



# ANNUAL REPORT 2022/2023

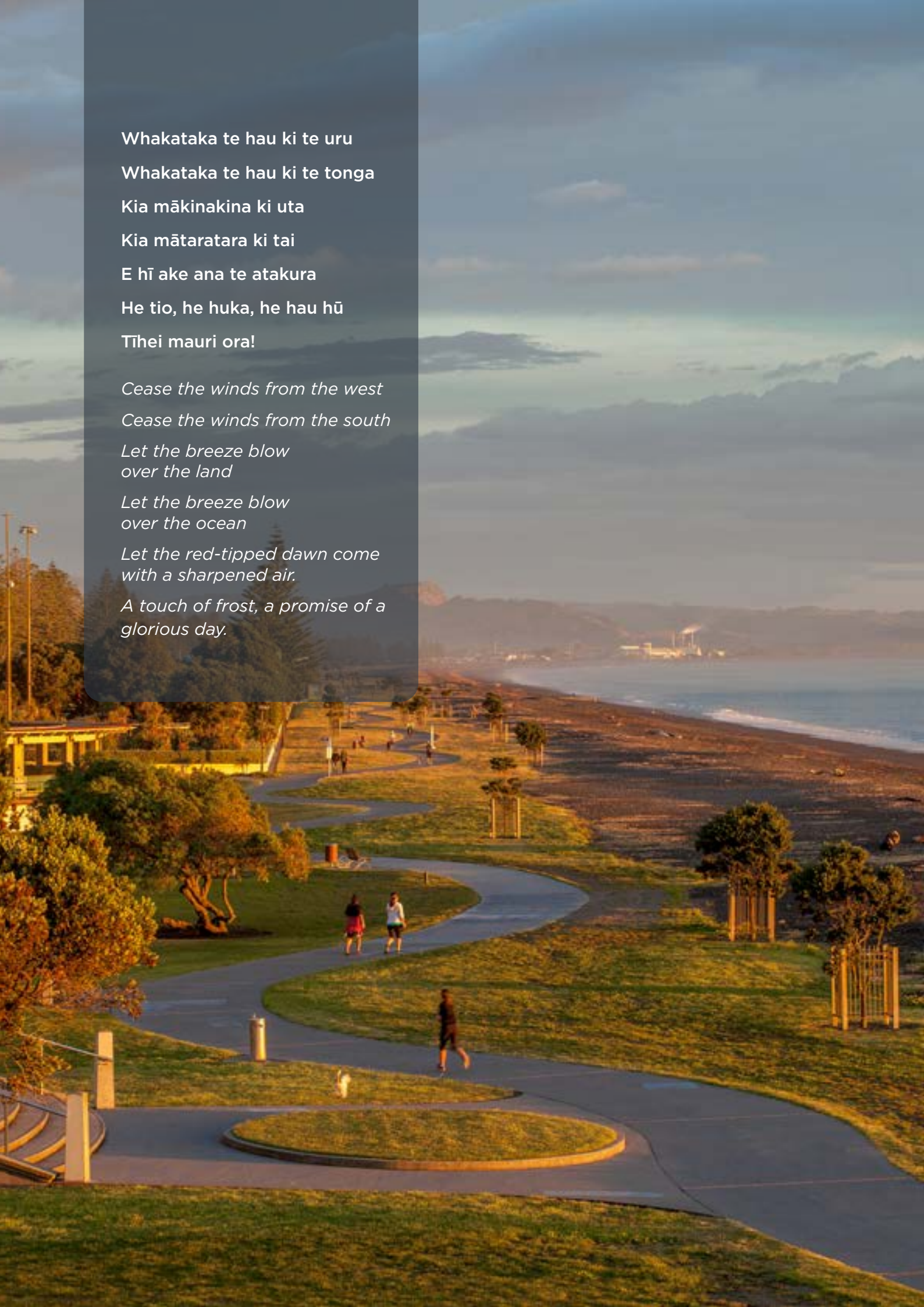
for the period 1 July 2022 to 30 June 2023  
Adopted 23 November 2023

ISSN 1770-9847 [print]  
ISSN 1177-9888 [online]



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





Whakataka te hau ki te uru  
Whakataka te hau ki te tonga  
Kia mākinakina ki uta  
Kia mātaratara ki tai  
E hī ake ana te atakura  
He tio, he huka, he hau hū  
Tihei mauri ora!

*Cease the winds from the west  
Cease the winds from the south  
Let the breeze blow  
over the land  
Let the breeze blow  
over the ocean  
Let the red-tipped dawn come  
with a sharpened air.  
A touch of frost, a promise of a  
glorious day.*

## A WARM WELCOME

Ngā mihi nui.

This annual report summarises the performance of Napier City Council from 1 July 2022 to 30 June 2023. It provides an overview of what we did over the past year to realise the outcomes and initiatives set out in our Annual Plan 2022-23 and Long Term Plan 2021-2031.

The report includes our service performance and financial results. It describes our achievements and challenges, and comments on our results compared to our targets and plans.

This report is prepared to meet our obligations under the Local Government Act 2002 to promote accountability to the community for the decisions made throughout the year, and to report performance and activities against what was intended.

# PERFORMANCE OVERVIEW

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# ABOUT US

## In this section

*This section includes an overview of the year from the Mayor, the highlights and challenges, our Council vision, an overview of our core business, and summaries of our performance this year.*

# Strategic Direction

## OUR MISSION

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

## OUR VISION

A vibrant and sustainable city for all.

### COMMUNITY OUTCOMES

- Our water is clean and safe
- Our services and infrastructure meet our community's needs
- Our community is connected, safe, healthy and resilient
- We are a city that thrives with its community
- We treasure our culture, our heritage, our environment
- Our community and council are one

### CITY VISION PRINCIPLES

- Putting people first
- Open for business
- A port and coastal city
- Our people, our stories
- Ecological excellence
- Pedal power



# Kia ora from Kirsten Wise

TE KAHIKA O TE KAUNIHĒRA O AHURIRI  
NAPIER MAYOR



Kia ora koutou.

I am pleased to present to you the Napier City Council Annual Report for 2022/23. Our Annual Report is an important tool in our continual improvement as an organisation. It gives us an opportunity to reflect on the year and on how we navigated all that it presented us with. The past year in particular has given us many challenges as a community and as a council. It has solidified our commitment to ensure, above all else, that we are doing the essentials well. Things like drinking water services and infrastructure, parking and transportation, and waste management and minimisation are all areas that, when done well, make a positive impact on people's lives. Looking back on the last year, despite knocks and shocks, we've delivered projects and services that go above and beyond in meeting the needs of our community.

On top of that, we've achieved some key milestones in strengthening our organisation. In doing so, we have strengthened our ability to provide our community with a high standard of service across all work areas. Our Māori advisory, Te Waka Rangapū, is well entrenched in the organisation with solidified networks and relationships. This brings a dedicated te ao Māori lens to our work programmes and engagement, advice and support for officers across the Council, te reo and tikanga expertise and policy, and cultural competency and capability. We have also, in the past year, bedded in Ngā Mānukanuka o te Iwi, our Māori committee. We have helped establish the Ahuriri Regional Park Advisory Board, progressed the Proposed District Plan, begun implementation of the Inner Harbour Masterplan and secured seamless service delivery through the Ahuriri Alliance.

The Local Government Elections took place in the last year and we have a council that is experienced and diverse with a few new faces around the table. The knowledge and expertise we have on board has already proved invaluable through the complexities of 2023, and new approaches and views add a good amount of vibrancy, energy and fresh ideas.

We have already navigated the early stages of a number of central government reforms in the past year. These have brought their own challenges but have also given us opportunities to speak directly with our community, our partner councils and our officers about what is important to them.

It has been a big year with a lot of intricacies but we have steered a way through. We have delivered some major projects despite significant trials. We've been agile where needed but we've stayed the course, and we've ensured - through it all - that our commitment to serving Napier is our first priority.

Ngā mihi nui,

**Kirsten Wise**  
MAYOR OF NAPIER

# Kia ora from Louise Miller

TUMU WHAKARAE  
CHIEF EXECUTIVE



Kia ora koutou,

It is my pleasure to be delivering the first Annual Report since I started with Napier City Council in March 2023. In the eight months I have been here, I have consistently observed a team of dedicated staff who have got on with the job, no matter what has come our way. Our workforce was faced with an unprecedented work environment in the wake of Cyclone Gabrielle, which required their full focus for many months.

Despite this challenge, we've accomplished much. Our work in the recovery space has been significant and ongoing. It ultimately resulted in working on amending our Long Term Plan 2021-31 to enable Council to undertake the new activity of purchasing properties in areas zoned as Category 3. Our Wastewater Treatment Plant became completely inoperable after being inundated with flood waters from the cyclone. We channelled much time and energy into repairing the damaged plant in a few short months. We'll continue to invest in its resilience to ensure it will withstand any future weather events. Other recovery work we focused on included supporting affected communities and helping businesses recover in the badly affected Awatoto industrial area.

Recovery aside, we've successfully delivered some key projects. These include refurbishing Ocean Spa and taking over its management, completing the Napier War Memorial Restoration, and demolishing Council's old Civic building and progressing with design plans for the city's new library and governance area.

Looking towards next year, with government-led reforms on the horizon, we must focus on making bold and prudent decisions to ensure our

organisation and city has a financially sustainable future. We'll look closely at what Council's role in the community is, and what we're best placed to deliver for our city. We will make these decisions as we develop our Three-Year Plan next year, and we'll consult with our community on key topics as part of this process.

Ngā mihi nui,

**Louise Miller**  
CHIEF EXECUTIVE




# Performance Overview

## Satisfaction with Council services at a glance

To identifying improvement opportunities, SIL Research engaged with Napier residents to determine satisfaction levels with and perceptions of Council services. Results from the survey help form Service Performance Measures for some of our activities (as detailed in the 'Our Performance by Activity Group' section). We considered how the selected measures align with our Strategic Direction and Community Outcomes as part of the 2021-31 Long Term Plan process.

A handful of results have been highlighted below. Please note, NZB refers to the SIL NZ benchmark.

**Drinking Water**



NCC 2023:	38%
NCC 2022:	28%
NZB 2023:	73%

Drinking water remained the issue of greatest concern to the community. Satisfaction in Napier for the year was still well below the New Zealand benchmark. However, satisfaction increased by 10%, showing a significant improvement when compared to the 2022 results. The presence of chlorine in the water supply continued to be a significant factor and some respondents reported purchasing water filters or using alternative water sources.

**Car Parking Average**



NCC 2023:	46%
NCC 2022:	48%
NZB 2023:	57%

Car parking once again remained one of the lowest ranked services. Respondents highlighted issues with availability and concerns about the two-hour maximum parking limit. Other notable concerns raised included the cost of parking, challenges during peak times such as events, weekends, and cruise ships, and accessibility of disability parking.

**Rubbish Collection**



NCC 2023:	83%
NCC 2022:	74%
NZB 2023:	73%

Satisfaction with kerbside rubbish collection for the year exceeded the New Zealand benchmark by 10%. Satisfaction levels in 2023 also showed a 9% improvement on last year's results. Common themes from respondents included feeling as though the service provided was good and with no issues.

**Parks & Reserves**



NCC 2023:	84%
NCC 2022:	83%
NZB 2023:	82%

Satisfaction with parks and reserves has remained consistently high over time and was the top performing service attribute in 2023. Satisfaction with parks and reserves sat above the New Zealand benchmark by 2% for the year.

# Insurance of Assets

## Above ground assets

The total value of above ground buildings and plant and equipment owned by Napier City Council and covered by insurance contracts is \$756m. These are insured under a group policy held in the name of the five Hawke's Bay Councils. Napier City Council has a Fire Loss Limit of \$100m which specifies the limit of any loss covered by insurance as a result of fire. This limit relates to any one loss and all losses in the aggregate during the annual insurance period.

From 1 November 2022 the above ground insured assets of Napier City Council are also subject to the Hawkes Bay Council's Collective Insurance group Natural Disaster (Earthquake) Loss Limit of \$600m.

Full cover is available for each individual property on Council's Property Schedule however in any one year Council's natural disaster cover is subject to the group limit of \$600m.

Motor vehicles and mobile plant are insured for market value.

## Below ground assets - for the provision of Water, Stormwater and Wastewater services

Council carried out a comprehensive revaluation of Infrastructure Assets as at 30 June 2023. This resulted in a substantial increase in the replacement cost of the insured underground assets from \$919m in 2020 to \$1.3 billion.

In 2020 Council commissioned a loss modelling analysis based on the 2020 valuation. This analysis delivers estimates of financial losses resulting from earthquake damage to three waters infrastructure assets.

The purpose of these loss estimates is to assist in decision making relating to how much risk to transfer through insurance and how much to retain.

The updated probable loss resulting from a one in 500 year seismic event was estimated at \$571.42m based on the 2020 valuation. An updated loss modelling based on 2023 values has not been completed because of time pressures. For the purpose of this note an uplift of 40% has been applied to the 2020 probable loss giving an indicative updated loss figure of \$800m.

In general, upon a major disaster, the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means.

Council in 2020 carried out an exercise to review its capacity to accommodate uninsured losses. Background to this is that, in the event of a major seismic event, a complete revisit of Council's reserve funds, forward budgets and borrowing would be undertaken to prioritise the reinstatement of essential infrastructure.

A specific review of the capacity to accommodate uninsured losses through borrowing was carried out. The exercise assumed all borrowings as indicated in the Long Term Plan would be incurred. The Review ascertained the debt headroom available based on debt limits specified in Council's policies.

Based on affordability of insurance and the ability for Council to accommodate an uninsured loss, Council decided to retain its current level of Infrastructure insurance, being 40% of \$120m with an excess of \$10m.

This insurance cover after assuming Governments 60% contribution results in an estimated \$276m uninsured exposure to Council in a one in 500 year seismic event.

### In summary:

Total value of underground assets covered by insurance contracts is	\$1.3 billion
Estimated probable loss in a one in 500 year seismic event is	\$802m
Less Government assistance 60%	-\$480m
Council Liability	\$320m
Insurance Recovery 40% of \$110m	-\$44m
Uninsured Exposure	\$276m

### Risk Sharing Arrangements

The total value of all assets that are covered by financial risk sharing arrangements is nil.

### Formal self-insurance scheme

Council does not operate a formal self-insurance scheme or maintain a specific fund for that purpose. Various assets are however not covered by insurance.

Roads and associated assets are not covered by Council's insurance as in the event of a major disaster, support is anticipated to come from Central Government to reinstate the roading network.

Other assets including land, playgrounds and sports fields are also not covered by insurance.

In addition, as mentioned above an uninsured exposure exists with regards to underground three waters assets.

Funding of uninsured risks and amounts over and above any insurance recovery and Government support would be provided from a combination of, debt and the reprioritisation of Council's planned capital and operating expenditure.



# Cyclone Gabrielle

## What happened?

February 14 2023 is a date etched in Hawke's Bay's history as one of the region's darkest days, as Cyclone Gabrielle caused widespread damage, flooding and extreme isolation for Napier.

On Monday 13 February, the Napier Emergency Operations Centre (EOC) was stood up. In the early hours of Tuesday 14 February, a State of Emergency was declared for Napier. Regional and national declarations followed soon after.

More than 70,000 people throughout Napier and surrounding communities were isolated without power, water, communications, health services and road connectivity. The Napier Wastewater Treatment Plant in Awatoto and associated industrial area were completely inundated as the stop banks of the Tūtaekurī River were breached.

The areas surrounding the Napier urban area including Puketapu, Meeanee, Brookfields, Awatoto, Pākōwhai, Whirinaki, Esk Valley and Tangoio communities, along with productive horticultural land were decimated. There was also flooding in Taradale, Bayview and Te Awa.

Napier residential and commercial buildings were impacted across several areas. The Eastern Institute of Technology was also damaged.

It took at least four days before power started to be restored, although some Napier residents went without power for up to 11 days. This meant that services and businesses without access to generators and fuel were unable to support the community. Only one supermarket was able to open two days after the cyclone, which quickly led to long queues, panic buying, and empty shelves. A lack of operational ATMs led to difficulties obtaining cash. A fear that fuel supplies may run out led to long queues and rationing at those service stations able to operate.

For displaced residents, shelter was provided at Kennedy Park Resort, Centennial Event Centre, St Joseph's Māori Girls College, Tamatea Intermediate, Pukemokimoki Marae, Bayview Hotel Pub, Equippers Church and Napier Central School. Community groups provided other support, such as food parcels, toiletries and wellbeing support.

## The impact on Council assets

Flooding from Cyclone Gabrielle resulted in the Wastewater Treatment Plant becoming inoperable, resulting in residents being asked to urgently conserve water.

In April, the site became partially operable, treating wastewater using its miliscreen process rather than the full operation, which includes two biological trickling filters.

The next step was to get the biological trickling filters up and running to add another layer of treatment.

## Land categories

The Hawke's Bay Regional Council, along with the Government's Cyclone Recovery Taskforce, assessed future severe weather risk in areas across the region. The risk assessment process provided a picture of how future severe weather events would pose a risk to life. Areas that do pose a risk to life had mitigation measures considered to provide assurance that it is safe for people to live in the area.

The Government outlined three main categories that were used to determine the future severe weather risk for specific areas across Hawke's Bay:

**Category 1** properties can be repaired, if required, and remain liveable

**Category 2** (A, P or C) require mitigation to either the property or the land surrounding the property;

**Category 3** properties face an unacceptable level of risk of future severe weather events, and the risk to life is too high to remain living there.

## Economic impact on facilities

Napier City Council's tourism facilities, particularly National Aquarium of New Zealand, Kennedy Park Resort, iSite, Napier Conferences & Events and Napier Municipal Theatre were affected significantly by Cyclone Gabrielle.

As well as the direct impacts of the cyclone, the facilities dealt with a misperception that accessibility into Napier was limited, and key attractions were not open. This had a knock-on effect for the April school holidays with dips in revenue from previous years.

Napier iSite experienced a large drop in revenue due to the cancelling of cruise ship visits to the city. However, thanks to swift work by Napier Port and Napier City Council staff, Napier was able to accept cruise ships four weeks following

the cyclone, which had a positive effect on local businesses.

Several large events had to be either cancelled or postponed at Napier Conferences & Events. Managing the accommodation needs of the community versus accommodating guests for corporate events proved challenging.

The Cyclone caused some delays to the re-opening of Ocean Spa, again impacting revenue generation from visitors.

Figures released from Hawke's Bay Tourism show the Hawke's Bay tourism market suffered a huge loss.

*"Hawke's Bay's market share of electronic tourism transactions has been reduced by 11 percent as a result of the cyclone, highlighting a very clear need for continued promotion of the region."*

## Long-term recovery

Phase two of the Wastewater Treatment Plant reparation saw the reinstatement of the Biological Trickling Filters in August. This moved the wastewater operation back to pre-cyclone treatment before it enters the outfall pipe.

Other ongoing work at the Wastewater Treatment Plant includes completion of the Power Distribution Centre refurbishment, waterway drains and silt removal.

Significant silt was deposited through the area when the Esk River broke its banks on 14 February sending a torrent of silt laden water towards Bayview. Council has been actively working to clear silt and vegetation from the network of open drains and culverts in the Bayview area to return the service to pre-cyclone levels.

## Building back safer and stronger

Due to the disruption caused by Cyclone Gabrielle, the Minister of Local Government suspended the legislated requirement for Napier City Council to produce a Long Term Plan with a ten-year horizon.

Instead, Council will produce an unaudited, three-year plan for the period 2024-27. The focus of the three-year plan is to be on cyclone recovery, and as far as possible, budgets and plans proposed beyond 30 June 2027.

Napier City Council, along with Hawke's Bay's four other councils, agreed to a proposal from the Crown, which includes up to \$556m for the compensation of Category 3 properties, flood mitigation and transport repair for the region.

To access the funding, all Hawke's Bay councils had to agree to all portions of the package, including voluntary residential property purchases in Category 3 areas. For Napier City and Hastings District councils, this triggered the need for community consultation.

In order to accept the offer, Council was required to make a change to its Long Term Plan 2021-31 to take on the new activity to deliver a voluntary residential property rights compensation scheme for Category 3 residents.

The region-wide offer includes Crown funding of \$260m towards transport recovery, \$203m towards flood mitigation and \$92.5m towards Category 3 voluntary residential property purchases.

For Napier, this means \$32m towards full replacement of the Redclyffe Bridge, which the council co-owns with Hastings District Council (HDC will receive the same amount for their share of the bridge). Napier will also receive approximately \$3.5m (50% of the cost) to allow council to administer voluntary residential property purchases in Category 3 areas. Napier will benefit from the region-wide connectivity, resilience and broader economic benefits that the offer will provide the region.





