is no significant risk from this activity.

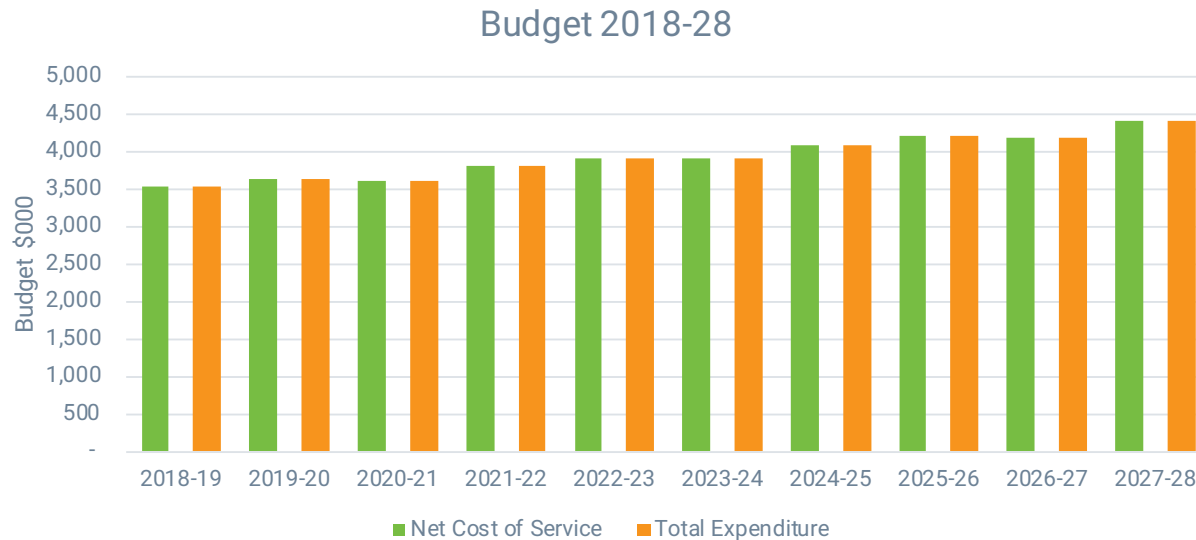
Council risk is managed through the Audit and Risk Committee which is included in this activity.

## Significant Negative Effects

Economic effects would be rates placing a burden on household budgets. Participation in council processes takes time and effort. People's ability to be involved varies depending on time and resources, and may result in lower levels of participation from some groups which could have a social impact.

## Financial Information

The graph below shows the budget for operation. Democracy and Governance activity group does not have capital expenditure.



# Democracy and Governance continues

## Napier City Council: Funding Impact Statement for 2018/28 for Democracy and Governance

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
3,320	General rates, uniform annual general charges, rates penalties	3,532	3,621	3,603	3,796	3,900	3,892	4,088	4,191	4,184	4,404
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	- Fees and charges	-	-	-	-	-	-	-	-	-	-
-	- Internal charges and overhead recoveries	-	-	-	-	-	-	-	-	-	-
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
<b>3,320</b>	<b>Total operating funding (A)</b>	<b>3,532</b>	<b>3,621</b>	<b>3,603</b>	<b>3,796</b>	<b>3,900</b>	<b>3,892</b>	<b>4,088</b>	<b>4,191</b>	<b>4,184</b>	<b>4,404</b>
	<b>Applications of operating funding</b>										
-	- Payments to staff and suppliers	-	-	-	-	-	-	-	-	-	-
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
3,320	Internal charges and overheads applied	3,532	3,621	3,603	3,796	3,900	3,892	4,088	4,191	4,184	4,404
-	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>3,320</b>	<b>Total applications of operating funding (B)</b>	<b>3,532</b>	<b>3,621</b>	<b>3,603</b>	<b>3,796</b>	<b>3,900</b>	<b>3,892</b>	<b>4,088</b>	<b>4,191</b>	<b>4,184</b>	<b>4,404</b>
-	<b>Surplus/(deficit) of operating funding (A - B)</b>	-	-	-	-	-	-	-	-	-	-
	<b>Sources of capital funding</b>										
-	- 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)	-	-	-	-	-	-	-	-	-	-

## Funding Impact Statement for 2018/28 for Democracy and Governance continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve the level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
-	<b>Total application of capital funding (D)</b>	-	-	-	-	-	-	-	-	-	-
-	<b>Surplus/(deficit) of capital funding (C - D)</b>	-	-	-	-	-	-	-	-	-	-
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
	Group depreciation & amortisation										

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds in a more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

# Transportation

## Scope

We own, maintain and develop the local transportation network. The city's road network provides accessibility to Napier residents and visitors within a safe, clean and aesthetic environment. The activities within this group include the installation and maintenance of the physical components; roads, footpaths, traffic and pedestrian bridges and structures, street lighting, drainage, traffic services and safety (e.g. street furniture, traffic lights, signage), as well as the planning, management and amenity and safety maintenance to ensure the system is clean, safe and able to cope with future needs.

Transportation corridors are a key element of the local environment, supporting the community and economy. It is essential that transportation continues to be delivered to an appropriate standard to achieve national, regional and NCC's strategic objectives and desired outcomes.

We provide the following to the City of Napier:

- 301km of urban roads and footpaths
- 56km of rural roads
- 45km of cycle paths
- 480km of kerb and channel

- 8,616 street lights
- 3,400 amenity lights
- 8 vehicle bridges
- 10 pedestrian bridges
- 61 culverts larger than 900mm in diameter
- 5,441 sumps and manholes
- 1,369 culverts less than 900mm in diameter
- 15,822m of traffic islands
- 9,555m safety barriers and railings
- 5,902 street trees
- 6,885 street signs
- 24 bus shelters

The Transportation group contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
A transportation system that is safe and affordable, and catered for all modes: cars, cycles, pedestrians, and disabled users	②	①	②	②	②

# Transportation continues

## Performance Measures

Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Year 4-10 (2022-28)
Provide roads well maintained with adequate lighting and cleaning programmes to meet resident expectations	Percentage residents satisfied (very satisfied and fairly satisfied with "roads" in the NRB Public Opinion Survey	92%	90%	90%	90%	90%
Provide well maintained footpaths and cycleways to meet resident expectations.	Percentage residents being satisfied (very satisfied or fairly satisfied) with "footpaths" in the NRB public opinion survey	85%	84%	84%	84%	84%
Design and construct safety improvements to minimize the number of injury crashes (Mandatory measure 1)	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	+5	-1	-1	-1	-1
Provide roads well maintained (Mandatory measure 2)	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	93%	>85%	>85%	>85%	>85%
Provide adequate renewal of road surfacing (Mandatory measure 3)	The percentage of the sealed local road network that is resurfaced annually	6.8%	7.1%	7.1%	7.1%	7.1%
Provide well maintained footpaths and cycleways (Mandatory measure 4)	Percentage of footpaths and cycleways rated 4 or 5 (rating 1 best to 5 worst) based on independent survey	new target 0.89% of 527,563km	≤1%	≤1%	≤1%	≤1%
The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the Ten Year Plan. (Mandatory measure 5)	Percentage responded to within 5 working days	86%	90%	90%	90%	90%

# Transportation continues

## Where to Next

The provision of services in the roading activity group is business as usual, including upgrades of existing roads and installation of new footpaths, etc. It includes a particular focus on addressing safety issues and upgrading ageing infrastructure in the form of intersection upgrades and resurfacing.

Napier City Council has initiated a new transportation strategy review to ensure the network meets current and future needs in a consistent and affordable manner.

Napier is fast becoming one of the best places in New Zealand to ride a bike, in line with the 'Pedal Power' principle in the City Vision statement. Significant development of the on and off road cycle network has resulted in a much improved network, but this must be continued for cycling to become a safe and attractive option for a wider cross section of journey types and users to and from most destinations.

In order to thrive and attract new investment, the CBD must be a place which supports business, their customers and the wider community. Napier's position as a destination for global tourists further promotes the need for the central city to be attractive, safe, logical, convenient and pedestrian-friendly. Significant gains have been made in the last few years but some streets are not yet delivering these outcomes. A series of investments are proposed to leverage off the work already completed to continue to revitalize the CBD.

Puketitiri Road, from Church Road to Quarry Ridge, suffers from narrow carriageways, poor alignment, inadequate retaining structures and limited edge protection. It is seeing an increase in heavy and light traffic volumes through rural residential development and logging operations outside the City boundaries. Improvement works, including realignment and widening are included in the first four years of the LTP.

Local Area Traffic Management (LATM) schemes provide traffic calming across neighbourhoods to improve the safety of all road users, with a focus on the young and the vulnerable. LATM schemes are developed with the community, to ensure that works are addressing the needs of the community. The proposed 10 year programme includes Marewa, Pirimai, Maraenui, Jervoistown, Onekawa, Greenmeadows and Tamatea. Much of this work will be eligible for NZTA funding assistance.

Work with NZTA around port access and remedial work required for Inner Harbour.

New projects that have been signalled in this LTP include:-

- Delivery of cycle infrastructure \$9.5m
- Intersection upgrades \$11.5m
- CBD Development \$14m
- Ahuriri Estuary Masterplan in later years on the plan \$13m
- Puketitiri Rd upgrade \$8.9m
- Local Area Traffic Management (LATM) schemes \$2.2m

## Risk Management

The quantity and quality of data relating to Council's 18 bridges, 61 large culverts and 450+ (mixed ownership) large retaining structures has been identified as an area that can be significantly improved in order to better understand the future renewal requirements for these critical key assets. This will be addressed through the implementation of an intensive programme of asset condition assessments and a concurrent review of what data is available (including how it is managed) over the initial six years of this strategy in order to better inform the renewals programme in order for them to be refined in future LTPs.

Council has identified areas of the work programme where a greater degree of risk can be accommodated in an effort to maximise the value benefit of surfacing investment (e.g. accepting that pothole repairs may be needed on low volume roads where the consequences of isolated pavement failures are not high). This approach will take several years to refine, but with improved asset data collection occurring over the same period, there is potential for significant cost benefits with minimal Level of Service risks.

The transportation activity indirectly affects the quality of the natural environment by way of sediment-laden stormwater discharged from the City's roads to the estuary and ocean at multiple points. Council will be investigating opportunities and implementing solutions to improve the environmental performance of all activities.

## Transportation continues

From a transport perspective, this will include:

- strengthening regulatory controls and enforcement with regard to managing spills and/or,
- strengthening regulatory controls and enforcement to restrict sediment deposits onto roads,
- retrofitting devices in the stormwater network to remove contaminated sediment from stormwater,
- environmentally sustainable practices integrated with construction standards and road design.

### Significant Negative Effects

Economic effects stem from congestion and disruption to users of the network (such as freight vehicles) during continual upgrades and construction.

The environmental effects include the following:

- Vehicle emissions contribute to a larger carbon footprint
- Noise and visual impacts
- Potential for habitat fragmentation
- Potential loss of open spaces and productive land to accommodate population growth and corresponding demand for more infrastructure

Social impacts range from the loss of walkways and cycleways if they are not adequately incorporated into roading proposals, and any loss of amenity which is defined as the quality and characteristics of an area that contribute to people's appreciation of its pleasantness, and cultural and recreational attributes.

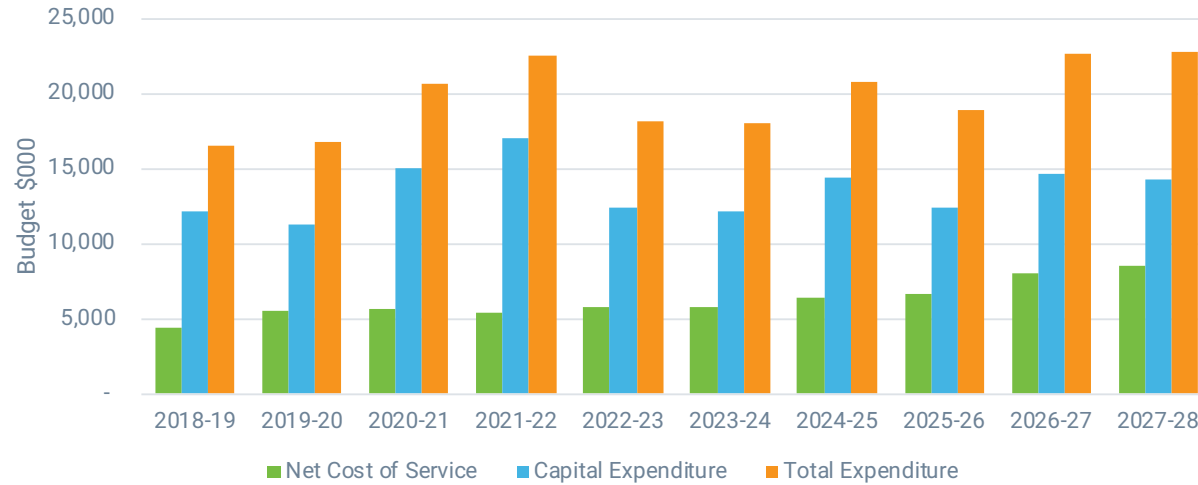




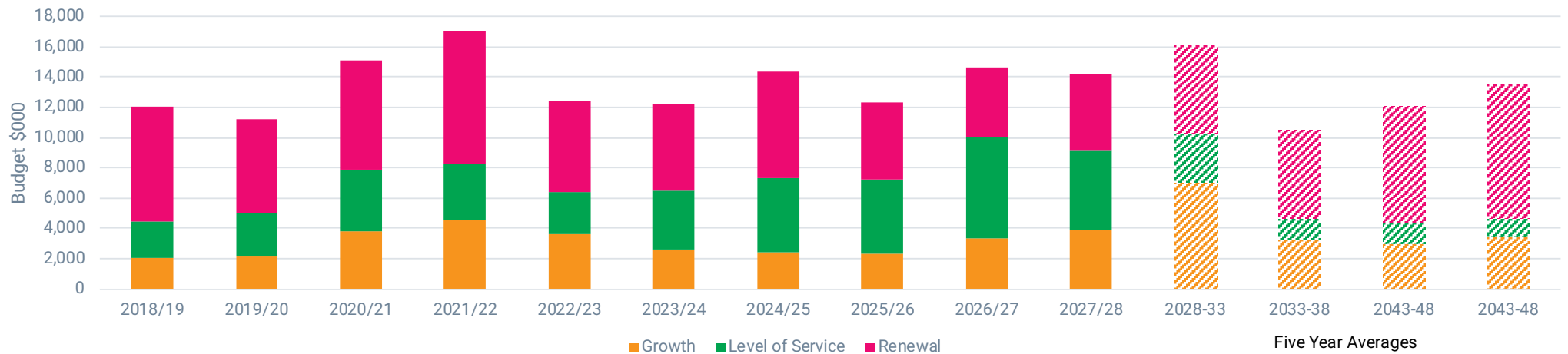
## Financial Information

The following graphs show the budget for operation and capital.

### Budget 2018-28



### Transportation - Capital Expenditure



## Napier City Council: Funding Impact Statement for 2018/28 for Transportation

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
10,004	General rates, uniform annual general charges, rates penalties	9,444	9,856	9,987	9,865	10,647	11,810	11,849	13,146	12,656	12,726
149	Targeted rates	149	149	149	149	149	149	149	149	149	149
2,037	Subsidies and grants for operating purposes	1,758	1,755	1,816	1,880	1,949	2,019	2,095	2,176	2,258	2,346
11	Fees and charges	111	113	115	118	121	123	126	130	133	136
986	Internal charges and overhead recoveries	746	514	411	692	655	697	714	261	268	20
414	Local authorities fuel tax, fines, infringement fees, and other receipts	414	415	415	416	417	417	418	419	420	421
<b>13,599</b>	<b>Total operating funding (A)</b>	<b>12,622</b>	<b>12,802</b>	<b>12,893</b>	<b>13,120</b>	<b>13,938</b>	<b>15,215</b>	<b>15,351</b>	<b>16,281</b>	<b>15,884</b>	<b>15,798</b>
	<b>Applications of operating funding</b>										
7,357	Payments to staff and suppliers	6,868	6,902	7,142	7,393	7,665	7,942	8,210	8,528	8,852	9,198
-	Finance costs										
1,594	Internal charges and overheads applied	1,452	1,508	1,599	1,761	1,887	1,972	2,051	2,137	2,160	2,336
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>8,951</b>	<b>Total applications of operating funding (B)</b>	<b>8,320</b>	<b>8,410</b>	<b>8,741</b>	<b>9,154</b>	<b>9,552</b>	<b>9,914</b>	<b>10,261</b>	<b>10,665</b>	<b>11,012</b>	<b>11,534</b>
<b>4,648</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>4,302</b>	<b>4,392</b>	<b>4,153</b>	<b>3,966</b>	<b>4,386</b>	<b>5,301</b>	<b>5,090</b>	<b>5,616</b>	<b>4,872</b>	<b>4,264</b>
	<b>Sources of capital funding</b>										
2,902	Subsidies and grants for capital expenditure	4,106	3,264	3,545	4,196	4,226	4,860	4,750	5,028	4,084	4,211
1,651	Development and financial contributions	1,548	1,831	1,985	1,756	1,850	1,613	1,652	2,165	2,219	2,531
1,883	Increase/(decrease) in debt	1,887	2,759	4,176	4,902	1,769	402	2,748	107	3,486	3,032
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>6,436</b>	<b>Total sources of capital funding (C)</b>	<b>7,541</b>	<b>7,854</b>	<b>9,706</b>	<b>10,854</b>	<b>7,845</b>	<b>6,875</b>	<b>9,150</b>	<b>7,300</b>	<b>9,789</b>	<b>9,774</b>

## Funding Impact Statement for 2018/28 for Transportation continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
1,815	- to meet additional demand	510	940	3,273	4,119	2,850	794	40	12	644	1,682
5,065	- to improve the level of service	2,345	2,826	3,466	2,936	1,990	3,552	4,605	5,344	7,263	5,161
7,041	- to replace existing assets	8,049	6,267	7,082	8,732	6,244	6,527	8,403	5,608	5,274	5,906
-2,838	Increase (decrease) in reserves	939	2,213	37	(967)	1,147	1,303	1,192	1,952	1,480	1,289
-	Increase (decrease) of investments										
<b>11,083</b>	<b>Total application of capital funding (D)</b>	<b>11,843</b>	<b>12,246</b>	<b>13,858</b>	<b>14,820</b>	<b>12,231</b>	<b>12,176</b>	<b>14,240</b>	<b>12,916</b>	<b>14,661</b>	<b>14,038</b>
<b>(4,648)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(4,302)</b>	<b>(4,392)</b>	<b>(4,152)</b>	<b>(3,966)</b>	<b>(4,386)</b>	<b>(5,301)</b>	<b>(5,090)</b>	<b>(5,616)</b>	<b>(4,872)</b>	<b>(4,264)</b>
<b>-</b>	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Note: Excluded from Above										
6,150	Group depreciation & amortisation	6,097	6,302	6,544	6,749	6,866	7,095	7,321	7,641	7,989	8,248

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# Stormwater

## Scope

The Napier City Council operates a stormwater collection and disposal system that include both piped and open waterway components within the city to provide stormwater services to the public.

Council has a statutory responsibility to ensure stormwater is managed through ownership and management of its own stormwater drainage network. The Council is the only viable provider of this 'public good' service for the well-being of the community. Stormwater is a mandatory group of activities and must be included in the 30-year Infrastructure Strategy as an infrastructure asset.

Council provides and maintains a stormwater disposal system for Napier with the aim to minimise the effects of flooding. The system, serving approximately 97% of the city's population, consists of open drains, stormwater mains, and pump stations with about 75% of Napier reliant on pumped systems for stormwater drainage.

We provide:

- 222km stormwater mains
- 46.4km open drains
- 10 pump stations
- 2 detention dams
- 4,818 manholes

The Stormwater group contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Stormwater	②	①	②	②	②

# Stormwater continues

## Performance Measures

Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
The Stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Number of flooding events that occur per year (Mandatory measure 1)	none	≤ 1	≤ 1	≤ 1	≤ 1
	For each flooding event, the number of habitable floors affected per 1,000 properties (Mandatory measure 1)	none	≤ 1	≤ 1	≤ 1	≤ 1
	Median response time to attending a flood event (notification to personnel being on site) (Mandatory measure 3)	no event	≤ 2 hours	≤ 2 hours	≤ 2 hours	≤ 2 hours
Stormwater is collected and disposed of in a manner that protects public and environmental health	Compliance with resource consents for discharge from the stormwater system as measured by the number of:	nil	nil	nil	nil	nil
	a) Abatement Notices	nil	nil	nil	nil	nil
	b) Infringement Notices	1	nil	nil	nil	nil
	c) Enforcement Orders	nil	nil	nil	nil	nil
Residents are satisfied with Council's Stormwater service	d) Convictions received in relation to stormwater resource consents (Mandatory measure 2)					
	Number of complaints received about performance of stormwater system (per 1,000 properties connected) (Mandatory measure 4)	3.2	≤5	≤5	≤5	≤5
	Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey	87%	89%	89%	89%	89%

## Where to next

Napier's flat, low-lying terrain requires that approximately 75% of stormwater needs pumping with about 70% of stormwater discharging via the Ahuriri Estuary. The Council's goal with respect to flood protection is to provide protection to houses, business and commercial buildings from a rain event with a 50-year return period. At present, this target cannot be met in localised areas already developed within the city.

At present, the Council is developing a modern network wide hydraulic model to use as a tool for assessing and analysing the stormwater system. The development of a stormwater hydraulic model has been prioritised and funds have been allocated in the first year of the LTP. This model will then be used to:

- Update flood hazard maps and system performance maps
- Assess upgrade options and need for new assets taking into account growth and future climate changes
- Identify minimum floor levels to inform new development

In providing stormwater solutions to the city, the Council will promote low impact design concepts by updating the Council's code of practice for new developments and this will be supported through the review of Council's District Plan (2020).

In the Infrastructure Strategy, proposed stormwater projects value \$36 million from year 4 to year 30 to address stormwater issues. This programme will be reviewed

## Stormwater continues

prior to 2021 using the network model, and an updated programme will be included in the 2021-31 LTP.

The Council is developing a major programme of work to improve the quality of stormwater discharged into the receiving water bodies over the next 30 years, this includes implementation of Ahuriri Estuary Masterplan. The 2018-28 LTP includes funding of \$6 million for the delivery of stormwater quality improvements over the next 30 years. This budget will be reviewed following the finalisation of the Ahuriri Estuary Masterplan.

### Risk Management

The majority of Napier's stormwater is discharged into Ahuriri Estuary, which is a very sensitive ecological and cultural environment. The quality of the water in the Estuary is greatly influenced by the quality of stormwater discharge from Council networks and from activities undertaken upstream of the city boundaries.

The investment in stormwater quality improvements identified in this plan will progressively improve Council's performance on stormwater quality issues.

### Significant Negative Effects

The primary effects are economic based on compliance costs associated with the activity such as discharge consents. The environment could have negative effects on receiving waters from contaminated stormwater.

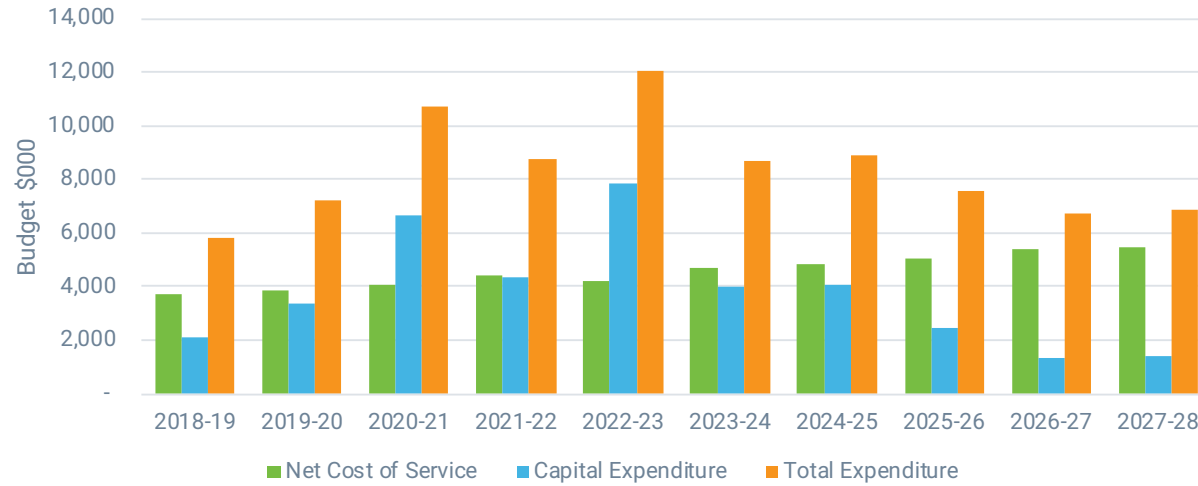


# Stormwater continues

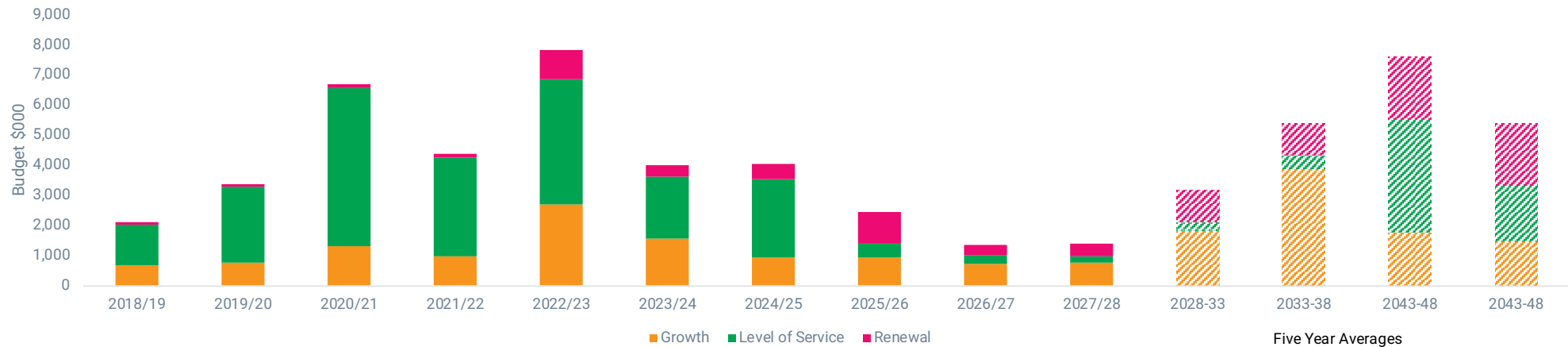
## Financial Information

The following graphs show the budget for operation and capital.

### Budget 2018-28



### Stormwater - Capital Expenditure



## Napier City Council: Funding Impact Statement for 2018/28 for Stormwater

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
3,177	General rates, uniform annual general charges, rates penalties	4,071	3,927	3,895	4,446	4,318	4,545	4,681	4,938	5,067	5,163
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	- Fees and charges	-	-	-	-	-	-	-	-	-	-
207	Internal charges and overhead recoveries	153	104	83	142	134	143	146	51	52	-
49	Local authorities fuel tax, fines, infringement fees, and other receipts	49	50	52	53	54	55	57	58	59	61
<b>3,433</b>	<b>Total operating funding (A)</b>	<b>4,273</b>	<b>4,081</b>	<b>4,030</b>	<b>4,641</b>	<b>4,506</b>	<b>4,743</b>	<b>4,884</b>	<b>5,047</b>	<b>5,178</b>	<b>5,224</b>
	<b>Applications of operating funding</b>										
1,121	Payments to staff and suppliers	1,166	1,238	1,275	1,357	1,405	1,438	1,495	1,627	1,667	1,710
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
898	Internal charges and overheads applied	1,145	1,177	1,222	1,350	1,432	1,526	1,590	1,649	1,657	1,742
-	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>2,019</b>	<b>Total applications of operating funding (B)</b>	<b>2,311</b>	<b>2,415</b>	<b>2,497</b>	<b>2,707</b>	<b>2,837</b>	<b>2,964</b>	<b>3,085</b>	<b>3,276</b>	<b>3,324</b>	<b>3,452</b>
<b>1,414</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,962</b>	<b>1,666</b>	<b>1,533</b>	<b>1,934</b>	<b>1,669</b>	<b>1,779</b>	<b>1,799</b>	<b>1,771</b>	<b>1,855</b>	<b>1,772</b>
	<b>Sources of capital funding</b>										
-	- Subsidies and grants for capital expenditure										
508	Development and financial contributions	470	532	567	523	546	484	496	607	622	692
355	Increase/(decrease) in debt	410	1,339	4,040	2,246	3,604	1,912	2,462	294	301	309
-	- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>863</b>	<b>Total sources of capital funding (C)</b>	<b>880</b>	<b>1,871</b>	<b>4,607</b>	<b>2,769</b>	<b>4,150</b>	<b>2,396</b>	<b>2,958</b>	<b>901</b>	<b>923</b>	<b>1,001</b>



## Funding Impact Statement for 2018/28 for Stormwater continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
480	- to meet additional demand	250	102	-	-	55	-	-	59	-	-
655	- to improve the level of service	1,330	2,739	6,060	3,820	6,585	3,304	2,324	35	126	37
275	- to replace existing assets	65	66	146	69	699	184	1,219	1,837	680	792
867	Increase (decrease) in reserves	1,197	630	-66	814	-1,520	687	1,214	741	1,971	1,944
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>2,277</b>	<b>Total application of capital funding (D)</b>	<b>2,842</b>	<b>3,537</b>	<b>6,140</b>	<b>4,703</b>	<b>5,819</b>	<b>4,175</b>	<b>4,757</b>	<b>2,672</b>	<b>2,778</b>	<b>2,773</b>
<b>(1,414)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,962)</b>	<b>(1,666)</b>	<b>(1,533)</b>	<b>(1,934)</b>	<b>(1,669)</b>	<b>(1,779)</b>	<b>(1,799)</b>	<b>(1,771)</b>	<b>(1,855)</b>	<b>(1,772)</b>
<b>-</b>	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Note: Excluded from Above										
2,199	Group depreciation & amortisation	2,553	2,579	2,736	2,877	2,590	2,903	2,980	3,041	3,334	3,342

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds in a more transparent manner than might be the case if only the usual GAAP financial statements were provided.