# Māori contribution to decision making processes

2022/23 is the third year of operation for Napier City Council's dedicated Māori roopu, Te Waka Rangapū. The focus of Te Waka Rangapū is to provide a Te Ao Māori lens across the organisation's work programme and strengthen relationships with iwi partners. In 2022/23, Te Waka Rangapū has:

- Engaged with and worked alongside iwi partners to understand their priorities and how Council can best promote and support their aspirations
- Provided tailored advice and support for projects like the Iron Pot waka hub project and the new Civic precinct and many more NCC projects
- Facilitated and led events to celebrate Te Ao Māori and Te Reo Māori, such as Te Wiki o Te Reo Māori and Matariki celebrations
- Provided Cultural workshops for staff on Tikanga and Kawa
- Fostered internal capability across the organisation through initiatives like karakia a te ata, kapa haka and staff requirements

Napier City Council also values the contribution of its appointed Kaumātua. This position is essential to the Council as it empowers all relationships between Māori and the Council and guides and assists the Council's decision-making process. Piri Prentice continues to serve as Council's Kaumātua after his appointment in 2014. We are still needing to look at a Hākui (female elder role) as this was endorsed to work alongside Mr Prentice as joint Kaumātua, however this role is currently vacant.

Ngā Manukanuka o te Iwi is the name of our Māori Committee, which is a specialist committee established to advocate on behalf of Ahuriri Māori, provide cultural leadership, facilitate wānanga seminars with Council and strengthen relationships with iwi entities. Ngā Manukanuka o te Iwi met quarterly over the course of 2022/23. Ngā Manukanuka o te Iwi membership is made up of representatives from Mana Whenua and Marae entities (appointed by each entity respectively), four elected members and the Mayor.

We also have two members on each sub-committee with voting and speaking rights.

The Terms of Reference for Ngā Manukanuka o te Iwi set out the following objectives:

- Ensuring that every decision in relation to Council activities takes into consideration relationships with Māori culture and traditions
- Raising and making recommendations to the Council on matters of importance to the Māori residents of Ahuriri
- Providing feedback to the Council on options for building relationships and capability to empower mana whenua/tangata whenua to engage on Council-related matters

Council maintains strong relationships with mana whenua of Te Whanganui-a-Orotū through their mandated Māori entities. Relationships with mana whenua entities are predominantly one-to-one with the Mayor, Chief Executive, Councillors and Te Waka Rangapū. Relationships are held with:

- Mana Ahuriri Trust
- Maungaharuru-Tangitū Trust
- Te Taiwhenua o Te Whanganui-a-Orotū
- Ngāti Pārau Hapū Trust
- Ngāti Kahungunu Iwi Inc.
- Ngā Marae o Ahuriri

Alongside mana whenua relationships, the Council works closely in the community with the Māori Wardens Associations, Māori health and housing agencies, and social service providers. The Council maintains a close relationship with Pukemokimoki Marae, with an elected member appointed to the Pukemokimoki Marae Trust.

On 20 October 2021 Council resolved to introduce Māori wards for Napier for the 2025 election, which is a binding decision per section 19Z(3)(c) of the Local Electoral Act 2001. This decision followed a two-staged approach for consultation whereby pre-consultation engagement was undertaken between May and August 2021 (involving education and workshops on marae), and formal consultation, including hearings, held in September 2021. A representational review will now take place, which will decide how many Māori wards will be established based on a standard formula set out in the Local Government Act 2002.





# Key reforms in the local government sector

In the past financial year, central government has progressed four significant tranches of local government reform. These reforms may have impacts on Napier City Council's responsibilities, operations and financial statements in future periods.

## Water Services Reforms

The delivery of drinking water, wastewater and stormwater is changing.

All New Zealanders need safe, reliable drinking water, wastewater and stormwater – our water services. We depend on these for the health and wellbeing of our communities and our environment.

The Government has worked with local government, iwi and water industry leaders to create a detailed, affordable plan to make sure our water services system is in good condition to meet challenges like population growth, climate change and natural disasters.

Under this plan ten new publicly-owned Water Services Entities will run New Zealand's drinking water, wastewater and stormwater services – currently operated by councils on behalf of communities.

The Government's plan will build these new Water Services Entities (WSEs) on the foundations of existing council infrastructure, people, and expertise. The plan is designed to give the new water organisations the financial flexibility to make the necessary upgrades more affordable for everyone.

In April 2023, the Government announced some notable changes to the reform framework and timeline. The four water services entities originally proposed in 2021 increased to ten entities to better reflect existing regional collaboration and allow for more of a local voice in decision making.

The establishment timeline also changed from a national go-live on 1 July 2024, to a staggered establishment approach where the entities go-live between 1 July 2024 and 1 July 2026.

Previously known as the 'Three Waters Reform', this reset saw the programme rebranded as the 'Water Services Reforms'.

With this reset, Napier City Council's water services will now transfer to Entity F (Tairāwhiti – Gisborne Hawke's Bay) alongside Gisborne District Council, Wairoa District Council, Hastings District Council and Central Hawke's Bay District Council. The establishment date is yet to be determined. In the meantime, Napier City Council is continuing to fulfil our obligations and work alongside the National Transition Unit (operating out of the Department of Internal Affairs) to prepare for the transition.

Much work is still required to ensure Napier is ready to transition to the new model. We need to ensure the employment rights of our staff are maintained and our local knowledge is protected, as well as ensuring our systems are ready for the transition. Council is still working through the impacts and is awaiting further information from the Government.

## Local Government Reform

In April 2021, the Government announced an independent review of local government that would seek to identify how our system of local democracy and governance needs to evolve over the next 30 years. The Future for Local Government Panel was formed to lead the review and in June 2023, the Panel released its final report – the culmination of two years' of talking to local government, looking at best practice and considering all the trade-offs.

The report laid out 17 recommendations under five different themes:

- Embedding local government's purpose and wellbeing focus
- Growing authentic Te Tiriti-based partnerships
- System renewal
- Strengthening local democracy and leadership
- Increasing funding

The Local Government Minister at the time, Kieran McAnulty, advised that report would be considered by government after the 2023 central government election.

## Resource Management Reform

The resource management system shapes where and how we build roads, housing and other essential infrastructure. It also influences the state of Aotearoa New Zealand's air, water, land and native plants and animals.

Previously, the Resource Management Act 1991 (the RMA) set out how we should sustainably manage the impact our day-to-day lives have on the environment. New laws are now being phased in that aim to help Aotearoa New Zealand protect and manage the environment and its resources.

The Spatial Planning Act (SPA) and the Natural and Built Environment Act (NBA) began coming into effect on 24 August 2023. They will gradually phase in over about a 10-year period. Some changes apply immediately. However, most will come into effect later on, and at different times in different regions. Many parts of the Resource Management Act 1991 (the RMA) will remain in place until then.

The main aim of the new system is to uphold Te Oranga o te Taiao. This is a concept that draws on te ao Māori. It's about the health of the natural environment, its importance to people's lives, and how everything is connected.

The new system also aims to enable development and allow use of resources that help people's wellbeing, both now and in the future. However, that must be done in ways that protect the natural environment.

These reforms will have significant implications for the way Napier City Council manages land use, development, sustainability, and the environment within city boundaries and together with regional neighbours.

## Civil Defence and Emergency Management Review

The Emergency Management Law Reform Programme will set the foundations for a modern, inclusive, responsive, fit-for-purpose, and enduring regulatory framework for New Zealand's emergency management system.

The four priority areas of work in the Programme will:

- deliver a new modern, responsive, and enduring Emergency Management Act.
- effectively implement and transition to the new regulatory framework.
- develop an agreed operating model, governance arrangements, and transition thresholds and criteria to clarify lead and support agency roles and responsibilities.
- ensure iwi and Māori participation is recognised, enabled, and valued throughout the emergency management system.

An increase in the severity and frequency of emergencies, including the state of national emergency declared for the North Island Severe Weather Events (2023), has highlighted a pressing need to modernise and update the current emergency management regulatory framework.

The Emergency Management Bill establishes a more flexible regulatory framework for setting standards and managing the emergency management system across what is known as the 4Rs, risk reduction, readiness, response, and recovery.

The bill has passed its first reading in Parliament, and submissions are currently being accepted.

As a key player in emergency responses, Council will keep up to date with the programme to understand our role in the emergency management system going forward.





# OUR PERFORMANCE BY ACTIVITY GROUP

## In this section

*This section describes in detail how we performed in each of our activity groups. Each activity area includes an overview of the activities from the year, and a summary of financials and performance measures.*



# Reporting Service Performance Information – Statement of Compliance

The New Zealand Accounting Standards Board (XRB) issued a Standard for Service Performance Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) in November 2017, with amendments made in January 2019.

The Standard requires public benefit entities, including local government, to apply the requirements of the standard to annual reports that relate to a period beginning on or after 1 January 2022.

Our Service Performance Information (detailed in the Our Performance by Activity Group section beginning on page 18) has been prepared in accordance with the requirements of the standard and the Local Government Act 2002, which includes the requirement to report on the level of service achieved for a group of activities against the performance target or targets for that group of activities.

As acknowledge in the PBE FRS 48 Standard, the following attributes apply to the current Service Performance Reporting environment:

1. Service Performance reporting is an area of reporting that continues to evolve,
2. Entities may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks, and
3. It provides flexibility for entities to determine how best to 'tell their story' in an appropriate and meaningful way.

## NCC Service Performance Reporting

As mentioned above, our Service Performance Information has been prepared in accordance with the Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting. The information aims to:

1. Provide users with Adequate contextual details to enable users to understand the Council's Strategic Priorities and Community Outcomes, and Details regarding Council activities and accomplishments during the reporting period in alignment with the above, as well as the Community Wellbeings. Details of Council's achievements (financial and non-financial) for each activity are included under the Our Performance by Activity Group section (beginning on p20).
2. Present Service Performance Information and financial statements together in the Annual Report [FRS 48 para 6] – financial and non-financial performance is reported for each activity under the Our Performance by Activity Group section.
3. Present Service Performance Information for the same entity and same reporting period as the financial statements [FRS 48 para 11] – financial and non-financial information is reported for the financial year. For this Annual Report, that is from 1 July 2022 to 30 June 2023.
4. Apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework: Relevance, Faithful Representation, Understandability, Timeliness, Comparability and Verifiability [FRS 48 para 7]. These characteristics are also considered when performance measures are developed and/or reviewed through the Long-Term Plan process.
5. Disclose judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information through disclosures throughout the section [FRS 48 para 44].
6. Provide comparative information [FRS 48 para 37] – comparative data, where available, is included for the current and previous year throughout the section.

## Selecting and Aggregating Service Performance Information

The level of aggregation used by Council has been based on:

1. Reporting against levels of service - Our performance measures reflect the levels of service that were confirmed in the Long-Term Plan and include mandatory measures that local government is required to report on.
2. Reporting LTP targets for levels of service - Our targets are set to reflect the level of service for the activity. When setting measures through the Long-Term Plan process other considerations include materiality, cost-benefit, and the balance between timeliness, understandability and relevance of information for the end users.
3. Consideration was given to the views expressed by our community. This includes feedback relevant to the Levels of Service and performance measures received throughout the LTP consultation process.
4. Presentation of the information allows for comparability and understandability.





# Methodology - Resident Satisfaction Survey

Napier City Council commissions a Customer Satisfaction Survey every year. The purpose of this research is to consultatively engage with Napier residents to determine levels of satisfaction and perceptions of Council's services, communications and management to identify opportunities for improvement. Results from the survey also help form Service Performance Measures for some of our activities (as detailed in this section).

## Questionnaire

Since 2019, the Resident Satisfaction Survey has been conducted by SIL Research. NCC and SIL Research developed the questionnaire for the survey by giving consideration to how the selected questions and associated measures align with our Strategic Direction and Community Outcomes.

Since 2019, data collection has been administered four times a year to allow for seasonal variations to be tracked using a 1-10 Likert scale, which provides more robust options for residents to express their views.

## Data Collection

For this year, research was conducted quarterly; September 2022, November 2022 - January 2023, March-April 2023, and May - June 2023. A total of 113 responses were collected each quarter, resulting in 452 for the final analysis for the 2022-2023 year.

In each quarter, multiple data collection methods were utilised to ensure residents were well-represented. The mixed-methods approach included:

Telephone survey. Respondents were randomly selected from the publicly available telephone directories within each ward.

Social media (available via SIL Research social media platforms, such as Facebook). The invitation advertisement was randomly promoted to Napier residents within each ward.

Postal survey. Survey forms were delivered to randomly selected Napier households.

Online/web based (available via NCC's channels). Surveys were advertised via NCC's Facebook page to increase survey awareness.

## Data Analysis

Every quarter, surveys are conducted proportional to the population in each of Napier's four wards. Post-stratification (weighting) is then applied to the full dataset to reflect the ward, age and gender group proportions as determined by the Statistics New Zealand 2018 Census.

SIL Research ensures quality control during the fieldwork period. In addition, a quality control check is performed using follow-up calls across randomly selected respondents to verify key responses. Further checks include, but are not limited to, removal of incomplete responses and responses coming from outside of Napier.

Overall results are reported with margins of error at a 95% confidence level.

## Benchmarking

SIL Research conducts a representative National resident survey across Councils (excluding Auckland, Wellington, Christchurch and Dunedin) to establish a series of benchmarks across a range of Council services. This allows Napier City Council to compare their survey results against a National average (NZB). The National survey data is collected throughout the year so that annual results can be presented without seasonal bias.

The benchmarking results for the 2022-2023 year are based on 400 responses collected in 2023. The data is collected using a 1-10 scale; satisfaction percentages are aggregated 6-10 ratings. Benchmarking results are reported at 95% confidence level (plus/minus 4-5%).

# Community Wellbeings

Council's role and responsibilities are set out in Local Government Act 2002 (the LGA).

In 2010, the LGA was amended to clarify Council's core role as the provision of three main functions: providing local infrastructure, local public services and performing regulatory enforcement.

In 2019, the Government repealed this focus on core services, and instead reverted to the previous purpose statement:

**“The purpose of local government is....to promote the social, economic, environmental and cultural well-being of communities in the present and for the future”**

This change recognises that every council is different and that there is no one-size-fits-all approach.

Every council needs discretion and flexibility to decide in consultation with their community the nature and level of services they should provide to improve quality of life.

Decisions no longer need to be based around the question “are we allowed to do this?”, but instead “should we do this?”.

You'll see the icons below used throughout this report to link the activities we deliver to the wellbeing(s) they contribute to. For example, by operating the National Aquarium of New Zealand, we are:

- Enhancing social wellbeing by providing a safe space for families to meet and explore together;
- Attracting people to visit and spend money at local Napier businesses to support economic wellbeing;
- Looking out for the wellbeing of our environment by conserving important native species and having conversations about how we look after Te Matau-a-Māui (Hawke's Bay), and
- Contributing to the cultural wellbeing of tangata whenua by teaching our locals and visitors about the connection between Māori and our oceans and rivers.



SOCIAL WELLBEING



ECONOMIC WELLBEING



ENVIRONMENTAL WELLBEING



CULTURAL WELLBEING





# Governance and Representation

## SCOPE

### Democracy and Governance

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; and
- responses to official information requests.

Napier City Council elections are held every three years and currently comprises the election of:

- Mayor by the City as a whole;
- two councillors by the Ahuriri Ward;
- two councillors by the Onekawa-Tamatea Ward;
- four councillors by the Nelson Park Ward; and
- four councillors by the Taradale Ward.

The First Past the Post system was retained for the 2019 election, but Council has no Māori Wards or Community Boards for this election period.

Council's governance function is delivered through a structure of standing committees, joint committees, specialist and sub-committees and council controlled organisations. The Local Governance Statement (available on the website) provides information on this structure, Napier City Council's engagement processes with the residents of Napier, how the Council makes decisions, and how citizens can participate. As the Local Governance Statement is a living document, it is updated periodically over the three-year term.

The overall aims are to:

- ensure the city develops in a sustainable manner;
- promote economic growth;
- promote tourism;
- foster a safe environment;
- be a guardian of the city's assets and infrastructure; and
- engender pride in Napier.

Fundamental roles of Council are 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. Ngā Mānukanuka o te Iwi (Māori Committee) provides Māori perspectives across all Council business, as well as raising matters of importance to Māori in Napier through to Council.

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.

### Te Waka Rangapū

Council has an obligation to ensure mana whenua and tangata whenua can meaningfully engage with and inform Council decisions. We strive to ensure that mātauranga Māori (Māori knowledge) is embedded in the day-to-day and strategic decisions made by Council in relation to the future of Ahuriri (Napier).

Council is in constant dialogue with Te Taiwhenua o Te Whanganui a Orotū as the representative body for Ngāti Kahungungu and Post-Settlement Governance Entities Maungaharuru-Tangitū Trust, Mana Ahuriri Trust and Ngati Parau Hapu Trust.

We seek to continually improve our approach to partnership with Māori in order to amplify Māori voices in discussions about the wellbeing of our people and environment. Council established a stand-alone unit, Te Waka Rangapū, for the first time for Long Term Plan 2021-31, with the intention that we elevate work around relationship building and increasing cultural competency to the same level as any other work we do around the organisation.

## COMMUNITY OUTCOMES

The Governance and Representation activity group contributes to the following community outcomes and aspects of wellbeing:

Activity	Wellbeings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Democracy and Governance	 						1
Te Waka Rangapū	   						1

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

## YEAR IN REVIEW

### Democracy and Governance

A highlight this year was the October 2022 local election, followed by the induction of elected members, and establishing the governance structures for the 2022-2025 triennium. This included establishing Ngā Mānukanuka o te Iwi (Māori Committee), made up of 9 mana whenua representatives and five elected members.

With the reduction in pandemic restrictions, civic events returned to normal. Two citizenship ceremonies were held, at which 106 new citizens were welcomed to Napier and Aotearoa/New Zealand. Seven Napier residents received Civic Awards in September 2022, and on 3 February 2023 the Mayor hosted 34 survivors and their guests at the 92<sup>nd</sup> anniversary memorial service for the 1931 earthquake. However, due to Cyclone Gabrielle, the Mayor's art deco luncheon was cancelled.

Although some Council meetings and workshops were cancelled due to Cyclone Gabrielle, meetings are now continuing as planned.

### Te Waka Rangapū

Te Waka Rangapū made a significant contribution to many areas of Council. A few examples include engaging with our communities through the local election process, the realignment of Ngā Mānukanuka o te Iwi membership, and Cyclone Gabrielle's response and recovery. All involved an obligation to engage with mana and tangata whenua. In addition, the Te Reo me ona Tikanga policy gained enormous support from our elected members and Council staff.

Council has a duty to ensure mana whenua and tangata whenua can meaningfully engage with and inform Council decisions. We seek to continually improve our approach to partnership with Iwi to amplify Māori voices in discussions about the well-being of our people and environment.





## SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Elections and new triennium - Officers will offer governance support role during elections and support the induction for Elected Members and establishment of governance structures for the new triennium.	Achieved ●	
Representation Review - Commencing review of, and consultation on, representation arrangements in preparation for the 2025 Elections.	In progress ●	The review process has started and is ongoing.
Māori Engagement Policy - Developing and adopting a policy to guide how Te Waka Rangapū and Napier City Council engage and support Iwi Māori in Ahuriri.	In progress ●	The policy has been developed and is currently under review.
Te Waka Rangapū Strategy - Developing a strategy for engagement with Iwi Māori in Ahuriri. This strategy will support the direction of the Māori Engagement Policy.	In progress ●	The strategy has been developed and is currently under review.
Te Reo Māori Policy - Developing and adopting a Te Reo Māori policy for Council staff.	Achieved ●	
Ngā Mānukanuka o Te Iwi - Providing strong support to Ngā Mānukanuka o Te Iwi Komiti to strengthen partnerships with Mana Whenua and Tangata Whenua.	Achieved ●	Achieved and support will continue to be provided.

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold





# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?
Democracy and Governance	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 two working days before the meeting date	100%	100%	100%	◆	
	Council will comply with legislative requirements	Annual Reports and Long Term Plans receive 'unmodified' audit opinion	Not achieved	Achieved	Not achieved	◆	Council received a qualified audit opinion on its 2021/22 Annual Report in December 2022. The qualification related to the inability to accurately report on fault response times for each of the three water services. Work to comprehensively implement improved processes and training across the organisation is underway. The audit report also included a statement about uncertainty over the valuations for our three waters below and above ground assets.
	Council will respond to information requests in a timely manner	Percentage of LGOIMA requests responded to within statutory time frames	97%	100%	98%	◆	Responses to LGOIMA requests delayed in the third quarter due to Cyclone Gabrielle.
Te Waka Rangapū	We are strengthening our partnerships and recognise the special place of mana whenua and tangata whenua in Council decision making	Legislative compliance with ss 14(1)(d), 60A, 77(1)(c), 81 and 82(2) of the Local Government Act 2002	Compliant	Compliant	Compliant	◆	
		Development of a Māori Engagement framework	Narrative Measure	Narrative measure	The Engagement policy is in draft. There are still areas that need addressing to ensure all areas of Māori engagement are reflected in Council's Significance and Engagement Policy.	◆	Policy is under review.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%





# FUNDING IMPACT STATEMENT

## for Governance and Representation

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	4,162	5,021	4,245
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>Total operating funding (A)</b>	<b>4,162</b>	<b>5,021</b>	<b>4,245</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	484	382	371
Finance costs	-	-	-
Internal charges and overheads applied	3,678	4,639	3,874
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,162</b>	<b>5,021</b>	<b>4,245</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<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	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- 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>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	-	-	-

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.







# City Strategy

## SCOPE

### City Development

City Development is the means by which we plan and deliver urban and economic growth strategically and sustainably. We assess and decide how our built and natural environment will be developed, and how that process will be managed. We take into consideration Napier's historic heritage and incorporate urban design, functionality, city vibrancy and aesthetics into all our city developments and projects. We guide our investment in infrastructure and urban renewal, so it is efficiently located and caters for the planned growth of the city.

The Policy team 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 our elected members so that they can make informed decisions that will benefit our city and community now and in the future.

The City Design & Urban Renewal team aims to create a great urban environment, promoting heritage protection, ecological excellence, sustainable transport, and good urban design throughout the city, which will result in a well-connected, vibrant and liveable city.

### Building Consents

The core functions of our Building Consents team comprise of processing building consent applications, inspecting building work on site, and issuing code compliance certificates at the completion of building work. Additionally to the core functions, we 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.

### Resource Consents

The Resource Consents team is responsible for the assessment and determination of proposed developments or activities, and monitoring

compliance with relevant legislated requirements and/or Notices of Decision.

The work undertaken by resource consenting is legislated under the RMA and at times under the Local Government Act 2002 and the Hazardous Substances and New Organisms Act 1996.

Resource consenting provides pre-application advice to the public, undertakes the assessment of applications lodged under the RMA or the LGA, determines notification requirements (where applicable), and makes decisions on applications.

Additional tasks related to the consenting process include compliance monitoring, which takes place when a complaint is received for possible offences under the RMA.

### Regulatory Solutions

Regulatory Solutions is responsible for licensing, monitoring and inspecting a range of services that are provided largely by local businesses and which have the potential to cause harm to the public. Our work is determined by legislation such as the LGA, Sale and Supply of Alcohol Act 2012, Health Act 1956, and the Food Act 2014, as well as related regulations and Council-set by-laws.

The sectors we regulate include food premises, camping grounds, hairdressers, funeral directors, offensive trades, and liquor licensing 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. Regulatory Solutions undertakes the regulatory functions of the Dog Control Act 1996 on behalf of Animal Control.

Regulatory Solutions provides advice, education, and assistance to individuals and businesses to help them comply. We also take enforcement action where required to ensure the safety and well-being of the public.

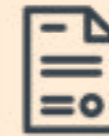
### Animal Control

Animal Control is responsible for the implementation and enforcement of the Dog Control Act 1996 and Council by-laws relating to this Act.

We provide the following to the city of Napier



City Development



Regulatory Solutions



Animal Control



Resource Consents



Building Consents



Parking

A large proportion of the work of the Animal Control team is responding to public safety issues and taking necessary action to keep people and dogs safe following an incident.

To prevent these incidents from occurring, the Animal Control team proactively patrols reserves and beaches, parks, and playgrounds to ensure compliance with the Act and Napier City's Dog Control Policy.

Educating people is a big part of what the team does to promote a culture of responsible dog ownership in Napier. A dog pound is operated by Council and acts as a safe holding place for dogs.

Those dogs that are suitable to be rehomed are held at the pound until their new home can be found. Animal Control operates the animal shelter caring for any impounded dogs, and cares for an average of 500 dogs per year.

The team also maintains the Park Island and Taradale dog agility parks and the dog shower at Park Island, and keeps the poo-bag dispensers around our city topped up.

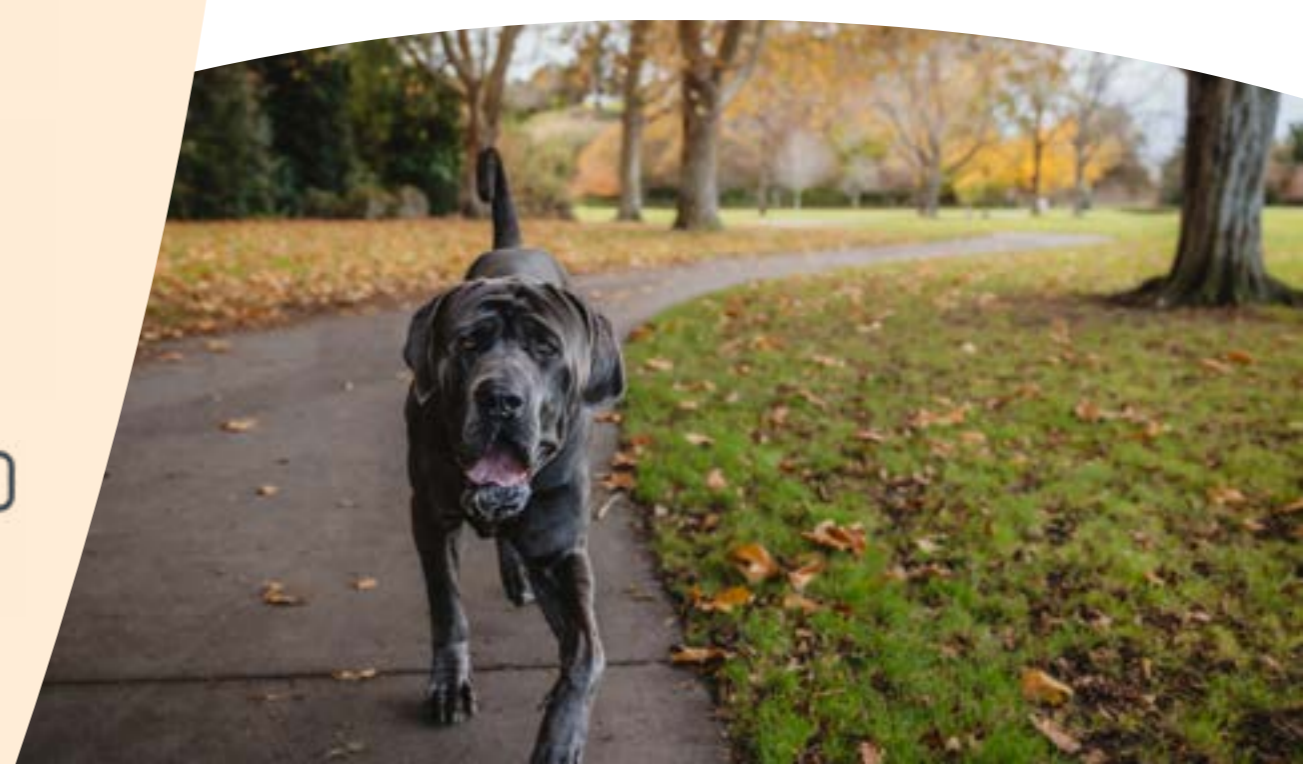
### Parking

Parking has a major influence on the function, look, and feel of an inner city. We provide parking so that goods can be delivered and workers, customers, clients, and inner-city residents can readily access the CBD. There is always a balance between meeting the demand for parking convenience (the desire for lots of parks right next to the shops, businesses, and places of work that people want to get to) and the need to create a compact, intimate CBD that cultivates business, social, and cultural interaction.

Council achieves this balance by providing a range of parking options to suit the various ways people wish to engage with the CBD:

- On-street parking
- Off-street parking
- Leased parking
- Mobility parking, and
- Alternative transport parking, eg, motorcycle, bikes, and electric vehicles.

All Council-controlled parking areas are patrolled regularly to ensure people are complying with the parking rules set by the Napier City Council Parking Control Bylaw.





# COMMUNITY OUTCOMES

The City Strategy activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
City Development	   	2	2	1	2	2	
Building Consents		 	2			1	
Resource Consents	   	2	2	1		2	
Regulatory Solutions	  	2	1			2	
Animal Control		2	1		2	2	
Parking	 	1	2	2		2	

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing



# YEAR IN REVIEW

## City Development

### District Plan

Good progress has been made on the review of the District Plan. The draft was released for public comment in August 2021 and we received 100 feedback forms. The feedback has now been incorporated into the Proposed District Plan and we are aiming to notify in September 2023. Cyclone Gabrielle has resulted in some adjustments to the delivery date of the Proposed District Plan. The areas which will be notified as variations to the plan are:

1. Natural Hazards - to account for the impacts of the Cyclone, and
2. Sites of Significance to Maori - to allow for engagement with mana whenua and the landowners.

### Structure Planning

Following the endorsement of the Napier Spatial Picture in 2022, a Three Water Structure Plan, and an Urban Design and Planning Structure Plan were completed. The plans consider how Greenfield areas (new undeveloped land) and Intensification areas (developed areas with the ability for further density) could be further developed in future.

Other factors that are considered include the presence of hazards, the capacity of infrastructure to accommodate development, the presence of significant features (e.g. heritage, sites of significance to Māori), and the proximity of the areas to important services such as schools, public transport, and healthcare. This work will inform possible changes to the District Plan and it also considers how changes will be paid for through the Long Term Plan and developer contributions.

### Future Development Strategy (FDS)

The FDS is the regional spatial strategy for growth in Hawke's Bay. This replaces the Heretaunga Plains Urban Development Strategy and focusses on developing the urban areas. The FDS is a legal requirement from the National Policy Statement for Urban Development. We are working together with Hastings District Council and the Regional Council on the delivery of this growth strategy. It will be completed in October 2024.

### Te Waka Hub

The Napier Inner Harbour Development Plan, adopted by Council on 14 July 2022, provides priorities for asset renewal within the Inner Harbour. It also identifies opportunities to add

value through the creation of new or improved public amenities, and the Waka hub is a result of this work. The Waka Hub will provide a home for Te Matau a Maui and other visiting waka hourua, as well as strengthening the wharf. The area will enable recreation and educational activities which will attract investment to Ahuriri. The concept design for the Waka Hub is underway.

### Ahuriri Regional Park

The Ahuriri Regional Park is a project that seeks to transform the Council-owned Lagoon Farm, north of Prebensen Drive, into a park. The park aims to provide ecological, stormwater management, cultural, and recreational benefits. For the majority of the year it was overseen by the Regional Park Working Group. This group consisted of representatives from both Napier City Council and Hawke's Bay Regional Council. It has now become a joint committee, with equal representation from Mana Ahuriri Trust. A project manager has been appointed and the next step in the project is to develop the scope for the design of the park through engagement with key stakeholders and mana whenua.

### City Design & Urban Renewal

The City Design & Urban Renewal Team was established this year to specifically focus on urban regeneration and strategic priorities for urban precincts within the City. This team will identify transformative projects in the urban renewal space as well as opportunities for city vibrancy, social transformation through urban design, and enhancing communities through the art of placemaking.

### Business Support

Council continues to encourage small business growth by supporting business start-up ventures, alongside the Hawke's Bay Business Hub, the Chamber of Commerce, HTK, Rebel Business School and The Icehouse. Additionally we work closely with the local Business Associations and local stakeholders to increase vibrancy, support events and encourage growth, all of which are measured through The Pulse of Napier <https://thepulse.napier.govt.nz>. We also provide Infometric data to key internal and external stakeholders to guide planning and future investment.

### Building Consents

Building consent activity was down on previous years however, Cyclone Gabrielle ensured that the Building Consents team were kept very busy doing rapid building assessments and associated follow up work on top of business as usual. The team's main achievement was transitioning back to business as usual relatively





quickly after Cyclone Gabrielle with the flow on social and economic benefits of helping the local construction industry to get back up and running again. Staff recruitment has been the key challenge this year as we look to build succession planning into the team.

## Resource Consents

Cyclone Gabrielle greatly impacted the Resource Consenting team's ability to process an application. Thankfully, emergency changes were made to the Resource Management Act which allowed for specific emergency works to be undertaken and the retrospective issuing of resource consents at a later date where needed. In comparison to the 335 resource consents received for the 21/22 year, we saw a very minor decrease with 320 applications received this year. The team consistently achieved processing timeframes under the legislated limits. Reform to the RMA is imminent and officers are assessing information as it is released to understand the implications of changes.

## Regulatory Solutions

Post Covid-19 and prior to Cyclone Gabrielle, Council was focusing on the continued development of strong working relationships with the local business communities within the CBD and outlying suburban centres. With the successful establishment of the Āwhina Tāngata/ Napier Assist team along with city activation officers, the commercial centres within Napier continue to be well supported. A small decrease in parking throughout the neighbourhood centres was experienced again this year. This has been a consistent trend and is usually as a result of changes to parking behaviours, primarily due to shorter stays within the parking spaces.

Post Cyclone Gabrielle, the Resource Consenting and Environmental Health teams have seen a slight decrease in the applications being received

by their respective teams. However, these teams are now processing applications more promptly and providing a high standard of customer service to the community.

## Animal Control

The Bylaws were introduced earlier this year and have been well received by the community. It must be said that this is largely thanks to the work done throughout the consultation process. Cyclone Gabrielle placed different requirements on the team outside of their normal duties as they stepped up to assist where needed. Areas of support provided included rescuing dogs and other animals during the flood, and the provision of care for 18 long term dogs whose owners were sadly left homeless.

Overall, the Animal Control team has seen a small decrease in service requests which is consistent with the 21/22 year. Adoptions from the pound have been positive, partly thanks to a community member who specializes in fostering dogs until a suitable home is found. This relationship was established over the last 12 months and the team is pleased to have such positive and meaningful connections with the community that in this circumstance, resulted in 57 dogs being rehomed that may otherwise not have been placed.

## Parking

With the continued success of the Pay by Plate meters implemented throughout the City last year, occupancy data has been collected and is being assessed to determine what actions can be taken in the short and long term to address matters such as parking behaviours, increased demand for parking within high demand areas and underutilization of certain areas. The meters are continually monitored to ensure the software is functioning as it should, and updates are rolled out where required.

# SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Regional Spatial Plan - A regional initiative, which stems from the new legislation replacing the current Resource Management Act (RMA). The Regional Spatial Plan will identify the areas for future urban and commercial/industrial growth and the requirements to service these areas. It will influence future LTPs in terms of infrastructure funding.	In progress	The draft scoping study for the Regional Spatial Strategy has been recently completed and is being reviewed by Napier City Council, Hastings District Council and Hawke's Bay Regional Council.
Climate Change - A work programme identifying what Napier can do to be more resilient to the effects of climate change. One key component is to work with regional partners in the implementation of the Coastal Hazards Strategy and work with key stakeholders to share responsibilities when it comes to climate change.	In progress	The joint committee has recently been formed and will focus on climate change adaptation and emissions reduction initiatives.
Notification of the Proposed District Plan - Notification and community consultation seeking submissions to the Napier City Proposed District Plan.	In progress	Notification date September 2023.
Development of the Regional Park Master Plan - Planning stages for this key project which will contribute significantly to making Napier a more resilient city for the effects of hazards, especially to climate change and flooding.	In progress	The project manager has been appointed and procurement for consultants who will deliver the concept plan is the next step in the process.
City Vision review - Our Napier City Vision is six years old and is due for review. We need to review the document, including identifying what has worked well, what has not, and where we can see new opportunities for the city.	On hold	Due to competing priorities, this review has been placed on hold.
Implementation of National Policy Statements - Formulating a work program to implement the series of National Policy Statements (NPS) recently announced by the government, such as the NPS on Urban Development, and the NPS on Freshwater Management. It includes participating in the consultation process and advocating for Napier's priorities.	In progress	The car parking requirements have been already implemented. The NPS for Indigenous Biodiversity has been incorporated into the Proposed District Plan.
Resource Management Act replacement - Participating in the feedback processes for the proposed replacement legislation and prepare for the transition and implementation.	In progress	Ongoing.
Review the following Bylaws: Dog Control Bylaw, Freedom Camping Bylaw, and Mobile Sign Bylaw.	Partially achieved	The review of the Dog Control Bylaw has been complete but the other two are yet to be complete.
Reviewing the following policies: <ul style="list-style-type: none"> <li>Dangerous, Affected and Insanitary Policy,</li> <li>Buildings Policy,</li> <li>Dog Control Policy,</li> <li>Easter Sunday Trading Policy,</li> <li>Economic Development Grants Policy,</li> <li>Gambling Venues Policy,</li> <li>Local Alcohol Policy (joint with Hastings District Council),</li> <li>Location of Approved Psychoactive Policy,</li> <li>Products Sales Points Policy,</li> <li>Seized Skateboards Policy,</li> <li>Signage Guidelines,</li> <li>Sister City Relationships Categories Policy,</li> <li>Street Stalls Policy,</li> <li>Traders, Markets, Stall &amp; Mobile Shop Signage Policy.</li> </ul>	Partially achieved	The review of the Dog Control Policy has been complete but the rest are yet to be complete. Due to different disruptions throughout the year, the timeframe for completion of all reviews is yet to be finalized.
Implement Napier Assist / Āwhina Tāngata (previously known as City Ambassador & CCTV Project) - Our new Napier Assist / Āwhina Tāngata team will focus on improving safety in Napier through active community engagement and CCTV monitoring. They will be a visible presence in our commercial centres, interacting with the public and businesses to de-escalate issues and reduce nuisance behaviour, provide information and advice, and act as our city's ambassadors. This programme will commence from 1 July 2022.	Achieved	
Implementation of Key Account Management (KAM) model - Introducing a KAM team to provide clear, efficient and timely advice to external major developments (including housing). This includes a client support service for developers of major projects.	Achieved	

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold





# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?
City Development	Provide the Policy Planning and Strategic functions for Napier City	District Plan reviewed to align with Napier Spatial Plan document and the Infrastructure Strategy	Not yet notified	Draft District Plan is publicly notified	Not yet notified	◆	Timeframe affected due to Cyclone Gabrielle, notification of Proposed Plan scheduled for September 2023.
		Review HPUDS strategy	Not yet completed	Completion of the housing assessment capacity for Napier	Not yet completed	◆	Review is in progress.
	Provide the strategic economic development function for Napier City	Publication of data to measure success of council objectives and inform future decision making	Achieved	Publication of the data dashboard	Achieved	◆	
Building consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process building consent applications within the statutory time frame of 20 working days	92% (896 out of 972)	100%	98% (1262 out of 1290)	◆	Statutory time frame affected due to Cyclone Gabrielle.
		Process code compliance certificates within the statutory time frame of 20 working days	99% (835 out of 836)	100%	100% (862 out of 862)	◆	
		Audit buildings requiring building warrants of fitness annually	20% (185 out of 910)	20%	23% (208 out of 895)	◆	
		Percentage of residential swimming pools inspected annually to ensure that all pool barriers are inspected at least once every 3 years	123% (676 out of 550)	33%	100%	◆	
		Maintain Building Consent Authority (BCA) accreditation	Maintained	Maintained	Maintained	◆	
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	98% (227 out of 231)	100%	100% (278 out of 278)	◆	Statutory time frame affected due to Cyclone Gabrielle.
		Process Controlled Activity Resource Consents (excluding subdivision) within 10 working days	100% (13 out of 13)	100%	100% (10 out of 10)	◆	
		Process notified Resource Consents within the statutory time frames of 130 working days	Nil received	100%	100% (0 out of 0)	◆	
		Process limited notified Resource Consents within 100 working days	100% (1 out of 1)	100%	100% (0 out of 0)	◆	
		Land information Memorandums to be processed within the statutory limit of 10 working days	98% (354 out of 361)	100%	100% (357 out of 357)	◆	Statutory time frame affected due to Cyclone Gabrielle.
		All formal complaints are investigated and responded within 3 days of receipt by Council	100%	100%	100% (9 out of 9)	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%



# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?	
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 Residents Survey.	59%	80%	58%	◆	Though there was an increase in satisfaction from 2022, generally there has been a gradual decline in residents satisfaction with their knowledge or experience with Council noise control since 2018.	
		Percentage of Noise Control complaints referred to the contractor which have an Officer onsite and action commenced to resolve the complaint within 30 minutes of the call being received	86%	80%	89%	◆		
		Percentage of residents satisfied with Council management and enforcement of freedom camping in the Residents' Satisfaction Survey	64%	50%	52%	◆		
		Percentage of Food Act Verification audits completed in accordance with the scheduled times in the Food Act 2014	67%	100%	90%	◆		Impacted due to Cyclone Gabrielle.
		Percentage of liquor licenced premises inspected annually for compliance with their licenced conditions	53% 121 out of 227 premises	50% of licensed premises per annum	53.53% 121 out of 226 premises	◆		
		Percentage of very high and high risk liquor licenced premises inspected at least annually	100% 6 out of 6 premises	100%	12.5% 1 out of 8 premises	◆		
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 Residents' Survey	60%	75%	65%	◆	A slight decrease on last year but still close to the SIL NZ benchmark of 63%.	
		All requests for services are investigated and responded to within 21 days	95%	100%	100%	◆	A number of service requests required additional investigations given the nature of the request.	
Parking	Provide and manage parking facilities for the city	Percentage of residents satisfied with Parking in the Inner City in the Residents' Satisfaction Survey	42%	60%	46%	◆	There has been a minor decrease in satisfaction in comparison to the 21/22 year (approximately 4%).	
		Percentage of residents satisfied with Parking in the Suburbs in the Residents' Satisfaction Survey	50%	65%	50%	◆	It is difficult for Council to identify the specific problems with residential areas, particularly as they may be different and conflicting for different residents. Through registered complaints, Council will continue to respond to customers parking concerns.	
		Percentage of CBD parking occupancy rate	86%	50–85%	Data not collected <sup>1</sup>	◆		
		Percentage of Taradale parking occupancy rate	37%	50–85%	Data not collected <sup>1</sup>	◆	Reduced stay duration as shown from occupancy data has resulted in the reduced occupancy rate for Taradale.	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

<sup>1</sup> Parking occupancy surveys are usually undertaken by students in the second week of December each year. However, the survey for 2021 was not undertaken as the transition to Pay By Plate meters meant occupancy data would be collected differently through the new system. Students were also unavailable due to re-scheduling of exams because of Covid. The transition is complete and the 2022/23 data was successfully collected through the new system.