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The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

# Wastewater

## Scope

Council provides and maintains a safe, effective and efficient domestic sewage collection, treatment and disposal system to help maintain community health. In addition, we provide for a separate industrial sewage collection and disposal system for selected trade waste customers.

Council provides:

- 44 pump stations
- 380km wastewater mains
- Biological Trickling Filter plant (Awatoto)
- Milliscreen plant (Awatoto)
- 1,500m long marine outfall pipe
- 93% of Napier’s population serviced by reticulation system

Under the Local Government Act 2002, the Resource Management Act 1991 and the Building Act 2004, we are obliged to provide a sewerage service, which collects, transports and disposes of household wastewater. Council aims to protect human health and the environment and by being best placed, they can provide this ‘public good’ service. Wastewater is a mandatory group of activities and must be included in the 30-year Infrastructure Strategy as an infrastructure asset.

The Wastewater group contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Wastewater	②	①	②	②	②

# Wastewater continues

## Performance Measures

Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
The collection, reticulation and disposal of household wastewater in a manner that protects the environment and public health	System Adequacy - Dry weather overflows (per 1,000 connections) (Mandatory measure 1)	0.12	<0.1	<0.1	<0.1	<0.1
	Discharge compliance - Compliance with resource consents:					
	a. Abatement Notices	1	-	-	-	-
	b. Infringement Notices	zero	-	-	-	-
	c. Enforcement Orders	zero	-	-	-	-
	d. Convictions	zero	-	-	-	-
	(Mandatory measure 2)					
	Fault response time - Median response times to sewerage overflows:					
	a. Attendance time from notification to staff on site	0.69 hours	<2 hours	<2 hours	<2 hours	<2 hours
	b. Resolution time from receipt of notification to resolution	2.07 hours	<8 hours	<8 hours	<8 hours	<8 hours
	(Mandatory measure 3)					
Customer Satisfaction	Customer satisfaction - Total number of complaints per 1,000 connections relating to sewage odour, sewerage system faults, sewerage system blockages and response to issues with Napier's sewerage system. (Mandatory measure 4)	9.56	≤36	≤36	≤36	≤36

# Wastewater continues

## Where to next

At present, the Council is creating a modern hydraulic computer model to use as a tool for assessing and analysing the wastewater system. The development of a wastewater hydraulic model has been prioritised and funds have been allocated in the first year of the LTP. This model will then be used to:

- Identify capacity constraints within the piped network and pumping infrastructure
- Assess upgrade options and need for new assets taking into account growth and future climate changes
- Rationalisation of catchments and reticulation to maximise system resilience

In addition to the development of a hydraulic network model, Council have committed to operational and capital planning for the next 30 years to deliver the wastewater activity in the most efficient and effective manner, at the required levels of service.

Work in this plan includes:

- On-going condition assessments
- Areas with repetitive issues have been investigated, looking at long term solutions
- Continue with on-going reticulation upgrades and renewals informed by the use of the hydraulic model
- On-going protection of Community Health through an education campaign for non-reticulated and reticulated system maintenance
- Investigation of approximately 70km of wastewater mains to assist with developing the renewals programme
- On-going inflow and infiltration programme aimed at reducing illegal and excess flows in the wastewater system
- The carrying out of critical maintenance of the Milliscreen Plant

- Investigate the condition of pump station wet wells and implement suitable renewals work

The upgrading and rationalising of several sewer mains will be investigated. The object is to reduce surcharging in catchments that have issues during wet weather, provide capacity in the receiving catchment and improve system resilience.

Work is underway to identify options for wastewater treatment which will lift the quality of the wastewater discharge, reduce demand on that particular outfall and increase the resilience of the City's wastewater system in the event of a natural disaster.

## Risk Management

The Marine Outfall was constructed in 1973 with a life expectancy of 80 years. The outfall is located in an aggressive environment and requires ongoing maintenance. A comprehensive condition assessment of the diffuser was undertaken in 2016.

The consent for the wastewater disposal via the treatment facility and ocean outfall is due to expire in 2037. It is anticipated that there is likely to be a tightening of consent conditions in relation to treatment standards however as yet it is not clear what these might be. Added to this condition and performance of the outfall is somewhat degraded and the treatment plant and outfall are a single point of failure vulnerable to a seismic hazard. Consequently replacing or upgrading of the outfall is planned in the years 2026 to 2029.

Wastewater renewals modelling shows an increase in renewals requirements over the next 30 years. On-going condition assessments and planning will further refine the renewal profile.

## Significant Negative Effects

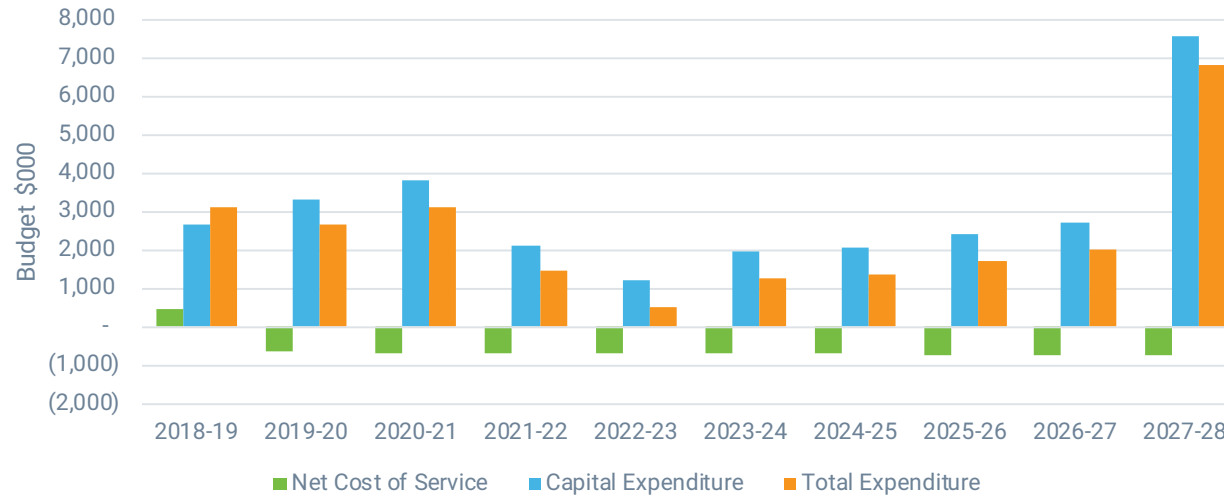
There could be cultural impacts of sewage discharge through outfall on the marine environment by damaging kaimoana (seafood). The economic effect of increasing costs and pressure on sewerage requirements may be passed on to developers, increasing the cost of building and/or purchasing real estate in Napier. The infrastructure required to collect, treat, and dispose of sewage may be considered to be aesthetically offensive to the environment.

# Wastewater continues

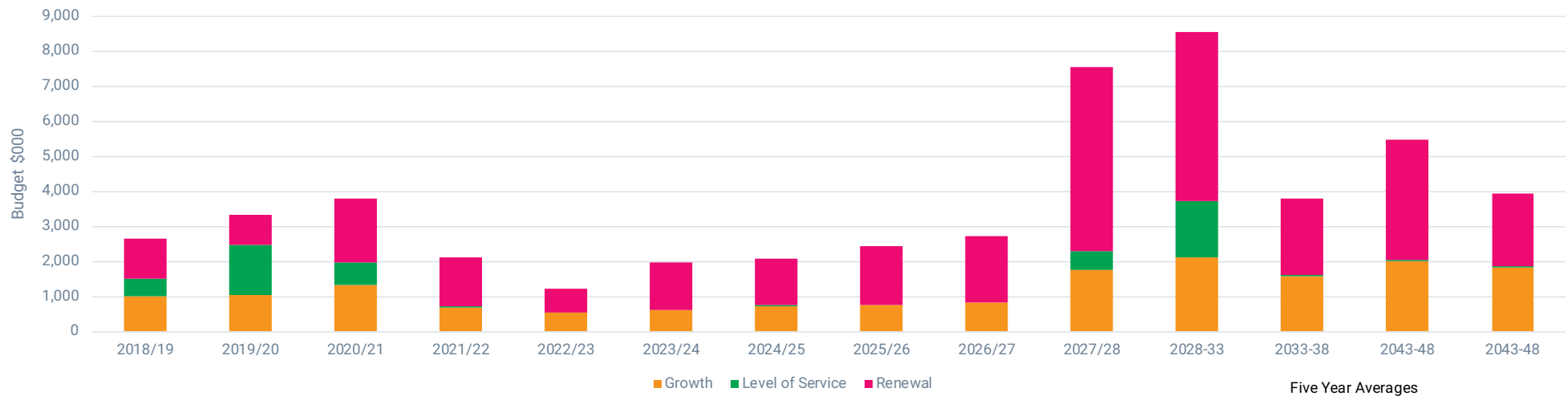
## Financial Information

The following graphs show the budget for operation and capital.

### Budget 2018-28



### Sewerage - Capital Expenditure



## Napier City Council: Funding Impact Statement for 2018/28 for Wastewater

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
-	General rates, uniform annual general charges, rates penalties	(1,875)	(1,718)	(2,152)	(2,370)	(1,891)	(2,002)	(1,786)	(1,696)	(1,951)	(1,836)
7,421	Targeted rates	8,063	8,256	8,666	8,972	8,681	8,973	8,959	9,035	9,434	9,595
-	Subsidies and grants for operating purposes										
451	Fees and charges	553	564	576	588	602	615	621	633	637	653
103	Internal charges and overhead recoveries	77	52	41	71	67	71	73	25	26	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
<b>7,975</b>	<b>Total operating funding (A)</b>	<b>6,818</b>	<b>7,154</b>	<b>7,131</b>	<b>7,261</b>	<b>-7,459</b>	<b>7,657</b>	<b>7,867</b>	<b>7,997</b>	<b>8,146</b>	<b>8,412</b>
	<b>Applications of operating funding</b>										
2,302	Payments to staff and suppliers	4,082	3,101	3,170	3,240	3,316	3,392	3,474	3,562	3,650	3,744
-	Finance costs										
1,246	Internal charges and overheads applied	1,300	1,327	1,380	1,467	1,534	1,574	1,609	1,650	1,654	1,760
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>3,548</b>	<b>Total applications of operating funding (B)</b>	<b>5,382</b>	<b>4,428</b>	<b>4,550</b>	<b>4,707</b>	<b>4,850</b>	<b>4,966</b>	<b>5,083</b>	<b>5,212</b>	<b>5,304</b>	<b>5,504</b>
<b>4,427</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,436</b>	<b>2,726</b>	<b>2,581</b>	<b>2,554</b>	<b>2,609</b>	<b>2,691</b>	<b>2,784</b>	<b>2,785</b>	<b>2,842</b>	<b>2,908</b>
	<b>Sources of capital funding</b>										
-	Subsidies and grants for capital expenditure										
160	Development and financial contributions	151	180	196	172	181	157	161	215	220	252
-	Increase/(decrease) in debt	170	1,099	600	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>160</b>	<b>Total sources of capital funding (C)</b>	<b>321</b>	<b>1,279</b>	<b>796</b>	<b>172</b>	<b>181</b>	<b>157</b>	<b>161</b>	<b>215</b>	<b>220</b>	<b>252</b>

## Funding Impact Statement for 2018/28 for Wastewater continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
-	- to meet additional demand	550	613	1,044	-	-	-	-	-	-	-
100	- to improve the level of service	400	1,380	303	32	-	-	34	-	-	656
2,507	- to replace existing assets	1,310	915	2,031	1,665	775	1,520	1,580	1,949	2,239	6,383
1,980	Increase (decrease) in reserves	-503	1,097	-1	1,029	2,015	1,328	1,331	1,051	823	-3,879
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>4,587</b>	<b>Total application of capital funding (D)</b>	<b>1,757</b>	<b>4,005</b>	<b>3,377</b>	<b>2,726</b>	<b>2,790</b>	<b>2,848</b>	<b>2,945</b>	<b>3,000</b>	<b>3,062</b>	<b>3,160</b>
<b>(4,427)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,436)</b>	<b>(2,726)</b>	<b>(2,581)</b>	<b>(2,554)</b>	<b>(2,609)</b>	<b>(2,691)</b>	<b>(2,784)</b>	<b>(2,785)</b>	<b>(2,842)</b>	<b>(2,908)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
4,310	Group depreciation & amortisation	4,324	4,378	4,676	4,836	4,413	4,601	4,484	4,445	4,766	4,744

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# Water Supply

## Scope

Council provides a water supply system for the supply of safe potable water as well as for firefighting purposes. Water drawn from the Heretaunga Plains aquifer and treated via chlorination prior to being distributed through the network of reservoirs and pipelines. Water is reticulated to the Napier urban area and to Bay View. Council has a programme in place to manage the usage of water, a precious natural resource, to minimise wastage and shortages.

We provide the following to the city of Napier:

- 10 ground water and 8 booster pump stations
- 11 service reservoirs situated on 8 sites
- 482km of water mains (47km of critical mains and 435km of distribution mains)
- 93% of Napier’s population is serviced by reticulation system

Under the Local Government Act 2002, Council has an obligation to continue to provide water supply services to those communities already serviced within our territorial boundaries. Under the Health (Drinking Water) Amendment Act 2007, Council must protect public health by maintaining the quality of drinking-water provided to communities. Water supply is a mandatory group of activities and must be included in the 30 year Infrastructure Strategy as an infrastructure asset. We are best placed to deliver this ‘public good’.

The ongoing renewal, monitoring and maintenance of the Water Supply network are essential to ensure the Napier public’s health and safety.

The Water Supply group contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Water Supply		①	②	②	②



# Water Supply continues

## Performance Measures

Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Safeguard Public Health	Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria) (Mandatory measure 1)	achieved	achieved	achieved	achieved	achieved
	Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria) (Mandatory measure 1)	achieved	achieved	achieved	achieved	achieved
Management of Environmental Impacts	The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance (Mandatory measure 2)	18.4%	≤ 22%	decrease on previous year	decrease on previous year	decrease on previous year
	Average annual consumption of drinking water per day per resident (Mandatory measure 5)	570L	<490 L	<470 L	<450 L	<430 L
	Median response times from time notification received (Mandatory measure 3):					
	Attendance time for urgent call outs	28 minutes	≤ 90 minutes	≤ 90 minutes	≤ 90 minutes	≤ 90 minutes
	Resolution time for urgent call outs	51 minutes	≤ 6 hours	≤ 6 hours	≤ 6 hours	≤ 6 hours
	Attendance for non-urgent call outs	1.2 hours	≤ 8 hours	≤ 8 hours	≤ 8 hours	≤ 8 hours
	Resolution time for non-urgent call outs	3.2 hours	≤ 72 hours	≤ 72 hours	≤ 72 hours	≤ 72 hours
Customer Satisfaction	Total number of complaints per 1,000 connections relating to drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow and continuity of supply (Mandatory measure 4)	0.19	≤ 2	≤ 2	≤ 2	≤ 2
	Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey	67%	89%	89%	89%	89%

# Water Supply continues

## Where to next

Council will consider the increased demand for water supply based on increasing population and climate change. We will also carry out a review of the network configuration to identify how resilience can be improved.

The most significant implications for Napier water from the Havelock North Inquiry Report no.2 are the recommendations for compulsory chlorination of water and loss of groundwater security. Napier City Council has already undertaken significant work to enable temporary chlorination of the water supply following a series of very low-level contamination results early in 2017. However, the water supply network is not configured for large-scale permanent chlorination.

Council has proactively implemented a number of Water Safety projects developed in response to the Havelock North Water Stage II Inquiry Report and the legislative changes that are anticipated as a result of that process, on the basis of having a low tolerance to health risk and taking all reasonable and practicable steps in doing so.

In addition to this work, the following plans are projects to ensure appropriate management of Napier's water supply network:

- Replacement of 4 underground bores with above ground bores
- Flow optimisation at Reservoirs
- Network configuration to optimise water quality
- Requirements for improving resilience
- Demands of growth on services

## Risk Management

There is currently a wider regional discussion taking place about capping the total amounts of water drawn from the aquifers and rivers. As the region's population grows in conjunction with regional economic activity, it is likely that the City will need to be much more proactive in demand management of its water supply. In the immediate term, the activity needs to determine where in the city most of its consumption occurs. As a result, there is a project proposed in the LTP to establish district water zones and monitor the water usage in these zones.

The aquifer that Napier draws its water from is fed from the Hastings district. As such Napier needs to investigate means to assure itself of the protection of the upstream aquifer and the safety of the water source. Council will also need to allow for changes in groundwater quality and aquifer levels that may result from other environmental factors outside Napier's ability to control.

If secure classification of groundwater is withdrawn in the future, the Napier water supply cannot meet specific criteria of the current drinking water standards without appropriate treatment. The current arrangement of treatment is not appropriate for permanent chlorination. Replacing and relocating of some of the bores is required to provide a satisfactory solution. A project to replace the vulnerable bores with new bores at a safer and convenient location for water treatment has been included in the LTP. The estimated cost of this project is approximately \$2 million.

The existing suite of reservoirs have sufficient capacity for 24 hour storage during average demand only. During peak demand, reservoir levels experience significant draw down, putting significant pressure on 24 hour storage and firefighting capacity allocations. A new reservoir will be commissioned in 2018 which will improve this situation. Enfield reservoir is one Napier's critical reservoirs and will need replacement in the near future due to structural vulnerability. A project is proposed in the LTP in years 2022 to 2025 to replace this reservoir at an estimated cost of \$10 million. Proposal of a new reservoir project is in the LTP to service future growth in the western hills. The estimated project cost is at \$2 million.

Recent modelling of the water network has confirmed that there is no significant capacity issue in the existing network and its ability to cater for 30-year growth projections. However, a project has been proposed in the LTP to install an additional supply main from the Taradale bore field to the Taradale reservoir as part of the network reconfiguration to improve water quality. This pipe will separate customers from direct contact with the source water, provide increased operational flexibility and additional resilience in a critical element of the water supply. The estimated cost is approximately \$7 million.

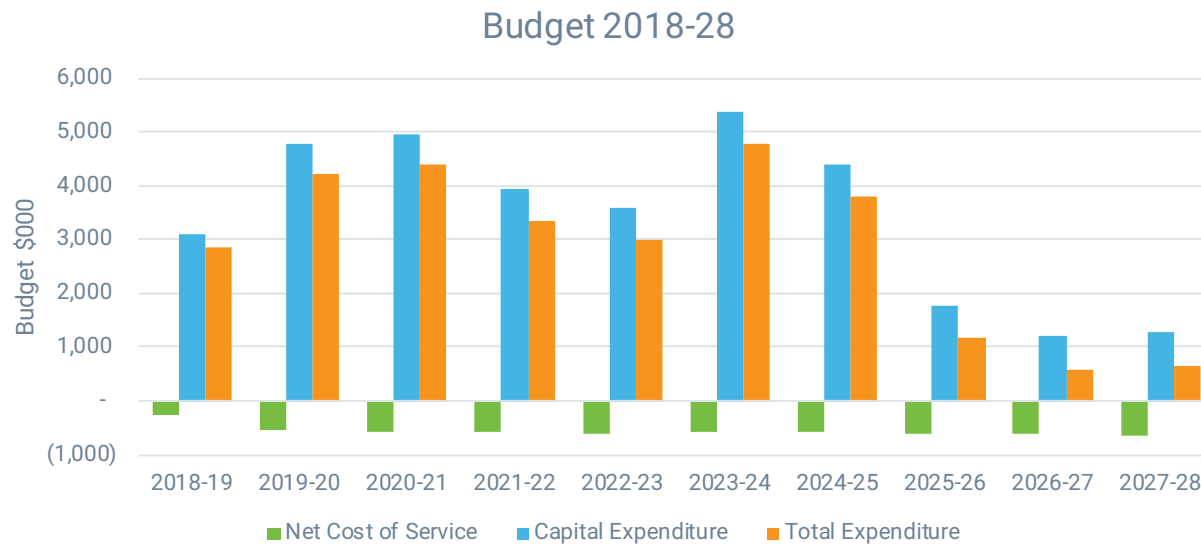
# Water Supply continues

## Significant Negative Effects

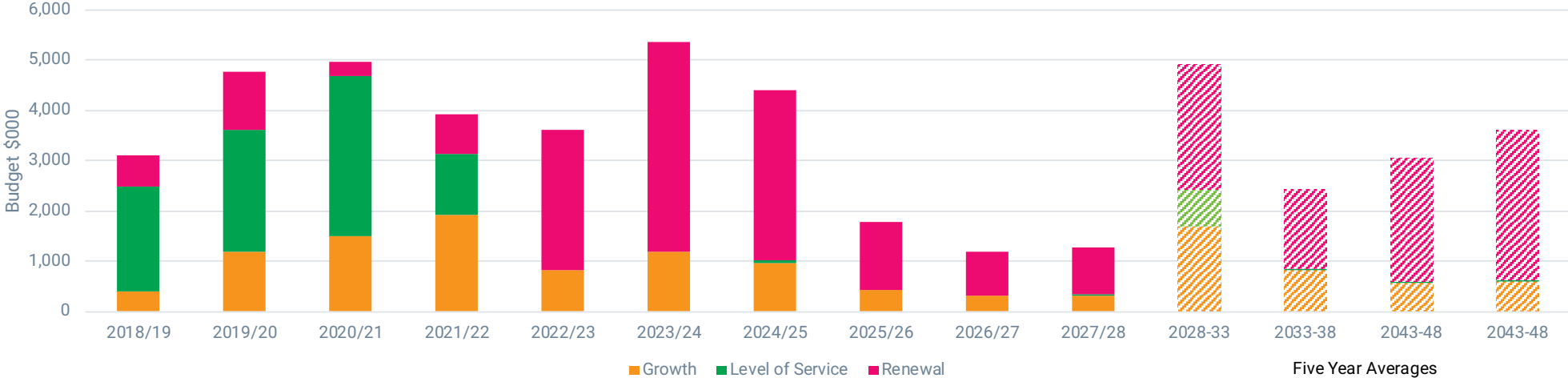
Economically, the costs associated with increasing pressure on the water supply may impact property developers, which would increase the cost of building and/or buying in Napier. The environmental effect on raw water sources, i.e. aquifers, rivers, would result from population demands and climate change.

## Financial Information

The following graphs show the budget for operation and capital.



### Water Supply - Capital Expenditure



## Napier City Council: Funding Impact Statement for 2018/28 for Water Supply

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
-	General rates, uniform annual general charges, rates penalties	(130)	(1,131)	(1,229)	(1,381)	(1,376)	(1,436)	(1,319)	(1,343)	(1,261)	(1,148)
4,592	Targeted rates	5,279	5,463	5,604	5,973	5,939	6,123	6,441	6,388	6,407	6,600
-	Subsidies and grants for operating purposes										
492	Fees and charges	553	563	576	589	603	616	631	647	663	680
143	Internal charges and overhead recoveries	106	72	57	98	93	99	101	35	36	-0
11	Local authorities fuel tax, fines, infringement fees, and other receipts	11	12	12	12	12	13	13	13	14	14
<b>5,238</b>	<b>Total operating funding (A)</b>	<b>5,819</b>	<b>4,979</b>	<b>5,020</b>	<b>5,291</b>	<b>5,271</b>	<b>5,415</b>	<b>5,867</b>	<b>5,740</b>	<b>5,859</b>	<b>6,146</b>
	<b>Applications of operating funding</b>										
2,137	Payments to staff and suppliers	2,935	2,731	2,723	2,799	2,720	2,783	3,115	2,982	3,059	3,234
-	Finance costs										
1,028	Internal charges and overheads applied	1,175	1,216	1,247	1,326	1,387	1,421	1,454	1,538	1,548	1,622
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>3,165</b>	<b>Total applications of operating funding (B)</b>	<b>4,110</b>	<b>3,947</b>	<b>3,970</b>	<b>4,125</b>	<b>4,107</b>	<b>4,203</b>	<b>4,569</b>	<b>4,520</b>	<b>4,607</b>	<b>4,856</b>
<b>2,074</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,709</b>	<b>1,032</b>	<b>1,050</b>	<b>1,166</b>	<b>1,164</b>	<b>1,211</b>	<b>1,298</b>	<b>1,220</b>	<b>1,252</b>	<b>1,290</b>
	<b>Sources of capital funding</b>										
-	Subsidies and grants for capital expenditure										
233	Development and financial contributions	219	260	282	248	262	228	234	308	315	361
	Increase/(decrease) in debt	1,000	2,790	2,767	1,067	2,184	3,578	2,748	470	-	-
-	Gross proceeds from sale of assets										
	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>233</b>	<b>Total sources of capital funding (C)</b>	<b>1,219</b>	<b>3,050</b>	<b>3,049</b>	<b>1,315</b>	<b>2,446</b>	<b>3,806</b>	<b>2,982</b>	<b>778</b>	<b>315</b>	<b>361</b>

## Funding Impact Statement for 2018/28 for Water Supply continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
600	- to meet additional demand	200	562	731	1,707	-	-	-	-	-	-
902	- to improve the level of service	2,041	2,811	3,706	1,104	-	-	40	-	-	43
1,073	- to replace existing assets	645	1,170	287	881	3,359	5,116	4,095	1,520	933	959
-268	Increase (decrease) in reserves	42	-461	-625	-1,211	251	-99	145	478	634	649
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>2,307</b>	<b>Total application of capital funding (D)</b>	<b>2,928</b>	<b>4,082</b>	<b>4,099</b>	<b>2,481</b>	<b>3,610</b>	<b>5,017</b>	<b>4,280</b>	<b>1,998</b>	<b>1,567</b>	<b>1,651</b>
<b>(2,074)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,709)</b>	<b>(1,032)</b>	<b>(1,050)</b>	<b>(1,166)</b>	<b>(1,164)</b>	<b>(1,211)</b>	<b>(1,298)</b>	<b>(1,220)</b>	<b>(1,252)</b>	<b>(1,290)</b>
<b>-</b>	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Note: Excluded from Above										
1,931	Group depreciation & amortisation	2,016	2,091	2,223	2,449	2,447	2,549	2,517	2,529	2,476	2,439

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The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

## Other Infrastructure

### Scope

Activities in Other Infrastructure are:

- Waste Minimisation
- Cemeteries
- Public Toilets

### Waste Minimisation

Council provides a domestic refuse collection service for both residential and commercial properties within Napier as follows:

- Residential Properties – once per week
- Commercial (Suburban Shops) – twice per week
- Commercial (Central Business District) – three times per week

Litter bins and drums are located throughout the city and serviced on a daily basis. Our Refuse Transfer Station at Redclyffe accepts most domestic, garden and building waste, and recyclables.

Council provides a kerbside recycling service for residential properties on a fortnightly schedule.

Currently Napier disposes of approximately 17,000 tonnes of refuse annually to the Omarunui landfill from the domestic collection, litter collection and the Transfer Station. The Omarunui Landfill is the final disposal point for waste generated by the combined populations of Hastings District and Napier City. The Hastings District and Napier City Councils jointly own the facility, (63.68% and 36.32% ownership respectively) and Hastings District Council manages the day-to-day operations.

The Waste Minimisation Act 2008 requires councils to adopt a Waste Management and Minimisation plan (WMMP), which must be reviewed every six years. A WMMP is council's waste management and minimisation planning document. The legislation enables councils to use various tools to influence, promote and implement measures to manage and minimise waste.

The Local Government Act 2002 requires Council to provide 'effective and efficient' waste management services. The Waste Minimisation Act 2008 requires us to reduce the environmental impact of waste in New Zealand by encouraging waste reduction. The continued provision of this service is essential to the health of Napier's community and maintaining high environmental standards. Council delivers this 'public good' service.

The main goals for Waste Minimisation are:

- To provide effective and efficient systems for the collection and disposal of refuse and collection of recyclable materials.
- To minimise the quantity and toxicity of waste being generated and disposed of in order to minimise adverse environmental, cultural, social and economic effects of refuse disposal

Over the 10-year life of the LTP, we will continue to deliver waste minimisation services.

The provision of additional litterbins in tourist areas and the increasing recreational facilities are driving an increased level of service in this activity. We are also facing a number of long-term issues to address, such as the reducing capacity of the Omarunui Landfill and challenging recycling commodities markets.

The landfill currently in use will be full by 2025 based on estimations. Together with the joint owner, the Hastings District Council, the Waste Futures study project investigated alternative waste disposal technologies. The result from this study is a decision to develop the landfill further, whilst focussing on diversion of recyclables and organic material. In summary, the alternative waste disposal technologies can have very high diversion rates but come at a higher cost and level of risk.

### Cemeteries

Napier City Council operates and maintains six cemeteries within the territorial boundary of the city. Several of the existing cemeteries within the city have significant historical value.

Hastings District Council owns and operates the crematorium for the Hawke's Bay region. There is also one private crematorium facility in the Onekawa industrial area.

## Other Infrastructure continues

There are no private cemeteries in the Napier City Council area.

Apart from catering to the legal needs and requirements relating to burials and interment of ashes, cemeteries also provide a tangible link to a region's past. Many of the old Napier cemeteries are now popular with visitors wishing to learn more about the history of a region's early residents and to those people undertaking genealogy research.

Council also provides an on line cemetery database allowing access to burial details.

### Public Toilets

Council provides and maintains public toilet facilities to meet the needs and demands of the community and visitors to the City. Currently the city has 45 operational public toilet facilities.

Public toilets are provided in key areas generally related to tourism (e.g. i-SITE Visitor Centre), recreation (both at sportsgrounds and passive recreation areas) and shopping activities (e.g. Dickens Street and Maraenui Shopping Centre). Council cleans and inspects facilities at least daily with the emphasis on hygiene, safety, discouragement and removal of graffiti.

The group of Other Infrastructure contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Waste Minimisation			①		②
Cemeteries			①		
Public Toilets		①			



## Other Infrastructure continues

### Performance Measures

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Waste Minimisation	Council provides a kerbside refuse collection service weekly to city residents to ensure city household waste is removed from the kerbside. This activity also provides a user-pay facility at the Transfer Station for disposal of non-household refuse.	A weekly kerbside refuse collection service is provided 52 weeks per year to city residents	100%	100%	100%	100%	100%
		Transfer Station open for 362 days	100%	100%	100%	100%	100%
	Council provides a fortnightly kerbside recycling collection service to reduce the quantity of waste to landfill.	Waste to Landfill per capita	278kg	280kg	decrease on previous year	decrease on previous year	decrease on previous year
		Compliance with resource consent conditions	unable to be assessed	100%	100%	100%	100%
	Council promotes waste minimisation activities and responsible solid waste management through education initiatives and a hazardous waste collection programme. Council provides green waste and recycling facilities at the Redclyffe Transfer Station	Education and waste reduction, promotion programmes in place	1,848 students	750 students per annum	750 students per annum	750 students per annum	750 students per annum
		Percentage of residents satisfied with Refuse Collection in the NRB Public Opinion Survey	95%	93%	93%	93%	93%
		Percentage of residents satisfied with Control of Litter, Graffiti and Vandalism in the NRB Public Opinion Survey	91%	91%	92%	92%	92%
Cemeteries	Council provides cemetery records that are well maintained and accessible.	An online cemeteries records system is available 90% of the time.	98%	95%	95%	95%	95%
Public Toilets	Council provides adequate toilets that are accessible, available and appropriately located for use by the public to safeguard the health of the community through the appropriate disposal of human waste in high use community areas	Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey	75%	75%	75%	75%	75%

## Other Infrastructure continues

### Where to next

#### Waste Minimisation

A total of \$10 million has been budgeted for landfill development to accommodate the projected refuse tonnages over the first 10 years of the LTP.

Napier City Council and Hastings District Council have undertaken the research and development of the WMMP together.

Key elements in the plan in relation to levels of service are the proposed options for enhancing Council-provided kerbside collections and the review of the Redclyffe Refuse Transfer Station activity and location.

The options for kerbside collections include wheelie bins for rubbish, a new organics collection and standardised crates for weekly or fortnightly recycling. The total indicative cost range for the suite of kerbside options is \$199 - \$276 per property per annum depending on the frequency of service and options.

Significant changes arising from the WMMP review after consultation will need to be incorporated into future LTPs and/or Annual Plans.

Redevelopment of the recycling centre at Redclyffe Transfer Station is on hold pending the outcome of the WMMP to ensure it fits with the long-term direction of waste minimisation in Hawke's Bay.

#### Cemeteries

Council has programmed to undertake a series of Cemetery / Concept Management Plans which will guide the development and management of our Cemeteries as part of the Reserve Management Plan Review. Further to this, Council plans include a feasibility study to determine demand and alternative locations for the provision of a new cemetery.

Key projects over the life of the LTP include the Western Hill cemetery expansion and establishing/maintaining the cemeteries record audit and asset register. There is also provision for the purchase of additional cemetery land in year ten (2027/28) of the LTP.

#### Public Toilets

A programme of data capture and condition assessment is currently underway and this will inform future decisions and help set levels of service. Council has recently joined 'Yardstick,' a suite of benchmarking tools for nationwide parks which will enable Napier to consider its levels of service in comparison to other similar local authorities in New Zealand and abroad. The first phase data capture and condition assessments are currently underway along with the implementation of an asset management system. This will ensure the Council undertakes a renewal programme and any capital works in areas of greatest need.

Future demand is likely to be in relation to recreational related activities and the extension of tourism including an increase in freedom campers.

Demolition of the existing toilet block at Kiwi Beach in 2018-19 is proposed. A full review in 2019-20 of the toilet facilities will include a data capture of the assets and a subsequent disposal plan.

### Risk Management

#### Waste Minimisation

The Omarunui Landfill is a carefully designed and constructed lined Class A landfill to safeguard against leachate leaking into the ground. It is equipped with a gas extraction system to prevent methane from being discharged into the atmosphere. The conversion of the landfill gas generates electricity at a newly constructed power plant.

An environmental risk of the landfill is the leaching of contaminants to the environment and the potential for biological threats, such as fire ants.

A further environmental risk of the Hazardous Waste Collection, if not handled correctly, is the potential for chemical spill, either at the collection site or in transit. The Council carries out Hazardous Waste Collection to provide residents with a safe disposal point for dangerous chemicals. The environmental risk of chemicals being stored on private property in uncontrolled conditions is considered to be significantly higher than the risks associated with the Hazardous Waste Collection.

## Other Infrastructure continues

### Cemeteries and Public Toilets

There are no significant risks associated with these activities.

### Significant Negative Effects

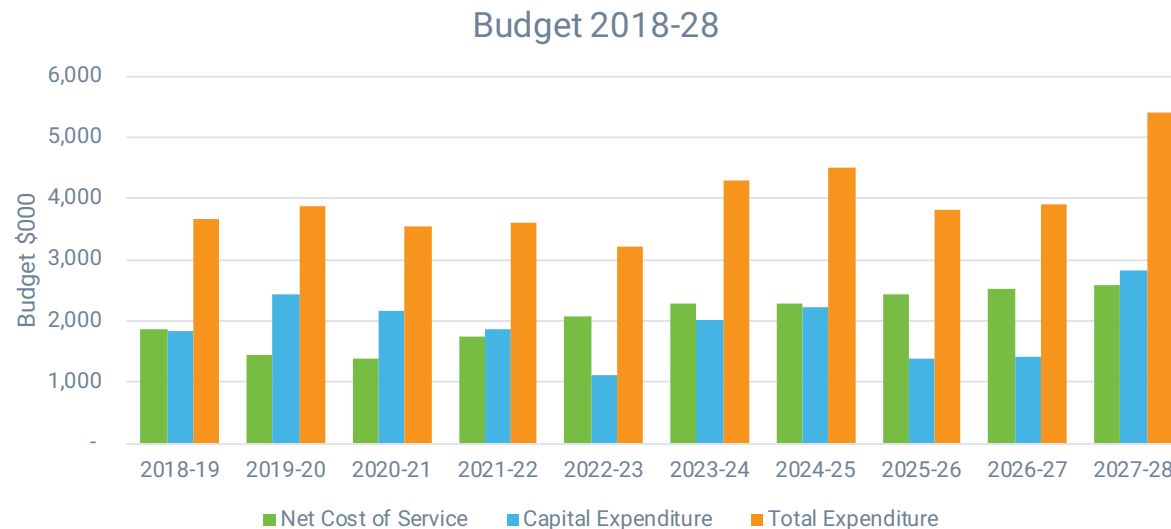
The economic and environmental effects include:

- The increasing cost of refuse disposal will be passed onto ratepayers and consumers.
- Outcome of the Joint Waste Management and Minimisation programme leads to no alternative disposal methods.
- Neighbouring properties to landfills are negatively impacted (e.g. odour, aesthetic, traffic).



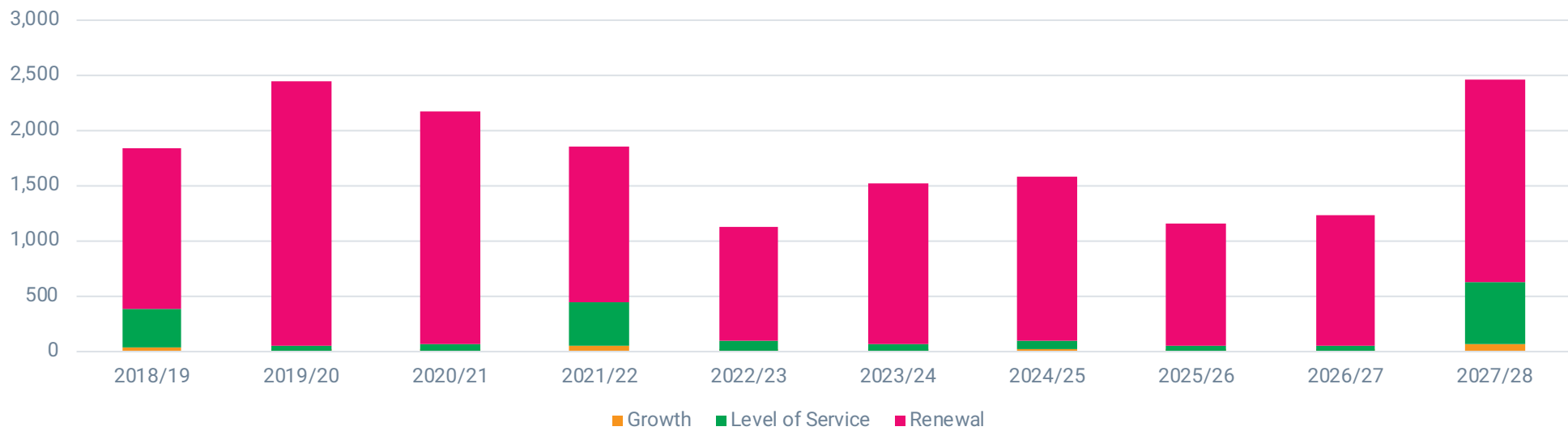
## Financial Information

The following graphs show the budget for operation and capital.



## Other Infrastructure - Financial Information continues

### Other Infrastructure - Capital Expenditure



## Napier City Council: Funding Impact Statement for 2018/28 for Other Infrastructure

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
2,228	General rates, uniform annual general charges, rates penalties	2,298	2,659	2,719	3,114	2,734	2,678	2,767	2,779	2,847	2,896
1,922	Targeted rates	2,294	2,385	2,438	2,496	2,565	2,626	2,693	2,767	2,841	2,920
195	Subsidies and grants for operating purposes	215	215	215	215	215	215	215	215	215	215
1,724	Fees and charges	1,947	1,991	2,032	2,078	2,124	2,174	2,228	2,284	2,339	2,400
20	Internal charges and overhead recoveries	20	20	21	21	22	22	23	23	24	25
2,138	Local authorities fuel tax, fines, infringement fees, and other receipts	2,079	2,313	2,414	2,521	2,641	2,763	2,898	3,047	3,200	3,367
<b>8,227</b>	<b>Total operating funding (A)</b>	<b>8,852</b>	<b>9,583</b>	<b>9,838</b>	<b>10,445</b>	<b>10,301</b>	<b>10,478</b>	<b>10,824</b>	<b>11,115</b>	<b>11,465</b>	<b>11,823</b>
	<b>Applications of operating funding</b>										
6,093	Payments to staff and suppliers	6,782	6,624	6,703	7,265	8,069	8,345	8,634	8,969	9,244	9,542
-	Finance costs	-	-	-	-	-	-	-	-	-	-
578	Internal charges and overheads applied	901	944	934	959	991	1,014	1,041	1,068	1,094	1,136
-	Other operating funding applications	1	1	1	1	1	1	1	1	1	1
<b>6,671</b>	<b>Total applications of operating funding (B)</b>	<b>7,683</b>	<b>7,569</b>	<b>7,637</b>	<b>8,225</b>	<b>9,061</b>	<b>9,360</b>	<b>9,676</b>	<b>10,038</b>	<b>10,338</b>	<b>10,679</b>
<b>1,556</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,169</b>	<b>2,014</b>	<b>2,201</b>	<b>2,220</b>	<b>1,240</b>	<b>1,118</b>	<b>1,148</b>	<b>1,077</b>	<b>1,127</b>	<b>1,144</b>
	<b>Sources of capital funding</b>										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	619
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>619</b>

## Funding Impact Statement for 2018/28 for Other Infrastructure continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
-	- to meet additional demand										
39	- to improve the level of service	385	41	63	437	87	67	92	47	48	619
1,464	- to replace existing assets	1,442	2,402	2,101	1,420	1,037	1,448	1,488	1,101	1,174	1,833
53	Increase (decrease) in reserves	(658)	(429)	37	363	116	(397)	(432)	(71)	(95)	(689)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>1,556</b>	<b>Total application of capital funding (D)</b>	<b>1,169</b>	<b>2,014</b>	<b>2,201</b>	<b>2,220</b>	<b>1,240</b>	<b>1,118</b>	<b>1,148</b>	<b>1,077</b>	<b>1,127</b>	<b>1,763</b>
<b>(1,556)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,169)</b>	<b>(2,014)</b>	<b>(2,201)</b>	<b>(2,220)</b>	<b>(1,240)</b>	<b>(1,118)</b>	<b>(1,148)</b>	<b>(1,077)</b>	<b>(1,127)</b>	<b>(1,144)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
902	Group depreciation & amortisation	719	787	872	843	584	716	657	701	756	773

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# City Strategy

## Scope

Activities in City Strategy are:

- City Development
- Resource Consents
- Regulatory Solutions
- Building Consents
- Animal Control
- Parking

### City Development

Council plans and delivers urban and economic growth strategically and sustainably through City Development. This Council activity assesses and decides how to protect and develop our constructed and natural environments, and how best to manage that process. City Development takes into consideration Napier's historic heritage and incorporate design, functionality and aesthetics into all our city projects. We guide our investment in infrastructure so it is efficiently located and caters for the planned growth of the city.

City Development also delivers planning and policy functions by meeting the statutory requirements under the Resource Management Act 1991 (RMA) and other relevant legislation. We provide professional, strategic, clear and frank advice to the Council so they can make informed decisions to benefit our City and community now and in the future.

City Development is an ongoing activity to help citizens and elected officials design and deliver the Vision for Napier City. The City Vision identifies the principles that will achieve the city's vision "A vibrant and sustainable Napier for all". Collaboration and engagement with other government agencies, local businesses, stakeholders and resident groups is also a core function of City Development.

### Resource Consents

Resource Consents carries out activities required by legislation and is responsible

for the administration and management of the Resource Management Act 1991 by providing the following functions:

- Processing of non-notified Resource Consents
- Preparation of reports for hearings relating to notified Resource Consents
- Management and resolution of subsequent Environment Court appeal processes
- Processing of the planning component of Building Consent applications
- Processing of Resource Consents for the subdivision of land
- Processing of Land Information Memorandums
- Implementation of an annual monitoring programme to gauge the effectiveness of the Council's environmental management policies
- Provision of planning advice and information in relation to resource consents, the administration of the District Plan, general development advice, heritage planning and conservation
- Enforcement work to ensure compliance with Resource Consent approvals and the operative District Plans
- Encouraging on-going sustainable development and enabling the community to provide for their economic well-being by the use of enabling regulations

### Regulatory Solutions

Regulatory Solutions are responsible for licencing, monitoring and inspecting a range of services that are provided largely by local businesses, which have the potential to cause harm to the public as governed by various legislations. These businesses include; food premises, camping grounds, hairdressers, mortuaries, wine makers, offensive trades and liquor licencing services.

In addition, Council is responsible for investigating notifiable diseases, investigating and monitoring nuisance to the community, providing a noise control service and monitoring and enforcing freedom camping.

## City Strategy continues

Regulatory Solutions provides advice, education and assistance to individuals and businesses for those starting out and those well established.

### Building Consents

The core function of Building Consents is carrying out the requirements of the Building Act 2004: the processing of building consent applications, inspecting building work on site and issuing code compliance certificates at the completion of building work. The Building Consents team also inspect swimming pool barriers, audit building warrants of fitness, investigate complaints, carry out enforcement action when required and provide advice and information to the public on building related issues.

### Animal Control

Animal Control is responsible for the implementation and enforcement of the Dog Control Act 1996 and Council Bylaws relating to the Dog Control Act.

Animal Control manages the registration and control of dogs, promoting responsible dog ownership, reducing nuisance created by dogs, ensuring and reducing risk to public safety from dogs and providing animal education initiatives. Emphasis is placed on responsible dog ownership, education and classification of dogs and owners in line with the provisions of the Dog Control Act 1996.

City Strategy contributes to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
City Development	①		②		
Resource Consents			②		①
Regulatory Solutions	②				①
Building Consents					①
Animal Control					①
Parking	②	①			

Animal Control operates an animal shelter caring for any impounded dogs, which cares for on average 500 dogs per year and responds to roaming stock requests.

### Parking

Parking ensures that safe and adequate parking facilities are available to the residents and visitors to Napier City. This is achieved through the provision of sufficient car parking to meet demand for:

- On street parking
- Off street parking
- Leased parking
- Mobility Parking Alternative
- Transport parking, e.g. motorcycles, electric vehicles.

All parking areas under Napier City Council's control are patrolled either regularly or on request by warranted Parking Enforcement Officers. This is to ensure compliance with national legislation and local regulation. This ensures parking circulation occurs and remains available to all members of the public. Parking ensures that vehicles are parked in a safe and compliant manner.



# City Strategy - Performance Measures continues

## Performance Measures

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
City Development	Provide the Policy Planning and Strategic functions for Napier City	District Plan reviewed to align with the Napier City Vision document and the Coastal Hazards Strategy.	new target	Issues document completed Stakeholders and Iwi engagement process commenced	Stakeholders engagement completed Notification of the New Napier District Plan.	RMA statutory timeframes from notification to decision achieved (within 2 years) All Plan hearings completed.	Decisions on the Napier District Plan publicly notified
		Delivery of the final Ahuriri Estuary and Coastal Edge Strategic document.	new target	Ahuriri Estuary Masterplan Three of the Master Plan projects confirmed by Council and initiated	Six of the Master Plan projects confirmed by Council and initiated	Ten of the Master Plan projects confirmed by Council initiated and in progress	44% of the Ahuriri Estuary Masterplan projects confirmed by Council completed.
		Reviewed HPUDS Strategy and commence HPUDS Implementation	new target	Project Plan for review and implementation completed	Research on land available to be developed and service is completed. Stakeholder engagement initiated through district plan review	Stakeholder engagement finalised and rezoning pattern completed	Implementation of HPUDS commences through the new revised District Plan. Outcome: sufficient land to cater for residential, commercial and industrial projected growth.
	Provide the strategic economic development function for Napier City	Delivery of the Napier Economic Development Strategy (NEDS)	new target	Stakeholder engagement completed	Project Plan for the NEDS implementation completed	Implement projects as identified in NEDS	Implement projects as identified in NEDS

## City Strategy - Performance Measures continues

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Resource Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process non-notified resource consents (excluding Controlled Activities) and all subdivision consents to approval stage, within the statutory time frames of 20-working days	97% (218 out of 225)	100%	100%	100%	100%
		Process Controlled Activity Resource Consents (excluding subdivision) within 10-working days	new target	100%	100%	100%	100%
		Process notified Resource Consents within the statutory time frames of 130-working days	new target 100% (1 out of 1)	100%	100%	100%	100%
		Process limited notified Resource Consents within 100-working days	new target	100%	100%	100%	100%
		Land information Memorandums to be processed within the statutory limit of 10-working days	100% (365 out of 365)	100%	100%	100%	100%
		All formal complaints are investigated and responded within 3 days of receipt by Council	100% (12 out of 12)	100%	100%	100%	100%

## City Strategy - Performance Measures continues

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Regulatory Solutions	Council monitors and enforces legislative compliance to protect its citizens and their safety	Percentage of residents satisfied with Council management and enforcement activity of Noise Control in the NRB Public Opinion Survey.	81%	80%	80%	80%	80%
		Percentage of Food Act verification audits completed in accordance with the scheduled times in the Food Act 2014.	new measure	100%	100%	100%	100%
		Percentage of liquor licenced premises are inspected annually for compliance with their licenced conditions	new measure	50% of licenced premises per annum	50% of licenced premises per annum	50% of licenced premises per annum	50% of licenced premises per annum
		Percentage of very high and high risk liquor licenced premises inspected at least annually	new measure	100%	100%	100%	100%
		Percentage of Noise control complaints are responded to within 25 minutes	new target	95%	95%	95%	95%
Building Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process of building consent applications within the statutory time frame of 20 working days	99% (1,101 out of 1,113)	100%	100%	100%	100%
		Percentage of processed code compliance certificates within the statutory time frame of 20 working days	100% (1,000 out of 1,000)	100%	100%	100%	100%
		Percentage of audits for all buildings requiring building warrants of fitness annually	25% (205 out of 823)	20%	20%	20%	20%
		Inspect a third of registered swimming pools annually	new target	1/3 of pools	1/3 of pools	1/3 of pools	1/3 of pools
		Maintain Building Consent Authority (BCA) accreditation	maintained	maintained	maintained	maintained	maintained

## City Strategy - Performance Measures continues

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Animal Control	Implement and enforce the requirements of the Dog Control Act 1996	Percentage of residents satisfied with council management and enforcement activity of Animal Control in the NRB Public Opinion Survey	76%	78%	78%	78%	78%
		All requests for services are investigated and responded to within 21 days	New Target	100%	100%	100%	100%
Parking	Provide and manage parking facilities for the city	Percentage of residents satisfied with Parking in the Inner city in the NRB Public Opinion Survey	65%	60%	60%	60%	60%
		Percentage of residents satisfied with Parking in the Suburbs in the NRB Public Opinion Survey	71%	65%	65%	65%	65%
		Percentage of CBD parking occupancy rate	72%	50 – 85%	50 – 85%	50 – 85%	50 – 85%
		Percentage of Taradale parking occupancy rate	58%	50 – 85%	50 – 85%	50 – 85%	50 – 85%

### Where to next

#### City Development

City Development's work programme will follow statutory legislation and place more emphasis on implementing the Napier City Vision released in 2015. This includes a strategic programme for activating specific spaces in the city (pop-up spaces), developing a place-making strategy, integrating urban design guidelines for all developments in the City to achieve good quality urban design and an attractive urban environment with high amenity value. The programme will develop a Heritage Strategy to manage and protect our historic buildings and sites of significance, a Sustainability Strategy, and the Te Muriwai o Te Whanga.

Also included in the work programme are:

- A retail strategy review to maintain a vibrant CBD retail sector and allow for adequate provision of large Format Retail.

- An economic Development Strategy to promote business growth and more jobs in the city.
- The attraction of more events such as Sea Wall festival, a business expo and others which will keep vibrancy in the city.
- A review of the urban environment bylaw to align this to the Napier City Vision Document.
- An HPUDS review (every 5 years), monitoring and reporting

The District Plan review is due and provision for adequate resources to deliver this work has been made in the LTP.

Population growth is estimated to grow at a medium to high rate scenario from Statistics NZ. It is expected that there will be 3,750 more people living in Napier at the end of the LTP period. This will require a total of 1,800 more household units. The areas for growth are the ones that are identified currently in HPUDS.

## City Strategy continues

### Resource Consents

Indications are that the current high level of development activity and the subsequent demands on the Resource Consents area will not change significantly in the short to medium term future.

Increases in customer demands will be met if we can continue to achieve our current high levels of service (LOS) and maintain adequate/trained staff resources.

Additionally, continuing improvements to our processing and information management systems (e.g. Alpha One, on-line Resource Consent lodgement, electronic processing and on-line property file system) will further meet increasing customer expectations.

Keeping abreast of legislative and technological change and providing relevant staff CPD is also essential to maintain future service levels.

### Regulatory Solutions

Changes to any of the legislations relevant to this activity could have a significant effect on future levels of service. At this stage, there is limited information around any changes with information on change largely around the Food Act.

Freedom camping may require additional monitoring in response to growing popularity and community demand.

### Building Consents

There are currently no indications that the sustained period of high demand on the building consents activity is going to decrease in the short to medium term and as a result there is likely to be continued high demand on the activity.

As part of our Business Case for an end to end electronic building consent system we identified that there was the potential to process building consent applications for other Councils therefore offering the potential of another revenue stream.

Since going live with the AlphaOne end to end electronic building consent system in February 2017 the intention is to now prepare a further Business Case to increase the building consent processing team and subsidize the cost by processing for other Councils who use AlphaOne.

This approach means that we will be able to minimize the impact of any future growth and demand on the building consents activity in a cost neutral way that also allows us to reduce the average number of processing days for our own building consents with a resulting economic benefit.

### Animal Control

Dog population is correlated to population growth. Dog ownership in Napier has grown in last 10 years by 30% and continuing strong growth may see continued growth of dog ownership and with that an increase in the number of requests for service and the administration costs associated with dog registration.

The impact on the required LOS is unknown should cat control be legislated and require Territorial Authorities to administer. This will need to be addressed if and when legislation is passed.

### Parking

The development of a Parking Strategy to provide guiding principles around the provision of car parking will drive future LOS and performance.

Advances in technology and customer demand for alternative methods to pay for parking will encourage embracing of new parking technology.

Demand for parking is likely to continue to grow, along with scarcity of suitable land for parking. As opportunities present themselves consideration is given to the suitability for parking. In areas of increasing demand this may need to be addressed through an carpark buildings, either in the expansion of existing car parks upwards or new carpark building(s) in the city, or investigation and promotion of alternative solutions such as bicycle parking facilities, ride-share programmes, or "Park and Ride" programmes.

Opportunities exist to provide additional facilities for bikes, electric vehicles and other forms of transport as sites across the city present themselves.

# City Strategy continues

## Risk Management

### City Development

- **Loss of city vibrancy:** Our major risk relates to the loss of opportunity to provide the “best city” rather than just a “good city”. Sometimes commitments and investment need to be made early to achieve the desired change, and this can be hard to communicate to the community. The City Vision document was developed to make Napier the “best city”. The aim is that Council applies the City Vision principles to all projects and services delivered by Council and by doing that we get the community on board and create the momentum needed to make a positive change.
- **Population growth:** This activity is based on predicted population growth as included in the Significant Planning Assumptions. If population increases at a higher rate than predicted it is likely that new greenfield land will have to be identified for development (residential, commercial and industrial), and the planning and infrastructure services needed for this development would have to be catered for.
- **Household growth:** It is estimated that 1,800 new household units will be needed over the duration of the LTP. Monitoring requirements under the National Policy Statement on Urban Development Capacity will help understand the demand for household units and the capacity for growth year on year. This statutory monitoring requirement will mitigate any risk associated with unexpected growth rate.
- **Economic growth:** If the economy grows at a higher rate than predicted, there are some implications in terms of land use change and population growth that would have to be catered for. As mentioned above adequate monitoring will mitigate this risk.
- **Legislative changes:** There are some risks associated with changes to legislation as these may require additional monitoring or changes in the systems we use for managing and reporting information. This risk will be mitigated by resourcing the team adequately.
- **Political drivers:** There is a risk associated with political pressures that will be managed carefully by providing sound policy advice to our Councillors.