## CAPITAL EXPENDITURE for City Strategy

	Actual 2022/23 \$000	AP 2022/23 \$000
<b>Animal Control</b>		
Complex Shelter & Office	26	21
Dog Agility Track	109	-
New Impounding Facility	9	103
Stock Control Equipment	-	2
<b>Environmental Health</b>		
Regulatory Solutions Minor Capital Items	25	-
<b>Napier Assist Āwhina Tāngata</b>		
Street Management (CCTVs)	265	-
<b>Parking</b>		
Additional CBD Parking	-	618
Alternate Transport Parking	-	10
Minor Capital Items	5	5
Parking Equipment Replacement	119	26
	<b>558</b>	<b>785</b>

## FUNDING IMPACT STATEMENT for City Strategy

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,675	5,366	5,010
Targeted rates	306	301	295
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,840	5,508	5,353
Internal charges and overhead recoveries	97	206	200
Local authorities fuel tax, fines, infringement fees, and other receipts	1,803	1,523	1,503
<b>Total operating funding (A)</b>	<b>13,721</b>	<b>12,904</b>	<b>12,361</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,835	9,173	8,477
Finance costs	-	-	-
Internal charges and overheads applied	5,325	5,132	4,984
Other operating funding applications	-	10	10
<b>Total applications of operating funding (B)</b>	<b>15,160</b>	<b>14,315</b>	<b>13,471</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>(1,439)</b>	<b>(1,411)</b>	<b>(1,110)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	587	103	100
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>587</b>	<b>103</b>	<b>100</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	-	169	164
- to improve the level of service	384	600	583
- to replace existing assets	174	324	345
Increase (decrease) in reserves	(1,410)	(2,401)	(2,102)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>(852)</b>	<b>(1,308)</b>	<b>(1,010)</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>1,439</b>	<b>1,411</b>	<b>1,110</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: Excluded from Above

Group depreciation and amortisation	371	428	381
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The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.





# Water Supply

## SCOPE

Council provides a water supply system for the supply of safe, potable water as well as for firefighting purposes. A safe and cost-effective drinking water supply is a key factor in sustaining the physical health of a community.

Our system draws water directly from the Heretaunga Plains aquifer through seven Council-managed bores. The network utilises nine booster pump stations, and approximately 482 km of water mains to supply fresh water to over 93% of Napier's population. We utilise 11 large storage reservoirs at high points across the city to provide both backup water supply and adequate pressure to users.

The assets that form the water supply activity include:


- Water sources and bores
- Booster pump stations
- Treatment plants, and
- Reticulation mains and pressure valves.

The overarching vision is to maintain and improve public health for our community and visitors. We will do this with modern water infrastructure that can reliably supply safe water to customers, now and in the future. We plan, operate, and maintain the network to ensure public health and safety, provide reliable pressure and flow, minimise our impact on the environment, and respond quickly should things go wrong.

## COMMUNITY OUTCOMES

The Water Supply activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
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Water supply	  	1	2	2	2	2	2
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Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

We provide the following to the city of Napier



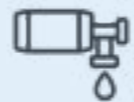
7 Operative ground water bores



11 Service reservoirs situated on 8 sites



93% of Napier's population serviced by reticulation system



8 Booster Pump Stations



482 Km of water mains



## YEAR IN REVIEW

This year saw several notable achievements for the drinking water activity. As part of Napier City's ongoing commitment to reduce instances of dirty drinking water (caused when high levels of manganese in the source water reacts with chlorine added as a safety treatment), new bores have been drilled and brought online in Awatoto ("A2" and "A3" bores), and a new bore has been drilled in Taradale ("T8"). These new sites will eventually form part of larger borefields, which are still in the planning phase. These bores will connect to shared treatment plants and feed our reservoirs.

We have also installed and commissioned water quality panels at our existing bores which measure key indicators like chlorine levels, turbidity (clarity) and PH. By automating this testing, we can have constant oversight of real-time data, and use any outlier results as indicators of potential contamination to be explored further urgently.

We have design processes underway for two major pipelines needed to modernize Napier's drinking water network. The Mataruahou trunk main will take water from the new bores in Awatoto up to the to-be-built reservoir on the old Napier hospital site. The rising and falling main in Taradale will take water from the new Taradale bores up to the reservoirs in the Taradale Hills.

Drinking water provided through Napier's urban reticulated network was uninterrupted during and following Cyclone Gabrielle. Council was able to situate generators at key treatment plants to ensure ongoing and safe provision of drinking water in spite of the loss of power to the city. Water conservation measures were put in place, not because of shortage, but to reduce the strain on the damaged Wastewater Treatment Plant in Awatoto.





# SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Reticulation Water Quality Monitoring - We will begin monitoring our water quality online and in real time. This will improve our water sampling rate from manual sampling (once every two days) to continuous sampling and online data from our main drinking water storage structures. This will improve our knowledge of the drinking water quality we are providing to the community.	Partially achieved ●	A continuous system is still currently undergoing trials.
New Bore Fields with Treatment Plants - With the new 'Drinking Water Standards' set to be adopted, we need to progress with identifying new bore field locations (with space for treatment plants) to meet compliance requirements.	In progress ●	Investigations ongoing to replace T2, T3, T5 and T7 bores. The boreheads need to be raised to above ground level to meet new drinking water standards and safeguard against contamination.  The T8 bore in Taradale has been drilled.  The A2 bore has been overhauled and recommissioned.  The A3 bore has been drilled and commissioned with a treatment plant shared with A2.
Te Awa Watermain Extension; Philips to Awatoto Rd - Extending the trunk watermain from Te Awa Avenue through to Awatoto Road. This will allow for resilience in the area and provide future fire flow coverage.	In progress ●	Design and tendering complete, tender awarded.
Water booster pump station switchboard/ controls upgrade - Replacing electrical and control switchboards/control boards at multiple drinking water 'booster pump stations'.	On hold ●	This work has been delayed due to impact of and response to Cyclone Gabrielle.
Mataruahou (Napier Hill) Reservoir - The Enfield Reservoir needs to be replaced with a new reservoir with a capacity of at least 20 ML to cater for projected growth and to maintain the level of service to Napier City. The old Enfield Reservoir is not designed or configured to meet current standards or enable the appropriate management of water quality and safety as outlined in Council's Water Safety Plan.  In 2022/23, we will select the site for the reservoir on the Mataruahou land, and design and begin construction on the above ground reservoir.	In progress ●	Geotechnical investigations are underway to inform planning for raising the pipe up Mataruahou.  The old Napier Hospital site has been subdivided to set land aside for the reservoir, and free up the balance of the parcel for other use.  Concept design for the above-ground reservoir is in progress, due to be completed by the end of 2023.
Reservoir improvements - Replacing valves in our storage structures to minimise the risk of water loss from pipe breakages and/or pipe failure associated with earthquakes. Installing emergency water tanks for use in the case of contamination of the main supply. Installing air vents in reservoirs to meet industry standards. Replacing and relining reservoir roofs.	In progress ●	The seismic valve replacement forms part of a wider control upgrade on the Taradale reservoir. Designs for this work are in progress, and then can be rolled out across other reservoirs. This work should be completed by the end of 2024.  Emergency water tanks - this project has been pushed out to allow space for a regionally consistent/post-reform model for resilience and safety planning.  Designs are almost complete for air vent installation in all of our reservoirs. Tendering for this work will happen shortly.  The roof has been replaced on the Tironui reservoir. Condition assessments are taking place on other reservoirs to understand the need for upgrades and replacements.
Borefield no1 rising main - Progressing with the design and construction of the "rising main" pipeline, to take water from the new bores at Awatoto up to the reservoir on Mataruahou.	In progress ●	Concept design complete - progressing with detailed design (to be complete by the end of 2023). Construction likely 2025/2026.

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold





# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what’s behind the results?	
Water Supply	Safeguard Public Health	Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria) (Mandatory measure 1)	1 July – 13 November 2022	Not Achieved	Achieved	Achieved	◆	Until 14 November 2022, Council had gaps in UV treatment evidence for two bores. All other bores were fully compliant under the old legislation. Under the new legislation that came into force on 14 November 2022, Council has not achieved compliance. Please see page 50 for detailed disclosure information related to this measure.
			14 November – 30 June 2023	Not Achieved	Achieved	Achieved	◆	
		Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria) (Mandatory measure 1)	1 July – 13 November 2022	Not Achieved	Achieved	Achieved	◆	
			14 November – 30 June 2023	Not 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) <sup>1</sup>		14.8%	Decrease on previous year	15.2%	◆	
			Average annual consumption of drinking water per day per resident (Mandatory measure 5) <sup>2</sup>	361 litres/person/day 922 litres/connection/day	<470 litres/resident/day	366 litres/resident/day 952 litres/connection/day	◆	
		Median response times from time notification received: attendance time for urgent call-outs (Mandatory) <sup>3</sup>	19.2 minutes	≤ 90 minutes	28 minutes <sup>4</sup>	◆		
		Median response times from time notification received: resolution time for urgent call-outs (Mandatory) <sup>3</sup>	1.2 hours	≤ 6 hours	1.1 hours <sup>4</sup>	◆		
		Median response times from time notification received: attendance for non-urgent call-outs (Mandatory) <sup>3</sup>	18.75 hours	≤ 8 hours	5.6 hours <sup>4</sup>	◆	Result of Cyclone Gabrielle and staff resources.	
		Median response times from time notification received: resolution time for non-urgent call-outs (Mandatory) <sup>3</sup>	25.15 hours	≤ 72 hours	18.8 hours <sup>4</sup>	◆		
Customer Satisfaction	Total number of complaints per 1,000 connections relating to drinking water clarity		6	Downwards trend	18	◆	Due to Cyclone Gabrielle, all of Napier City was without power for four days before gradual restoration started, leaving some areas without power for a total of one week. During this time, there was also a period where mobile phone networks were down, meaning the local community was unable to contact NCC via phone. However, NCC was still able to receive calls made through other means, such as landlines. New bores A2 & A3 with lower dissolved manganese commissioned in Nov 2022, reducing clarity complaints. The bores A2 & A3 were affected by Cyclone Gabrielle, but this doesn’t appear to be reflected in the numbers.	
		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)	7.76	≤2	21.05	◆	Due to Cyclone Gabrielle, all of Napier City was without power for four days before gradual restoration started, leaving some areas without power for a total of one week. During this time, there was also a period where mobile phone networks were down, meaning the local community was unable to contact NCC via phone. However, NCC was still able to receive calls made through other means, such as landlines. Related to water clarity above.	
	Percentage of residents satisfied with Water Supply in the Residents’ Survey	38%	89%	28%	◆	Satisfaction measure shows a 10% improvement on the 2022 results. Rating largely reflects continued dissatisfaction with water taste and colour since the addition of chlorine, which reacts with the natural manganese in Napier’s source water. As noted above, work has been done to improve issues in this space.		
	Complete the “Chlorine Free Review” report by 2021 and consult with the community on the implementation of the findings	Achieved	Achieved	Achieved	◆			

Performance Indicators: ◆ - Achieved    ◆ - Within 10%    ◆ - Not achieved, greater than 10%

<sup>1</sup>This measure tracks unexplained water losses as a percentage of total water produced.

<sup>2</sup>A Department of Internal Affairs (DIA) mandatory measure to provide information on whether the water supply system is being managed to ensure demand does not outstrip capacity. Careful management of the demand for water is an important component of integrated water resources management to ensure that demand does not exceed capacity, that water is allocated efficiently, and that productivity is maximised.

<sup>3</sup>An urgent call-out is one that leads to a complete loss of supply of drinking water. A non-urgent call-out is one where there is still a supply of drinking water.

<sup>4</sup>Council received qualified audit opinions for the 2020/21, 2021/22 and 2022/23 audits relating to performance measures regarding response times for water supply, stormwater and wastewater. The reported results were not verifiable for attendance or resolution times due to the following reasons:

- Data entry errors meant the response times were not always accurately recorded in Council systems. Issues identified in the 2020/21 audit were to be remedied through the implementation of checking procedures to certify the accuracy of data entry on a regular basis, and that correct records are maintained. Checking procedures were planned for implementation by February 2023, but due to Cyclone Gabrielle, this has been delayed. Checking procedures will now be implemented by the end of 2023.
- Categorisation errors meant the request for service was not always recorded in the appropriate place for reporting against the mandatory measures. Often this was caused by multiple issues within the one request for service, or the category not being updated after service personnel had confirmed the issue. This was also subject to qualification in 2020/21, and Council undertook to implement the following:
  - Internal training for all staff entering or responding to service requests, so they are aware of the definitions provided by the Department of Internal Affairs for mandatory measures
  - Reviewing our categories to ensure they are adequate and simplified for reporting purposes, and
  - Checking procedures to certify the accuracy of categorisations on a regular basis.

The first two improvements listed have been successfully implemented, and we are working to have the third complete by the end of 2023





This disclosure information relates to the following Service Performance Measures:

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	
Water Supply	Safeguard Public Health	Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria) (Mandatory measure 1)	1 July – 13 November 2022	Not Achieved	Achieved	Achieved	◆
			14 November – 30 June 2023	Not Achieved	Achieved	Achieved	◆
		Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria) (Mandatory measure 1)	1 July – 13 November 2022	Not Achieved	Achieved	Achieved	◆
			14 November – 30 June 2023	Not Achieved	Achieved	Achieved	◆

From 14 November 2022, Drinking-water Standards for New Zealand 2005 (revised 2018) was replaced with new Taumata Arowai legislation. The new legislation includes Drinking Water Quality Assurance Rules 2022, Water Services (Drinking Water Standards for NZ) Regulations 2022, and Aesthetic Values for Drinking Water 2022. The new legislation was effective from 14 November 2022, but reported against from 1 January 2023.

The Assurance Rules differ significantly in some aspects such as:

- Introducing various complexity levels helps to meet each water supply’s distinctiveness
- Rules differ depending on the supply size
- Implementing a modular format, assists drinking water suppliers in finding the Assurance Rules that apply to their individual water supplies
- Placing a greater significance on water testing for early detection and, thereby, removing contamination risks
- Consequently, new requirements exist for testing source water and monitoring the whole distribution system
- Every water supply needs some kind of water treatment unless Taumata Arowai grants an exemption.
- Further details about the new standards (DWQAR) can be found at: <https://www.taumataarowai.govt.nz/for-water-suppliers/new-compliance-rules-and-standards/>.

The most significant difference for NCC was the abolishment of ‘Bore Security Status’ which we held for all our bores under previous legislation. Under the old legislation, this status removed the requirement to treat the water at the source as it was deemed compliant with bacterial and protozoa sections. The majority of our operational bores are located in urban areas and in close proximity to other infrastructure (including residential

buildings and road infrastructure) to the extent that it physically prevents us from commissioning the required treatment assets at all of the bore sites in order to meet the new legislative requirements.

Prior to the effective date of the new legislation, Council was briefed on the matter of expected non-compliance. At the same time, plans were developed to rectify the issues so compliance could be achieved under the new legislation by July 2027, and these plans were shared with and acknowledged by Taumata Arowai in 2022. However, we have recently reviewed and postponed this date due to Cyclone Gabrielle (February 2023) and its aftermath. Through the NCC Water Safety Plan (WSP) and the related Improvement Plan, the commissioning of two new bore-fields, including appropriate bacterial and protozoa treatment, is due in December 2028. This will enable NCC to be compliant under the new legislation.

It is important to understand that the public health risk levels of Napier’s water supply have not changed for the worse due to the non-compliant status. We are currently running seven operational bores and have two bore sites where appropriate bacterial and protozoa treatment is installed (A2 and A3). All other bore sites have been upgraded with online drinking water quality instruments and alarmed. Due to this, the risk we faced when we were compliant prior to the introduction of the new legislation is actually effectively lower now even though we are currently non-compliant under the new legislation.

It is also important to note that the new legislation introduced did not affect our microbiological compliance in the distribution network as we have had no transgressions to date and all monitoring results comply with requirements.





## CAPITAL EXPENDITURE for Water Supply

	Actual 2022/23 \$000	AP 2022/23 \$000
3 Waters Reform	1,042	-
Awatoto Industrial & Phillips Road Bore	428	2,668
Borefield No.1 Rising Main	8	1,030
District Modelling Projects	-	52
Hospital Hill Falling Trunk Main	279	219
Mataruahou (Napier Hill) Reservoir	500	618
Mataruahou (Napier Hill) Rising & Falling Trunk Mains	70	721
New bores in Awatoto	36	1,288
New Reservoir Westen Hills	7	587
New Taradale Bore Field	84	618
New Water Treatment Plant	145	1,545
Parklands Residential Development	-	112
Pipe Renewals	469	597
Pump Stations Renewals	625	608
Reservoir inlets and outlets improvements	15	618
Taradale Falling Trunk Main	67	149
Te Awa Structure Plan	98	134
Urban Growth Projects - Water Supply	-	258
Water Bore Renewals	59	206
Water Meters Renewals	2	5
Water Network Improvements	264	1,226
Water Reservoir Improvements	68	330
Water Reservoir Renewals	61	567
Water Supply Minor Capital Items	107	-
Water Treatment Improvements	234	1,936
Water Treatment Renewals	5	77
<b>Total as per Funding Impact Statement</b>	<b>4,673</b>	<b>16,169</b>
Gifted/Vested Assets	127	113
<b>Total Water Supply Capital Programme</b>	<b>4,800</b>	<b>16,282</b>

## FUNDING IMPACT STATEMENT for Water Supply

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	(1,685)	(1,699)
Targeted rates	6,786	7,901	7,337
Subsidies and grants for operating purposes	80	-	-
Fees and charges	24	35	35
Internal charges and overhead recoveries	57	152	136
Local authorities fuel tax, fines, infringement fees, and other receipts	22	13	13
<b>Total operating funding (A)</b>	<b>6,969</b>	<b>6,416</b>	<b>5,822</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,413	4,353	3,872
Finance costs	-	-	-
Internal charges and overheads applied	1,836	1,646	1,518
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,249</b>	<b>5,999</b>	<b>5,390</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>720</b>	<b>417</b>	<b>432</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	332	-	-
Development and financial contributions	1,074	1,791	1,741
Increase (decrease) in debt	1,936	4,749	7,149
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,342</b>	<b>6,540</b>	<b>8,890</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	797	3,035	2,870
- to improve the level of service	2,077	3,832	5,590
- to replace existing assets	1,799	2,961	1,900
Increase (decrease) in reserves	(611)	(2,871)	(1,038)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>4,062</b>	<b>6,957</b>	<b>9,322</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(720)</b>	<b>(417)</b>	<b>(432)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	3,683	3,480	3,270

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.







# 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. Our wastewater network serves 24,800 properties: roughly 97% of the city.

The network consists of:

- 390 km of wastewater mains
- 49 wastewater pumping stations
- a treatment facility located at Awatoto (with a Biological Trickling Filter plant and a Milliscreen plant), and
- a 1.5 km long marine outfall.