- **Technical expertise:** It is important to retain highly qualified staff to be able to deliver the city development work programme. Staff continuity is highly desirable for the management of planning issues, especially in relation with statutory requirements under the RMA. A high level of competently trained staff is essential to achieve a high quality regulatory framework. Any breach of statutory procedures could lead to judicial review and ultimately expose Council to risk.
- **Climate Change and Natural Hazards:** It is acknowledged that because Napier is a coastal city there is a risk of sea level rise and inundation. The development of the 100 year Coastal Strategy is intended to mitigate the impact of climate change.
- **Accurate information available:** Policy planning is developed using the information available at the time of development. In some instances, the amount of information is limited and many assumptions need to be made when developing policy. Some environmental issues need a long period of research and monitoring before they could be fully understood. We mitigate this risk by careful monitoring of anticipated outcomes so we can address any unintended results.
- **Other risks identified relates to our statutory functions under the RMA.** It is imperative that Council maintains a high level of competently trained staff; this will ensure the risk of errors and/or omission in the on-going development of the District Plan is minimised.

### Resource Consents

The key risks associated with the activity and the effective delivery of the service are as follows:

- Changes in the legislative environment including possible reforms to the RMA and the possible requirement to deliver the service in a more cost and time effective method
- Downturn in the economic climate such as a decrease in development activity and subsequent decline in consent volumes
- Adequate resource to maintain current levels of service
- Consent processing not meeting statutory time frames

## City Strategy continues

- Adequate resourcing in the monitoring and compliance area
- Maintaining experienced and motivated staff resource
- Legal challenges (e.g. High Court reviews) to Resource Consent decisions

### Regulatory Solutions

A change to the legislation could affect the level of service required or the way in which the council delivers that service

### Building Consents

The key risks associated with the Building Consents activity are the loss of accreditation as a Building Consent Authority, staff retention, maintaining staff competency levels if experienced staff leave and legal claims against Council.

### Animal Control

A change to the legislation could affect the level of service required or the way in which the council delivers that service.

### Parking

There are risks associated with insufficient provision of parking available in the city and the negative impact this could have on the operation of the CBD and the Council's reputation. To mitigate this risk we undertake enforcement activities to ensure the circulation of vehicles around the city. We are actively undertaking land acquisition when opportunities arise and where possible improving car park efficiency to increase car parking spaces.

There are risks where city developments occur without appropriate consideration of accompanying parking needs or loss of parking due to the nature of the development. Given the level of development underway in Napier CBD, this risk will require close management and intervention when required.

Given the enforcement nature of this activity, there is potential for violence or threats of violence towards staff. Staff are equipped with communication devices

and a process should an incident occur. All incidences are reported, recorded and investigated, and appropriate action is taken as required. There is budgetary provision for additional security devices should these be required, e.g. personal cameras.

Change to legislation covering this activity is always of concern as previous changes have resulted in changes to software, hardware requirements and stocks of disposables.

### Significant Negative Effects

The environmental and social effects include:

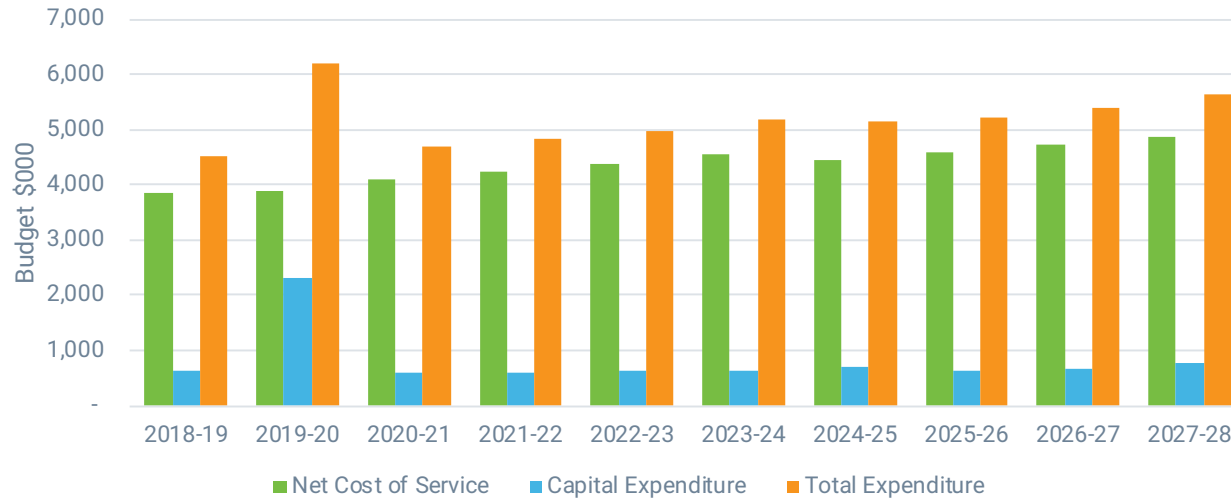
- An increase of consents may place pressure on natural environments and amenity values.
- Implementation and enforcement of certain laws may be unpopular with the public i.e. increased parking charges and licencing fees.

# City Strategy continues

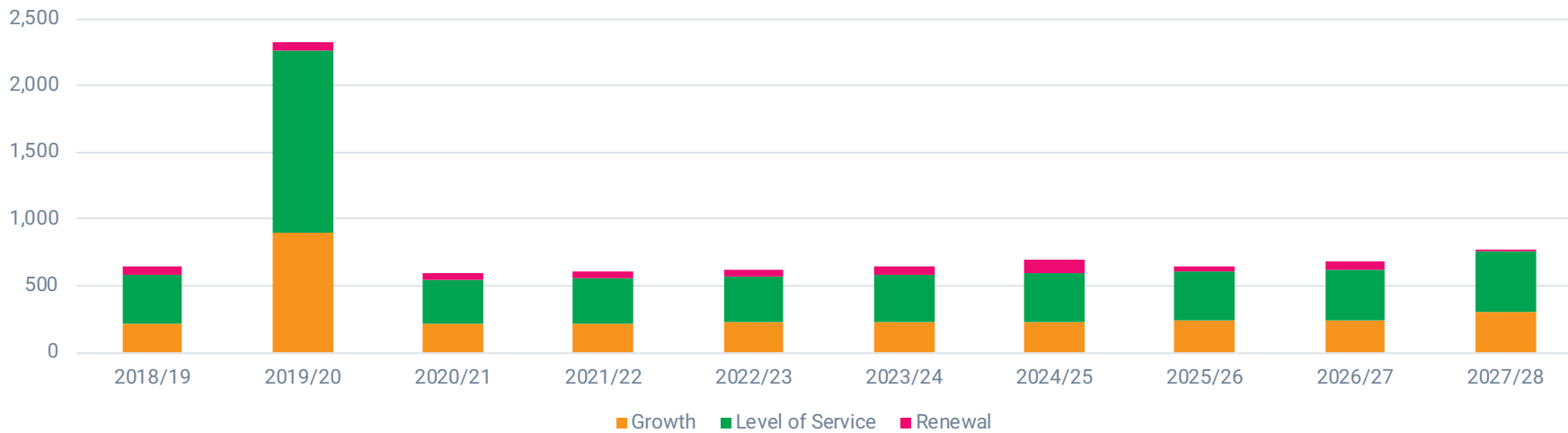
## Financial Information

The following graphs show the budget for operation and capital.

### Budget 2018-28



### City Strategy - Capital Expenditure





## Napier City Council: Funding Impact Statement for 2018/28 for City Strategy

Annual Plan 2017/18		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
3,892	General rates, uniform annual general charges, rates penalties	4,095	4,159	4,253	4,395	4,508	4,632	4,731	4,834	4,949	5,091
192	Targeted rates	266	270	275	279	284	289	294	299	305	311
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
4,271	Fees and charges	4,761	4,908	5,017	5,139	5,271	5,402	5,625	5,779	5,932	6,099
231	Internal charges and overhead recoveries	214	219	224	228	234	239	245	251	257	264
935	Local authorities fuel tax, fines, infringement fees, and other receipts	1,054	1,094	1,085	1,092	1,099	1,106	1,114	1,140	1,131	1,158
<b>9,519</b>	<b>Total operating funding (A)</b>	<b>10,390</b>	<b>10,650</b>	<b>10,855</b>	<b>11,134</b>	<b>11,395</b>	<b>11,668</b>	<b>12,008</b>	<b>12,303</b>	<b>12,575</b>	<b>12,923</b>
	<b>Applications of operating funding</b>										
6,032	Payments to staff and suppliers	6,403	6,334	6,426	6,600	6,752	6,904	7,069	7,245	7,397	7,610
-	Finance costs	-	-	-	-	-	-	-	-	-	-
2,696	Internal charges and overheads applied	3,431	3,685	3,815	3,910	4,010	4,124	4,199	4,299	4,377	4,497
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>8,728</b>	<b>Total applications of operating funding (B)</b>	<b>9,834</b>	<b>10,019</b>	<b>10,241</b>	<b>10,510</b>	<b>10,762</b>	<b>11,028</b>	<b>11,268</b>	<b>11,544</b>	<b>11,774</b>	<b>12,106</b>
<b>792</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>556</b>	<b>631</b>	<b>613</b>	<b>623</b>	<b>633</b>	<b>640</b>	<b>741</b>	<b>759</b>	<b>801</b>	<b>816</b>
	<b>Sources of capital funding</b>										
-	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	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding Impact Statement for 2018/28 for City Strategy continues

Annual Plan 2017/18		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
4,409	- to improve the level of service	577	2,266	540	552	565	578	592	607	622	763
50	- to replace existing assets	70	59	52	56	57	72	109	32	61	10
(3,667)	Increase (decrease) in reserves	(91)	(1,694)	21	15	12	(10)	40	120	117	43
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>792</b>	<b>Total application of capital funding (D)</b>	<b>556</b>	<b>631</b>	<b>613</b>	<b>623</b>	<b>633</b>	<b>640</b>	<b>741</b>	<b>759</b>	<b>801</b>	<b>816</b>
<b>(792)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(556)</b>	<b>(631)</b>	<b>(613)</b>	<b>(623)</b>	<b>(633)</b>	<b>(640)</b>	<b>(741)</b>	<b>(759)</b>	<b>(801)</b>	<b>(816)</b>
<b>-</b>	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Note: Excluded from Above										
308	Group depreciation & amortisation	329	350	450	469	490	551	471	505	565	585

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds in a more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

# Community and Visitor Experiences

Activities in the Community and Visitor Experiences Group are:

Community Strategies	Events and Marketing	Napier Municipal Theatre
Community Facilities (Halls)	Sportsgrounds	Napier i-SITE Visitor Centre
Napier Aquatic Centre	Reserves	Par2 MiniGolf
Marine Parade Pools	Housing	National Aquarium of NZ
Bay Skate	Libraries	Napier Conference Centre
McLean Park	MTG Hawke's Bay	Kennedy Park Resort

## Community Strategies

The Community Strategies activity encompasses the following main activities:

- Community planning
- Community advice
- Community grants
- Community engagement
- Safer community (including Civil Defence)

Council works alongside our communities to support them to identify and implement solutions to the complex social issues present in our society. The team work both strategically and practically to ensure issues are identified, prioritised and addressed through a collaborative approach.

## Community Facilities (Halls)

Council provides a range of community facilities that meet the recreational and social needs of the community. They are spaces where people connect, learn, socialise and participate. There are four community halls, four community centres, and one sports centre. The halls are available for hire, with discounted rates for community groups. Use of the community centres vary, but generally, community groups lease the facilities, and halls are either managed directly by Council, or through a third party group or Trust.

## Napier Aquatic Centre

Situated in the centre of Napier, in the middle of Onekawa Park, the Napier Aquatic Centre is a safe and affordable aquatic facility for everyone. The facility currently provides two 25m pools, a learners' pool, waterslides, spas, spray park and an outdoor area suitable for picnics. A number of services are provided ranging from learn to swim and aqua fitness to birthday parties. A new pool has been included in the plan and will require a change in location due to limitations on site development and contamination.

## Marine Parade Pools

Council provides an outdoor complex with four heated outdoor pools and five spa pools. An external contractor manages the day-to-day running of the facility.

## Bay Skate

Bay Skate on Marine Parade is a community facility providing for a range of roller-sport activities and community events. Local roller-sport clubs and groups are actively encouraged to use the facility for training, games and demonstrations.

## McLean Park

Hosting international and national sports events, this facility provides outdoor sportsgrounds and stands, indoor court facility as well as administration and hospitality areas. The park also plays host to trade shows, expos, community events and private functions.

## Events and Marketing

Events are a key part of the Napier City's social, economic and cultural fabric. Council provides support for event organisers to grow sustainable events in the region.

## Housing

Community housing is provided for people with special housing needs, low assets and low incomes. We provide support for tenants in our retirement villages on a one to one basis and across the village as a whole. We maintain high occupancy levels (99.5%) through our tenancy management services.

## Community and Visitor Experiences continues

There are 72 units in Council's low cost rental portfolio spread across three villages. Council's retirement portfolio comprises 304 units clustered in nine villages. The smaller villages comprise 4 to 20 units with 28 to 50 units in the larger villages, and one larger village with 80 units.

### Libraries

Library services are provided to the community from two locations, Napier City and Taradale, with a variety of collections in multi-media formats and online services. The libraries support a total membership of approximately 34,000, of which some 4,500 members are resident in Hastings District. Membership is free and the majority of lending items are free to borrow.

### MTG Hawke's Bay

MTG Hawke's Bay is the region's arts and culture facility providing exhibitions of the collection and as loans from other museums, galleries and individuals. The region's collection is housed under a management agreement with the Hawke's Bay Museums Trust. Active participation of the community is encouraged with public programmes, events and learning experiences. The venue includes the 330-seat Century Theatre, and two foyer spaces, which are also available to hire and a small retail shop. The MTG Hawke's Bay building is iconic, representing three distinct eras, 1930's, 1970's and 2010's.

### Napier Municipal Theatre

The Napier Municipal Theatre is a leading theatre in Hawke's Bay for performances, shows, concerts, functions and events. Centrally located, the Theatre combines an elegant Art Deco style with modern theatre facilities. The large auditorium facilities and circular Pan Pac Foyer make it a flexible performance and event and facility.

### Napier i-SITE Visitor Centre

Napier i-SITE Visitor Centre provides visitor information for the people of Napier, Hawke's Bay and for visitors to the area, both domestic and international. It plays a vital role in the promotion of Napier and surrounding areas. The i-SITE is located within the key Marine Parade tourism precinct of Napier and plays a key role in the support of tourism and the local economy.

### Par2 MiniGolf

Par2 MiniGolf on Napier's Marine Parade next to Napier i-SITE has two eighteen hole courses, one slightly more challenging than the other. It attracts locals and visitors and is a fun family friendly activity for all ages.

### National Aquarium of NZ

The National Aquarium of New Zealand is a marine zoo/aquarium/and kiwi breeding facility which attracts locals and visitors. This visitor experience is an integral part of the Marine Parade tourist attractions contributing favourably to the economic well-being of the city. The National Aquarium is also a quality provider of educational experiences and provides an affordable after-hours functions venue for Napier citizens and visitors to the region.

### Napier Conference Centre

The Napier Conference Centre located on the northern end of Napier's Marine Parade with views from Mahia Peninsula to Cape Kidnappers, is Hawke's Bay's premiere, high quality full service conference and event venue. The Napier Conference Centre is suitable for a wide range of events and attracts local, national and international conferences.

### Kennedy Park Resort

Kennedy Park Resort is located on Storkey Street in Marewa and offers a wide range of affordable accommodation types, including units, tents and non-powered sites. The accommodation and associated facilities also cater for conferences and attract both national and international visitors. Kennedy Park is one of the busiest and most well revisited holiday parks in New Zealand and contributes favourably to the local economy.

### Sportsgrounds

Council provides and maintains 16 sports grounds throughout Napier. This equates to an area of 213 hectares of land set aside for sports purposes across the city. Napier's sports grounds range from facilities of regional and national significance to grounds principally serving local club demand.

# Community and Visitor Experiences continues

## Reserves

Council provides, manages and maintains a range of parks, reserves and public gardens of various sizes, designations and purposes, to cater to a wide range of community uses. Council reserves support a large number of events for tourists and locals, delivering highly maintained grounds and gardens ranging in location from coastal foreshore to formal botanical gardens. These areas enjoy a high profile within the city, resulting in high expectations and standards. The Reserves activity also manages the day-to-day maintenance and operation of play equipment located throughout the city.



Community and Visitor Experiences contribute to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Community Strategies				②	①
Community Facilities					①
Napier Aquatic Centre					①
Marine Parade Pools					①
Bay Skate					①
McLean Park	②				①
Events and Marketing	①				
Housing		①			
Libraries	②		①		

## Community and Visitor Experiences continues

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
MTG Hawke's Bay	②		①		②
Napier Municipal Theatre	①		②		
Napier i-SITE Visitor Centre	①				
Par2 MiniGolf	①				
National Aquarium of NZ	①		②		
Napier Conference Centre	①				
Kennedy Park Resort	①				
Sportsgrounds	②	②	②		①
Reserves	②	②	①		②

# Community and Visitor Experiences continues

## Performance Measures

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Community Strategies	Develop effective strategies, policies and initiatives that support community well-being	Number of local community events per year	50	50	50	50	50
	Provide affordable indoor facilities that meet the social, leisure and cultural needs of the community	Number of community training and network meetings facilitated each year	23	20	20	20	20
		Percentage of attendees satisfied with community training and network meetings	98%	96%	96%	96%	96%
	Promote safety in response to issues and priorities in the community	Percentage of residents who perceive they are safe or very safe in Napier (source: biannual social monitor survey)	new target	95%	95%	95%	95%
	Support Napier communities to be prepared for and to recover from a civil defence emergency (delivered regionally)	Percentage of residents satisfied with Civil Defence delivery (source: NRB survey) excluding "don't know" responses	83%	85%	85%	85%	85%
		Number of new community resilience plans developed	1	2	2	2	2
	Support community and other stakeholders to come together to address issues and improve outcomes	Satisfaction score for coalition partners on council's coordination role for Safer Napier (source: annual coalition survey report)	5	>4	>4	>4	>4
Community Facilities (Halls)	Council provides four halls, four community centres and one sports centre to satisfy community needs	Percentage community hireage for halls directly managed by Council	93%	90%	90%	90%	90%
		Percentage of customers satisfied with halls directly managed by Council	100%	95%	95%	95%	95%

## Community and Visitor Experiences continues

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Napier Aquatic Centre	Provide aquatic facilities that focus on accessibility and safety	Number of users using the centre each year	new measure	185,000	190,000	190,000	Year 4: 245,000 Years 5 to 10: 300,000
		Water quality adherence to NZ Water Treatment Standards	100%	100%	100%	100%	100%
		Maintain nationally accredited QSS (Quality Swim School) standard	new measure	maintain accreditation	maintain accreditation	maintain accreditation	maintain accreditation
Bay Skate	Provide a facility to cater for a range of roller sports activities.	Number of visitors	new measure	26,000	26,500	27,000	27,000
McLean Park	Provides a sport and recreation facility catering for a range of activity	Number of major events hosted	new measure	11	11	11	11
Housing	Provide affordable and safe housing that meets the needs of tenants	Percentage of tenants satisfied with service	new measure	85%	85%	85%	85%
		Percentage of unit inspections (each unit inspected once per year)	changed measure	100%	100%	100%	100%
	Maximise the occupancy and use of housing and village halls	Occupancy rate - retirement	99%	97%	97%	90%	90%
		Occupancy rate - rental	100%	98%	98%	90%	90%
Library	Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social and educational needs	Percentage of library members who are active borrowers (in 24 month period - card use only)	31%	35%	35%	35%	39%
		Percentage of collection that is actively used	new measure	75%	75%	75%	75%
		Number of programme sessions delivered for all ages per year (excludes "borrow a librarian")	690 (excludes "borrow a librarian")	330 (due to relocation)	350	370	Year 4: 390 Years 5-10: 600



## Community and Visitor Experiences continues

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
MTG Hawke's Bay	Council provides a quality museum, theatre and art gallery experience for local and visitor use	Visitor numbers per year	127,923	165,000	165,000	165,000	165,000
		Minimum number of new exhibitions per annum	7	3	3	3	5
		Percentage of residents satisfied with MTG Hawke's Bay (NRB Public Opinion Survey)	50%	55%	56%	58%	60%
Napier Municipal Theatre	Council provides a quality performing arts venue experience for visitor & local use	Maintain Qualmark rating	achieved	achieved	achieved	achieved	achieved
Napier i-SITE Visitor Centre	Council provides an i-SITE facility for visitors to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services to encourage visitors to stay longer and to re-visit	Maintain Qualmark rating	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver
		Visitor numbers per annum	243,208	240,000	240,000	240,000	240,000
Par2 MiniGolf	Council provides a Mini Golf facility as a visitor attraction and for local community use	Maintain Qualmark endorsed criteria Bronze Enviro	maintained	maintained	maintained	maintained	maintained
		Visitor numbers per annum	46,191	43,000	43,000	43,000	43,000
		Return on Assets	34%	25%	25%	25%	25%
National Aquarium of NZ	Provide an aquarium for visitors and local citizens for recreation and education	Number of visitors per annum	144,476	140,000	145,000	100,000	Year 4: 200,000 Years 5 to 10: 250,000
		Maintain Qualmark endorsement	maintained	maintained	maintained	maintained	maintained
Napier Conference Centre	Council provides a quality conference and events facility which enables events & services to be hosted contributing to the economic well-being of the city	Maintain Qualmark rating	achieved	achieved	achieved	achieved	achieved
		Number of local, national and international hires	63 low result due to redevelopment	290	290	290	290

## Community and Visitor Experiences continues

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Kennedy Park	Council provides Kennedy Park facility with a range of high quality accommodation and related visitor experiences	Maintain Qualmark 5 star Gold Holiday Park rating	maintained	maintained	maintained	maintained	maintained
		Maintain Qualmark 4 plus star Gold Motel rating	maintained	maintained	maintained	maintained	maintained
	Kennedy Park is managed as a sustainable business and provides services that are value for money	Occupancy rates – visitor nights booked per year	new measure	63,000	66,000	66,000	69,000
		Occupancy rates – room nights booked per year	new measure	25,000	25,875	26,780	27,720
		Return on assets	8%	7%	7%	8%	8%
Sportsgrounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community	Sport and recreation parks per 1,000 residents district wide (NZRA guidelines at least 3ha per 1,000)	new measure	> 3ha	> 3ha	> 3ha	> 3ha
		Percentage of residents satisfied with sports fields in the NRB Public Opinion Survey	89%	89%	89%	89%	89%
		Number of events held each year on sport and recreation	new measure	>50	>50	>50	>50
Reserves	Provide a sufficient number and range of parks and reserves to satisfy the needs of the Community.	Percentage of residents satisfied with 'public gardens, street beds and trees' in the NRB Public Opinion Survey	97%	95%	95%	95%	95%
		All playgrounds inspected fortnightly (safety and condition)	new measure	100%	100%	100%	100%

# Community and Visitor Experiences continues

## Where to next

### Community Strategies

Council will develop strategies and community plans that will determine future programmes and projects. These strategies and plans will be prioritised with existing service provision and phased to align with budget availability. Youth, Disability and Positive Aging Strategies are the first of the strategies to be developed.

Community Strategies will continue to implement engagement for Council wide matters e.g. Annual Plan, Long Term Plan and other community wide engagement.

### Community Facilities (Halls)

Condition assessments are complete for all assets and the work identified has largely been scheduled. New management agreements to improve levels of service to the community will be implemented during 2018/19.

### Napier Aquatic Centre

The demand for aquatic facilities in Napier already outstrips our current supply. We expect demand will continue to grow. Aquatic facilities around the country are becoming multi-use facilities for leisure, recreation, rehabilitation, sport and fitness training. Creating a multi-use facility here in Napier future proofs the complex as our community and preferences change.

Historical issues with the Onekawa site and its previous use as a refuse facility must also be considered. There is a centrally located, Council-owned, site on the Prebensen and Tamatea Drive corner that could accommodate a new development, while still allowing for increased water space in the future. Council recognises that it will also offer continuity of swimming pool access while the other pool was under construction, as well as great public profile and accessibility.

Council have recommended a 25m x 25m Pools and Play to be located at Prebensen Drive. The proposal has a capital cost of \$41.3 million (\$40million in 2018 dollars) which will be funded through \$34 million in loans and \$7.3million from reserves. Total operating expenditure per year will be \$3.3 million, and funded through rates and user charges.

The new pool complex to be located at Prebenson Drive would include:

- 25m x 25m pool
- 25m x 12m learners' pool
- 20m x 8m programme pool
- Two spa pools, a gymnasium, a café, and a water play area featuring an accessible pool, bomb pool, hydroslide, and splash pad and water toys

This would meet the needs of a high proportion of users, and would cater for the high interest in leisure play, plus, it will provide more lane space, modelled on the QEII complex being constructed in Christchurch. There is the opportunity with this option to extend the 25m pool to a 50m pool if there is demand in the future. Lifespan: 30 years.

### Marine Parade Pools

The plan includes an upgrade for Ocean Spa in the first two years with ongoing renewals for the remainder of the plan.

### Bay Skate

The ongoing success of Bay Skate is dependent on our ability to change up the offer to keep it fresh and enhance user engagement. Specifically planned initiatives include the addition of the ramp area, which will be configurable in multiple ways, enabling engagement with users into the designs and the development of rink boards to create a facility capable of hosting inline and roller hockey games, training, and providing a venue for roller discos and learning to skate. Council will continue to use the facility to host non-roller, community events to ensure it continues to be multi-use.

### Events and Marketing

We aim to work with strategically targeted existing events to assist them to grow and develop and become sustainable. At the same time, we will identify and seed new event opportunities to assist them to grow and develop.

### McLean Park

Alongside major drainage and turf works due for completion in 2018, Council is

## Community and Visitor Experiences continues

undertaking an investigation into developing the Harris Stand to increase capacity. A strategy for the park is also in development to take it into the future as the premiere events centre for Hawke's Bay.

### Housing

In January 2018, we completed a review of our housing delivery that recommended further investigation into two options. Both options have Council providing retirement housing but not low cost rentals. One option is to sell or lease out the low cost rentals. The second option is to contract out delivery of the service through a partnership with a provider of community housing.

Some of the current housing stock is coming to the end of its useful life. There is limited accessibility, space and facilities. Some villages do not use all of the land effectively.

Council will look at how we can improve our current housing delivery, which would have Council continuing to provide retirement and low cost rentals. All three options (the two from the review and an improved current service) will be considered, taking into account the needs of the community. If, after this further investigation, Council thinks there should be a big change to how we provide community housing, there will be consultation with the community.

The plan includes funding for ongoing renewals and building maintenance for the current housing portfolio.

### Libraries

The Napier Library building is earthquake prone and delivery of city library services commenced from the MTG Hawke's Bay building in February 2018. Council is in a unique position to develop a visionary library strategy and a new library that understands the needs and motivations of the community to be fit for purpose over the next 10 to 20 years. The development of the strategy is underway and the LTP includes funding for a new library location.

### MTG Hawke's Bay

MTG Hawke's Bay is currently developing a 10 year Strategic Plan through a process of stakeholder consultation and museum leading practice review. This plan will help define and shape the direction and priorities for the organisation.

Free entry to the MTG as of 2 October 2017 addressed one major area of community demand and expectation around access to the facility and generally to arts and culture. Removal of the entry charge increases physical numbers through the building and we are currently looking at the impact of this in terms of wear and tear on the building, resourcing implications and other factors. Identifying new ways to generate income, along with a reconsidered approach to the funding model also need to be developed.

Storage of the collection will remain in its current location, which is adequate and a cost effective option. In the longer term, a new off-site facility will be reviewed if an opportunity arises.

### Napier Municipal Theatre

To be able to meet future demand at the Napier Municipal Theatre, the facility and surrounding land needs to be maintained to an accepted industry standard, technology needs to be kept up to date meeting clients' needs and expectations, and staff adequately trained. The current in-house sound equipment is not sufficient to meet the needs or expectations of touring shows. The plan provides for an upgrade to the sound system along with the ongoing programme of renewals and building maintenance.

### Napier i-SITE Visitor Centre

The Napier i-Site is a popular destination for visitors to the city and region it is important to continually assess changing habits of visitors in a digital sense and adapt services and offerings to ensure we are meeting the market and the levels of service. Maintain consistent high quality levels of service with the view of converting additional revenue from visitors and to transact with more visitors at the i-SITE.

The current performance is good against targets however as demand grows and visitor numbers grow it will become increasingly difficult to keep up with the customers' needs if there is little investment in the facility.

By rebuilding and investing, the facility will be a "go to" destination for locals and visitors. The i-SITE could be a facility the city can be proud of and can become a "jewel in the crown" because of its location and functionality. The usability will be maximised and the usage will increase, as the facility will be multi-purpose seeing it being used for events, corporate functions, conference breakout sessions, birthday parties, tournaments, meetings and functions.