## COMMUNITY OUTCOMES

The Wastewater activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Wastewater		1	2	2	2	2	2

Key: 1 = Primary focus 2 = contributes to = Social Wellbeing = Cultural Wellbeing = Economic Wellbeing = Environmental Wellbeing

## YEAR IN REVIEW

On the morning of 14 February 2023, the upstream impacts of Cyclone Gabrielle caused the stopbanks surrounding the Tutaekuri River at Awatoto to breach. Floodwater moved north throughout the Awatoto and Meeanee area, inundating Napier's only wastewater treatment plant (WWTP) on Waitangi Road with up to 1.5-2m of water. The plant had been operational at the time and four council personnel were trapped in the building, to be rescued by boat from the second story several hours later. The electrical switchboards that power the plant were significantly damaged, and silt and floodwater infiltrated componentry rendering the WWTP inoperable. Later that day, specialist divers were able to partially open the bypass valve at the side of the building (which at this point was still underwater), which meant that instead of backing-up in the plant, untreated sewage could be diverted straight out to sea.

The WWTP remained out of commission until 5 April 2023, when the first stage of treatment, the milliscreen, was able to be brought back online. One of two biological trickling filters was recommissioned in July 2023. Multidisciplinary teams worked as fast as possible to recommission the plant, very aware that in the interim, untreated wastewater was being discharged into Hawke Bay. This gave rise to the need for very regular checks and maintenance on the outfall pipe given wastewater wasn't being screened. While the plant is now operational, planning is now underway to put permanent fixes in place and build more resilience into the plant. This includes lifting the electrical switchboards up onto the second story of the building.

Aside from cyclone recovery, some other significant projects have been progressed in the 2022/23 year. Following wastewater pipe collapses in Latham Street and Hyderabad Road, these pipes have now been relined. This process involves inserting a fiberglass lining into the existing pipe, inflating it and curing it with a specialty resin. It avoids the need to dig up the road, and prolongs the lifespan of the pipe by around 50 years.

Our outfall pipe is ageing. This pipe takes treated wastewater from the WWTP and out to sea. Concept design to replace this pipe, which has to withstand some extreme marine conditions, is in progress. We're also working with Hawke's Bay Regional Council to ensure this outfall can be consented.

Designs are complete for an additional storage area at the WWTP. By having the option to divert and store wastewater in this area, we will reduce load on network in heavy rain events, and have the option of backup storage in the event that the WWTP/discharge outfall need to be shut down (for example, when the outfall pipe is disconnected and replaced).

We're making some improvements to some of our wastewater pump stations. At the Munroe Street station, the sewer main is going through the wetwell, exposing it to corrosive gasses which can undermine pipe integrity. We're now working to reroute the pipe and put a flow meter on it, to prolong the asset lifespan and improve our ability to monitor volumes moving through the pump station. At the Greenmeadows wastewater pump station, we're installing a flow meter. Wastewater flow metres are important because they help us understand how the network is operating and capacity requirements. For Greenmeadows in particular, a flow meter will allow us to measure wastewater volumes that ends up in the stormwater system that leads to Te Whanganui-a-Orotū if we ever open discharge valves to release pressure in severe weather events.

Approximately 70% of the Pandora Industrial Main has now been cleaned through high pressure jetting. This 8.6km pipe takes waste from industrial sites in Pandora to the WWTP for specialized treatment. It has been blocked for several years with build-up of waste products like fats, oils and chemicals.

We provide the following to the city of Napier



51

Pump stations



390

Km Wastewater mains



Biological trickling filter treatment plant (Awatoto)



1,500m

long marine outfall pipe



93%

of Napier's population serviced by reticulation system







## SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Wastewater pipe inspection - CCTV inspection of key/high risk areas of the wastewater network to understand the pipe condition, identify any remedial works, and minimise the likelihood of pipe collapses such as those experiences on Kennedy Road and in Corunna Bay.	On hold ●	Lack of resourcing and cyclone response has meant this work has been a low priority.
Pandora Industrial Main - Bringing 'Industrial Main' back into service; the 8.6km pipe which takes trade waste from Pandora to the city's treatment plant. The pipe has been out of service since 2016 after waste material built up and blocked the pipe.	In progress ●	70% of pipe cleared. Works delayed due to contractors availability following cyclone. Expected completion November 2023.
Tradewaste treatment - Implementing new treatments for wastewater in Napier's industrial area to prevent the Pandora Industrial Main pipe from blocking in the future.	Superseded but related work in progress ●	This work was superseded by the reviewed Tradewaste and Wastewater Bylaw 2022 as treatments will now take place at the point of discharge (ie responsibility of Trade Waste dischargers). Cleaning regime for pipe to be proposed once the pipeline is back in use to ensure ongoing serviceability. Flowmeters and sampling points have been installed on all Pandora Tradewaste discharges to monitor discharge quantity and quality.
Te Awa Structure Plan - Providing wastewater infrastructure for the growing Te Awa development area.	In progress ●	Kenny/Eriksen contract services installed. Programme subject to developer progress. Council is pursuing a Low Pressure Sewer Policy to allow for an alternative servicing model for this area.
Awatoto Wastewater Outfall - Renewals and maintenance to the 1.5km Awatoto Outfall pipe, which takes treated wastewater from the Awatoto Treatment plant out to sea. This pipe is aging and has experienced leaks in the past.	In progress ●	Engagement with mana whenua in progress to develop a concept design for consenting of a replacement pipe.
Growth projects - \$1.03M set aside to provide wastewater infrastructure to cater for growth in the Mission Hills and the proposed Riverbend Road residential development.	In progress ●	Programme subject to developer progress.
Wastewater treatment plant upgrades - \$3.4M set aside to improve the storage capacity at the Wastewater Treatment Plant.	In progress ●	Detailed design completed and tender completed - to be awarded. This will provide additional wastewater storage at the wastewater treatment plant to reduce load on network in heavy rain events, and to provide backup storage in the event that the WWTP/outfall need to be shut down (e.g. when pipe replaced).

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold



# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?
Wastewater	Public Health and Sanitation: We operate, maintain, and size the network to minimise the occurrence of raw wastewater overflows into habitable areas	Number of dry weather wastewater overflows <sup>1</sup>	1.35	≤0.12 per 1,000 connections	2.26	◆	A majority of overflows were due to pipe breakages resulting from tree roots. A CCTV inspection programme to assess pipe condition had to be re-prioritised due to the Cyclone Gabrielle response, and it will be instigated in 2023/24.
	Minimise Environmental Impacts: By treating wastewater to the legally required standard before discharging into the environment	Compliance with resource consents for discharge from the wastewater system as measured by the number of abatement notices received in relation to wastewater resource consents (Mandatory)	0	0	0	◆	Cyclone Gabrielle resulted in considerable damage to and failure of Council's Wastewater Treatment Plant. Untreated sewerage was discharged through the outfall pipe and into the sea. HBRC was notified of this activity as per section 330A of the RMA and no abatement notice was issued.
		Compliance with resource consents for discharge from the wastewater system as measured by the number of infringement notices received in relation to wastewater resource consents (Mandatory)	0	0	0	◆	
		Compliance with resource consents for discharge from the wastewater system as measured by the number of enforcement orders received in relation to wastewater resource consents (Mandatory)	0	0	0	◆	
		Compliance with resource consents for discharge from the wastewater system as measured by the number of convictions received in relation to wastewater resource consents (Mandatory)	0	0	0	◆	
	Customer Responsiveness and Satisfaction: We respond to and restore loss of service and address complaints and will deliver a consistently high level of customer satisfaction	Median response times to sewerage overflows: attendance time from notification to staff on site (Mandatory) <sup>2</sup>	0.63 hours	≤2 hours	1.5 hours <sup>3</sup>	◆	
		Median response times to sewerage overflows: resolution time from notification to resolution of the issue (Mandatory) <sup>2</sup>	1.82 hours	≤8 hours	2.9 hours <sup>3</sup>	◆	
		Customer satisfaction with wastewater in the Residents' Satisfaction Survey	56%	70%	59%	◆	Likely public concern about system capacity, overflows and leaks in the wastewater outfall. Three Waters reform and climate change have also been featuring more in traditional and social media.
		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)	15.48	≤36	10.48	◆	Due to Cyclone Gabrielle, all of Napier City was without power for four days before gradual restoration started, leaving some areas without power for a total of one week. During this time, there was also a period where mobile phone networks were down, meaning the local community was unable to contact NCC via phone. However, NCC was still able to receive calls made through other means, such as landlines.
		Blockages resulting in overflows into the Ahuriri Estuary	7	0	5	◆	1 x Pandora Industrial pump station. 1 x During Cyclone Gabrielle many of the wastewater pump stations were without power supply which resulted in wastewater overflows into the stormwater network and ultimately the Ahuriri Estuary. 1 x Guppy Road Pump station, 1 x Wycliffe Street Harold Holt pump Station), 3 x Greenmeadows various weather events. Due to extreme rainfall events and network capacity.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

<sup>1</sup>Dry weather sewerage overflow means sewage that escapes a territorial authority's sewerage system and enters the environment during periods of dry weather.

<sup>2</sup>Sewerage overflow means sewage that escape a territorial authority's sewerage system and enters the environment

<sup>3</sup> Council received qualified audit opinions for the 2020/21, 2021/22 and 2022/23 audits relating to performance measures regarding response times for water supply, stormwater and wastewater. The reported results were not verifiable for attendance or resolution times due to the following reasons:

- Data entry errors meant the response times were not always accurately recorded in Council systems. Issues identified in the 2020/21 audit were to be remedied through the implementation of checking procedures to certify the accuracy of data entry on a regular basis, and that correct records are maintained. Checking procedures were planned for implementation by February 2023, but due to Cyclone Gabrielle, this has been delayed. Checking procedures will now be implemented by the end of 2023.
- Categorisation errors meant the request for service was not always recorded in the appropriate place for reporting against the mandatory measures. Often this was caused by multiple issues within the one request for service, or the category not being updated after service personnel had confirmed the issue. This was also subject to qualification in 2020/21, and Council undertook to implement the following:
  - o Internal training for all staff entering or responding to service requests, so they are aware of the definitions provided by the Department of Internal Affairs for mandatory measures
  - o Reviewing our categories to ensure they are adequate and simplified for reporting purposes, and
  - o Checking procedures to certify the accuracy of categorisations on a regular basis.

The first two improvements listed have been successfully implemented, and we are working to have the third complete by the end of 2023

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%



## CAPITAL EXPENDITURE for Wastewater

	Actual 2022/23 \$000	AP 2022/23 \$000
3 Waters Reform	62	-
Flow meter replacements	4	5
Flow metering	41	258
Guppy Rd pumping main installation	3	268
Infrastructure from Parklands Residential Development	-	207
Installation of Generator Connections	-	194
Pandora Industrial Main	1,739	1,662
SCADA Upgrade	8	-
Sewer Pipe Renewal	1,014	623
Sewer Pump Station Renewal	1,280	700
Taradale Wastewater Diversion	36	346
Te Awa Structure Plan - Wastewater	103	1,701
Tradewaste New Projects	22	350
Treatment Plant Renewal	3,590	412
Wastewater Growth Projects	25	618
Wastewater Minor Capital Items	6	-
Wastewater Network Improvements	94	52
Wastewater Outfall Renewals	-	515
Wastewater Pump Station Improvements	371	989
Wastewater Treatment Improvements	-	155
Wastewater Treatment Plant Upgrade	393	3,509
Wastewater Treatment Renewals	288	1,123
<b>Total as per Funding Impact Statement</b>	<b>9,079</b>	<b>13,687</b>
Gifted/Vested Assets	119	206
<b>Total Wastewater Capital Programme</b>	<b>9,198</b>	<b>13,893</b>

## FUNDING IMPACT STATEMENT for Wastewater

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	(2,480)	(2,580)
Targeted rates	7,830	10,335	9,854
Subsidies and grants for operating purposes	73	-	-
Fees and charges	353	675	657
Internal charges and overhead recoveries	62	163	146
Local authorities fuel tax, fines, infringement fees, and other receipts	11	-	-
<b>Total operating funding (A)</b>	<b>8,329</b>	<b>8,693</b>	<b>8,077</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,494	4,480	4,110
Finance costs	-	-	-
Internal charges and overheads applied	1,540	1,536	1,378
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,034</b>	<b>6,016</b>	<b>5,488</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>2,295</b>	<b>2,677</b>	<b>2,589</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	13	-	-
Development and financial contributions	866	2,236	2,173
Increase (decrease) in debt	3,424	7,861	3,588
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,303</b>	<b>10,097</b>	<b>5,761</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	268	5,339	1,037
- to improve the level of service	1,486	1,756	2,083
- to replace existing assets	7,326	3,548	2,615
Increase (decrease) in reserves	(2,482)	2,131	2,615
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>6,598</b>	<b>12,774</b>	<b>8,350</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(2,295)</b>	<b>(2,677)</b>	<b>(2,589)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	6,493	6,089	5,904

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The FIS sets out the revenue and financing mechanisms that have been used.

\* For capital budget variances refer to activity key issues.



# Stormwater

## SCOPE




The Stormwater activity is responsible for safely collecting, treating, and disposing of the city's stormwater. One of the core goals of the city's stormwater system is to minimise the effects of flooding, a service which has been at the forefront of our community's minds since the November 2020 flood event. Our stormwater system consists of open drains, large underground pipes, and pump stations which carry rainwater out into the ocean. About three quarters of the city is now reliant on pumped systems for stormwater drainage.

The stormwater network asset comprises 241 kms of pipe network, 10 pump stations, and two detention dams. Together, stormwater assets have a replacement value of \$341 million as at 30 June 2020.



We have a statutory responsibility to ensure stormwater is managed through ownership and management of our own drainage network. Our network minimises the health risk to the community through safe collection, treatment, and disposal of stormwater. Through controlled disposal and by enhancing the quality with various programmes and monitoring interventions we also minimise the pollution which drains into receiving environments.

## COMMUNITY OUTCOMES

The Stormwater activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Stormwater	  	1	2	2	2	2	2

Stormwater

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

We provide the following to the city of Napier



241

Km Stormwater mains



10

Pump stations



5,337

manholes



47

Km of open drains



2

Detention dams



## YEAR IN REVIEW

Cyclone Gabrielle in February 2023 was a massive disruptor to our business as usual stormwater activity. Flood protection and stormwater management came under considerable pressure in the urban areas during the aftermath of Cyclone Gabrielle. Had these defenses breached, damage to property and threat to life would have been catastrophic.

Napier City Council was awaiting delivery of 21 dedicated generators to ensure resilience of our stormwater pump stations across the city at the time of the cyclone. Fortunately, generators were sourced from across the country to continue to power these plants during the period when Napier lost mains power supply, and Napier City Council's own generators arrived in May 2023.

Following the cyclone, we maintained business as usual levels of service while also undertaking a significant programme of work to clear silt and debris out of pipes and open drains, and responding to concerns from residents who were understandably anxious about system performance.

Notwithstanding, we were able to make some significant progress in relation to stormwater in 2022/23. Two large culverts in our open stormwater drain alongside Georges Drive need replacing (Herrick Street and Latham Street), and the designs for these projects are well advanced.

The design for the stormwater pump station which is a key component of the Te Awa structure plan is also in progress. The commissioning of this pump station will reduce flooding risk and allow for greenfield development in Te Awa and intensification in Maraenui. At the same time, we're also designing a stormwater diversion to redirect flows from the existing Plantation Drain (which runs alongside Riverbend Road down to Chambers Street) into dedicated areas in Te Awa to mitigate the risk of flooding in Maraenui.

Work is also underway to develop options and designs for stormwater attenuation solutions in the future Ahuriri Regional Park. Attenuation involves slowing down and storing excess rainwater temporarily, allowing it to be released at a controlled rate to avoid overwhelming drainage systems or causing floods downstream (in this case, into Te Whanganui-a-Orotū). This process also offers the opportunity to filter out contaminants and solids in stormwater to improve the quality of the water ultimately ending up in our marine environment. Designs should be finished shortly.





# SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Stormwater Reticulation Replacements – CCTV inspections following November 2020 flooding identified urgent renewals needed at various places across the City, which are now the focus for upgrades and replacements.	In progress	<p>Puketitiri Road stormwater extension completed - stops flooding at the bottom of Oak Place in Taradale.</p> <p>Various pipe renewal and improvement projects in design:</p> <ul style="list-style-type: none"> <li>• Waghorne St</li> <li>• Marine Parade</li> <li>• France St</li> <li>• Henry Hill School</li> <li>• Battery Road</li> </ul> <p>Projects delayed by cyclone response. Designs anticipated by the end of 2023.</p>
Shallow Groundwater Bore monitoring - Napier City Council has 18 shallow groundwater bores around the city which allow the monitoring of levels and conductivity of shallow groundwater tables. GNS Science has an interest in understanding Napier City's shallow groundwater behaviour for liquefaction purposes. This project will see monitoring used to support liquefaction risk assessments, and to understand the connectivity of shallow groundwater to Napier's urban waterways.	Achieved	Bore monitoring equipment installed, commissioning in progress.
CCTV stormwater inspections - CCTV cameras will be used for condition assessments on stormwater pipes to inform a proactive renewal programme.	On hold	Lack of resourcing and cyclone response has meant this work has been low priority.
Tennyson St Outfall Improvements - This outfall requires urgent improvement so it can be accessed for maintenance and inspection (necessary for resource consent condition reporting). Inspections required in the 20/21 year could not be completed due to difficulties in accessing the structure and health and safety concerns.	In progress	Consultants are designing improvement options for consideration. Continued risk of enforcement activity while consent inspections can only be carried out in very specific conditions.
Stormwater growth - \$5.5M to provide stormwater infrastructure to cater for growth in Napier, including in Te Awa and the Mission Hills.	In progress	<p>Kenny/Eriksen contract services installed Programme subject to developer progress.</p> <p>Design in progress for redirection of flows from Plantation Watercourse in Maraenui into Te Awa area using Infrastructure Acceleration funding and Te Awa Structure plan funding. This programme of work includes design and build of new stormwater pump station. This will reduce flooding risk and allow for greenfield development in Te Awa and intensification in Maraenui.</p>
Flood alleviation projects - Upgrades to Napier's stormwater network to alleviate flooding issues in the CBD and Napier South. Upgrades include widening pipes and increasing inlet and pumping capacity.	In progress	<p>Herrick St culvert design complete; tendering by end of 2023.</p> <p>Concept design completed for Maraenui stormwater trunks and detailed design is in progress.</p> <p>Latham St culvert replacement design in progress.</p>

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold





# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?
Stormwater	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)	0	≤1	0	◆	Impacts from Cyclone Gabrielle: Tutaekuri River stopbank breaches, and the Esk River flooding resulted in significant flooding in Napier. However, since these aspects are outside the control / responsibility of NCC (outside of the NCC Stormwater asset / network), no events have been reported for this measure. This is in line with guidance from the Department of Internal Affairs.
		For each flooding event, the number of habitable floors affected per 1,000 properties (Mandatory measure 2)	0	≤1	0	◆	Impacts from Cyclone Gabrielle: Tutaekuri River stopbank breaches, and the Esk River flooding resulted in significant flooding in Napier. However, since these aspects are outside the control / responsibility of NCC (outside of the NCC Stormwater asset / network), no events have been reported for this measure. This is in line with guidance from the Department of Internal Affairs.  128 Yellow placards and 4 Red placards were issued, including 5 properties on Napier Hill due to land instability and 2 Properties in Westshore due to flooding from the sea. NCC is satisfied that the remainder are related to river flooding. Taking all flooding as if it was attributed to NCC assets, the metric would be 5.48.
		Median response time to attending a flood event (notification to personnel being on site) (Mandatory measure 3)	117.28	≤2 Hrs	0 <sup>1</sup>	◆	Impacts from Cyclone Gabrielle: Tutaekuri River stopbank breaches and the Esk River Flooding.
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 abatement notices (Mandatory)	0	0	1	◆	
		Compliance with resource consents for discharge from the stormwater system as measured by the number of infringement notices (Mandatory)	0	0	2	◆	
		Compliance with resource consents for discharge from the stormwater system as measured by the number of enforcement orders (Mandatory)	0	0	0	◆	
		Compliance with resource consents for discharge from the stormwater system as measured by the number of convictions received in relation to stormwater resource consents (Mandatory)	0	0	0	◆	
Residents are satisfied with Council's Stormwater service		Number of complaints received about performance of stormwater system (per 1,000 properties connected) (Mandatory measure 5)	6.12	≤5	4.56	◆	Due to Cyclone Gabrielle, all of Napier City was without power for four days before gradual restoration started, leaving some areas without power for a total of one week. During this time, there was also a period where mobile phone networks were down, meaning the local community was unable to contact NCC via phone. However, NCC was still able to receive calls made through other means, such as landlines.  Increase reflects the impacts from Cyclone Gabrielle and Tutaekuri River stopbank breaches.
		Percentage of residents satisfied with Stormwater in Residents' Satisfaction Survey	46%	89%	39%	◆	Increase reflects impacts from Cyclone Gabrielle.
		Stormwater is collected and disposed of in a manner that protects public and environmental health	Number of education programmes delivered to improve stormwater quality	1	>1	1	◆

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

<sup>1</sup> Council received qualified audit opinions for the 2020/21, 2021/22 and 2022/23 audits relating to performance measures regarding response times for water supply, stormwater and wastewater. The reported results were not verifiable for attendance or resolution times due to the following reasons:

- Data entry errors meant the response times were not always accurately recorded in Council systems. Issues identified in the 2020/21 audit were to be remedied through the implementation of checking procedures to certify the accuracy of data entry on a regular basis, and that correct records are maintained. Checking procedures were planned for implementation by February 2023, but due to Cyclone Gabrielle, this has been delayed. Checking procedures will now be implemented by the end of 2023.