## Community and Visitor Experiences continues

### Par2 MiniGolf

To keep up with changing demands and growth of local population and visitor numbers, it has been recommended to build a purpose built tourism hub, which would include Par2 MiniGolf and the Napier i-SITE. This new “hub” would have two new MiniGolf courses, a redeveloped public area, admissions for Par2 MiniGolf with storage areas for associated gear, offices and staff facilities. There is a recommendation to include a café area to be managed or leased by agreement. There would also be an investment for new activity and visitor centre technology.

The plan provides funding a programme of renewals.

### National Aquarium of NZ

Our National Aquarium is due for an upgrade. There was strong support from the public through consultation on the Long Term Plan regarding the upgrade of the Aquarium with a significant expansion of the site and the programmes it delivers. Council will proceed with the preferred option and allocate \$10.2million in the LTP as Council’s contribution towards the \$53million expansion project. This project is subject to a gateway process, where the next step is the delivery of the detailed business case. If approved by Central government, further gateways including external funding would be required before the project would commence.

#### The expansion project

This expansion will tell the story of our relationship with the land and sea, encouraging us to care for our natural environment through marine science research, education and conservation programme while being an unforgettable aquarium experience. Being bold and visionary is important to the project’s success. This project is an initiative of Matariki: Hawke’s Bay’s Regional Economic Development Strategy and aims to increase regional growth through increased tourism and job opportunities. It is set to attract significant partnerships, external funding and sponsorship. It also closely aligns with the government’s new Provincial Growth Fund given the considerable benefits it would deliver for the region and to the whole of New Zealand.

We are working with Iwi, the renowned Weta Workshop, the University of Waikato, and Air New Zealand to deliver a conservation centre of excellence and eco-tourism offering that will attract local, national and international visitors.

### Napier Conference Centre

The Conference Centre constantly reviews service delivery in order to maintain market share and commercial viability. The recent upgrade of the facility puts it in a good position for the immediate future.

The plan includes an ongoing programme of renewals and building maintenance.

### Kennedy Park Resort

The plan includes upgrades to the facilities (deluxe ensuite units, kitchen cabins, TV infrastructure and ablution blocks) along with a provision for the ongoing renewal and building maintenance programme. We will continue to ensure the brand is refreshed, relevant and well promoted to targeted customers and that the facility provides for changing customer requirements.

### Sportsgrounds

Council’s sportsgrounds and associated facilities provide for the majority of the city’s sporting demand, although increasing pressure from population growth, diversification of sport, crossover between seasons and more extreme weather events is making it increasingly challenging to meet all demands. In a rapidly changing local sports environment, and a highly competitive market for major events, Council will continue to balance the changes in demand for the provision of sports facilities needs to respect traditional aspects of sport (for example, club structures), while ensuring decisions now are sufficiently flexible to respond to changing future demand.

The Park Island Master Plan and McLean Park Renewal projects along with a programme of ongoing renewals will provide for the future demands for Sportsgrounds.

### Reserves

The plan provides for further development of the Destination Playground at Anderson Park, Ahuriri Estuary projects, Coastal Erosion and Westshore Beach Inundation Remediation, additional neighbourhood playgrounds along with a programme of ongoing renewals.

# Community and Visitor Experiences continues

## Risk Management

Risks for Community Strategies are the costs of service delivery.

Risks for Community Facilities (Halls) are in changes to building code and budgets for renewal and maintenance that would have an impact on these assets and their viability for utilisation by the community.

Risks for Bay Skate are health and safety and the cost of service delivery.

Risks for Events and Marketing are the costs of service delivery against the benefits to the community of events supported.

Risks for Housing are affordability with increasing future demands and changes in government policy; the Residential Tenancy Act including minimum housing standards and tenancy arrangement.

Risks for Libraries are primarily the costs of service delivery.

Risks for MTG are primarily the costs of service delivery. Issues of long term storage have yet to be resolved.

Risks for Sportsgrounds and Reserves are primarily the costs of service delivery.

Par2 MiniGolf risk is that the facility needs to be kept in alignment with customer preferences for it to maintain its viability.

Napier i-SITE Visitor Information Centre risk is the viability of the service and ability to change with future changes in digital technology.

Risk for Kennedy Park Resort is timely response to customer preferences and maintaining economic viability.

Risks for Napier Municipal Theatre and Napier Conference Centre are health and safety and the cost of service delivery.

Risks for National Aquarium of NZ are health and safety and the cost of service delivery. The Consultation Document addresses the issues of expansion or upgrade of the facility.

Risks for Napier Aquatic Centre are health and safety and the cost of service delivery.

The Consultation Document addresses the issues of replacement or upgrade of the facility.

Risks for the Marine Parade Pools are health and safety, service delivery of the contract management and continued maintenance.

Risks for McLean Park include ongoing competition from other national venues vying for international and national events, and the potential costs to maintain the park up to expected standards.

## Significant Negative Effects

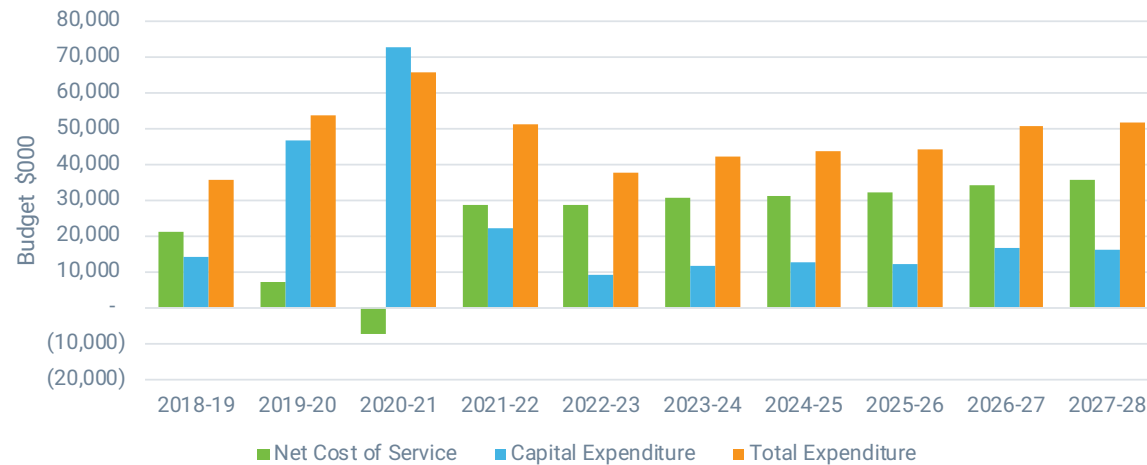
There may be a negative public perception for those not accessing activities and facilities which receive contributions from rates. The cost of operating recreational activities also may be perceived as a negative economic effect on the community due to costs that are borne by the whole community and not related to individual use. A loss of productive land for recreation or other community or tourism-based facilities may be perceived as a negative environmental effect.

# Community and Visitor Experiences continues

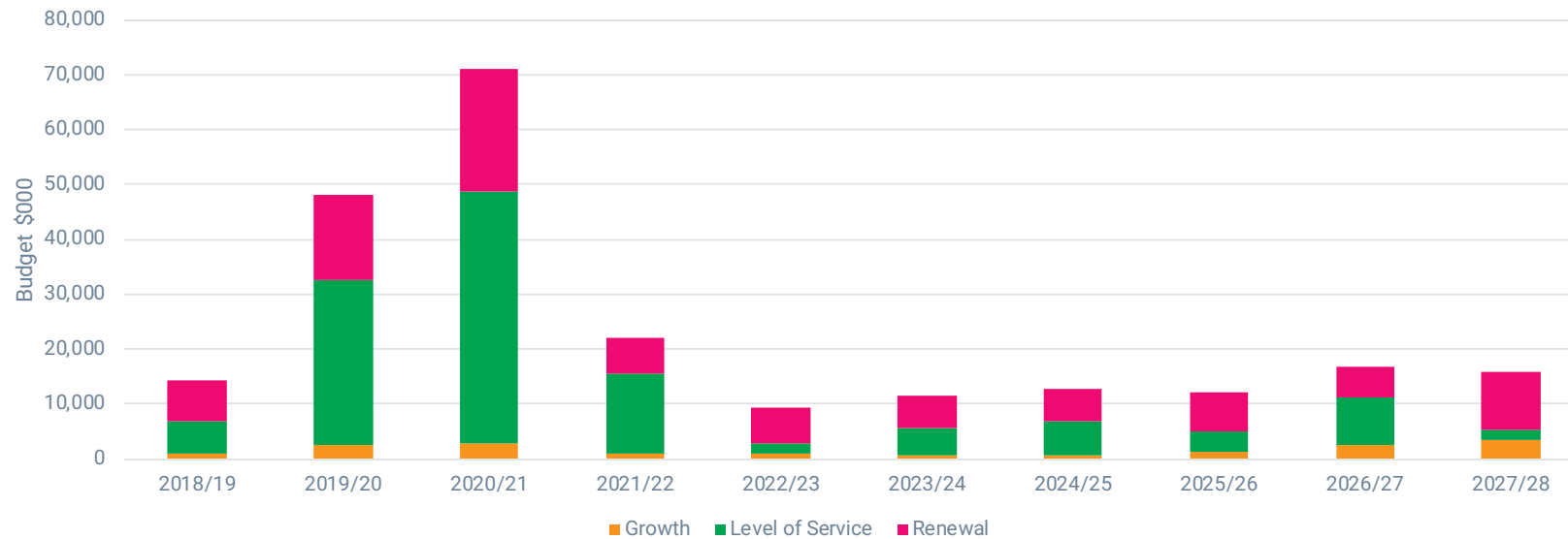
## Financial Information

The following graphs show the budget for operation and capital.

### Budget 2018-28



### Community and Visitor Experiences - Capital Expenditure



## Napier City Council: Funding Impact Statement for 2018/28 for Community and Visitor Experiences

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
18,498	General rates, uniform annual general charges, rates penalties	19,103	21,692	21,814	23,202	23,804	24,987	25,596	26,300	26,649	27,388
-	Targeted rates					0					
453	Subsidies and grants for operating purposes	963	495	346	447	449	450	452	453	455	457
11,617	Fees and charges	12,768	13,036	13,132	14,132	15,497	16,760	18,091	19,157	19,617	20,177
1,133	Internal charges and overhead recoveries	1,282	1,252	1,252	1,360	1,378	1,419	1,452	1,353	1,386	1,348
2,917	Local authorities fuel tax, fines, infringement fees, and other receipts	3,282	3,354	3,436	3,512	4,003	4,419	4,610	4,727	4,844	4,969
<b>34,617</b>	<b>Total operating funding (A)</b>	<b>37,399</b>	<b>39,830</b>	<b>39,980</b>	<b>42,653</b>	<b>45,131</b>	<b>48,035</b>	<b>50,201</b>	<b>51,990</b>	<b>52,952</b>	<b>54,339</b>
	<b>Applications of operating funding</b>										
25,605	Payments to staff and suppliers	27,042	25,770	26,182	28,995	28,609	30,819	32,425	33,854	34,565	35,561
-	Finance costs										
7,075	Internal charges and overheads applied	8,443	9,005	10,028	11,383	11,784	12,053	12,342	12,779	13,054	13,375
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>32,680</b>	<b>Total applications of operating funding (B)</b>	<b>35,486</b>	<b>34,776</b>	<b>36,210</b>	<b>40,378</b>	<b>40,393</b>	<b>42,872</b>	<b>44,768</b>	<b>46,633</b>	<b>47,619</b>	<b>48,935</b>
<b>1,937</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,913</b>	<b>5,054</b>	<b>3,770</b>	<b>2,275</b>	<b>4,738</b>	<b>5,163</b>	<b>5,433</b>	<b>5,357</b>	<b>5,333</b>	<b>5,404</b>
	<b>Sources of capital funding</b>										
-	Subsidies and grants for capital expenditure	890	14,649	31,243	3,571	-	-	-	-	-	-
542	Development and financial contributions	464	546	590	525	179	157	161	199	204	227
4,865	Increase/(decrease) in debt	2,356	18,604	25,530	4,216	885	4,611	4,208	2,978	9,632	1,670
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>5,407</b>	<b>Total sources of capital funding (C)</b>	<b>3,710</b>	<b>33,799</b>	<b>57,363</b>	<b>8,312</b>	<b>1,064</b>	<b>4,768</b>	<b>4,369</b>	<b>3,177</b>	<b>9,836</b>	<b>1,897</b>



## Funding Impact Statement for 2018/28 for Community and Visitor Experiences continues

Annual Plan 2017/18 \$000		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
4,362	- to meet additional demand	0	215	52	384	601	67	401	716	60	2,548
8,516	- to improve the level of service	5,383	25,328	40,861	14,103	1,826	5,256	6,145	3,808	10,471	1,703
5,752	- to replace existing assets	8,572	20,629	31,529	7,350	6,488	5,969	5,763	7,089	5,737	11,246
-11,287	Increase (decrease) in reserves	-8,332	-7,319	-11,308	-11,250	-3,113	-1,361	-2,506	-3,079	-1,100	-8,197
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>7,344</b>	<b>Total application of capital funding (D)</b>	<b>5,623</b>	<b>38,853</b>	<b>61,133</b>	<b>10,587</b>	<b>5,802</b>	<b>9,931</b>	<b>9,802</b>	<b>8,535</b>	<b>15,169</b>	<b>7,301</b>
<b>(1,937)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,913)</b>	<b>(5,054)</b>	<b>(3,770)</b>	<b>(2,275)</b>	<b>4,738</b>	<b>(5,163)</b>	<b>(5,433)</b>	<b>(5,357)</b>	<b>(5,333)</b>	<b>(5,404)</b>
<b>-</b>	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Note: Excluded from Above										
5,904	Group depreciation & amortisation	5,683	6,020	6,928	8,148	9,868	11,164	11,243	11,677	13,267	14,211

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds in a more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

# Property Assets

## Scope

Activities in Property Assets are:

- Property Holdings
- Inner Harbour
- Lagoon Farm
- Parklands Residential Development

### Property Holdings

Leasehold Land Portfolio:

Investment Property Portfolio = 74

Residential = 14

This activity is responsible for the management of leases and licences that have been established for parks, reserves, sportsgrounds, and roads, commercial, industrial, and residential properties. The majority of leases within the Leasehold Land Portfolio are perpetually renewable.

It is also responsible for asset management, including maintenance and renewal, of all Council buildings not specifically allocated to other activities.

### Inner Harbour

Napier Inner Harbour facilities are located in Ahuriri. The Inner Harbour provides Council owned berthage facilities and the Nelson Quay Boat Ramp, for both commercial fishing vessels and recreational vessels and craft including the Sailing Waka. The Inner Harbour also provides the location for the Napier Sailing Club and the Hawke's Bay Sports Fishing Club, both occupy Council-owned land on a lease basis.

The Inner Harbour provides a channel to the open sea that Council is required to dredge to ensure it remains navigable. The waters within the Inner Harbour are also used by a variety of other water-based users from the wider community, while some of the Council wharves and jetties are used by the public for recreational fishing.

Responsibility for managing the Inner Harbour transferred to the Napier City Council as an integral part of local government reorganisation in 1989. Service delivery has been provided in-house by Napier City Council and includes general enquiries, berth allocation, maintenance, and the operation of the pay to use Nelson Quay Boat Ramp.

### Lagoon Farm

The Lagoon Farm activity is a commercial farm operated on the former Ahuriri lagoon bed landholding south of the current estuary channel. This activity covers the costs of land retention and wherever possible provides a supplementary revenue stream to Council while providing a number of other ancillary amenities to the general public and community of Hawke's Bay

The farm currently operates as a sheep farm, with some paddocks leased out for hay cropping on a seasonal basis. The area is zoned "Rural" and as such it can only be used for farming activities.

### Parklands Residential Development

The Parklands Residential Development on 120 hectares of former Lagoon Farm land will provide over 350 residential sections for sale during the period 2018-27. The rate of residential development will be driven by market demand.

## Property Assets continues

Property Assets contribute to the following community outcomes:

Key: ① = Primary focus; ② = contributes to	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable City	Council works with and for the community	A safe and healthy City that supports community well-being
Property Holdings		①			
Inner Harbour		①			
Lagoon Farm		①	②		
Parklands Residential Development		①			

## Performance Measures

Activity	Level of service	Service Performance Measures	Annual Report (2016/17)	Year 1 (2018/19)	Year 2 (2019/20)	Year 3 (2020/21)	Years 4-10 (2022-28)
Property Holdings	Council manages a portfolio of commercial and leasehold land in accordance with legislation, Council policies and individual lease agreements	Review of Council's Investment Property Portfolio completed regularly	Review to be carried out as part of LTP process	Review every 3 to 5 years	Review every 3 to 5 years	Review every 3 to 5 years	Review every 3 to 5 years
	Council maintains and renews all Council buildings to ensure buildings remain safe, in good condition and fit for purpose	Buildings comply with Building Act and Health and Safety and hold current warrant of fitness certificates, where required.	achieved	achieved	achieved	achieved	achieved
Inner Harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels	No. of Permanent Berths	new measure	98*	98*	98*	98*
		Dredging is carried out as required so the channel is maintained to a minimum depth of 2.4m at lowest tide (source: depth sound checks)	new measure	achieved	achieved	achieved	achieved
Parklands Residential Development	Council develops residential sections for sale and provide an income stream for Council	Number of sections sold and developed	54 lots created and sold	50	40	31	234 Total for years 4 to 9

\* Subject to development of the masterplan for the Inner Harbour

# Property Assets continues

## Where to next

### Property Holdings

The majority of properties in Council's investment property portfolio are situated in Onekawa, Ahuriri and Pandora. The total portfolio is currently valued at \$36 million and provides current income of \$1.6 million annually. Under legislation, we use this income to support the improvement, protection, management, or use of the Inner Harbour and the coastal marine area. We need to maintain a stable income at this level to manage this area.

Many lessees would like to buy the land they lease and would be more likely to improve and grow their businesses. Some of the land has high public value – 'strategic' land - and other land does not. Most of the strategic land is located on the waterfront in Ahuriri and in Pandora. Should we sell land, it is important that we get at least the same income from an alternative investment to avoid any rates increase.

Residential lessees are already able to apply to buy the land their property is on.

As a result of consultation through the Long Term Plan 2018-28, Council have made the following decisions in relation to leasehold land:

- To allow freeholding of non-strategic land using as a guide the June 2016 Boffa Miskell report "Napier City Investment Portfolio: Urban Landscape Strategic review" on a case by case basis.
- That recommendations on the freeholding of all identified non-strategic land be considered by the Audit and Risk Committee in the first instance for recommendation to Council.
- That the sale of leasehold land be a Decision of Council.
- That a divestment and investment policy for the sale proceeds is established and approved by Council resolution prior to the release of any leasehold land.

Council will now undertake to develop an investment and divestment Policy that will enable the above.

### Inner Harbour

No formal surveys have been undertaken specific to the users of the Inner Harbour facilities, beyond regular dialogue with the Napier Fishermen's Association and the Harbour Master, to determine their satisfaction with the services and facilities provided by the Council, and to evaluate requirements for the development and funding of these services and facilities. Engagement with all stakeholders will be integral to the development of a masterplan for the Inner Harbour. This development will be initiated with no pre-determined levels of service or assumptions as to the optimal layout and management of the Inner Harbour area. The masterplan will align with the wider Ahuriri Estuary Masterplan and City Vision Principles, giving effect to both where possible.

### Lagoon Farm

Council has identified a further reduction in landholding of 57 hectares. This land is located between the Parklands development and Park Island sports grounds. There are plans for development of additional sports grounds and facilities, and Council expects confirmation of these plans within the next three years (i.e. before 2021), and the sportsgrounds development will occur sometime after then.

The current District Plan zones a parcel of the landholding adjacent to Prebensen Drive and State Highway 2B for a business park, however as this area overlaps with the stormwater ponding area, it is uncertain if the development will go ahead.

The Ahuriri Estuary Masterplan proposes the upper estuary area be extended and a regional park established between the estuary and the farm. This proposal will further reduce the farm land and the viability of the farm would be compromised.

### Parklands Residential Development

We have been able to generate significant revenues from our Parklands residential subdivision activities and this has enabled us to invest in a number of projects to improve the vibrancy and liveability of our city. During the term of this LTP the Parklands income will finish. Part of our strategy is to reinvest some of the income we get to provide another ongoing source of revenue for the city.

# Property Assets continues

## Risk Management

### Property Holdings

Risks associated with Building Asset Management include possible reduced level of service / loss of service due to insufficient planned maintenance and renewals, legislative (including health and safety) non-compliance, and seismic events.

To mitigate these, Council has implemented systems for building asset management and the collection of asset condition data that has allowed for better planning for renewals and maintenance. Contractor management processes have been improved and building warrant of fitness checks continue to ensure compliance. Asbestos surveys have been performed and a management plan is in place. A prioritised programme of seismic assessments on Council owned buildings will continue, and where necessary and feasible strengthening works are carried out.

### Inner Harbour

With the exception of commercial fishing, the activities utilising the Inner Harbour are recreational, and represent a commitment of disposable income. Price sensitivity for such activities is therefore high. The need to balance Service Levels and berthage costs presents a risk to sustained receipt of current fees and charges. Reduction in berthage demand due to external factors may also influence the ability of the Inner Harbour to sustain best practice maintenance levels without drawing on additional funding. The current financial forecast does not accommodate the effects of any significant changes in demands or costs.

We have assessed the current state of the assets including the moorings, pontoons, retaining walls, boat ramp and other structures. Many of these are overdue for significant maintenance and renewal. A framework is being developed to address these asset needs. However, without a greater understanding of the needs of users and consideration of organic and development changes, investment could be misdirected. It is planned to optimise the investment strategy by developing a masterplan for the Inner Harbour, which will identify any opportunities presented by the need to undertake heavy maintenance and renewal. The level of risk associated with some identified deficiencies requires short term intervention and these works are programmed for Years 1 to 3, primarily around the Iron Pot/Jull Wharf.

### Lagoon Farm

Risks to the environment include loss of wetland and loss of the water bird life that is prevalent in the Ahuriri Estuary. The farm borders the Department of Conservation Southern Marsh Environmental Area where water birds breed. The Taipo Stream on the western boundary is an attractive area of purple salt grass and the cycleway runs parallel to this stream. Future use of the land needs to take into account the protection of these environmentally important areas.

The farming operation must take into account the affect of nutrient levels in the estuary from fertilisers and the noise and dust impact on the adjacent residential housing.

### Parklands Residential Development

The creation and sale of lots in the Parklands Residential Development is dependent of market demand. It is assumed that projected sales and income will be realised as planned.

The completion of the Parklands Residential Development will mean a valuable source of Council revenue will cease.

## Significant Negative Effects

The economic and environmental impacts are as follows:

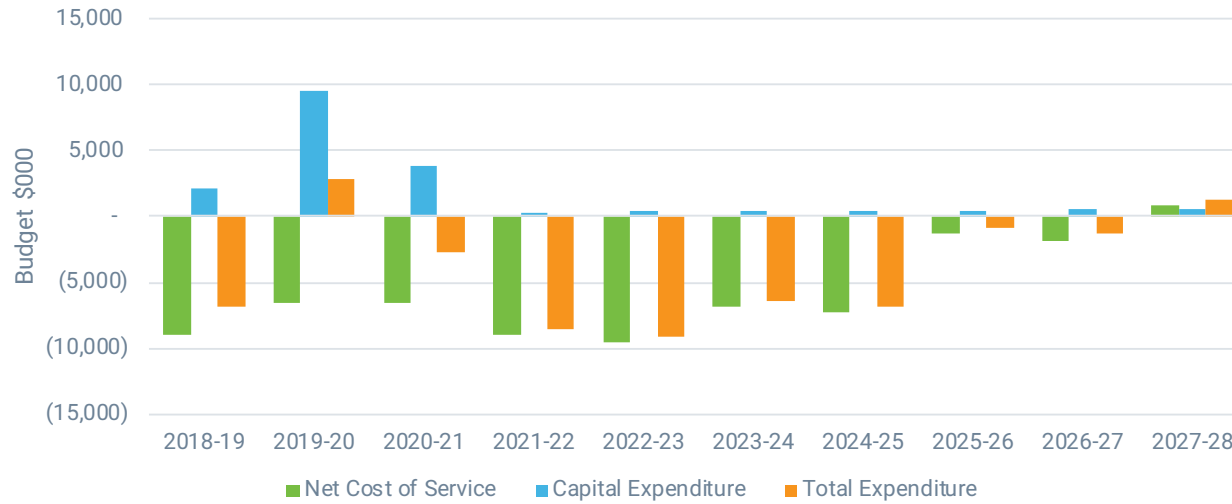
- Alternative investments may produce a different economic return to Council.
- Loss of open spaces and productive land.
- The Parklands Residential Development could negatively impact on neighbouring properties during development (e.g. dust, noise and amenity values).

# Property Assets continues

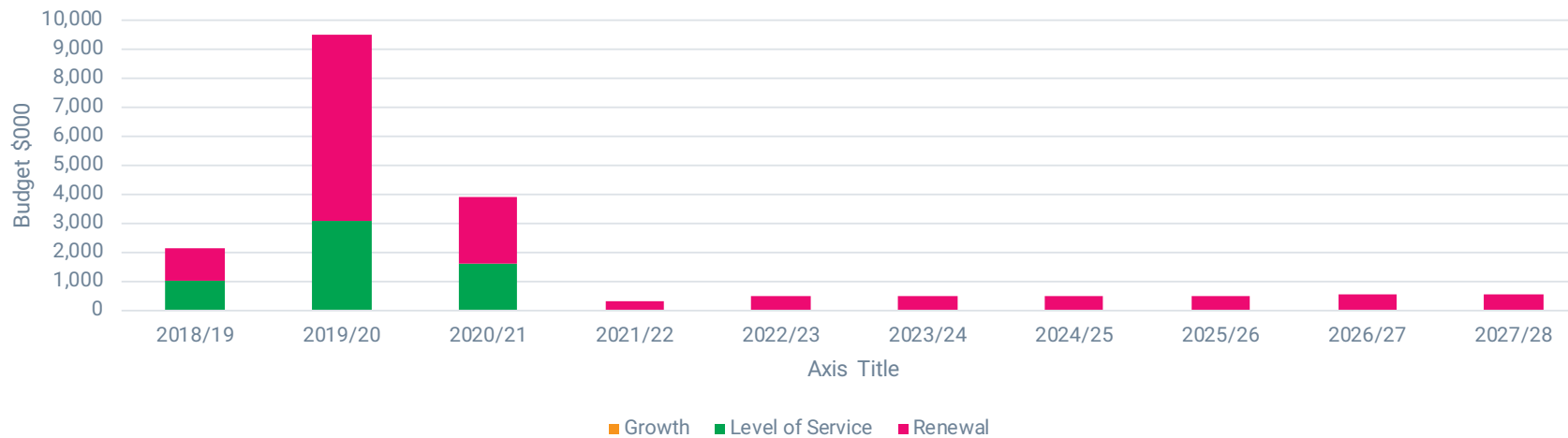
## Financial Information

The following graphs show the budget for operation and capital.

### Budget 2018-28



### Property Assets- Capital Expenditure



# Property Assets Financial Information continues

## Napier City Council: Funding Impact Statement for 2018/28 for Property Assets

Annual Plan 2017/18		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Sources of operating funding</b>										
-	General rates, uniform annual general charges, rates penalties	(1,171)	(989)	(746)	(980)	(628)	1,285	1,328	1,375	1,417	1,484
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
530	Fees and charges	547	496	507	518	531	543	556	570	584	599
3,918	Internal charges and overhead recoveries	4,352	4,452	4,550	4,651	4,760	4,871	4,988	5,113	5,241	5,367
21,033	Local authorities fuel tax, fines, infringement fees, and other receipts	18,664	13,691	11,512	17,559	16,801	17,733	18,127	8,486	8,660	3,396
<b>25,481</b>	<b>Total operating funding (A)</b>	<b>22,393</b>	<b>17,650</b>	<b>15,823</b>	<b>21,748</b>	<b>21,464</b>	<b>24,432</b>	<b>24,999</b>	<b>15,544</b>	<b>15,902</b>	<b>10,846</b>
	<b>Applications of operating funding</b>										
12,520	Payments to staff and suppliers	12,598	10,719	8,021	11,090	9,872	13,427	13,438	10,687	10,357	8,379
-	Finance costs	-	-	-	-	-	-	-	-	-	-
2,926	Internal charges and overheads applied	2,737	2,357	2,219	2,715	2,691	2,806	2,866	2,111	2,154	1,693
2	Other operating funding applications	2	2	2	2	2	2	2	2	2	2
<b>15,449</b>	<b>Total applications of operating funding (B)</b>	<b>15,337</b>	<b>13,077</b>	<b>10,242</b>	<b>13,808</b>	<b>12,565</b>	<b>16,235</b>	<b>16,306</b>	<b>12,800</b>	<b>12,513</b>	<b>10,074</b>
<b>10,032</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>7,055</b>	<b>4,572</b>	<b>5,581</b>	<b>7,941</b>	<b>8,899</b>	<b>8,197</b>	<b>8,693</b>	<b>2,744</b>	<b>3,389</b>	<b>771</b>
	<b>Sources of capital funding</b>										
-	Subsidies and grants for capital expenditure	180	552	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase/(decrease) in debt	300	-	-	-	-	-	-	-	-	-
126	Gross proceeds from sale of assets	150	150	150	150	150	150	150	150	150	150
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
<b>126</b>	<b>Total sources of capital funding (C)</b>	<b>630</b>	<b>702</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>

## Funding Impact Statement for 2018/28 for Property Assets continues

Annual Plan 2017/18		Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000	Forecast 2025/26 \$000	Forecast 2026/27 \$000	Forecast 2027/28 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
1,500	- to improve the level of service	1,000	3,066	1,566	0	0	0	0	0	0	0
515	- to replace existing assets	1,105	6,423	2,323	320	491	481	492	493	506	520
8,144	Increase (decrease) in reserves	5,580	(4,215)	1,842	7,771	8,558	7,866	8,351	2,401	3,033	402
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
<b>10,159</b>	<b>Total application of capital funding (D)</b>	<b>7,685</b>	<b>5,274</b>	<b>5,731</b>	<b>8,091</b>	<b>9,049</b>	<b>8,347</b>	<b>8,843</b>	<b>2,894</b>	<b>3,539</b>	<b>921</b>
<b>(10,032)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(7,055)</b>	<b>(4,572)</b>	<b>(5,581)</b>	<b>(7,941)</b>	<b>(8,899)</b>	<b>(8,197)</b>	<b>(8,693)</b>	<b>(2,744)</b>	<b>(3,389)</b>	<b>(771)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
660	Group depreciation & amortisation	365	449	667	948	943	1,110	1,150	1,233	1,397	1,420

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds in a more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.





*Napier City Council*  
**COUNCIL  
POLICIES**



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*



# Significance and Engagement Policy Summary

Council's Significance and Engagement Policy was reviewed and adopted in January 2018. The policy provides clarity on how and when the community can expect to be engaged in Napier City Council's decision making processes. On every issue requiring decision, Council will consider the degree of significance and the most appropriate level of engagement.

Significance means the degree of importance of the matter, issue, proposal or decision, relating to its likely impact on and consequence for:

- Parts of the city, the city as a whole, or the region
- Any persons who are likely to be particularly affected by or interested in the matter, issue, proposal or decision
- The achievement of Council's stated levels of service
- The capacity of Council to perform its role and carry out its activities now and into the future, and
- The financial, resource and other costs of the decision.

In assessing the significance of a decision, Council will need to have regard to all relevant circumstances, but will consider:

- The level of community interest
- The impact or consequences for affected individuals and groups in the city or region
- Consistency with current Council policy, strategy, outcomes and/or priorities
- Impact on levels of service
- Financial impact on Council's overall resources and rating levels
- The cost of the decision
- The involvement of a strategic asset, and
- The extent to which the decision can be reversed.

Community engagement is important to enable the community to participate and have confidence in the decision making process and to help Council understand varied points of view to make better decisions and deliver better services for Napier, reflecting the aspirations of mana whenua, residents, ratepayers, community groups and businesses. Engagement is conducted based on the principles of openness, transparency, inclusiveness and accessibility.

There are many forms of engagement. We use an engagement spectrum based on the International Association of Public Participation to assess the approach we might take to engage with the community on a case by case basis. A combination of approaches may be used on any given engagement process.

A Special Consultative Procedure (SCP) approach is required by the Local Government Act (Part 6) for some decisions including:

- Adoption of the long term plan (and any amendments)
- Bylaws of significant public interest or if there is a significant impact on the public – including changes or revocation of bylaws.

Council may choose to use the SCP for other matters. The SCP requires a proposal to be shared with the public and a period of at least one month for the public to give their views on the proposal before any decision can be made.

This policy is reviewed every three years, generally as part of the long term plan process.

For the full Significance and Engagement Policy, please [visit the Council website](#).

# Revenue and Financing Policy

## 1. Background

Napier City Council (the Council) has reviewed the proposed funding for each activity to determine the funding policy for each. In accordance with the Local Government Act 2002 (LGA), Council has considered each activity with regard to the following:

- Community outcomes to which an activity contributes;
- the distribution of the benefits between the community as a whole, identifiable parts of the community and individuals;
- the extent to which actions or inactions of individuals or groups contribute to the activity; and
- costs and benefits of funding the activity distinctly from other activities.

The summary table in section 4.1 lists Council activities and the significant funding mechanisms to be used for funding the operating costs of each activity. Sources used were determined after careful consideration of the four items above. The primary funding sources available to Council are General Rates, Targeted Rates, Fees and Charges (including rents and lease receipts) and Other Revenue. Other Revenue includes grants, donations, subsidies, petrol tax and other miscellaneous income items.

In addition to the types of revenue noted above Council also receives interest from its investments. Interest generated from defined funds held or collected, where Council has determined that interest will be added, are credited to the fund at year end and applied to the purposes of the fund. Any remaining interest income is used to reduce the requirement for General Rates.

The scale used in the summary table in 4.1 shows the expected level of the revenue as a percentage of operating costs for the activity. The ranges are in 20% increments up to 100%.

## 2. Funding of Operating Expenditure

### Fees and Charges

Fees and Charges, in the summary table 4.1, include all licence and enforcement. Fees and Charges applied to the community generally, rather than by individual

agreement, are set in the Schedule of Fees and charges adopted by Council as part of its Long Term or Annual Plan process. These fees and charges are available on Council's website or from Council's Customer Service Centre. Examples include swimming pool entrance fees, parking fines, building inspection fees and dog licence fees. Examples of individual charges made by agreement, but not publicly notified in the Schedule of Fees and Charges include property leases and property rentals. Items excluded from this classification are all rates and interest income along with financial contributions, capital contributions and grants, subsidies and donations applied to funding of assets rather than funding of operating costs.

Fees and charges are applied where there is a benefit to an individual from the delivery of goods and or services and this can be charged in a cost efficient manner. If it is possible to efficiently impose a charge, the Council does so, on the basis of either recovering the full cost of the service, the marginal cost added by users, or at a level that the market will pay.

Market rate is generally the upper limit used for determining fees or charges. Market rate as the upper limit applies where Council believes imposition of fees or charges at a rate above market will generally reduce usage of the activity or facility and lead to the imposition of a greater cost on ratepayers. In selecting market rate the Council has made a judgement that the community values the existence of the facility and would rather fund it from rates than for it to close.

The following specific types of revenue are included in fees and charges:

### Licence Fees

Licence fees are charged where applicable and may be set by Council or by regulation. Use of licence fee revenue collected may also be directed to a specific purpose by legal statute.

### Enforcement Fees

Enforcement fees are charged where applicable. Their purpose is to promote compliance rather than to raise revenue; consequently, revenue collected may be insufficient to meet the full costs of the enforcement activity. The level of enforcement fee may also be restricted by statute or the courts. Use of

## Revenue and Financing Policy continues

enforcement fee revenue collected may also be directed to a specific purpose by legal statute.

### Rental and Lease Income

Rental and lease income is attributed to the activity with primary responsibility for the asset generating the rental or lease income. This revenue generally offsets costs of maintaining the asset and costs generally within the activity area receiving the revenue. However in the case of leasehold land subject to the Hawke's Bay Endowment Land Empowering Act 2002, ground rental revenue is credited to a special fund within equity being the HBHB Endowment Income Account. In accordance with the Act this income is used to fund the net cost of the Napier Inner Harbour and certain foreshore reserves and other permitted activities. The land subject to the Act was vested in Council in 1989 from the Hawke's Bay Harbour Board at the same time that Council assumed liability for the Napier Inner Harbour and former Harbour Board foreshore reserves.

### Dividend Income

Council receives a minor amount of dividend revenue from time to time. Where applicable, this is applied to offset the cost of the activity related to the dividend income. Where dividend income relates to Council operations in general, this is applied to the same purposes as general rates.

### Other Income

#### Grants, Subsidies and Donations

Revenue from these sources is actively sought to offset both operating and capital costs.

#### Petrol Tax

This is the local government share of the petrol tax levied by central government. It is used to contribute to the costs of road maintenance.

### Waste Levy Income

This is the Council share of waste levy fees collected by the Ministry for the Environment. Income is received from the Waste Levy Fund and must be applied to waste minimisation activities.

### General Rates

For the purposes of the Revenue and Financing Policy, General Rates includes a Uniform Annual General Charge (UAGC). General Rates are used to fund services where Council believes there is a public benefit even though it may not be to the whole community. Council funds 'public good' for which there is no practical or economically effective method for identifying and charging individual users or where benefits are wider than just the specific users. General Rates fund a range of services which are used by individual ratepayers to varying extents. Council's Rating Policy contains more information on General Rates.

### Targeted Rates

Targeted Rates are also used to fund community services. A targeted rate is used specifically for the cost incurred. Generally these are operating costs but may also be used to recover capital costs incurred on behalf of a specific community sector. Targeted Rates are charged to the households or commercial users who have access to or benefit from the service provided. Napier City Council applies a number of targeted rates. Two examples are:

- Refuse rate - a standard charge to all properties based on the number of collections per week.
- Promotion rate CBD - a charge, based on land value, levied on identified properties within the Napier CBD, and used to fund the Napier City Business Inc. organisation.

Council's Rating Policy contains detailed information on Targeted Rates.

# Revenue and Financing Policy continues

## Borrowing

Borrowing is not used to fund operating expenses. Borrowing is used as a tool to smooth cash requirements for capital acquisitions and replacements - see Funding of Capital Expenses below.

## Depreciation Funding Policy

Council always aims to operate with a balanced budget however it has identified some assets where it believes that it may not be prudent to fully fund the depreciation expense. Council has adopted the following depreciation funding policy:

Except for the two categories of assets specified below, depreciation will be funded fully from operating revenues each year.

### Exceptions:

- a. Community assets considered to be of a non-critical / essential nature.  
Assets identified in this category include; Rodney Green Centennial Events Centre, McLean Park, Napier Municipal Theatre, Napier Conference Centre and community halls, Tourism assets (Napier i-SITE Visitor Centre, Par2 MiniGolf, National Aquarium of NZ) and MTG Hawke's Bay.  
  
Council will manage these assets as part of the Building Asset Management Plans and to financially provide for the assets so they may be maintained on an on-going basis at a level that meets the community's requirements. Any decision to replace the assets will be made at the time in consultation with the community. A mixture of loans, reserves and community funding could fund the cost of replacement.
- b. Road assets are continually maintained and renewed, and over 50% of this cost is received as a subsidy from New Zealand Transport Agency (NZTA). Council funds the portion of the depreciation to be funded after allowance for the expected subsidy to be received.

Council may elect not to fund all or part of the depreciation expenditure on specific assets in those circumstances where it is not financially prudent to do so. In accordance with section 100 of the Local Government Act 2002, the Council considers that it is not financially prudent to fund depreciation in the following circumstances:

- Where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party; or
- Where the Council has elected not to replace the asset at the end of its useful life; or
- Where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.

### Use of Depreciation Funds:

Depreciation funds are used for capital expenditure and the repayment of debt.

## 3. Funding of Capital Expenditure

Rates are used to fund an ongoing replacement programme (renewals) up to the level of the annual depreciation expense and may be used to fund a portion of capital acquisitions. This is balanced against both the affordability for current ratepayers and the period over which the community is likely to receive the use or benefits of an asset.

## Development and Financial Contributions

These contributions are charges against new developments within the city. They are applied to the funding of infrastructure required due to city growth. Infrastructure includes Transportation, Stormwater, Wastewater, Water Supply, Sportsgrounds, Reserves and Libraries. Growth drives a significant portion of our capital work requirement in order that service levels are maintained to the growing community. As the cost of growth is driven by development

## Revenue and Financing Policy continues

the Council considers that it is equitable that a development should make a contribution to these costs. Charges under these policies are used to fund the portion of capital expenditure that relates to growth. In determining the requirement for contribution any increase in level of service or renewal of asset is identified and funded from other sources. A change to the Development and Financial Contributions policy will occur in 2021.

### **Borrowing**

Borrowing is used as a method of funding some capital projects. The Council views debt as a smoothing mechanism to achieve equity between time periods. However, Council does not have an unlimited capacity to borrow and the community does not have an unlimited capacity to service those loans into the future. The Council adopts a prudent approach to debt and its capital programme to ensure that the burden of debt and the associated interest cost does not place an impossible burden on the community. In doing so Council is conscious of its debt limits included in the Financial Strategy.

### **Proceeds from Asset Sales**

These proceeds may be used to fund capital works, through internal loans, or to repay debt to external parties. The main planned asset sales programme over the period of this plan is the ongoing freeholding of HBHB Endowment Land Residential leases. However, as outlined in the Financial Strategy, Council also intends to review assets for potential sale to reduce debt, replace with higher yielding investments or fund key projects.

### **User Charges**

User charges are not generally available to fund capital expenditure however some activities generate a surplus that is able to be used to fund capital expenditure. Examples include the Kennedy Park and Parking activities.

### **Reserves (Special Funds)**

Council maintains a number of special funds that are available to fund capital projects when a project meets the specific criteria for the reserve.

### **Grants, Subsidies, Donations and other income**

Council relies on significant subsidies for capital works in its transportation activity. Other activities are able to access grants, subsidies and donations from time to time and Council looks to obtain external funding to support new community projects wherever possible.

# Revenue and Financing Policy continues

## 4. Funding by Activity

### Operating Expenditure - Significant Sources of Activity Funding

Low: 0 - 19%, Low - Med: 20 - 39%, Medium: 40 - 59%, Med - High: 60 - 79%, High: 80 - 100%

Activity Group	Activity	General Rates	Targeted Rates	Fees and Charges	Grants, Subsidies & Other
Democracy and Governance	Democracy and Governance	High			
Transportation	Transportation	High	Low	Low	Low
Stormwater	Stormwater	High		Low	Low
Wastewater	Wastewater		High	Low	
Water Supply	Water Supply		High	Low	Low
Other Infrastructure	Waste Minimisation	Low	Low - Med	Low - Med	Low - Med
	Cemeteries	Med - High		Low - Med	Low
	Public Toilets	High		Low	
City Strategy	City Development	High	Low	Low	Low
	Resource Consents	Medium		Medium	
	Regulatory Solutions	Med - High		Low - Med	
	Building Consents	Low - Med	Low	Med - High	
	Animal Control	Low		Med - High	Low
	Parking			High	

Activity Group	Activity	General Rates	Targeted Rates	Fees and Charges	Grants, Subsidies & Other
Community and Visitor Experiences	Community Strategies	High		Low	Low
	Community Facilities	High		Low	
	Napier Aquatic Centre	Med - High		Low - Med	Low
	Marine Pde Pools	Med - High		Low - Med	
	Bay Skate	Medium		Medium	
	McLean Park			High	
	Events and Marketing	High		Low	Low
	Housing			High	Low-Med
	Libraries	High		Low	
	MTG Hawke's Bay	Medium		Low - Med	Low
	Napier Municipal Theatre	Low - Med		Med - High	
	Napier i-SITE Visitor Information Centre	Low - Med		Med - High	
	Par2 MiniGolf			High	
	National Aquarium of NZ	Low		High	Low
	Napier Conference Centre	Low		High	
	Kennedy Park Resort			High	
	Sportsgrounds	High		Low	
	Reserves	High		Low	Low



## Revenue and Financing Policy Operating Expenditure continues-

Activity Group	Activity	General Rates	Targeted Rates	Fees and Charges	Grants, Subsidies & Other
Property Assets	Property Holdings			High	
	Inner Harbour	Low		Low - Med	Med - High
	Lagoon Farm			High	Low
	Parklands Residential Development				High

### Capital Expenditure - Significant Sources of Funding

Activity Group	Activity	General Rates	Financial & Development Contributions	Loans	Fees & Charges	Reserves (Special Funds)	Other (Subsidies, Donations, Asset Sales)
Democracy and Governance	Democracy and Governance	Yes					
Transportation	Transportation	Yes	Yes	Yes		Yes	Yes
Stormwater	Stormwater	Yes	Yes	Yes		Yes	
Wastewater	Wastewater	Yes	Yes	Yes		Yes	
Water Supply	Water Supply	Yes	Yes	Yes		Yes	
Other Infrastructure	Waste Minimisation	Yes		Yes		Yes	Yes
	Cemeteries	Yes		Yes		Yes	
	Public Toilets	Yes				Yes	
City Strategy	City Development	Yes					
	Resource Consents	Yes					
	Regulatory Solutions	Yes					
	Building Consents	Yes					
	Animal Control					Yes	Yes
	Parking					Yes	Yes

## Revenue and Financing Policy - Significant Sources of Funding continues

Activity Group	Activity	General Rates	Financial & Development Contributions	Loans	Fees & Charges	Reserves (Special Funds)	Other (Subsidies, Donations, Asset Sales)	
Community and Visitor Experiences	Community Strategies	Yes						
	Community Facilities	Yes		Yes		Yes		
	Napier Aquatic Centre	Yes		Yes		Yes	Yes	
	Marine Pde Pools	Yes						
	Bay Skate	Yes						
	McLean Park	Yes		Yes		Yes	Yes	
	Events and Marketing	Yes						
	Housing				Yes		Yes	Yes
	Libraries	Yes	Yes	Yes	Yes		Yes	Yes
	MTG Hawke's Bay	Yes			Yes		Yes	Yes
	Napier Municipal Theatre	Yes					Yes	Yes
	Napier i-SITE Visitor Information Centre	Yes			Yes			
	Par2 MiniGolf	Yes			Yes	Yes		
	National Aquarium of NZ	Yes			Yes		Yes	Yes
	Napier Conference Centre	Yes					Yes	Yes
	Kennedy Park Resort	Yes			Yes	Yes		
Sportsgrounds	Yes			Yes		Yes	Yes	
Reserves	Yes	Yes	Yes	Yes		Yes	Yes	

## Revenue and Financing Policy - Significant Sources of Funding continues

Activity Group	Activity	General Rates	Financial & Development Contributions	Loans	Fees & Charges	Reserves (Special Funds)	Other (Subsidies, Donations, Asset Sales)
Property Assets	Property Holdings	Yes		Yes		Yes	Yes
	Inner Harbour				Yes	Yes	
	Lagoon Farm					Yes	
	Parklands Residential Development					Yes	Yes

### 4.3 Rationale for Activity Funding

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>DEMOCRACY AND GOVERNANCE</b>					
Democracy and Governance	Engagement: Council works with and for the community	Benefits flow to the entire community through the provision of the democratic and consultative system for decision making	Costs are applied on an annual basis as the primary benefit of operating expenditure is achieved in the year the expenditure is incurred	There are no negative effects to be addressed by this activity	Individual benefits are unable to be quantified so General Rates is the appropriate funding source. As the whole community benefits from this activity it is Council's view that General Rates is the most appropriate funding source.
<b>TRANSPORTATION</b>					
Transportation	<p>Excellence in infrastructure and public services for now and in the future (primary)</p> <p>A safe and healthy City that supports community well-being (secondary)</p>	Benefits flow to the community, private individuals, businesses and visitors through the provision of a safe and effective transportation network for both transportation and pedestrian traffic in and around the City.	<p>Operating costs are applied on an annual basis. The primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Significant road assets have life ages ranging from 15 to 120 years.</p>	A transportation network is a key requirement for any community to function effectively. Consequently there are no exacerbator pays characteristics of this activity.	<p>Users of the transportation network are the primary beneficiaries of this activity. Subsidy received from NZTA is for the benefit of the users of the network in general. In addition, funding is provided by Petrol Tax Distributions and contributions to city walk and cycleways through Grants and Donations.</p> <p>Targeted rates are applied to CBD and suburban retailers for funding off-street parking requirements. It is appropriate that the remaining costs are met from General Rates.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>STORMWATER</b>					
Stormwater	<p>Excellence in infrastructure and public services for now and in the future (primary)</p> <p>A sustainable City (secondary)</p>	Beneficiaries are land owners, property owners, general public, visitors and stakeholders of national infrastructural assets.	<p>Operating costs are applied on an annual basis. The primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Stormwater assets have life ages ranging from 15 to 100 years.</p>	This activity is required to protect the community from a naturally occurring event (e.g. rainfall), rather than from effects created by the action or inaction of one or more groups of people. Individuals within the community can exacerbate the cost to the community. These issues are addressed through management routines.	Actual benefits received by individual property owners are difficult to determine and it is not cost efficient to apply individual charges. On the grounds of fairness and equity, and from a practical point of view, costs related to this output will be met by the wider Napier community funded by General Rates.
<b>WASTEWATER</b>					
Sewerage	<p>Excellence in infrastructure and public services for now and in the future (primary)</p> <p>A safe and healthy City that supports community well-being (secondary)</p>	<p>Direct beneficiaries are occupants and industrial/commercial entities whose residence/premises are connected to the sewerage system.</p> <p>Indirect beneficiaries are occupants and industrial/ commercial entities that can be easily connected to the system, developers who can extend and connect to the system. The wider Napier community benefit through the safe disposal of effluent.</p>	<p>Operating costs are applied on an annual basis and the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Wastewater assets have life ages ranging from 15 to 100 years.</p>	This activity provides the disposal of wastewater for the members of the community connected to the sewerage system. Individuals within the community can exacerbate the cost to the community. These issues are addressed through management routines.	<p>Actual benefits received by individual property owners are difficult to determine and it is not cost efficient to apply individual charges. On the grounds of fairness and equity, and from a practical point of view, it has been decided that the costs related to this output including depreciation but excluding trade waste should be met by the wider Napier community by a Targeted Rate where connection to the system is available. The Targeted Rate rating system was chosen by Council as all households have equal access to the system and no one household benefits significantly more than any other.</p> <p>Direct charging of trade waste charges is applicable for industrial premises which discharge quantities of trade waste in excess of the minimum laid down in the Trade Waste By-Laws.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>WATER SUPPLY</b>					
Water Supply	<p>Excellence in infrastructure and public services for now and in the future (primary)</p> <p>A safe and healthy City that supports community well-being (secondary)</p>	Beneficiaries are domestic water users, commercial water users and the community at large for fire fighting requirements.	<p>Operating costs are applied on an annual basis and the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Water Supply assets have life ages ranging from 15 to 200 years.</p>	There are no negative effects arising from this activity.	<p>Benefits received by property owners could be achieved through direct user charging. The community preference is for the cost of water supply including depreciation to be achieved through the rating system with a Water Rate on each separately used or inhabited part of a rating unit connected to the system (all domestic users have equal access to the system). A half rate applies to all rating units not connected but located within 100 meters of the system.</p> <p>Direct charging of commercial and of Bay View domestic use is achieved through Water by Meter Charges. Meter fees recover actual use after the first 300m<sup>3</sup> per annum for commercial water users in the Napier system and Bay View domestic users.</p> <p>Beneficiaries of fire protection costs are the wider community therefore direct charging for this service is not applicable. The Fire Protection Rate based on capital value applies to all properties connected or able to be connected to the water supply system. The rate is differentially applied to reflect the need for higher carrying capacity to commercial and industrial properties.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>OTHER INFRASTRUCTURE</b>					
Waste Minimisation	A sustainable City	<p>Direct beneficiaries are the users of the refuse and recycling collections, the transfer station and Omarunui Landfill.</p> <p>Benefits flow to the community as a whole from a clean and tidy environment and through responsible waste minimisation.</p>	<p>Operating Costs benefits arise in the year costs are incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets.</p>	<p>Negative effects being addressed by this activity are the effective disposal of waste produced by the whole community.</p>	<p>It would not be practical to administer fees and charges for refuse and recycling collection on the basis of actual usage so funding is based on access to service. A Targeted Rate based on the cost of service provision of refuse collection and/or kerbside recycling collection is applied to all serviced properties.</p> <p>User Fees and Charges are not practical for litter control services and there are no identifiable beneficiaries so funding is by General Rates.</p> <p>The direct beneficiaries of the Transfer Station and Omarunui Landfill are readily identifiable so funding is by Fees and Charges that recover the full operating and capital costs.</p> <p>Note: Subject to the final decisions of the Waste Management and Minimisation Plan consultation.</p>
Cemeteries	A sustainable City	<p>Burial and ash interment spaces provide direct benefits are to the family and friends of the deceased. Genealogists/historians benefit directly from records information.</p> <p>Indirect beneficiaries are business suppliers. The community as a whole benefit from safe interment facilities, keeping of genealogical information and the well maintained open spaces.</p>	<p>Costs are applied on an annual basis as the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets.</p>	<p>There are no negative effects arising from this activity.</p>	<p>Some components of this activity are discrete activities that can be applied on an individual basis. Fees and Charges are applied to these components. Where Fees and Charges are not applicable or not cost efficient to implement, the activity cost, being considered a public good, is funded from General Rates as the appropriate funding tool. The Fees and Charges are set at a level that is comparable to neighbouring Councils.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>OTHER INFRASTRUCTURE continues</b>					
Public Toilets	Excellence in infrastructure and public services for now and in the future	<p>Users of the facilities benefit directly.</p> <p>The community as a whole benefits from the provision of safe, sanitary public toilets.</p>	<p>Benefits of operating costs accrue to the year in which these are incurred.</p> <p>Benefits of the capital cost of providing facilities accrue over the life of the asset. Building assets have an estimated life of 50 years with a shorter life for fixtures and fittings.</p>	Negative effects negated by this activity are public health concerns caused by inadequate public toilet provision and damage or destruction of community facilities and buildings through graffiti and vandalism.	While separate funding is applicable the cost of applying direct costs would be greater than the revenue gained. If graffiti and vandalism offenders are apprehended they are charged the costs of reparation. The activity is considered to be for the public good and Council has allocated costs of operating as fully General Rates funded with reparation costs being sought from the court or the offenders directly for both vandalism and graffiti.
<b>CITY STRATEGY</b>					
City Development	<p>A vibrant, innovative City for everyone (primary)</p> <p>A sustainable City (secondary)</p> <p>Engagement: Council works with and for the community (secondary)</p>	<p>A District Plan that meets the needs and aspirations of the community while ensuring that the resources of the district are managed sustainably benefits the community as a whole. Direct beneficiaries are the property and building industry and associated businesses.</p> <p>Direct beneficiaries of the Council promoting economic development are businesses and the wider Napier community through economic growth.</p>	<p>The District Plan is reviewed in its entirety in consultation with the local community once every ten years. The benefits of this activity will accrue over the life of the District Plan although the primary expenditure is incurred at the time of the District Plan's review.</p> <p>Although benefits of economic development may continue to accrue over future years the primary benefit is achieved in the year expenditure is incurred so costs are allocated to the year these are incurred.</p>	<p>The requirement to have a District Plan is stipulated by the Resource Management Act.</p> <p>The actual provisions of the District Plan aim to provide an environment in which people are able to undertake a wide range of activities with minimum regulation provided no adverse effects on the environment are created or likely to be generated. In some instances private individuals who wish to utilise their land in a manner that is not normally associated with the zoning in place may need to request changes to the District Plan but in so doing need to demonstrate how any potential adverse effects will be mitigated.</p>	<p>The requirement to have a District Plan is stipulated by the Resource Management Act. The actual provisions of the District Plan aim to provide an environment in which people are able to undertake a wide range of activities with minimum regulation provided no adverse effects on the environment are created or likely to be generated. In some instances private individuals who wish to utilise their land in a manner that is not normally associated with the zoning in place may need to request changes to the District Plan but in so doing need to demonstrate how any potential adverse effects will be mitigated.</p> <p>Recovery of costs by way of Fees and Charges is limited due to the difficulty identifying direct beneficiaries. Appropriate funding is by way of Fees and Charges where applicable with the remainder funded from General Rates.</p> <p>Promotional levies are collected on behalf of the Napier City Business Inc. and Taradale Marketing Association Inc. Council's share of the CBD promotional levy is funded from rates and the remainder is from Targeted Rates.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>CITY STRATEGY continues</b>					
Resource Consents	<p>A safe and healthy City that supports community well-being (primary)</p> <p>A sustainable City (secondary)</p>	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined in the Council's District Plan. Management and application of the Resource Management Act (RMA).	<p>Although benefits of this activity will continue to accrue over future years through the consistent application and development of policies in the District Plan and the management of the RMA, the primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred.</p> <p>Capital costs are minor as these are largely administrative equipment costs.</p>	The need for these services arise from the actions taken by both individuals and businesses which necessitate the need to ensure compliance with laws enacted to protect the health and safety of both users and the community at large and the environment for future generations.	Where direct benefits can be attributed to individuals and businesses the costs will be recovered by Fees and Charges within an affordable level. The community as a whole benefits from this activity so any remaining balance will be recovered from General Rates.
Regulatory Solutions	A safe and healthy City that supports community well-being	Benefits flow to the community and private individuals through enhanced public and community safety, environmental protection and protection of public health.	Benefits flow to the community and private individuals through enhanced public and community safety, environmental protection and the protection of public health.	The need for these services results from the action or inaction of both individuals and businesses to comply with laws enacted to protect the health and safety of both users and the community at large.	Where direct benefits can be attributed to individuals and businesses the costs will be recovered by Fees and Charges within an affordable level. The community as a whole benefits from this activity so any remaining balance will be recovered from General Rates.
Building Consents	A safe and healthy City that supports community well-being	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined by the Council and management and application of the Building Act, Regulations and Codes of Practice.	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined by the Council and management and application of the Building Act, Regulations and Codes of Practice.	The need for these services results from the action of both individuals and businesses to ensure compliance with laws enacted to protect the health and safety of both users and the community at large.	<p>Costs of this activity are related to the control and management of the built environmental and their effects.</p> <p>Direct benefit can be attributed to individuals and businesses. These will be recovered by Fees and Charges. Any remaining balance will be recovered from General Rates.</p>



## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>CITY STRATEGY continues</b>					
Animal Control	A safe and healthy City that supports community well-being	Benefits flow to the community and private individuals through enhanced public and community safety. Wellbeing is enhanced by the presence of animals in the community.	Although benefits for these activities may continue to accrue over future years through consistent programmes and application the primary benefit is allocated to the year that the costs are incurred.	The need for these services results from the action or inaction of individuals to comply with animal control and welfare laws enacted to protect the health and safety of the community at large and/or the welfare of animals in the community.	Costs relating to dog registration and associated activities are funded from Fees and Charges through annual registration fees and other fees for impounding and other enforcement activities.  Recipients of other Animal Control Functions such as feral cats and stock control and general community benefits are not easily identified. Consequently, the appropriate funding mechanism for these costs is General Rates.
Parking	Excellence in infrastructure and public services for now and in the future (primary)  A vibrant, innovative City for everyone (secondary)	Direct beneficiaries are the users of parking spaces with indirect benefits flowing to businesses in shopping areas.  Benefits of community safety flow to the community as a whole through adequate provision of public parking.	Benefits of this activity accrue over future years through consistent programmes of land purchase and development. The primary benefit of regulatory activity occurs in the year the expenditure is incurred.  Capital items other than land have an expected life of 10 to 50 years.	Commuter, general business activity and visitor vehicle activity create the need for parking to be provided. The need for enforcement services results from the action or inaction of both individuals and businesses to comply with parking and road safety laws.	Parking operating is funded from either by Targeted Rates on businesses where free parking is provided or a direct charge to users where paid parking is provided.  The exception is abandoned vehicles where owners are not always able to be charged.
<b>COMMUNITY AND VISITOR EXPERIENCES</b>					
Community Strategies	A safe and healthy City that supports community well-being (primary)  Engagement: Council works with and for the community (secondary)	Direct benefits are to community and government organisations and individuals receiving information, resources and advice. Direct benefit is received by youth and youth service providers.  Benefits flow to the community as a whole through safer community initiatives.	The primary benefit from annual facility operating costs is the year in which costs are incurred.	There are no negative effects arising from this activity.	In general, individual benefits are not easily quantified and benefits are to the community as a whole so General Rates are the appropriate funding source. Where possible grants are sought to fund specific projects.