- Categorisation errors meant the request for service was not always recorded in the appropriate place for reporting against the mandatory measures. Often this was caused by multiple issues within the one request for service, or the category not being updated after service personnel had confirmed the issue. This was also subject to qualification in 2020/21, and Council undertook to implement the following:
  - Internal training for all staff entering or responding to service requests, so they are aware of the definitions provided by the Department of Internal Affairs for mandatory measures
  - Reviewing our categories to ensure they are adequate and simplified for reporting purposes, and
  - Checking procedures to certify the accuracy of categorisations on a regular basis.

The first two improvements listed have been successfully implemented, and we are working to have the third complete by the end of 2023.



## CAPITAL EXPENDITURE for Stormwater

	Actual 2022/23 \$000	AP 2022/23 \$000
3 Waters Reform	66	-
Ahuriri Estuary Projects	151	252
Ahuriri Master Plan Project 3 - improve direct outfalls	16	63
Ahuriri Master Plan stormwater study	41	-
Ahuriri Master Plan Project 11 - Pandora catchment improvemen	29	159
Construction of a hydraulic model and upgrades	152	-
Drain Improvements	1	31
Flood Alleviation Projects	778	2,431
Open Waterway Improvements	59	618
Parklands Residential Development	-	232
SCADA minor replacements	-	26
SCADA upgrade project	54	-
Stormwater Growth Projects	421	1,046
Stormwater Minor Capital Items	64	-
Stormwater pump replacements	100	-
Stormwater Pump Station Improvements	713	906
Stormwater Renewals	201	88
Stormwater reticulation replacements	13	618
SW Pump Station Renewal	111	917
Te Awa Structure Plan	57	-
Tennyson St outfall improvements	81	309
Upgrade Dalton St pump station	-	221
<b>Total as per Funding Impact Statement</b>	<b>3,108</b>	<b>7,917</b>
Gifted/Vested Assets	606	228
<b>Total Stormwater Capital Programme</b>	<b>3,714</b>	<b>8,145</b>

## FUNDING IMPACT STATEMENT for Stormwater

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,967	4,734	4,182
Subsidies and grants for operating purposes	74	-	-
Fees and charges	-	-	-
Internal charges and overhead recoveries	79	208	185
Local authorities fuel tax, fines, infringement fees, and other receipts	309	52	50
<b>Total operating funding (A)</b>	<b>5,429</b>	<b>4,994</b>	<b>4,417</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,214	1,570	1,231
Finance costs	-	-	-
Internal charges and overheads applied	1,670	1,657	1,490
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,884</b>	<b>3,227</b>	<b>2,721</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>545</b>	<b>1,767</b>	<b>1,696</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	139	-	-
Development and financial contributions	2,388	2,107	2,048
Increase (decrease) in debt	866	6,142	7,200
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,393</b>	<b>8,249</b>	<b>9,248</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	595	5,294	6,032
- to improve the level of service	1,814	1,715	2,516
- to replace existing assets	698	1,975	682
Increase (decrease) in reserves	831	1,032	1,714
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>3,938</b>	<b>10,016</b>	<b>10,944</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(545)</b>	<b>(1,767)</b>	<b>(1,696)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	4,285	4,307	4,204

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.





# Transportation

## SCOPE

Napier City's Transportation team is responsible for managing all land-based transportation activities funded in part or in full by NCC to meet community outcomes. Further to these community outcomes, there are four key strategic priorities being targeted nationally for the transportation network across the country through the Government Policy Statement. These are:

- Safety
- Better travel options
- Improving freight connections, and
- Climate change.

Napier City Council provides for freight and passenger transport with 366 kilometres of sealed roads, along with all associated structures, drainage, road furniture, street lighting, and traffic safety services.

The majority of the network is urban with rural roads serving the foothills to the west and the primary production areas to the south. In both instances the rural network connects to the Hastings District Council network.

Council also provides for cycling and walking modes of transport through a well-integrated network of cycleways and footpaths.

Transportation is a significant and essential activity for Napier City contributing to the economic, social, cultural, and environmental well-being of the community. 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.

## COMMUNITY OUTCOMES

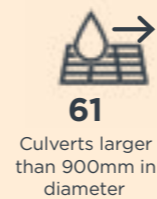
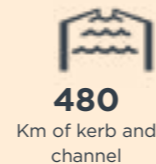
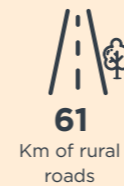
The Transportation activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Transportation	1	2	2	2	2	2	2

Key: 1 = Primary focus 2 = contributes to

= Social Wellbeing
 = Cultural Wellbeing
 = Economic Wellbeing
 = Environmental Wellbeing

We provide the following to the city of Napier



## YEAR IN REVIEW

### Local Area Traffic Management

Traffic calming, mobility improvements and minor safety projects in Marewa, Ahuriri, Maraenui, Westshore, Taradale, Mataruahou and the CBD have been completed or substantially commenced during the year. These interventions range from altered traffic priorities at intersections to construction works comprising raised tables, kerb build-outs, landscaping, new roundabouts and speed cushions. These projects have shown great results in reducing traffic speeds and conflicts in high risk areas, and providing safer crossing places and facilities for pedestrians and other vulnerable users.

### Pandora Road

This project, initially identified in the Ahuriri Estuary and Coastal Edge Masterplan, creates new recreational space, a new cycle path and better linkages with the Humber Street Reserve. The diversion of traffic lanes to the eastern side has maintained the existing level of capacity and parking.

### Chambers/Ellison/Te Awa

This MBIE funded project enabled extensions to cycle facilities and the introduction of a number of safety interventions near Te Awa and Napier Boys' High School, as well as residents of the area. The new raised crossing for Te Awa School will have a large reduction in the chances of serious injuries and the cycle facilities will further support cycle travel to Boys' High students as well as connecting some missing pieces in the local network.

### Cyclone Gabrielle

Cyclone Gabrielle had a huge impact on the community with the response and recovery work taking up most Council and contractor resources through February, March and April. The Transportation asset group's most significant loss was the failure of Brookfields and Redclyffe bridges. Both of these bridges are jointly owned with Hastings District Council. Demolition of the damaged sections of Redclyffe and the construction of a temporary bridge was well underway at the end of year. Communities in Waiohiki, Taradale and further afield will now have an additional option for route choice. This work will ease pressure on the two State Highway bridges and their corridors.







We provide  
the following to  
the city of Napier



**3,400**  
Amenity lights



**6,885**  
Street signs



**10**  
Pedestrian bridges



**15,822**  
Traffic islands



**24**  
Bus shelters



**5,902**  
Street trees



**9,555m**  
Safety barriers and  
railings



**8**  
Vehicle bridges

## SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Puketitiri Road Upgrade (Fryer Road to Poraiti Road) - The road will be widened, with curve and crest easing to improve visibility, provide more space for cyclists, and enable safe integration with, and access to and from the Mission Hills development.	On hold <span style="color: #e91e63;">●</span>	Detailed cost estimates exceed the available budget significantly and Waka Kotahi funding is not available for this project. Some elements of the project, related to the Mission Hills development, will go ahead to reduce the amount of repeat work.
Maintenance and Renewals Contract Alliance - Commencement of a partnership between Council and Downer for asset management and maintenance and renewal of Napier's roads and footpaths.	Achieved <span style="color: #008000;">●</span>	The Alliance continues to mature and produce improvements in the condition of the network across several asset groups. The Alliance was a major responder to the impacts of Cyclone Gabrielle, bringing most of the road network into use within a few days of the event.
Local Area Traffic Management Plans - Local Area Traffic Management Plans completed for Douglas McLean Avenue, Harold Holt Avenue, and Maraenui.	In progress <span style="color: #90EE90;">●</span>	Traffic Calming has been introduced on Douglas McLean Avenue, in Maraenui and some minor interventions elsewhere. Traffic calming for Harold Holt Avenue will be delivered in the programme for 2023/24.
Te Awa Structure Plan - Providing for new roading, cyclepaths and footpaths as the Te Awa development grows.	Achieved <span style="color: #008000;">●</span>	The scope of this project grew to include works associated with private developments. The primary roading elements of roundabout, roads and footpaths have resulted in connected networks around the residential area.
Pandora Road Upgrade - Reconfiguring Pandora Road to provide greater space on the estuary side for recreation, whilst providing car parking and catering for cyclists and pedestrians.	Partially achieved <span style="color: #FF8C00;">●</span>	This project experienced some weather delays and requires a small amount of work to complete in 2023/24. The creation of new cycle path, diversion of traffic lanes to the eastern side and the improved access and parking to the commercial units are all complete.

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold





# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?	
Transportation	Design and construct safety improvements to minimise the number of injury crashes	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 (DIA Performance Measure 1) <sup>1</sup>	+13 on previous year	-1 on previous year	-5 on previous year	◆		
	Provide well maintained roads	The average quality of ride on a sealed local road network, measured by smooth travel exposure (DIA Performance Measure 2) <sup>2</sup>	94%	>85%	93%	◆		
		Average roughness	88 surface irregularities above 15.2mm per kilometre (urban roads) 77 surface irregularities above 15.2mm per kilometre (rural roads)	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measure by high speed surveying	98 surface irregularities above 15.2mm per kilometre (urban roads) 78 surface irregularities above 15.2mm per kilometre (rural roads)	◆		
		Peak roughness	146	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (ie, the roughest roads)	158	◆		
		Number of instances where road access is lost	2 arterial, 11 total	<2 (arterial), <8 (total)	0	◆	Cyclone Gabrielle closed a number of roads in the district due to slips and silt inundation, including the loss of two bridges shared with Hastings District Council. The bridges are the only roads which remain closed.	
		Provide well- maintained footpaths and cycleways (DIA Performance Measure 4)	Percentage of footpaths and cycleways rated 4 or 5 (rating 1 best to 5 worst) based on independent survey	1.48%	1%	Result was not available <sup>3</sup>	◆	Footpath condition ratings are showing an improvement in the overall condition of the network, however further investment is required to raise conditions around the network.
			Percentage of residents being satisfied (very satisfied or fairly satisfied) with footpaths in the Napier City Council Residents' Satisfaction Survey	60%	85%	57%	◆	Footpath condition ratings show almost 50% of the network is in 'average' condition. Additional investment will be required to improve the condition of the network and the community's perception of it.
			Percentage of residents being satisfied (very satisfied or fairly satisfied) with cycleways in the Napier City Council Residents' Satisfaction Survey	75%	85%	80%	◆	Slightly down from last year but still above the SIL NZ benchmark value of 67%.
			Percentage of residents satisfied (very satisfied and fairly satisfied with roads in the Napier City Council Residents' Satisfaction Survey	40%	85%	49%	◆	Napier City Council's roads are in good condition as described through technical measure better than peer group Councils. Some public dissatisfaction may arise from the introduction of traffic calming measures, intended to reduce the speed of general traffic and make the roads safer for all users. Further dissatisfaction may relate to the community including the condition of State Highways in their consideration of 'roads', which have significantly higher numbers of defects.
		Maintain a high level of customer service	Percentage of customer service requests responded to within 5 working days (DIA Mandatory Measure 5)	100%	90%	100%	◆	
	Provide adequate renewal of road surfacing	Percentage of the sealed local road network that is resurfaced (DIA Mandatory Measure 3)	3%	5%	2.8%	◆	Local Authorities have been encouraged to tension renewal programmes and maximise life of assets. This has resulted in lower proportions of the network being resurfaced. Outdated measure.	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

<sup>1</sup>The reporting period for this measure has changed from 'calendar year' to 'financial year', and the 21/22 comparative has been restated so that the result is comparable to this year. This is in line with PBE FRS 48 (all measures are reported on in the same period as the financial statements).

<sup>2</sup>Description of measure can be found here: <https://www.nzta.govt.nz/assets/Road-Efficiency-Group/docs/practice-overviews/REG-practice-overview-smooth-travel-exposure.pdf>  
<sup>3</sup>For 2021/22 result was not available as Council relies on an external contractor to conduct condition surveying. The surveying was delayed due to adverse weather. Results were not available at the time of auditing the 2021/22 report



## CAPITAL EXPENDITURE for Transportation

	Actual 2022/23 \$000	AP 2022/23 \$000
Ahuriri Masterplan - Pandora Road Upgrade	648	670
Associated Improvements	13	103
CBD Development	152	-
Ground stabilisation and retaining wall	569	82
Intersection Improvement Projects	119	124
Intersection Safety Improvement Projects	63	1,803
Local Area Traffic Management Projects	508	927
Marine Parade Safety Improvements	43	103
New Cycle and Walking Tracks	1,206	103
Parklands Residential Development	-	788
Puketitiri Road Upgrade	323	-
Renewals	3,590	3,767
Renewals (Not Subsidised)	785	546
Streets for People	106	-
Te Awa Structure Plan	1,091	1,648
Urban Corridor Improvement Projects	369	500
Urban Growth Northwest Dvlpmnt	-	124
West Quay One Way	400	412
<b>Total as per Funding Impact Statement</b>	<b>9,985</b>	<b>11,700</b>
Gifted/Vested Assets	1,012	422
<b>Total Transportation Capital Programme</b>	<b>10,997</b>	<b>12,122</b>

## FUNDING IMPACT STATEMENT for Transportation

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,132	9,582	9,171
Targeted rates	123	150	150
Subsidies and grants for operating purposes	5,588	2,186	2,126
Fees and charges	176	146	142
Internal charges and overhead recoveries	502	1,132	1,020
Local authorities fuel tax, fines, infringement fees, and other receipts	484	473	460
<b>Total operating funding (A)</b>	<b>17,005</b>	<b>13,669</b>	<b>13,069</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	12,180	7,426	7,213
Finance costs	-	-	-
Internal charges and overheads applied	1,703	1,699	1,520
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>13,883</b>	<b>9,125</b>	<b>8,733</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>3,122</b>	<b>4,544</b>	<b>4,336</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	3,863	4,172	2,641
Development and financial contributions	6,983	529	514
Increase (decrease) in debt	522	2,195	1,820
Gross proceeds from sale of assets	52	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>11,420</b>	<b>6,896</b>	<b>4,975</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	1,190	3,216	1,240
- to improve the level of service	4,244	3,682	2,437
- to replace existing assets	4,551	4,389	4,109
Increase (decrease) in reserves	4,557	153	1,525
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>14,542</b>	<b>11,440</b>	<b>9,311</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(3,122)</b>	<b>(4,544)</b>	<b>(4,336)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	6,951	8,489	7,996

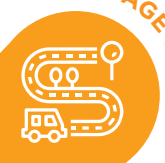
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The FIS sets out the revenue and financing mechanisms that have been used.

\* For capital budget variances refer to activity key issues.





# Other Infrastructure

## SCOPE

### Waste Minimisation

Council provides a domestic refuse collection service for both residential and commercial properties within Napier. We effectively and efficiently remove waste from households in Napier and convey it for authorised and appropriate disposal.

We dispose of waste in a few different ways: either we pick it up from a kerbside wheelie bin or litter bin and take it straight to landfill or we take bulk waste dropped off at the Redclyffe Transfer Station to landfill.

Council also provides a domestic recycling collection service for residential properties within Napier. We effectively and efficiently remove recyclable products from households in Napier and convey them to reuse markets.

We collect recyclables in a few different ways: either we pick it up from a kerbside receptacle where it is sorted into different product streams at the kerb before being conveyed in bulk to reuse markets or we take bulk recycling dropped off at the Redclyffe Transfer Station and sort it to be repurposed.

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.

We also focus on advocating for, and educating about, ways to reduce the amount of waste our city produces. Reducing waste is close to the hearts and minds of the people in our community and solutions have to be relatively easy and widely acceptable. A reduction of waste being sent to landfill is not only good for the environment but would mean that Council doesn’t have to invest as much in expanding and maintaining landfills in the future.

Central government is making several significant changes to the way we manage waste across the country. Currently, a levy of \$10 is paid for every tonne of rubbish which goes to municipal landfills. The government is increasing this levy to \$60 per tonne and applying it to all types of landfills except for cleanfills and farm dumps. This is a great way to get our community thinking about other ways to reduce and reuse their rubbish, but it will mean that the cost of waste disposal will increase quite significantly. The government is also looking into options for standardising kerbside recycling across the country to avoid confusion and decrease contamination in recycling.

The most significant assets held by this activity are the Redclyffe Transfer Station (which is ageing) and several closed landfills which remain in place within the city while slowly degrading.

### Cemeteries

Cemeteries are important and special places in a community. They provide a functional purpose for burials and ash interments, a place to remember loved ones who have passed, and they provide historical and cultural connections to the communities they serve. They also contribute to the amenity and open space function of Council’s wider parks and reserves network.

Napier City Council operates and maintains six cemeteries within the city, the oldest being ‘Old Napier Cemetery’ with its first burial in 1851 and the newest being Western Hills which opened in 1985. In total, the cemeteries comprise an area of approximately 36 hectares.

There are no crematorium facilities in Napier and there is no legislative requirement for a local authority to provide such facilities. However, Napier City Council is a governance partner in the Hawke’s Bay Crematorium which is provided and administered by Hastings District Council pursuant to the Hawke’s Bay Crematorium Act 1944. This Act sets out its governance structure including the responsibilities of the contributing local authorities.

We provide the following to the city of Napier



4

tons of waste diverted from landfill



48

Public Toilets



6

Cemeteries



### Public Toilets

Napier City Council provides, maintains, and develops public toilet facilities to meet the needs and demands of the community and visitors to our city. Currently, the city has 42 operational public toilets. We also provide a parent facility in the Napier CBD. Located in Ocean Boulevard, Te Kōhungahunga Atawhai is a sanctuary for parents and caregivers of very young children. It features private feeding spaces, a play area for young children, changing facilities, kitchenette and hot water.

Public toilets are provided in key areas generally related to tourism, recreation, and shopping activities. Facilities are cleaned and inspected at least daily with the emphasis on hygiene, safety, and discouragement and removal of graffiti.





# COMMUNITY OUTCOMES

The Other Infrastructure activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Waste Minimisation	   			1	2	2	2
Cemeteries	 			1		2	2
Public Toilets				1	2	2	2

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing



## YEAR IN REVIEW

### Waste Minimisation

This year Napier disposed of just over 6000 tonnes of waste. After Cyclone Gabrielle, the Transfer Station was closed during February. The weighbridge data for flood waste and landfill was manually entered from March to May, with the system being repaired and operational again in June 2023.

The variance for flood waste received was over a thousand tonnes for that three month period. Flood waste received at Redclyffe was accepted free of charge to the public and volumes peaked during the month of April.

The Transfer Station has a range of diverted stock piled waste which includes a new construction and demolition waste diversion for trade only flat glass. Green waste, and a recycling area is available to the public free of charge.

Our kerbside services continue to operate successfully. Just under 4000 tonnes of glass were diverted from landfill by kerbside recycling. Comingle was just over 1700 tonnes and cardboard over 1600 tonnes. The February data was considerably lower, however, in March we had the highest metric tonne pickup of kerbside recycling for the year. This signals that residents are still passionate about diverting waste from landfill.

Over 3000 properties continue to be signed up for the 'Less Waste Incentive'. This scheme offers a 25% reduction in the waste targeted rate for those households who present their wheelie bin at the kerb fortnightly rather than weekly. Ongoing assisted pickup for residents with medical conditions is provided free of charge.

The joint waste minimisation team's education initiatives include the development of an Education Centre at Omaranui Landfill. Education events for the Waste Aware programme via the National Aquarium help achieve joint WMMP goals, targets and objectives of diverting waste.