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>COMMUNITY AND VISITOR EXPERIENCES continues</b>					
Community Facilities	A safe and healthy City that supports community well-being	Benefits are to community organisations and private individuals who use the facilities for social, leisure and cultural needs at an affordable level.	The primary benefit from annual facility operating costs is the year in which costs are incurred. Hall facilities have an expected service life of 50 years.	There are no negative effects arising from this activity.	Fees and Charges are applicable and cost effective for this activity as users have exclusive use of the facility. However, on the basis of community benefit fees are set in the low - medium range and the balance is funded from General Rates.
Napier Aquatic Centre	A safe and healthy City that supports community well-being	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from improved health and fitness.	The primary benefit from annual facility operating costs is the year in which costs are incurred Pool facilities have an expected service life of 10 to 50 years.	There are no negative effects arising from this activity.	Fees and Charges are the appropriate funding method for this activity to an affordable level. Funding required above this level will be met from General Rates due to the benefit the community as a whole derives from availability of the activity.
Marine Parade Pools	A safe and healthy City that supports community well-being	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from improved health and fitness.	The primary benefit from annual facility operating costs is the year in which costs are incurred. Pool facilities have an expected service life of 10 to 50 years.	There are no negative effects arising from this activity.	The Marine Parade Pools are treated separately from the Aquatic Centre as the facility is operated by a management agreement with a third party.  The facility does not always generate sufficient funds to fund all asset maintenance and renewal. Any shortfall will be met by General Rates.
Bay Skate	A safe and healthy City that supports community well-being	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from the provision of a safe and accessible recreation facility.	The primary benefit from annual facility operating costs is the year in which costs are incurred.	There are no negative effects arising from this activity.	Fees and Charges are the appropriate funding method for this activity to an affordable level. Funding required above this level will be met from General Rates.

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>COMMUNITY AND VISITOR EXPERIENCES continues</b>					
McLean Park (this activity does not include the building assets)	A safe and healthy City that supports community well-being (primary)  A vibrant, innovative City for everyone (secondary)	Direct benefits are to the users of the facilities.  Indirect benefits flow to the community as a whole from the provision of a safe and accessible recreation facility.  Indirect benefits flow to the local economy from sporting events.	The primary benefit from annual facility operating costs is the year in which costs are incurred.	There are no negative effects arising from this activity.	There is community good from the provision of this facility and associated events. Residual costs not covered Fees and Charges are met by General Rates.
Events and Marketing	A vibrant, innovative City for everyone	Direct benefits are to the event organisers and participants.  Indirect benefits flow to the local economy and community as a whole.	The benefit from these activities is in the year the costs are incurred.	There are no negative effects arising from this activity.	The purpose of this activity is for the benefit of the community as a whole so funding is from General Rates.  Initial funding from special funds has been used to minimise rates increases.  Income is received from jointly organised events.
Housing	Excellence in infrastructure and public services for now and in the future	Direct beneficiaries and the tenants.	The benefits from this activity arise in the year costs are incurred.	The need for this service arises from the shortage of housing opportunities for some members of the community. There are no negative effects arising from this activity..	Operating costs of this activity are funded by Fees and Charges.

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>COMMUNITY AND VISITOR EXPERIENCES continues</b>					
Libraries	<p>A sustainable City (primary)</p> <p>A vibrant, innovative City for everyone (secondary)</p>	<p>Direct beneficiaries are the users of and visitors to the facilities and services.</p> <p>There is an indirect flow on benefit to the community as a whole through better well-being.</p>	<p>The primary benefit from annual facility operating costs is the year in which costs are incurred. Library stocks have an expected life of 4 to 15 years.</p>	<p>There are no negative effects arising from this activity.</p>	<p>Direct beneficiaries are identifiable but it is not appropriate or affordable to charge users the actual cost of operating the activity.</p> <p>Public expectation is that core library services are free and the LGA does not allow Council to charge residents a membership fee. Libraries fees and charges are applied to noncore services e.g., best seller collection, costs of lost or damaged items. Some grants and donations are received.</p> <p>Most costs are funded from General Rates.</p>
MTG Hawke's Bay	<p>A sustainable City (primary)</p> <p>A vibrant, innovative City for everyone (secondary)</p>	<p>Direct beneficiaries are the visitors to the facility. The MTG Hawke's Bay services include education programmes.</p> <p>There is an indirect flow on benefit to the community as a whole through access to historic material and education programmes.</p> <p>The MTG archived collection is held in trust by the Hawke's Bay Museums Trust for the Hawke's Bay community.</p>	<p>The primary benefit is achieved in the year expenditure is incurred.</p> <p>Benefits of capital items are expected to extend from 5 to 50 years.</p>	<p>There are no negative effects arising from this activity.</p>	<p>Through HB Museums Trust, Napier City Council and Hastings District Council provide funding for the management and care of the regional collection. Napier City Council's share of the regional collection costs is funded from General Rates.</p> <p>The MTG receives grants and donations in particular for the education programmes. The Fees and Charges for the operation of the theatre and retail shop are set at level that aims to cover costs. The balance of costs of non-collection activities are funded from General Rates due to the benefits to the community at large.</p>
Napier Municipal Theatre	<p>A vibrant, innovative City for everyone (primary)</p> <p>A sustainable City (secondary)</p>	<p>Direct beneficiaries are the users of the facility.</p> <p>There is an indirect community benefit through the protection and preservation of the Art Deco style of the theatre.</p>	<p>The primary benefit is achieved in the year expenditure is incurred.</p> <p>Life expectancy of the building is greater than 50 years.</p>	<p>There are no negative effects arising from this activity.</p>	<p>Full cost recovery by way of fees and charges for the Municipal Theatre would be prohibitive to users. The building itself contributes to the Art Deco heritage of Napier.</p> <p>As the facilities and services of this activity are available to and benefit the community as a whole, General Rates is the appropriate funding mechanism for the net costs.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
Napier i-SITE Visitor Information Centre	A vibrant, innovative City for everyone	Benefits are received by the individual users and the business suppliers of services.	The primary benefit is achieved in the year expenditure is incurred.	There are no negative effects arising from this activity.	Operating costs are recoverable as part of the re-sale price for goods and services. Costs not recovered by Fees and Charges to be met by General Rates due to the benefits derived by the community at large.
Par2 MiniGolf	A vibrant, innovative City for everyone	Direct benefits are to the users of the facility.	The benefit is achieved in the year expenditure is incurred.	There are no negative effects arising from this activity.	Fees and Charges are set at commercial rates to fund the operating and capital requirements of this facility. Recoveries above cost of operations are returned to General Rates.
National Aquarium of NZ	A vibrant, innovative City for everyone (primary) A sustainable City (secondary)	Direct benefits are to the users of the facility. The education function of the Aquarium benefits the school children concerned. Indirect benefits flow to local businesses, particularly those associated with the tourism industry. The community as a whole benefits from a more vibrant economy resulting from the wide range of qua	The primary benefit is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets.	There are no negative effects arising from this activity.	Fees and Charges are set a pricing structure consistent with other attractions. Council have resolved to fund costs of operations not recovered by Fees and Charges 100% from General Rates.
Napier Conference Centre (located in the War Memorial Centre)	A vibrant, innovative City for everyone	Direct benefits are to the users of the facility and services. Indirect benefits flow to local businesses, particularly those associated with the tourism industry. The community as a whole benefits from a more vibrant economy.	The primary benefit is achieved in the year expenditure is incurred.	There are no negative effects arising from this activity.	Fees and Charges, set at commercial rates, are the appropriate funding mechanism for this activity. Costs not recovered from Fees and Charges to be met by General Rates in recognition of the public good aspect of this facility.

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>COMMUNITY AND VISITOR EXPERIENCES continues</b>					
Kennedy Park Resort	A vibrant, innovative City for everyone	<p>Direct benefits are to the users of the facility.</p> <p>Indirect benefits flow to local businesses and the community as a whole benefits from a more vibrant economy.</p>	<p>The primary benefit is achieved in the year the expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Activity assets have life ages ranging from 5 to 50 years.</p>	There are no negative effects arising from this activity.	<p>This facility is user pays.</p> <p>Fees and Charges are set at commercial rates and generate an annual surplus which is applied to General Rates.</p> <p>Surpluses returned to General Rates over a period of years are used to renew and replace capital items along with loan funds serviced from operating surpluses.</p>
Sportsgrounds	<p>A safe and healthy City that supports community well-being (primary)</p> <p>A sustainable City (secondary)</p>	<p>Direct benefits are to the users of the recreation facilities as participants and spectators of sports events.</p> <p>Indirect benefits flow to the community as a whole from the provision of a safe and accessible recreation facilities.</p>	<p>The primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Sportsgrounds have an expected service life of 50 years.</p>	There are no negative effects arising from this activity.	<p>Fees and Charges are applicable where users have the exclusive use of grounds and facilities.</p> <p>General use is considered a public and is funded from General Rates.</p>
Reserves	<p>A sustainable City (primary)</p> <p>A safe and healthy City that supports community well-being (secondary)</p>	<p>Direct benefits are to the infrequent exclusive users of reserves.</p> <p>Indirect benefits flow to the community as a whole from the provision of safe and accessible parks and reserves facilities.</p>	<p>The primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the assets.</p>	There are no negative effects arising from this activity.	<p>Fees and Charges are applicable where users have the exclusive use of grounds and facilities.</p> <p>General use is considered a public and is funded from General Rates.</p>

## Revenue and Financing Policy - Rationale for Activity Funding continues

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>PROPERTY ASSETS</b>					
Property Holdings	Excellence in infrastructure and public services for now and in the future	Direct benefit is to the leaseholders and the users of Council buildings.	The primary benefit is achieved in the year the expenditure is incurred.	There are no negative effects arising from this activity.	Restrictions on use of funds applies to the income from leases as defined in the Hawke's Bay Endowment Land Empowering Act 2002. Funds from these leases and Council's commercial property portfolio are held in a special fund and used to support the costs of operating the Inner Harbour activity and foreshore reserves operating costs  Net income from leases, rentals and licences received from other properties is held in Reserves.
Inner Harbour	Excellence in infrastructure and public services for now and in the future	Direct benefits are to berth-holders, boat owners and recreational water users and the community in general	Generally benefits arise in the year costs are incurred although the benefits from dredging accrue over 3 to 4 years, and maintenance and renewal of facilities over future years.	There are no negative effects arising from this activity.	Fees and Charges are charged at levels comparable to other facilities and are the appropriate source of funding for berthage and use of the boat ramp up to market level. The remainder will be met from the HB Harbour Board Land Income Account.
Lagoon Farm	Excellence in infrastructure and public services for now and in the future (primary)  A sustainable City (secondary)	Benefits are received by the City as a whole through the use of part of the farm as a ponding area during extreme weather.	The primary benefit is achieved in the year the expenditure is incurred.	There are no negative effects arising from this activity.	The operation of the Lagoon Farm funded from Fees and Charges with any shortfall met from General Rates.
Parklands Residential Development	Excellence in infrastructure and public services for now and in the future	Direct benefit is to the purchasers of sections created.  Indirect benefits flow to the community through the provision of residential land for growth and development.	The benefit is in the year of section creation.	There are no negative effects arising from this activity.	Direct charging by tender process is applicable as residential lots are developed for resale.  This activity provides a source of funding for other Council capital projects.

# Revenue and Financing Policy continues

## 5. Consideration of Section 101(3) B

The purpose of this consideration is to evaluate the overall impact of using all the funding tools available. Having identified the funding tools, Council has considered the effects of the different types of rates, the levels of fees including development and financial contributions and the use of funding policies<sup>1</sup> together with the impacts of debt on the community. In the developing these policies Council has considered the overall impact on the community and the long-term objectives of the city.

The requirement for this consideration is set out in section 101(3) of the Local Government Act, where the funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of the overall impact of any allocation of liability for revenue needs on the community.

As a result of this consideration, Council utilises the rating tools provided by the Local Government (Rating) Act 2002 to give effect to what it considers to be a fair and equitable allocation of rate funding across residential and non-residential properties in Napier City. This allocation is described in the following section entitled 'Rating Policy'.

The policy is included as part of the Revenue and Financing Policy and states Council's policy in relation to the use of rating tools including targeted rates, general rates and the basis for setting general rate differentials and uniform annual general charges.

As outlined below the allocation of general rates is determined every three years based on assessment of benefits arising from each of the General Rate funded activities to residential and non-residential properties respectively.

## 6. Rating Policy

The rating system provides for the net funding requirement (after taking into account all other income sources including fees and charges) of the Council's programmes as outlined in the Long Term Plan or Annual Plan.

<sup>1</sup> The funding policies are: Liability Management Policy; Investment Policy; Rates Remission Policy; Rates Postponement Policy; Policy on the Remission and Postponement of Rates on Māori Freehold Land; and Development and Financial Contributions Policy

Rates are set and assessed in compliance with the statutory provisions of the Local Government (Rating) Act 2002.

Apart from Targeted Rates for property based services, rates are allocated to specific properties based on:

Land values (capital values for the Fire Protection Rate) as supplied under contract (present contractor being Quotable Value Limited). Napier City was revalued in 2017, and these values will apply from 2018/19 to 2020/21, and A Uniform Annual General Charge (UAGC) set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding Water Supply and Sewage Disposal, to recover about 20% of total rates.

Council applies the following rates.

## 7. General Rates

**Uniform Annual General Charge** - as indicated above.

**General Rate** - Based on land values and differentially applied. Recovers the balance of the rating requirement not received from any other rate.

The allocation of General Rates between residential and non-residential properties is reviewed triennially to coincide with the revaluation of Napier City. The allocation is determined by assessing the benefits from each of the General Rate funded activities to residential and non-residential properties respectively.

The last review was undertaken during 2017/18 to apply from 2018/19. The review determined that an overall allocation of 70% of total general rates, including the UAGC, should be collected from residential properties and 30% from non-residential properties.

Following is a summary of the Assessed Benefits Allocations, resulting from the last review.



## Revenue and Financing Policy - General Rates continues

### Assessed Benefits Allocation of General Rates Funded Activities

ACTIVITY	Rate Funded Cost 2017/18	Allocation %		Cost Allocation \$	
		Residential	Non Residential	Residential	Non Residential
Democracy and Governance	3,320,100	74	26	2,456,874	863,226
Sportsgrounds	2,870,600	75	25	2,152,950	717,650
McLean Park	489,000	75	25	366,750	122,250
Napier Aquatic Centre	1,658,800	95	5	1,575,860	82,940
Marine Parade Pools	192,700	70	30	134,890	57,810
Par2 MiniGolf	-115,700	70	30	-80,990	-34,710
Bay Skate	135,500	70	30	94,850	40,650
Reserves	3,410,100	90	10	3,069,090	341,010
Inner Harbour	264,600	77	23	203,742	60,858
Libraries	3,369,500	90	10	3,032,550	336,950
Napier Conference Centre (located at the War Memorial Centre)	-158,200	40	60	-63,280	-94,920
Municipal Theatre	301,800	80	20	241,440	60,360
MTG Hawke's Bay	2,130,100	70	30	1,491,070	639,030
Community Strategies	1,000,100	90	10	900,090	100,010
Grants	730,800	90	10	657,720	73,080
Housing	63,500	95	5	60,325	3,175
Community Facilities (Halls)	284,000	90	10	255,600	28,400
Cemeteries	472,000	95	5	448,400	23,600
Public Toilets	902,400	88	12	794,112	108,288
Emergency Management	524,200	69	31	361,698	162,502
City & Business Promotion	890,300	40	60	356,120	534,180
City Promotion Grants	68,500	10	90	6,850	61,650
Events Promotion & Marketing	783,100	40	60	313,240	469,860
National Aquarium of NZ	538,900	20	80	107,780	431,120

## Revenue and Financing Policy - General Rates continues

### Assessed Benefits Allocation of General Rates Funded Activities continues

ACTIVITY	Rate Funded Cost 2017/18	Allocation %		Cost Allocation \$	
		Residential	Non Residential	Residential	Non Residential
Napier i-SITE Visitor Centre	253,600	30	70	76,080	177,520
Kennedy Park Resort	-1,038,300	30	70	-311,490	-726,810
Property Holdings	-797,500	74	26	-590,150	-207,350
City Development	1,220,800	20	80	244,160	976,640
Regulatory Consents	603,300	66	34	398,178	205,122
Building Consents	509,900	88	12	448,712	61,188
Environmental Health	435,100	84	16	365,484	69,616
Animal Control	216,600	95	5	205,770	10,830
Transportation	11,286,300	50	50	5,643,150	5,643,150
Waste Minimisation	694,100	82	18	569,162	124,938
Stormwater	4,095,000	80	20	3,276,000	819,000
<b>Total</b>	<b>41,605,600</b>			<b>29,262,787</b>	<b>12,342,813</b>
				<b>70%</b>	<b>30%</b>

# Revenue and Financing Policy continues

## 7.1 Basis of Allocation

KEY:

R = Residential, in Napier City and Bay View

NR = Non Residential, including rural properties and properties in Meeanee and Jervoistown

### Democracy & Governance

Based on the total rateable capital value of each of the property categories.

### Sportsgrounds

The non-residential portion was assessed on the commercial benefits of sportsgrounds, in particular Park Island.

The balance was allocated as residential.

### McLean Park

The non-residential portion was assessed on the commercial benefits of McLean Park (including Rodney Green Centennial Events Centre).

The balance was allocated as residential.

### Napier Aquatic Centre

The non-residential portion is based on use by non-residential users, including users from outside Napier.

### Marine Parade Pools

The non-residential portion is based on use by non-residential users, including users from outside Napier and the assessed commercial benefits of the Marine Parade Pools.

### Par2 MiniGolf

The non-residential portion is based on use by non-residential users, including

users from outside Napier and the assessed commercial benefits of Par2 MiniGolf.

### Bay Skate

The non-residential portion is based on use by non-residential users, including users from outside Napier and the assessed commercial benefits of Bay Skate.

### Reserves

The non-residential portion was assessed on:

- a visitor promotion component on expenditure on foreshore reserves and major greenbelt reserves; and
- a visitor promotion component, particularly on expenditure for the City's high profile public gardens.

The balance was allocated as residential.

### Inner Harbour

12.5% of cost reflects benefits to direct commercial users such as fishing companies and other fishing industry servicing companies. Remaining costs reflect general benefits to the community and are allocated on the number of rateable properties (88% R, 12% NR).

### Libraries

Non-residential portion assessed on a share of general benefit to the community (5%) and to a share of membership (5%). The balance is allocated as residential.

### Napier Conference Centre (located in the War Memorial Centre)

The majority of use is by corporate/commercial businesses. A smaller percentage of use relates to ratepayer residential purposes such as weddings.

### Napier Municipal Theatre

The majority of usage benefits the local and regional community through residents attending theatrical events, etc. The remainder relates to commercial hire and the benefits of this to non-residential beneficiaries.

# Revenue and Financing Policy - Basis of Allocation continues

## **MTG Hawke's Bay**

Residential based on the benefits to residential ratepayers through cultural enrichment from an important community/public facility. The balance is allocated as non-residential to reflect the tourism economic impact.

## **Community Strategies**

Based on an assessed allocation of the services provided to the categories of beneficiaries.

## **Grants**

Based on an assessed allocation of community related benefit.

## **Housing**

Services provided by the Housing activity are primarily of benefit to residential. The maintenance and operation of the complexes provides a small commercial benefit.

## **Community Facilities (Halls)**

Based on the current usage

## **Cemeteries**

Based on the number of residential and rural properties.

## **Public Toilets**

Based on the number of rateable properties.

## **Emergency Management**

Based primarily on the value of improvement to properties, but adjusted to recognise the priority of restoring the business and commercial activities of the City following an emergency.

## **City and Business Promotion**

Based on an assessed allocation of the services provided.

## **City and Promotion Grants**

Based on an assessment of the beneficiaries of the grants.

## **Events and Marketing**

Based on an assessed allocation of the services provided.

## **National Aquarium of NZ**

The majority of people visiting are from outside of Napier, with benefits to the commercial tourism support sector. The Napier residential community benefits from visits and various functions.

## **Napier i-SITE Visitor Centre**

Based on usage. Local residents source local and national information especially for visiting friends and relatives. Commercial activity and accommodation operators use the Centre to advertise their products and receive bookings.

## **Kennedy Park Resort**

Residential benefits include accommodation for friends and family, quality of life/tourism benefits and employment opportunities. Non-residential benefits include commercial opportunities for local goods and service providers and commercial sector benefits from tourism activity generally.

## **Property Holdings**

Based on the total rateable land value of each of the property categories.

## **City Development**

Based on the proportion of the District Plan related to the various categories of properties.

## **Regulatory Consents**

Based on the average number of subdivision, non-notified and notified consents issued over the last three years for the various categories of properties.

# Revenue and Financing Policy continues

## **Building Consents**

Based on the average volume of building consents for the last three years.

## **Regulatory Solutions**

Based on actual time and effort and materials on each type of activity, and the following assessment of benefit by function:

- General Licences 30% R 70% NR
- Liquor Licensing 10% R 90% NR
- General Activities 100% R
- Monitoring 90% R 10% NR

## **Animal Control**

Based on the number of residential and rural properties.

## **Transportation**

Allocation for traffic related costs (76% of roading expenditure) based on network analysis of the number and reasons for trips.

Allocation for amenity related costs (24% of roading expenditure) based on the number of rateable properties.

## **Waste Minimisation**

Based on the number of rateable properties, with a multiplier of two for commercial/ industrial properties to allow for litter generation.

## **Stormwater**

Based on a combination of:

- costs for maintenance and reticulation allocated between urban and rural areas on an actual expenditure basis - urban areas reallocated to residential and non-residential for disposal costs based on run off determined from land area and run off coefficient obtained from the building code; and
- infrastructural asset renewal costs fully allocated to urban areas, with allocation between residential and non-residential based on run off (see above).

Apportionment of other costs based on number of rateable properties.

## **8. Targeted Rates**

### **Water Rates**

Fire Protection Rate - recovers 13.24% of the net costs of the water supply systems before deduction of water by meter income.

Water Rate - recovers the balance of the total net cost of the water supply systems.

Water by Meter Charges - based on actual water use after the first 300m<sup>3</sup> per annum and applies to all non-domestic water supplies in the Napier Water Supply Area, and domestic supplies outside the Napier Water Supply Area.

### **Refuse Collection and Disposal Rate**

Recovers the net cost of the Refuse activity, excluding costs related to litter control and the kerbside recycling collection service

### **Kerbside Recycling Rate**

Recovers the net cost of the kerbside recycling collection service.

### **Sewerage Rate**

Recovers the net cost of the Wastewater Activity.

### **Bay View Sewerage Connection Rate**

Recovers loan servicing costs on loans raised to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

### **Off Street Car Parking Rates**

CBD Off Street Car Parking Rate - to provide additional off street car parking in the Central Business District.

## Revenue and Financing Policy continues

Taradale Off Street Car Parking Rate - to provide additional off street car parking in the Taradale Suburban Commercial area.

Suburban Shopping Centre off Street Car Parking Rate - to provide additional off street car parking at each of these areas served by Council supplied off street car parking, and to maintain the existing off street car parking areas.

### **CBD Promotion Rate**

Recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc. The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

### **Taradale Promotion Rate**

Recovers the full cost of the Taradale Marketing Association's promotional activities.

### **Swimming Pool Safety Rate**

Recovers the cost of residential pool inspections and related costs to ensure owners meet the legal requirements of the Building Act 2004 and Building (Pools) Amendment Act 2016.

Full details of the rating system are included in the Funding Impact Statement.



# Liability Management Policy

This policy is provided in accordance with Section 102 (1) of the Local Government Act 2002 (LGA).

## General Policy

Napier City Council (the Council) needs to source funds for capital development to ensure that the city continues to progress, and borrowing is an important part of that equation. It is critical to the prudent management of Council's finances that the level of debt is planned and carefully monitored. Council approves borrowing by resolution during the Annual Plan or the Long Term Plan (LTP) process. A resolution of Council is not required for hire purchase, leased, credit or deferred purchase of goods if the period of indebtedness is less than 91 days or the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding \$250,000.

Council raises borrowing for the following primary purposes:

- General debt to fund Council's balance sheet.
- Specific debt associated with 'one-off' projects and capital expenditure.
- To fund assets with inter-generational qualities.
- To assist Council in its day-to-day financing, through leases and hire purchases, of equipment purchases and replacement.

Council considers that borrowing is the more prudent way of funding major projects which will benefit several generations of residents.

## New Borrowings

Council is able to fund through a variety of mechanisms including internal borrowing, the issue of fixed and floating rate wholesale and retail loan stock, commercial paper, New Zealand Local Government Funding Agency and direct bank borrowing. Stock/paper may be issued to the wholesale market via banks and brokers, but issues into the retail market require additional Council approval. Council has a general preference to firstly use available special funds for its borrowing requirements and thereafter utilise external funding sources.

Council does not borrow or enter into incidental arrangements within or outside New

Zealand in currency other than New Zealand currency.

The authority to arrange new borrowings, or to refinance existing debt on more acceptable terms, is delegated to the Director Corporate Services, who has overall responsibility for all activities relating to implementation of approved policy, and for establishing appropriate structures, procedures and controls to support borrowing and risk management activity.

## Borrowing Limits

In managing borrowing, Council will adhere to the following limits in relation to external debt:

- Liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%
- Net external debt as a percentage of total income will not exceed 100%
- Net interest expense as a percentage of total income will not exceed 10%
- Net Interest as a percentage of rates income will not exceed 15%

Council adheres to the borrowing limit that is reached first and provides the lowest level of debt capacity.

### Borrowing Limit Definitions:

- Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Annual rates income excludes regional levies.
- Net external debt is defined as total external debt less cash investments.
- Liquidity is defined as external term debt plus committed bank facilities plus liquid financial investments divided by current external debt.
- Total income is defined as earnings from rates, government grants and

## Liability Management Policy continues

subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

- Net interest is defined as external interest expense less interest income.