### Cemeteries

Our Sexton and Cemetery team had another busy year maintaining and managing our 36 hectares of public cemeteries, with 111 burials and 234 Ash interments over the period.

The Western Hills Cemetery Expansion was completed this year providing over 1,000 additional grave sites, as well as new vehicle access, parking and amenity planting.

The third stage of bulk tree removal at Wharangi Cemetery was undertaken which saw a large stand of ageing and potentially dangerous pine trees felled, and replaced with over 1,300 native shrubs and trees. Further works was also progressed with the staged removal of the aging tree stock on and around the Park Island Cemetery and Western Hills Cemetery.

Replanting of these areas in native trees and plants has also continued this year.

Our largest challenge this year was the impacts of Cyclone Gabrielle. The cyclone caused substantial damage to the council managed Eskdale cemetery, with over a meter of silt deposited over grave sites located on the lower terrace the cemetery. Community members, groups, and families, along with Council, undertook the remedial works to clear the site and bring the cemetery back to a presentable and useable state.

The cyclone also resulted in a number of larger trees being blown over or damaged across all of our cemeteries resulting in months of remedial tree work.

Operational costs continue to rise with the expansion of the asset, as well as the increased costs of labour, fuel, and plant required to manage the cemetery asset to a high standard the users expect.

### Public Toilets

The long awaited renewal of the Le Quesne Foreshore Reserve toilet block in Bayview was completed in 2022 in time for summer.

This facility serves this coastal community and beach users in Bayview.

A new public toilet was also installed at the Park Island North - MacRae Field. This new facility was installed to serve the expansion of Park Island and the many sportsground users and walkers that utilise this area.

Key challenges we are facing in the public toilet space are around ongoing vandalism of our public toilets and increasing operational costs to manage these facilities at the standard expected by users. Vandalism in toilet blocks has required Council to close and lock some toilets outside of standard public use times, and spend on both vandalism and graffiti removal has exceeded budgets.

Public Satisfaction with the public toilet facilities has lifted 7% this year, but is still fractionally below the national average. To address this, Council has completed a Public Toilet Strategy to look at levels of service and improvements that can be made to improve this satisfaction score. The strategy also assists to inform public toilet renewal prioritization and new facility development across the city.

## SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Waste minimization - Review of Waste Management and Minimisation Plan, Solid Waste Bylaw, and Trade Waste Bylaw.	On hold	Cyclone Gabrielle has delayed Waste Management and Minimisation Plan targets (WMMP). Order in Council to delay the review of the WMMP.
Omarunui Development - Development of valleys "B" and "C" at the Omarunui Landfill behind Taradale, which is jointly managed by Hastings District Council and Napier City Council.	In progress	Cyclone Gabrielle has delayed progress of this development.

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold



# PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment - what's behind the results?
Waste Minimisation	A weekly kerbside refuse collection service is provided to city residents	Weeks per year that the refuse service is available to the residents of Napier	50 weeks	52 weeks	52 weeks	◆	Cyclone Gabrielle stopped refuse collection from kerbside for 2 weeks.
		Percentage of residents satisfied with the refuse collection in the Residents' Satisfaction Survey	83%	90%	74%	◆	Could be related to the disruption due to the impacts of the cyclone.
		Weeks per year that the recycling service is available to the residents of Napier	49 weeks	52 weeks	52 weeks	◆	Cyclone Gabrielle stopped refuse collection from kerbside for 3 weeks.
	Provision of recycling drop-off facility	Days per year where drop-off services are available to the public	341	362	351	◆	Cyclone Gabrielle closed the Transfer Station for 4 weeks.
	Availability of the user-pays refuse transfer station and associated services	Days per year where transfer station services are available to the public	341	362	351	◆	Cyclone Gabrielle closed the Transfer Station for 4 weeks.
		Compliance with resource consents related to the transfer station and closed landfills	100%	100%	100%	◆	
	Availability of and attendance at waste minimisation education	Students/customers attending education sessions for the Waste Aware Programme or other education in person	356	>750 attendees	0	◆	Programmes were not functioning throughout Cyclone Gabrielle and compost workshops were very quiet when they were run in March.
	Litter control, graffiti, and vandalism	Percentage of residents satisfied with control of litter and graffiti in the Residents' Satisfaction Survey	62%	90%	61%	◆	A similar result to the previous year. We will continue to identify opportunities for improvement in this area.
	Council promotes waste minimisation activities	Waste to landfill per capita	281.95kg per capita per annum	≤300kg per capita per annum	249.9kg per capita per annum	◆	Due to Cyclone Gabrielle, the weigh bridge at the transfer station was out of operation for approximately four weeks in 2023. During this time, it was not possible to weigh the waste coming in and instead the tonnage through the transfer station was estimated based on the volume of the vehicle (including car/ute/truck). NCC used number plates to find the vehicle model and calculate the volume. This process complies with the methodology outlined by the Ministry for the Environment.
	Cemeteries	Cemeteries' records are well maintained and accessible	An online cemeteries records system is available 90% of the time	91%	90%	98%	◆
Cemeteries are well maintained and provide a quiet and aesthetically pleasing environment for users		Satisfaction with cemeteries as measured by the Residents' Satisfaction Survey	82%	90%	78%	◆	Increase in satisfaction over the last 3 years and sits in the 'great performing' category in the Resident Survey. Figure is also above the SIL NZ benchmark (national average measure).
Public Toilets	Public conveniences are clean, hygienic, and safe	Percentage of customers who are satisfied with public toilets in the Residents' Satisfaction Survey	64%	88%	57%	◆	Increase from previous year result, but still well below performance measure target. We have actioned a user survey and completed a public toilet strategy to investigate issues and explore opportunities to increase user satisfaction.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%



## CAPITAL EXPENDITURE for Other Infrastructure

	Actual 2022/23 \$000	AP 2022/23 \$000
<b>Cemeteries</b>		
Cemetery Concept Plan Implementation	41	82
Cemetery Planting	23	26
Cemetery Renewals	47	113
Napier Cemetery Development	-	36
Western Hill Extension - Stage 2	368	335
Wharerangi Building Refurbishment	-	10
<b>Public Toilets</b>		
Renewals	152	268
Public Toilets Minor Capital Items	88	-
<b>Waste Minimisation</b>		
Minor Capital	9	-
Omarunui Dev Education Facility	214	-
Omarunui Development Plant	1	27
Omarunui Development Valley D	411	657
Omarunui Development Valleys B&C	1,370	1,626
Redclyffe Transfer Station Cyclone Gabrielle Restoration	283	-
Solid Waste Renewals	71	96
	<b>3,078</b>	<b>3,276</b>

## FUNDING IMPACT STATEMENT for Other Infrastructure

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,369	3,038	2,755
Targeted rates	6,217	6,426	4,569
Subsidies and grants for operating purposes	626	250	240
Fees and charges	2,467	2,985	2,897
Internal charges and overhead recoveries	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	6,817	6,083	5,584
<b>Total operating funding (A)</b>	<b>19,496</b>	<b>18,782</b>	<b>16,045</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	17,143	14,744	13,887
Finance costs	-	-	-
Internal charges and overheads applied	1,365	1,230	1,182
Other operating funding applications	-	1	1
<b>Total applications of operating funding (B)</b>	<b>18,508</b>	<b>15,975</b>	<b>15,070</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>988</b>	<b>2,807</b>	<b>975</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	407	123	420
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>407</b>	<b>123</b>	<b>420</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	461	8	356
- to improve the level of service	252	74	54
- to replace existing assets	2,366	2,695	2,462
Increase (decrease) in reserves	(1,684)	153	(1,477)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>1,395</b>	<b>2,930</b>	<b>1,395</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(988)</b>	<b>(2,807)</b>	<b>(975)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	1,248	1,121	1,022

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.







# Community and Visitor Experiences

## SCOPE

Activities in the Community and Visitor Experiences Group include:

- Kennedy Park Resort
- Napier Conferences & Events
- Napier i-SITE Visitor Centre
- Par2 Mini Golf
- National Aquarium of New Zealand
- Napier Libraries
- Napier Municipal Theatre
- MTG Hawke's Bay
- The Faraday Museum of Technology
- McLean Park
- Reserves
- Sportsgrounds
- Napier Aquatic Centre
- Ocean Spa
- Bay Skate
- Retirement and Rental Housing
- Community Facilities (Halls)
- Community Strategies
- Engagement, and
- Events and Marketing.

### Kennedy Park Resort

Kennedy Park is one of the busiest and most revisited holiday parks in New Zealand, providing over 28,000 room nights to visitors each year. In total, it is possible for 1,400 people to be accommodated on site including those in tents and caravans.

Kennedy Park facilities are located in Storkey Street in Marewa. Kennedy Park offers a wide range of affordable accommodation types and associated facilities catering to various markets. Services provided include booking and enquiry services, guest information and assistance, maintenance of grounds and buildings, and administration.

### Napier Conferences & Events

Napier Conferences & Events provides high-quality, full-service conferences and events to domestic and international clients.

The activity operates out of the Napier War Memorial Centre, which is located on the northern end of Napier's Marine Parade, with views from Mahia Peninsula to Cape Kidnappers. It is the only purpose-built conference facility in Hawke's Bay.

Conference facilities are offered as part of Council's strategy to encourage visitors to the city and generate economic activity which is put towards investing in more efficient and effective infrastructure and public services.

### Napier i-SITE Visitor Centre

Napier i-SITE Visitor Centre is an information hub that connects locals and visitors to Napier to places to stay and eat, attractions, and things to do while in the city.

The i-SITE facility is located on Marine Parade, a short walking distance from the CBD and iconic Napier sites. It houses a space to meet and chat to specialist consultants, an area dedicated to information and brochures about local businesses and tourism operators, and a gift shop.

To provide efficiencies associated with scale, Napier City needs to provide visitors with reasons to stay longer, do more, spend more, tell their friends and family, and come again. These visits generate economic activity which can be invested in the city's infrastructure and public services.

### Par2 MiniGolf

Par2 MiniGolf facilities are located centrally on Napier's Marine Parade in the heart of the tourist zone beside the Napier i-SITE. Mini golf activity has been occurring on site for more than 50 years and today Par2 MiniGolf boasts two 18-hole courses and a clubhouse.

Council provides tourism facilities as part of its strategy for the economic development of Napier. Par2 MiniGolf plays an important part in the overall marketing of the city and is a family-friendly activity which is an anchor attraction to the now redeveloped Marine Parade.

### National Aquarium of New Zealand

National Aquarium of New Zealand aims to provide fun, engaging experiences with close proximity to wildlife, inspiring awe and wonder about the natural world in our visitors.

Situated on Marine Parade, the aquarium is home to a range of native and exotic wildlife and includes a range of exhibits, the largest being a 1.5 million-litre oceanarium.

The aquarium provides an all-weather, exciting, interesting tourism facility for a wide range of audiences including families, domestic, and international tourists alike. We link with local community members and a range of stakeholders to help them tell their stories through our exhibits and welcome feedback to ensure we continually strive for improvement.

Mātauranga Māori and Te Ao Māori are integral to the story of the taonga in our care and are essential to include in the information and experiences we share with our visitors both digitally as well as in our physical facility.

We engage in activities such as the Zoo Aquarium Association's captive breeding programme for North Island brown kiwi and rehabilitation work for little penguins. We also aim to inform and motivate visitors and our community to take action, acting as kaitiaki, for positive outcomes for nature.

By encouraging tourism to Napier and Hawke's Bay, the aquarium helps to generate additional spend in our community.

### Napier Libraries

We provide easy access to informational, recreational, and educational materials, and a stimulating and pleasant library environment free of charge to the entire community.

Library services are provided to the community from two locations, Napier City and Taradale, together with our Mobile Library Van, with a variety of collections in multi-media formats, and online services.

The libraries support a total membership of approximately 27,422, of which some 2,357 members are resident in Hastings District (June 2023). Collection items held, as of 30 June 2023, total approximately 126,455.

Our libraries are all about empowering people to explore new ideas and build social connections within their communities. They are a place to learn and relax, and a place to feel safe and spend time without expectation of spending money.

### Napier Municipal Theatre

The Napier Municipal Theatre is a leading theatre in Hawke's Bay for performances, shows, concerts, functions, and events.

Seating up to 988 patrons, the theatre has been operational on its current site in Tennyson Street since 1912. The building was destroyed in the 1931 earthquake and was rebuilt by 1938. The New Zealand Heritage List/Rārangī Kōrero declares the Municipal Theatre as a historic place. The Napier Art Deco Trust has also declared the building as a place of Art Deco significance.

The Municipal Theatre recognises and promotes an iconic building that celebrates Art Deco architecture while offering stage facilities for local, national, and international hire. This allows/provides our residents and visitors the opportunity to experience a range of theatrical, cultural, and artistic events.

### MTG Hawke's Bay

MTG Hawke's Bay is the regional and premier arts and culture facility for the Hawke's Bay region. The MTG houses and cares for the region's collection under a management agreement with the Hawke's Bay Museums Trust. The museum presents and shares these collections through a series of exhibitions throughout the year including long-term galleries (1931 Earthquake display and Taonga Māori exhibition) alongside temporary exhibitions. The quality of MTG Hawke's Bay displays and activities are recognised through industry awards.

With three distinct eras of building, 1930s, 1977, and 2013, MTG Hawke's Bay is a complex building with multiple uses and activities. The Century Theatre provides the only medium-sized (330 seat) theatre in Napier, while a small retail shop and two foyer spaces generate additional revenue for the facility.

MTG Hawke's Bay, Tai Ahuriri, provides a safe space for the community to engage with arts and culture. It contributes to the wellbeing of the community through helping people gain a sense of self through understanding the history of their place and creating connections. Access to arts and culture is well documented as supporting emotional and mental wellbeing.

We care for one of the largest collections of Māori taonga in a regional facility and actively contribute to cultural understanding and connectedness through telling our stories in exhibitions developed in collaboration with Ngāti Kahungunu and the community.





## The Faraday Museum of Technology

The Faraday Museum of Technology (formerly known as “The Faraday Centre”) in Napier is Hawke’s Bay’s Museum of Technology. It cares for and displays a collection of historical technology enabling locals and visitors to discover the scientific, social, and cultural heritage that makes Napier and Hawke’s Bay unique.

The Museum is housed in the historic Napier Powerhouse, built in 1911. A small team of staff and volunteers are responsible for the care of this historic building and over 20,000 objects in the collection owned by the Hawke’s Bay Museums Trust.

The Museum attracts a diverse audience to share our technological heritage and ingenuity with, while providing a safe space for the community to meet and connect. As kaitiaki, Council is responsible for caring for the collection we have in our possession and sharing knowledge and the past with those who visit our museum.

## McLean Park

Hosting international and national sports events, this facility provides outdoor sportsgrounds and stands, and an indoor court facility as well as administration and hospitality areas. The park also plays host to trade shows, expos, community events, and private functions.

Having a sporting venue with a capacity close to 20,000 means that Napier can compete with the likes of Auckland, Wellington, and Christchurch as a host for major sporting events. Attracting this kind of event to the city brings in revenue for local retailers, businesses, and tourism operators, which helps our city thrive.

## Reserves

The Reserves Activity controls, 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. We deliver well-maintained grounds and gardens ranging in location from coastal foreshore to formal botanical gardens. We also manage the day-to-day maintenance and operation of play equipment located throughout the city. The total land area of our reserves covers 405 hectares.

Our portfolio of reserves exists to enhance the quality of life of Napier’s citizens by providing high quality passive and active recreational facilities throughout the city.

As well as providing recreational areas for our community to meet and play, we support a large number of tourism events and local events which boost our local economy.

## Sportsgrounds

The Sportsgrounds Activity is responsible for 221 hectares of sportsgrounds including a premier sportsground, Bluewater Stadium, and 14 general sportsgrounds. The even distribution of sportsgrounds around the city means that local communities have the opportunity to support and engage with local sport on their doorstep, with benefits including community spirit and pride.

We provide this activity to meet the recreational and sporting needs of our community. These services enhance the general health and wellbeing of the community where private enterprise may not be viable. In turn, we aim to provide safe and accessible recreational facilities to enhance the social and cultural wellbeing of our community

## Napier Aquatic Centre

The Napier Aquatic Centre provides the following opportunities for Napier’s community:

- Health and fitness – lane swimming, water-walking, aqua fitness, small group training, relaxation;
- Sport development – club swimming, aquatic sports training and competition;
- Leisure and play – family water play, hydroslide, outdoor splash pad, and
- Physical literacy – swimming lessons, holiday programmes.

Recognising the role that water can play to improve the health and wellbeing of our community, the purpose of the Napier Aquatic Centre is to develop skills, improve wellbeing, build confidence, and grow connections.

## Ocean Spa

Council provides an outdoor complex with four heated outdoor pools and five spa pools. The facility also features a gym, small group fitness room, and café. An external contractor manages the day-to-day running of the facility.

Ocean Spa came under the direct management of council on 1 February 2023 and reopened in late May after signification remedial works.

The Napier City Council considers it important that it provides this service to bring about positive outcomes for the health and wellbeing of the community.

## Bay Skate

Bay Skate is a multi-use, world-class roller sports park. It caters for skateboarding, roller derby, BMX, scootering, inline hockey, roller skating, artistic skating and rollerblading.

Bay Skate is located on Marine Parade with the grandstand building comprising an entrance foyer, retail area, office, storage, and a leased area occupied by “Lick This” ice cream parlour. The outside rollersport facility comprises three zones: a rink, a wooden ramp area, and the all-new concrete bowl area, a world-class professionally designed and built series of concrete plaza-streetstyle configurations.

## Retirement and Rental Housing

NCC has 377 units in 12 villages. The majority of our housing is for low-income older persons (60 years and over). There are 72 units available for low-income renters. We deliver asset and tenancy management services with in-house resources. Low-income tenants receive basic tenancy management services. The retirement villages have tenancy co-ordinators who carry out regular welfare checks on tenants as well as providing tenancy management services.

## 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 varies, but generally community groups lease the facilities, and halls are either managed directly by Council or through a third party group or trust.

## 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.

## Engagement

NCC is responsible for making decisions about our city. Outcomes from these decisions affect our residents in different ways. It is important for people who are likely to be affected to know what could happen and to have an opportunity to tell us what they think. The Engagement Activity is the key link between Council and our community and responsible for initiating those conversations in lots of different ways, depending on the context.

Some examples of ways in which we engage the community include:

- Social media
- Newsletters, newspapers, posters, radio
- Forums, public meetings, roadshows, and
- Surveys, consultation documents, formal hearings.

## Events and Marketing

Napier City Council’s Events Manager works across new and existing events to assist them to grow, develop, and become sustainable. The Marketing Team provides the promotional support for a variety of events, supports all communications and consultations with the local community, and provides wider tourism support for our visitor experience facilities.

NCC plays an important role in encouraging social inclusiveness and accessibility for our diverse community. Supporting events in the local area allows us to display our unique heritage, entice visitors to stay in the area, and contribute to the local economy.

















































By maintaining a number of communications channels and ensuring that information about what NCC is doing (and why) is easily accessible to local people, we keep ourselves accountable and empower our community to input into our decision making.