### Liquidity and Credit Risk Management

Council's ability to readily attract cost-effective borrowing is largely driven by its ability to maintain a strong balance sheet as well as its ability to rate, and manage its image in the market, and its relationships with investors, the Local Government Funding Agency (LGFA), bankers and brokers.

Where practical, Council seeks a diversified pool of external borrowing and ensures that bank borrowings and incidental arrangements are sought from strongly rated New Zealand registered banks (minimum Standard & Poor's (S&P) long-term credit rating A+).

Council minimises its liquidity risk by:

- Matching expenditure closely to its revenue streams and managing cashflow timing differences through its liquid investment portfolio and/or committed bank facilities
- Maintaining its cash management and financial investments in liquid and negotiable instruments
- Avoiding concentration of debt maturity dates

To ensure funds are available when needed, Council maintains sufficient available operating cashflow, committed bank facilities, and/or liquid financial investments to meet its projected cashflow commitments through the liquidity ratio, and maintains a \$3 million liquidity buffer through cash deposits.

To minimise the risk of large concentrations of external debt maturing or being reissued in periods of illiquidity or where credit margins are high, Council ensures external debt maturities are spread over a band of periods.

Council manages this specifically by ensuring that the maturity profile, when total external debt is \$30 million or greater, is subject to the following limits:

Period	Minimum	Maximum
0-3 years	20%	60%
3-5 years	20%	60%
Over 5 years	0%	60%

When total external debt is less than \$30 million, no more than one third or \$15 million (whichever is higher) is subject to refinancing in any financial year.

### Internal Borrowing / Loans

Council has the option to use its day-to-day cashflow, financial investments and available special fund balances to internally fund capital expenditure as approved by Council resolution. Due to the interest rate margin between external investing and external borrowing, separating Council's investing and borrowing activities is not the most efficient use of its funds. Borrowing internally, utilising its own cash reserves, Council creates fiscal efficiencies by eliminating that margin.

Council manages debt on a net portfolio basis, and borrows externally only when it is commercially prudent to do so.

Interest on internally-funded loans is charged annually in arrears, on year end loan balances at the agreed three-year fixed interest rate. Except where a specific rate has been approved for particular circumstances, the three-year rate is set annually at the start of the financial year, based on the three-year swap rate plus the credit margin on three-year loan stock.

The credit margin is determined by either Council's actual three-year margin or with reference to the LGFA credit curve for a non-credit rated guaranteeing Council borrower.

### Gross Debt and Gross Debt Limits

Gross debt includes all external and internal borrowing and gross interest includes interest calculated on external and internal borrowings.

As an additional measure Council has set borrowing limits relating to Gross Debt and the cost of servicing Gross Debt.

- Gross Debt as a percentage of total income will not exceed 150%



## Liability Management Policy continues

- Gross interest expense as a percentage of total income will not exceed 12%
- Gross Interest as a percentage of rates income will not exceed 20%

The use of the Gross measures is an additional discipline that will be monitored and reported on internally. To avoid confusion, only the measures relating to external debt will be reported on when Council prepares its audited financial statements.

### New Zealand Local Government Funding Agency (LGFA) Limited

The Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

### Interest Rate Risk Management

Council's borrowing gives rise to a direct exposure to wholesale interest rate movements. Given the long term nature of Council's assets, projects, inter-generational factors, and Council's intention to avoid an adverse impact on rates, Council prefers a percentage of fixed rate or hedged debt. Where possible, interest rate re-pricing risk is spread over a range of maturities.

Council reduces uncertainty due to interest rate movements by the active management of underlying interest rate exposures. Council's fixed rate debt, as a percentage of debt, should be between a minimum of 55% and a maximum of 100%. The percentages are calculated on the rolling 12-month projected external core debt level.

'External Debt' is the amount of total external core debt.

'Fixed Rate' is defined as an interest rate repricing date beyond 12 months on a continuous rolling basis.

'Floating Rate' is defined as an interest rate repricing date within 12 months.

Interest rate risk management objectives are reflected in the table below and outline the target fixed or hedged rate requirements allocated into time bands.

Period of actual and planned forecast external debt	Fixed Rate Maturity Profile Limit	
	Minimum	Maximum
1 to 3 years	20%	60%
3 to 5 years	20%	60%
5 to 10 years	0%	60%

These limits do not apply when external core debt is less than \$15 million.

A fixed rate maturity profile that is outside the above limits, but self-corrects in less than 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits for greater than 90 days requires approval by Council.

### Interest Rate Strategy

Management implements interest rate risk management strategy through the use of the following approved instruments:

- Forward rate agreements
- Interest rate swaps
- Purchased interest rate swaptions
- Purchase of interest rate option products e.g. borrowers' caps, borrowers' swaptions
- Interest rate collar type option strategies (1:1 collars)

Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.

## Liability Management Policy continues

Credit exposure arising on interest rate instruments is restricted to \$20 million with any one approved bank counterparty.

### **Security**

Council generally does not offer assets other than a charge over rates or rates revenue as security for any loan or performance of any obligation under an incidental arrangement. In exceptional circumstances, with prior Council approval, security may be offered as a charge over one or more specific assets. Where relevant a register of charges is established and maintained at Council's principal office.

In all borrowing and related activities, Council complies with the relevant provisions of the Securities Act.

### **Repayment**

Council repays external borrowings from the loan redemption reserve allocated to that borrowing, from general funds, rates revenue, asset sale proceeds, or through raising redemption loans. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Repayment amounts on internal loans are set based on a table loan calculation over the life of the loan. Repayments are made annually at financial year end.

### **Contingent Liabilities**

Council provides financial guarantees to community organisations. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on an annual basis. The Council needs to be satisfied that any community organisation to which it provides a financial guarantee is capable of servicing the proposed borrowing from its income sources. The annual contingent loan liability must not exceed 7.5% of Council's non-targeted rate take for the year.

# Investment Policy

## Purpose

The Investment Policy is adopted under Section 102(1) of the Local Government Act 2002 and must state the local authority's policies in respect of investments.

## Policy

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council in accordance with the relevant sections of the Council's Treasury Management Manual.

In its investment activities Council is guided by the Trustee Act of 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

Council is a risk-averse entity and does not wish to incur additional risk from its treasury activities. Its broad objectives in relation to treasury activity are to manage all of Council's investments within its strategic, financial and commercial objectives and optimise returns within these objectives, manage the overall cash position of Council's operations to meet known and reasonable unforeseen funding requirements, and invest surplus cash and the financial investment portfolio in liquid securities and strongly credit-rated counterparties.

Staff seek to develop and maintain professional relationships with Council's bankers, financial market participants and other stakeholders.

### Acquisitions of New Investments

With the exception of treasury investments, new investments are acquired if an opportunity arises and approval is given by the appropriate Council committee, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will

make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire treasury investments is delegated to the Director Corporate Services.

### Mix of Investments

Council maintains investments in the following mix of investments:

### Equity Investments

Equity Investments are held for various strategic, economic development and financial objectives, as outlined in the Long Term Plan (LTP.) Council Equity Investments include interests in the Hawke's Bay Airport Authority and Omarunui Landfill Operation, and may include other Council Controlled Organisations (CCOs). Council may also make advances to CCOs.

Council seeks to achieve an acceptable rate of return on all its equity investments, consistent with the nature of the investment and Council's stated philosophy on investments.

Council reviews the performance of these investments on a regular basis to ensure strategic and economic objectives are being achieved. Any disposition of these investments requires Council approval. Dividends received and proceeds from the disposition of equity investments are used to repay debt, to invest in new assets or investments or any other purpose that is considered appropriate by Council.

### New Zealand Local Government Funding Agency Limited (LGFA)

Council may invest in shares and other financial instruments of the LGFA, and may borrow to fund that investment.

Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of investment and/or debt funding for the Council.

## Investment Policy continues

Council may invest in LGFA bonds and commercial paper as part of its financial investment portfolio.

As a borrower, Council's investment is recognised through shares and borrower notes. As an investor in LGFA shares and as a Guarantor, Council subscribes for uncalled capital in the LGFA.

### Property Investments

Council's overall objective is to own only property that is necessary to achieve its strategic and commercial objectives, or deemed to be a core Council function. Council therefore retains an investment in car parking, leasehold land, and rental and retirement housing. Generally, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is retained only where it relates to a primary Council output.

Property purchases are supported by registered valuations and, where appropriate, a full business case analysis. Council does not purchase properties on a speculative basis.

Council provides car parking facilities which are operated on a commercial basis, and are run to cover ongoing operational costs.

Rentals and ground rent from property investments, other than land covered by the HB Endowment Land Empowering Act 2002, is included in the consolidated rating account. Council's leasehold land portfolio was transferred from the Hawke's Bay Harbour Board in 1989 as part of the local government reorganisation and Council, by virtue of the Hawke's Bay Endowment Land Empowering Act 2002, is allowing lessees to freehold residential properties, which is diminishing the portfolio.

Council owns various Napier properties which it classifies as the 'Napier City Council Investment Property Portfolio'. The land held in the portfolio is leased to a variety of individuals and entities, and is managed in line with Council's leasehold land policy.

Property disposals are managed to ensure compliance with statutory requirements. Any disposition of a property investment requires Council approval.

### Treasury Investments

Council maintains treasury investments for the following primary reasons:

- to invest amounts allocated to loan redemption reserves, trusts, bequests and special funds.
- to invest surplus cash, and working capital funds.

All interest income from Council's treasury investments is included in the consolidated rating account or special activity account.

#### Treasury Investment Philosophy and Objectives

Council's philosophy in the management of treasury investments is to optimise its capital protection and liquidity objectives while balancing risk and return considerations. Council recognises that as a responsible public authority any investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

To provide the greatest benefit, Council utilises its surplus internal funds for internal borrowing to reduce external debt, thus effectively reducing net interest costs.

Council's primary objective when investing is the protection of its investment capital and liquidity of its investment. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties are selected on the basis of their current Standard and Poor's (S&P) or equivalent rating, which must be strong or better.

To avoid undue concentration of exposures, treasury investments/financial instruments should be used with as wide a range of counterparties as practicable. Where possible, transaction notional and principal sizes and maturities should be well spread. Investment in corporate shares is considered to be an inappropriate asset class and therefore expressly forbidden.

Within the above credit constraints, Council also seeks to:

- Ensure investments are liquid
- Maximise investment return
- Manage potential capital losses due to interest rate movements

# Investment Policy continues

## Credit, Liquidity and Interest Risk Management

- Credit risk is minimised by placing maximum limits for each broad class of non-Government issuer, and by limiting investments to registered banks, strongly rated State-Owned Enterprises, supranationals, local authorities and corporates within prescribed limits.
- Liquidity / Maturity risk is minimised by managing maturity terms within strict policy limits and ensuring that all negotiable investments are capable of being liquidated in a readily available secondary market.
- Interest Rate risk is minimised by investing in fixed rate bonds and bank term deposits spread over a range of maturity terms.

## Financial Investment Interest Rate/Maturity Limits

The following control limits are designed to manage interest rate risk and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with Council's working capital funding requirement and liquidity buffer amount requirements. Core treasury investments relate to unencumbered investments that are invested for terms of greater than three months.

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure, thereby ensuring that investments are available when required.

Period	Minimum	Maximum
0-6 months	30%	80%
6-12 months	20%	70%
1 - 3 years	0%	50%
3 - 5 years	0%	20%

## Counterparty Limits

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into. Limits should be spread amongst a number of counterparties

to avoid concentrations of credit exposure. Credit ratings are as determined by Standard and Poor's, or equivalent rating. If any counterparty's credit rating falls below the minimum specified in the following table, then all practical steps are taken to eliminate the credit exposure to that counterparty as soon as practicable.

Issuers	Approved Instruments	Maximum Long Term & Short Term Credit Rating (S & P)	Maximum per Counterparty	Maximum % of Total Investment Portfolio
NZ Government	Treasury bills Government stock	N/A	Unlimited	100%
NZ Local Government Funding Agency	LGFA Fixed and Floating Rate Bonds Promissory notes / Commercial paper Borrower Notes	AA-/A-1	\$40.0m	50%
NZD Registered Supranationals	Promissory Notes / Commercial Paper, Fixed and Floating Rate Bonds	AAA	\$20.0m	30%
State-Owned Enterprises	Promissory Notes / Commercial Paper, Fixed and Floating Rate Bonds	A+/A-1	\$15.0m	20%
New Zealand Registered Banks *	Money market call deposits and term deposits, Registered Certificates of Deposit, Senior Bonds	A+/A-1	\$30.0m or 40% of total portfolio (whichever is the lesser)	100%

## Investment Policy continues

Issuers	Approved Instruments	Maximum Long Term & Short Term Credit Rating (S & P)	Maximum per Counterparty	Maximum % of Total Investment Portfolio
Corporate Bonds *	Promissory Notes, Commercial Paper, Fixed and Floating Rate Senior Bonds	A+/A-1	\$3.0m	20%
Local Authority	Fixed and Floating Rate Bonds and Stock, Commercial Paper	A+/A-1 (if rated) Unrated	\$5.0m \$3.0m	20%

\* Note: An approved exception to the above is other treasury investments made with local registered banks that are regulated by the Royal Bank of New Zealand having a credit rating of at least BBB. Such investments shall be limited to a term of 3 months or less, and be for not more than \$2 million in aggregate. At no time should the total exposure to this risk category be greater than 5% of the total investment portfolio

Any other financial instrument must be specifically approved by Council on a case-by-case basis and is applied to only the one singular transaction being approved.

All secured and unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- No asset backed securities are allowed.
- Structured debt where issuing entities are not a primary borrower/ issuer.
- Subordinated debt, junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

Council does not adopt the use of interest rate risk management instruments on its investments.

### Loan Advances

Council may provide advances to CCOs, charitable trusts and community organisations for strategic and commercial purposes only. New loan advances are by Council resolution only. Council does not lend money, or provide any other financial accommodation.

Loan advances are generally provided on an unsecured basis. Where possible, Council seeks security through a mortgage over land and buildings.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

### Loan Redemption Reserves

Council establishes specific Loan Redemption Reserves for each new external borrowing. The internal Loan Redemption Reserve is invested in accordance with Council's Investment Policy.

### Investment Management and Reporting Procedures

Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves and a cash buffer maintained. The daily cash position is monitored and managed through the Daily Cash Position Report, and long term cashflow through the annual Cashflow Forecast. To maintain liquidity, Council's short and long term investment maturities are matched with Council's known cashflow requirements.

The performance of Council investments is regularly reviewed to ensure Council's strategic objectives are being met. Both performance and policy compliance are reviewed. Internal investment reports are a vital management tool and, depending on their nature, are produced on a daily, weekly, monthly, quarterly or annual basis. The results are summarised and reported to Council on a quarterly and annual basis.

### Foreign Exchange Policy

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated assets approved through the capital planning process. Generally, all commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved, the purchase order is placed, and the exact timing and amount is known. Council uses both spot and forward foreign exchange contracts.

Council does not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

# Rates Remission Policy

## 1. Remission of Penalties

### Objective

The objective of this part of the Rates Remission Policy is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

### Conditions and Criteria

Penalties incurred will be automatically remitted where Council has made an error which results in a penalty being applied.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. This will apply in the case of death, illness, or accident of a family member, at about the times rates are due.

Remission of the penalty will be considered if the ratepayer forgets to make payment, claims a rates invoice was not received, is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. As a guide, remission of one penalty will be allowed every two years provided the ratepayer has a history of paying on time in Napier.

Remission of a penalty will be considered where sale has taken place very close to due date, resulting in confusion over liability, and the notice of sale has been promptly filed, or where the solicitor who acted in the sale for the owner acted promptly but made a mistake (e.g. inadvertently provided the wrong name and address) and the owner cannot be contacted. Each case shall be treated on its merits.

A penalty shall not be remitted where professionals such as solicitors, accountants or trust companies have failed to perform their duties to a professional standard (e.g. omitted to file a notice of sale within one month) which led to the penalty being applied.

Decisions on remission of penalties will be delegated to the Revenue and Treasury Manager and the Rates Coordinator as set out in the Council's delegations resolution.

## 2. Remission for Residential Land in Commercial or Industrial Areas

### Objective

To ensure that owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

### Conditions and Criteria

To qualify for remission under this part of the policy the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the City of Napier District Plan, copies of which are available from the Council office.
- Be listed as a 'residential' property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council office.

Rates will be automatically remitted annually for those properties which had Special Rateable Values applied under Section 24 of the Rating Valuations Act 1998 up to 30 June 2003, and for which evidence from Council's Valuation Service Provider indicates that, with effect from the 2002 revaluation of Napier City, the land value has been penalised by its zoning. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this part of the policy must make an application in writing addressed to the Director Corporate Services.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

Applications for remission under this part of the policy will be determined by the

## Rates Remission Policy continues

Director Corporate Services acting under delegated authority from the Council as specified in the delegations resolution.

Where an application is approved, the Council will direct its Valuation Service Provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the district. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the Valuation Service Provider's decision is final as there are no statutory right of objection or appeal for values done in this way.

### 3. Remission for Land Subject to Special Preservation Conditions

#### Objective

To preserve and encourage the protection of land and improvements which are the subject of special preservation conditions.

#### Conditions and Criteria

Rates remission under this Section of the policy relates to land that is subject to:

- A heritage covenant under the Historic Places Act 1993; or
- A heritage order under the Resource Management Act 1991; or
- An open space covenant under the Queen Elizabeth the Second National Trust Act 1977; or
- A protected private land agreement or conservation covenant under the Reserves Act 1977; or
- Any other covenant or agreement entered into by the owner of the land with a public body for the preservation of existing features of land, or of buildings, where the conditions of the covenant or agreement are registered against the title to the land and are binding on subsequent owners of land.

Ratepayers who own rating units meeting this criteria may qualify for remission under this part of the policy.

Rates will automatically be remitted annually for those properties which had Special Rateable Values applied under Section 27 of the Rating Valuations Act up to 30 June 2003, and which meet the above criteria. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this part of the policy must apply in writing to the Council office, and must provide supporting documentary evidence of the special preservation conditions, e.g. copy of the Covenant, Order or other legal mechanism.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year.

Applications for remission under this part of the policy will be approved by the Council. The Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Where an application is approved, the Council will direct its Valuation Service Provider to inspect the rating unit and provide a special valuation. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the Valuation Service Provider's decision is final as there is no statutory right of objection or appeal for values done in this way.

The equivalent special rateable value will be determined by the Valuation Service Provider on the assumption that:

- The actual use to which the land is being put at the date of valuation will be continued; and
- Any improvements on the land will be continued and maintained or replaced in order to enable the land to continue to be so used.

It will be assessed taking into account any restriction on the use that may be made of the land imposed by the mandatory preservation of any existing tenements, hereditaments, trees, buildings, other improvements, and features.



## Rates Remission Policy continues

### 4. Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount on Rating Units Owned by the Same Owner

#### Objective

To provide for relief from UAGC and Targeted Rates of a fixed amount per rating unit or separately used or inhabited parts of a rating unit, where two or more rating units are owned by the same person or persons, and are either:

- part of a subdivision plan which has been deposited for separate lots, or separate legal titles exist; or
- are contiguous or separated only by a road, railway, drain, water race, river or stream,

but the rating units may not necessarily be used jointly as a single unit, and each rating unit does not benefit separately from the services related to the UAGC and Targeted Rates.

#### Conditions and Criteria

Remission of UAGC and Targeted Rates of a fixed amount applies in the following situations:

- Unsold subdivided land, where as a result of the High Court decision of 20 November 2000 'Neil Construction and others vs. North Shore City Council and others', each separate lot or title is treated as a separate rating unit, and such land is implied to be not used as a single unit.
- A residential property which has a separate vacant section attached for use as a garden, tennis court, etc.
- Multi-unit garages, where each garage is subject to a separate cross-lease, and a ratepayer owns two or more garages within the complex.
- Any similar situation where the rating unit cannot benefit separately from the services provided which relate to the UAGC and Targeted Rates.

Remission does not apply where one owner owns two or more rating units situated contiguously, but each is used for the purposes that would benefit separately from the services giving rise to the UAGC and Targeted Rates (e.g. neighbouring shops or houses).

Rating units that meet the criteria under this policy may qualify for a remission of UAGC and Targeted Rates of a fixed amount. The ratepayer will remain liable for at least one set of each type of rate.

The rating units on which remission is applied must be owned by the same ratepayer.

Remission will be made automatically for all properties identified by Council staff as being eligible for remission under this part of the policy. Ratepayers who consider themselves eligible for remission under this part of the policy, but who do not receive any remission, may make application in writing to the Director Corporate Services. All applications will be considered, and where eligible, remission will be backdated to the beginning of the rating year in which the application has been received.

All remissions under this part of the policy will be approved by the Director Corporate Services.

### 5. Remission for Special Circumstances

#### Objective

To enable Council to provide rates remission for special and unforeseen circumstances, where it considers relief by way of rates remission is justified in the circumstances.

#### Conditions and Criteria

Applications for rates remission must be made in writing by the applicant.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of remission will be decided by Council on a case by case basis. The applicant will be advised in writing of the outcome of the application.

# Rates Postponement Policy

## 1. Postponement for Farmland

### Objective

To support the District Plan by encouraging owners of farmland around urban areas to refrain from subdividing their land for residential purposes.

### Conditions and Criteria

To qualify for postponement of rates under this policy the rating unit must be classified as farmland for differential purposes (ratepayers wishing to ascertain their classification are welcome to inspect the Council's rating information database at the Council office).

Rates postponement will continue to apply on those properties that were subject at 30 June 2003 to postponement under Section 22 of the Rating Valuations Act 1998. Other rural ratepayers wishing to take advantage of this part of the policy must make application in writing, addressed to the Director Corporate Services. The application for postponement must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

For properties currently subject to rates postponement and for new applications approved, Council will postpone the difference between rates payable on the equivalent Rates Postponement Value advised by its Valuation Service Provider and rates payable on the Rateable Value of the land each year.

The Council may charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. The amount of the fee is included in Council's Schedule of Fees and Charges.

At the end of five years any postponed rates will be written off if the rating unit has not been subdivided. However, if the rating unit is subdivided then postponed rates and interest will be payable. The ratepayer will be required to sign an agreement acknowledging this. Postponed rates will be registered as a charge against the land (i.e. in the event that the property is sold the Council has first call against any of the proceeds of that sale). Again, the ratepayer will be required to sign an agreement acknowledging this.

The Council will delegate authority to approve applications under this criteria to the Director Corporate Services as specified in the delegations resolution.

## 2. Postponement for the Elderly

### Objective

The objective of this part of the policy is to assist elderly ratepayers with a fixed level of income to meet rates particularly, but not exclusively, resulting from increasing levels of rates.

### Conditions and Criteria

Postponement will only apply to elderly ratepayers on a fixed income.

Only rating units used solely for residential purposes will be eligible for consideration for rates postponement under this policy.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for financial hardship. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on the Council's rating information database as the 'ratepayer' must not own any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the Council Office).

The Council will consider, on a case by case basis, all applications received that meet the criteria outlined under this section. The following factors will be considered – age, income source and level, annual rates payable, and equity in the property owned.

In considering the eligibility for and the period of postponement, the equity in the property and the amount of rates postponed will be important determinant factors. The Council will delegate authority to approve applications for rates postponement to the Director Corporate Services.

Applicants seeking rates postponement will be encouraged to seek independent advice before formally accepting any offer for postponement made by the Council.

## Rates Postponement Policy continues

As a general rule postponement will not apply to the first \$500 per annum of the rate account after any rates rebate has been deducted.

Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Postponement will only apply on properties on which houses have been insured. Annual proof may be required that insurance has been maintained.

Where rates postponement is approved for a property with an outstanding mortgage, the mortgagee will be advised by Council that rates postponement has been negotiated with the ratepayer.

Any postponed rates will be postponed until:

The death of the ratepayer(s); or

Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or

Until the ratepayer(s) ceases to use the property as his/her residence; or

Until a date specified by the Council.

The Council will charge interest annually on the amount postponed. Interest will be calculated on the average amount of rates outstanding during the year, and will be charged at the average return on investments rate for Council for that year.

The Council may also charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative costs and may vary from year to year. The amount of the fee is included in Council's Schedule of Fees and Charges.

Interest and fees payable will be added to the amount of postponed rates annually and be paid at the time postponed rates are paid.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled

to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit. In addition to the annual fee and interest, Council charge any other costs or one-off fees incurred in relation to registration of the postponement.

This policy will not affect any rates postponed provisions approved prior to 1 July 2009, which will continue to apply in accordance with the conditions related to each case.

This policy does not apply to non-elderly ratepayers experiencing financial hardship.

Council will assist in the referral of any other ratepayer on a fixed income facing long term financial hardship to the appropriate agency.

Council will consider ways of assisting any ratepayer facing temporary financial hardship (e.g. resulting from redundancy) by temporary deferral of partial or full rates payments without penalty. Each case will be considered on its merits.

### 3. Postponement For Special Circumstances

#### Objective

To enable Council to provide rates postponement for special and unforeseen circumstances, where it considers relief by way of rates postponement is justified in the circumstances.

#### Conditions and Criteria

Application for rates postponement must be made in writing by the applicant.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of postponement including any application of an annual fee will be decided by Council on a case by case basis.

The applicant will be advised in writing of the outcome of the application.

## Policy on Rates Remission and Rates Postponement on Māori Freehold Land

Napier City Council has very few known rating units that occupy Māori freehold land. Council considers no criteria or conditions exist which requires rates relief on Maori freehold land additional to or which differs from rates remissions or postponement policies which apply to all rateable properties within Napier.



## To the reader:

### Independent auditor's report on Napier City Council's 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Napier City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 29 June 2018.

### Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 170 to 173 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

### Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select

appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;

## Audit NZ Report continues

- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

### Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's long-term plan and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council.



Stephen Lucy, Audit New Zealand  
On behalf of the Auditor-General, Wellington, New Zealand

# Glossary of Terms

## Activities and Activity Groups

The main elements of the Council's services offered to the Napier community are divided into Activities. These Activities are described in detail in the Activity Groups section of the LTP, including the financial and non-financial performance measures, targets and the financial budgets for 2018/19 to 2027/28.

Note: There have been changes to activity names from the 2017/18 Annual Plan and 2016/17 Annual Report; the Activity Napier Conference Centre is now noted to be in the Napier War Memorial Centre.

## Ahuriri Estuary Masterplan

In the Capital Programme the Ahuriri Estuary Masterplan has been abbreviated to Ahuriri Masterplan.

## Allocation of Overheads

Council has a number of cost centres of a corporate and support nature. These cost centres provide the technical and support services necessary for the function of Council's activities.

Costs of the support services are reallocated to activities either as overheads based on the services each activity receives, or they are recharged directly on a usage basis.

## Carrying Amount

The net amount at which an asset or liability is recognised in the balance sheet.

## Community Outcomes

These goals were originally determined from an extensive consultation process with the community. They provide a long term perspective on the development of Napier City and provide the Napier City Council with a framework for contributing to these community aspirations through Council activities.

## Derecognition

When an asset value is no longer recorded in the balance sheet it has been derecognised, e.g. when an asset is sold it is no longer recorded on the balance sheet as from the date of the sale.

## Derivative

A financial instrument that has the effect of transferring between two or more parties to the instrument one or more risks inherent in an underlying asset. The value of the derivative is determined by fluctuations in the underlying asset. The most common underlying assets include currencies, interest rates, shares, bonds, commodities and market indexes.

## Financial and Development Contributions

The share of the cost of new developments and subdivisions met by developers.

## General Rates

Rates other than targeted rates. These are the General Rate and the Uniform Annual General Charge. These fund a wide range of activities that are considered to be of general benefit to the community.

## Impairment

The amount by which the carrying amount of an asset exceeds its recoverable amount.

## Infrastructural Asset Renewal

A statutory requirement to provide for maintenance of infrastructural assets in serviceable condition in perpetuity. The amount required is calculated from asset management plans, and 'smoothed' to provide a relatively even flow of funds from year to year.

## Glossary of Terms continues

### **Infrastructural Assets**

Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components. These include roads, and water, sewerage and stormwater systems.

### **Levels of Service**

A measure of the quality and quantity of services delivered, determined by customer expectations, legislative requirements and affordability.

### **NRB Customer Satisfaction Survey (Communitrak™)**

A wide-ranging customer satisfaction survey prepared for the Napier City Council by the National Research Bureau Ltd. The survey is of public perceptions and interpretations of Council services and representation with comparisons to National and Peer Group averages.

### **Restricted Assets**

Those assets which cannot be disposed of because of legal or other restrictions and that provide a benefit or service to the community. These include reserves vested under the Reserves Act and endowments or other property held in trust for specific purposes.

### **Prospective Financial Statements**

Future-oriented financial statements.

### **Targeted Rate**

A rate set under section 16 or 19 of the Local Government (Rating) Act 2002 to fund a specific function or service provided. It may be charged as a fixed dollar amount per rating unit, a fixed charge per factor, such as property value, or a differential charge per factor.