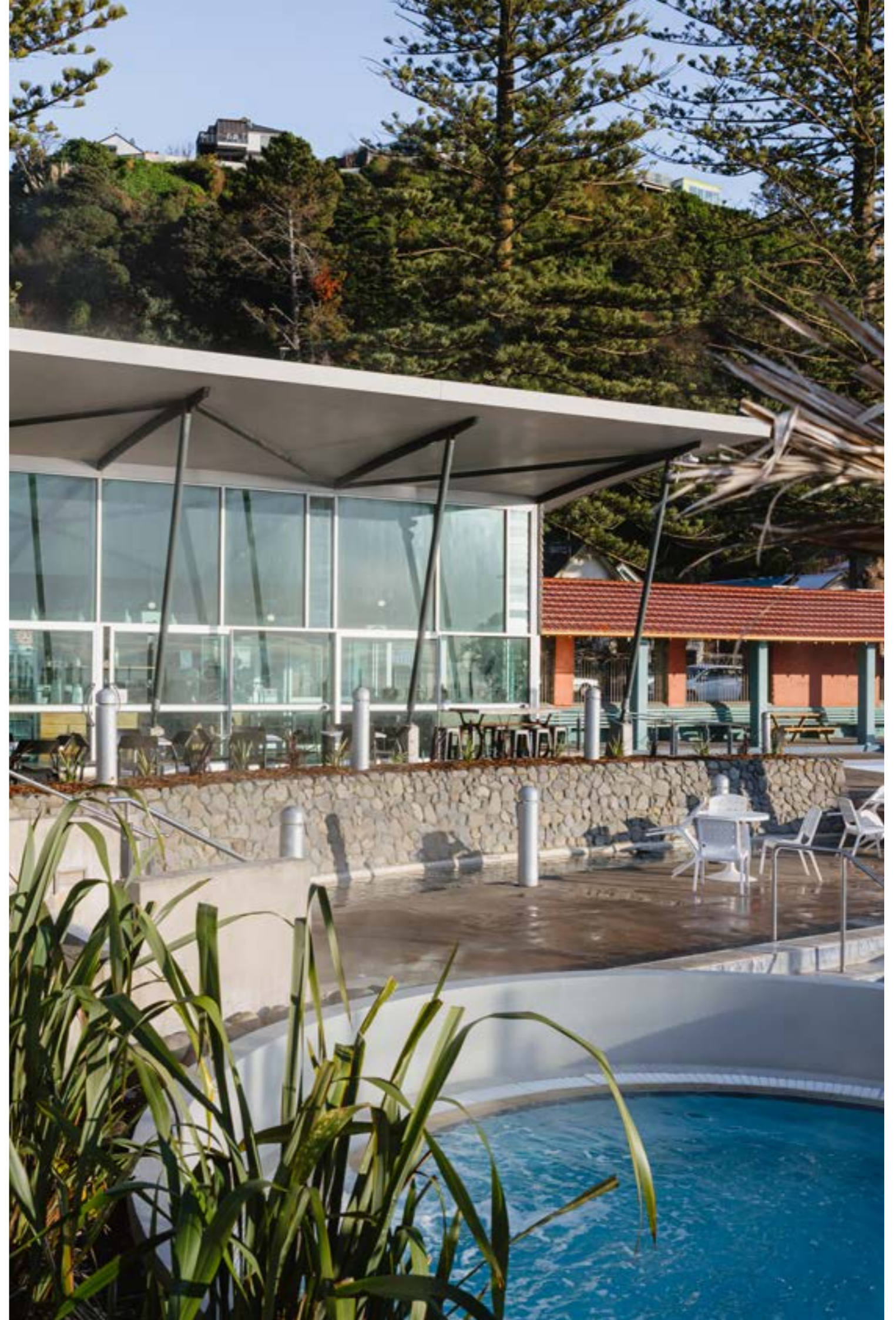


# COMMUNITY OUTCOMES

The Community and Visitor Experiences activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Kennedy Park Resort	 		2		1		
Napier Conferences & Events	 		2		1		
Napier i-SITE Visitor Centre	 		2		1		
Par2 Mini Golf	 				1		
National Aquarium of New Zealand	   			2	1	2	
Napier Libraries	 		2	1	2	2	2
Napier Municipal Theatre	  				2	1	
MTG Hawke's Bay	 		2	2	2	1	2
The Faraday Museum of Technology	 			2		1	
McLean Park	 		2		1	2	
Reserves	  		2	1		2	
Sportsgrounds	  		2	1	2	2	
Napier Aquatic Centre	 		2	1	2		2
Ocean Spa	 		2		1		
Bay Skate	 			1	2		2
Retirement and Rental Housing	  		2	1			2
Community Facilities (Halls)	 		1	2	2		2
Community Strategies	 			1	2		2
Engagement	  						2
Events and Marketing	  				1		2

Key: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing





# YEAR IN REVIEW

## Kennedy Park Resort

The year started strong with five of the seven months exceeding occupancy rates when compared to the previous year, with January being the last month which exceeded expectations. Due to Cyclone Gabrielle we had to cancel reservations during February and March to accommodate the National Emergency Management Agency while they helped the region focus on recovery.

Kennedy Park re-opened Easter weekend and we were fully booked. However, the rest of the month was slow, meaning we fell well short of budget. May and June saw a lot of late new bookings which helped us exceed occupancy expectations for both months. While we did not meet revenue targets, the property performed relatively well given recent events.

## Napier Conferences & Events

It was a strong year which saw the venue exceed revenue targets, however, February to June was significantly impacted by cancellations due to Cyclone Gabrielle. An upsurge in late local and regional bookings helped soften the effect of cancellations.

## Napier i-SITE Visitor Centre

Work on the i-SITE building for weather tightening was completed in July and the facility reopened soon after. International borders, including maritime borders, were open from 31 July 2022 after being closed for over 2 years. This was a welcome relief and heralded the return of overseas visitors both by air and sea.

The year started off relatively slow compared to pre-COVID years but with the arrival of the first cruise ships, by October visitor numbers and revenue increased markedly. There were 91 cruise ships booked for the 2022/23 season, which was more than any previous seasons. Feedback from international visitors was fantastic, with everyone very happy to travel to New Zealand and experience our region again.

Following Cyclone Gabrielle, cruise ships and other visitors weren't easily able to visit the region. In this time fourteen cruise ships were cancelled, but all were subsequently welcomed back less than a month after.

Recruitment of new team members went smoothly and the team performed very well during what was a busy and challenging year.

## Par2 Mini Golf

The club house was closed for two months while work to weather tighten the building was undertaken. During this time admissions were taken through the i-SITE building, and due to good signage and a well thought out plan, the customer experience was not affected.

The club house re-opening meant admissions could move out of the i-SITE. This was well timed as international visitors began to return and the i-SITE started to get busy again. The facility was closed for 10 days after Cyclone Gabrielle and the subsequent rainout days, but targets were still met for the year.

## National Aquarium of New Zealand

With the return of international and domestic tourism, this year saw a 27% increase on performance when compared to the previous year, and a 16% increase when compared to pre-covid revenue in the 18/19 financial year.

The return of the cruise market from late 2022 meant a strong return for summer visitation through to mid-February. January saw 28,052 visitors, which is a 29% increase when compared to the same quarter in the previous year. This is notable as due to the impacts of Cyclone Gabrielle, the facility was closed for 20 days during that period.

Cyclone Gabrielle meant devastating impacts for the community, and ultimately the lingering consequence of reduced Hawke's Bay tourism that lasted into June.

To encourage visitation through new content and experiences, the National Aquarium of New Zealand developed and delivered a number of exciting campaigns and events, including:

- July school holiday campaign He Kōrero o Ngā Tai - Maori Legends in Nature which displayed Aotearoa New Zealand classic stories about nature and the atua (gods) that represented our world around the Aquarium.
- October campaign Ocean & I which explored 30 local Hawkes' Bay and national artist's personal connection to the ocean through their artwork.
- Dora took out the title of Penguin of the Year 2022 in a landslide victory.
- Summer holidays campaign Nano Zoo was a showcase of species beyond what we can see, with a chance to view them up close in our Nano lab sessions.

- Action April was a month long initiative to promote action for the environment - 'small steps for big change together'.
- In partnership with Biodiversity Hawke's Bay, Beautiful Bay in May returned this year and included school engagement, in addition to the public campaign.
- An aquarium-wide Blue Tick Scavenger Hunt in partnership with the Marine Stewardship Council was delivered in June.

NANZ undertook its Qualmark accreditation in March, achieving (and maintaining) its Gold Qualmark award for our tourism business under the Sustainable Tourism Business criteria, and maintained its ZAA accreditation.

In May, the decision was made to release our two sharks due to ongoing challenges with recurring injuries in the Oceanarium.

Projects addressing ageing infrastructure continue, with some large capital works in progress to maintain and renew as needed. Additionally, ongoing investigative work with consultants has helped gather information needed to prioritise works. Weather tightness, HVAC and remedial works for life support systems are prioritised and will continue into the 23/24 financial year. Other focuses include exhibition upgrades and infrastructure needs in order to efficiently budget and plan for works in the next Long Term Plan period.

The NANZ team remain optimistic about the continued growth in the tourism market post-covid and post-cyclone, with plans for more exciting visitor programming to continue this year's success.

## Napier Libraries

With the tail end of COVID restrictions and Cyclone Gabrielle disrupting business as usual, the Libraries team has used this year as an opportunity to offer new experiences for our community. We are also trialling new ideas and programmes that we may wish to include in the future for our community.

We have focused more on family events, with family quiz nights and a family board game night in association with the Hawke's Bay Geeks Guild.

Staff have put on their creative hats to develop murder mystery events and escape rooms, which have been hugely successful. Our Wizard's Academy escape room was so popular we put on additional time slots to work through the huge waitlist.

For the adults, we trialed an exciting new event series - Library After Dark. Each month customers can attend various insightful presentations, events and workshops.

## Mobile Library

We launched our new mobile library van in September and we're out in our community like never before. We've been able to set up new home delivery services, enable customers to collect their reserves at different locations around Napier, deliver digital literacy and tech help in our community, and have a presence at local events, schools and shopping centres.

We have also been able to collaborate in new ways, such as taking the library to the sea with the National Aquarium of New Zealand to explore the rocky shore, and to provide holiday programme events in the community.





## Connecting with technology

As part of our successful reading and holiday programmes, we've focused on giving children positive experiences with technology that they may not otherwise have access to. This has included VR experiences with Oculus VR headsets, coding and problem solving with our Sphero and Dash robots, Green Screen adventures, iMovie and Stop-Motion workshops, 3D printing classes, and creating bags and pencil cases with our sewing machines.

## Air Conditioning installed in Taradale

Crucial Heating, Ventilation and Air Conditioning system upgrades have been completed in 2022/23 at Taradale Library. The library's aged air handling units and ducting have been replaced with discreet, modern functional fabric ducts to create a much more comfortable environment for our community to enjoy.

## Cyclone Gabrielle

During the Civil Defence emergency, many of our staff were involved in all areas of the emergency operations centre, delivering supplies, providing welfare support to isolated communities and getting stuck in with the hard mahi. Our Library van was also used in the emergency response. The team reached isolated parts of our community with supplies, Wi-Fi, and support for schools devastated by flooding.

## Napier Municipal Theatre

The Theatre has had a good year despite the ripple effect of COVID-19 and Cyclone Gabrielle. One of our highlights was the Ōkāreka Dance Company's production of Mana Wahine we hosted in association with the Hawke's Bay Arts Festival. This free performance was attended by over 550 people and provided an opportunity for members of our community who may not usually attend live theatre, to enjoy that experience.

The Royal New Zealand Ballet visited the Theatre three times during the year with their productions of Cinderella, Tutus on Tour, and Romeo and Juliet. Romeo and Juliet has the largest set they tour and required a two and half day build for their two specular performances enjoyed by over 1500 people.

The New Zealand Symphony Orchestra (NZSO) held a three day festival in November with three individual performances. Community activities included saxophone and violin master classes, and dress-up with face painting associated with the performance Spooky.

Cyclone Gabrielle, the subsequent state of emergency, and uncertainty of the reopening of SH 5, saw cancellation or postponement of a number of touring shows. Unfortunately

the local Festival of the Opera's production of The Magic Flute during the Art Deco Festival was cancelled for the second year in a row. Two local schools cancelled their bookings due to the reduced time they would have to rehearse for their school production prior to their booking. However we hosted three free performances for cyclone effected families, one being a Charity Concert and the other being two performances of the Glow Show.

This year saw the installation of the walkway above the auditorium ceiling to enable safe access for maintenance of plant and equipment in the area.

## MTG Hawke's Bay

The museum consistently works to provide a genuine sense of ownership for and with the regional community. Examples from 2022/23 include:

- Operation Grapple, specifically requested by Ngāti Kahungunu
- Silver Shadows: the story of Marineland, researched and developed with many previous employees and regular visitors to Marineland
- Finding Refuge in Fashion: Minh Ta, developed with the designer
- Making a Mark: the works of Fane Flaws, developed in consultation with friends and family of Fane Flaws

We continue to engage in significant local, regional and national community events such as Te Wiki o te Reo Māori, Matariki, Nuit Blanche, Art Deco Festival, Hawke's Bay Arts Festival and more.

This year we have engaged with the community following Cyclone Gabrielle through providing a feedback space to leave stories about the impact of the cyclone on individuals. Our Messages of Love programme enabled the community to leave messages of support and hope on hearts for the rest of the community, and we have begun collecting videos from individuals about the day and following weeks as an important part of our regional archive.

Despite significant inflation cost increases and Cyclone Gabrielle impacts on visitation, venue hire, education and event bookings, we finished the year within budget. This was achieved through staff vacancies, material supply shortages, and careful management of budget. We also managed to achieve cinema, retail and Friends of MTG membership revenue targets.

A significant element for the year was Cyclone Gabrielle and providing support to the community, with many staff working on

the emergency response, helping marae with unearthed koiwi and damaged taonga, providing advice to individuals on dealing with damaged treasures, providing space for displaced EIT students and staff, and the space and means for people to share their grief, stories and hopes.

The Joint Working Group continues to make steady progress on the development of the long-term access and storage facility to hold, protect and share the large and important regional collection, for which the Trust is kaitiaki. Fundraising has secured \$ 23.864 million to date (\$14.544 million from external funds and \$ 9.32 million equally shared between Napier and Hastings Councils) with a further \$1 million target for the Trust to fundraise. Contractor pricing has come in higher than expected and a value engineering process is underway to see where costs can be reduced without compromising the project.

## The Faraday Museum of Technology

The Faraday Museum has come a long way over the last year. We have successfully held three major exhibitions, with numbers over the summer more than double the previous year.

Our retail store has seen growth, and the general uptake of the museum is better than previous years.

We've found it difficult to get schools through the doors due to the building being earthquake prone and having no educator onsite to provide programmes. The facility has seen a decrease in volunteers over the last 24 months due to the pandemic, cyclone, and other factors, so we have needed to employ more casuals to cover the vacancies. The facility has also had major infrastructure failures including plumbing, and electrical.

## McLean Park

McLean Park hosted 13 major events over the year, with majority of the events being Hawke's Bay Magpies or Central District Stags National Competition Games. Two International Cricket games took place with the Black Caps playing India and the White Ferns playing Bangladesh. The park finally got to host NZ's favorite band Six60 in November for the first time in front of 16,000+ fans after being delayed due to COVID19 restrictions.

Centennial Events Centre was back up and running with regular sports filling most evenings through school terms after undergoing renovations. The annual Home and Garden Show went ahead uninterrupted this year and was hosted throughout the park and the Centennial Events Centre.

Cyclone Gabrielle's wider impact was shown with the loss of one CD Cricket game and a rescheduled final to McLean Park at the back end of the season. The Centennial Events Centre operated as an evacuation center for the community during this time with community sports either relocating or cancelling for that term.

The year finished with the NZ Warriors playing the Brisbane Broncos at a sold out McLean Park. Both teams were involved in community events while they were in Napier, and an open captains run brought over 1000 kids to the park the day before the event.

## Reserves

It has been a busy year for the Parks and Reserve team and there has been a number of highlights, achievements and challenges.

Essex Street Reserve playground renewal was completed in November 2022 and was opened to a very excited crowd.







The project saw the installation of a new playground, picnic area and basketball court with the opening made extra special with the Hawks, Tall Ferns, and Tall Blacks players joining the community to celebrate the opening. This was made possible due to Council's relationship with Basketball NZ and Basketball Hawke's Bay and the 'Hoops in Parks' program.

The Maraenui Shopping Centre Reserve upgrade was opened in time for summer and has been warmly received by the community. The development has seen a community splash pad installed, electric barbeque and covered picnic tables, as well as seating and landscaping improvements. This followed on from the parking and pedestrian safety upgrades finished last year. Westshore also had a new playground opened at the end of this financial year. The playground included exciting new play equipment including a sandpit and flying fox, while the community loved carousel was refurbished and reinstalled for all to enjoy. The playground included subtle links to its location with an orca whale play sculpture as a nod to the whales seen feeding along this stretch of coast, and the playground colour scheme tying to the adjoining Surf Life Saving Club.

The Napier Rotary Pathway Trust - Maggie's Way walkway from Puketapu Road through Dolbel Reserve, and up to Otatara Pā is over halfway constructed. Ongoing delays from wet weather and impacts from the cyclone have resulted in a number of delays with this project. This pathway link forms part of the continued work to provide public walkway across the Taradale hills, known as Maggie's Way.

We were also fortunate to receive a \$30,000 donation by the Rotary Club of Ahuriri for the establishment of a barbeque and picnic area

at Spriggs Park. This was installed and opened just in time for Christmas and celebrated the clubs 50th anniversary.

Refurbishment of the George H Swan Memorial on Marine Parade was completed in November. On the reopening of the memorial John Swan, great grandson of former Mayor George Swan, expressed his gratitude to the council for the commitment to this project.

We have continued to implement projects to improve accessibility around our open spaces. Directed by our Council Disability Strategy, we received funding through Central Government Better Off Fund to support disability projects. This funding was used for a number of projects across council including the installation of two accessible ramps along the Marine Parade and Sunken gardens ensuring all can enjoy one of the city's greatest assets.

In the environmental improvement space, Council has facilitated and supported a number of community planting days. Work led by the Pirimai Residents Association, Greenmeadows Rotary Club, Dolbel Planting Group (Taradale Rotary) coupled with our own Council native planting program has seen thousands of native trees planted around the city's parks and reserves. Memorial trees were also planted at Centennial Gardens in Taradale in honour of Queen Elizabeth and King Charles.

We partnered with the 'Save the Dotterels' group in Bayview with signage and fencing of nesting areas and started works in partnership to provide habitat and protection of our critical endangered kōkōwai/northern spotted skink in other foreshore locations.

We have drafted our Open Space Strategy and Napier Play Strategy and plan to have these endorsed/finalised in the 2023/24 financial year. These key pieces of strategy will help set clear direction for the management and forward planning for our open spaces and playgrounds leading into the Long Term Plan 2024.

As well as these strategies, we have completed pre-engagement to review a number of the city's Reserve Management Plans (RMP). The City Wide RMP has been opened to the community for input and targeted engagement has been undertaken for the Maraenui Park and Taradale Park RMP. Work will continue in the new financial year to progress these plans and notify the draft Reserve Management Plans to our community for further input.

One of the key challenges this year has been the impact of the weather, and in particular Cyclone Gabrielle. The redirecting of staff, resources and contractors to the response and recovery tasks has had a huge impact on the business, especially on the delivery of our capital program, and the recovery continues. In respect to the Parks and Reserves asset, the cyclone caused the loss of approximately 200-300 established trees, landslides on Halliwell's and Sugarloaf reserve, track and asset damage, large silt deposits, and substantial volumes of wood debris being washed up on our foreshore reserves. Impacts of this event will be felt for a long time and our hard working staff are still working on the recovery at time of preparing this report.

Ongoing vandalism, tagging, and illegal vehicles on reserves, especially motorbikes, have also continued to be an issue for the year, but progress has been made through partnering with Waka Kotahi to barrier off the Marine Parade foreshore reserve.

Looking forward, our project team have awarded two new playground builds at Park Island and Riverside Park which will be built in the coming six months.

We are also making good progress in the development of the linear park between Pandora Road and the Estuary, as well as the development of a new park and waka ama storage area at the end of Humber Street, with these projects looking for completion in the next year.

## Sportsgrounds

This year has been challenging for our sportsgrounds, staff and users for a number of reasons. It was one of the wettest summers on record which impacted summer codes, Cyclone Gabrielle impacted events, and the high rain fall also impacted winter codes. Despite the climatic challenges, we have had over 34,000 hours of community sportsground use and our dedicated maintenance team have worked tirelessly to provide high quality sports fields for our community. Public satisfaction with our sports facilities remains high and sits above the national average.

Council has worked with the Taradale Bridge Club to assist with the development of their new community building at Park Island, and in April 2023 this facility was opened by Mayor Kirsten Wise. This project required partnership between the Council and the club to see drainage and carpark improvements for this development, and to also provide additional capacity for Hawkes Bay Hockey and Central Football.

Pirates Rugby and Sports Club have also been working with Council around the relocation of their club from Tamatea Park to Park Island North. Positive steps have been made over the last year, with Council approving in principle the relocations, and a lease agreement being drafted for the new clubrooms. Council has also approved budget for the development of the fields and changing facilities which will be carried out over the next two years.







Council approved the lease of an area at Bledisloe Park for the relocation of the Napier Indoor Bowls Club. The club is working on design and intend on starting the project this year.

At Petane Domain in Bayview, design is well underway for the sealing of the current grass carpark situated between the playground, tennis courts and Eskdale Soccer Club. This has been an ongoing issue and the clubs and users are looking forward to this improvement.

The expansion of the Pettigrew Green Area in Riverside Park was completed and officially opened February 2023. Managed by the Regional Indoor Sports and Events Centre Trust, Council contributed some \$4.1m towards this \$20m project, which has seen the increase of an additional 5,900m<sup>2</sup> of indoor sports facilities for the region.

Engagement kicked off this year for the Taradale Park and Maraenui Park Reserve Management Plans. Both these sporting grounds are important community facilities, and consultation with the clubs and the communities they serve is critical in directing future development and management of these parks. The engagement reports from this work will feed into the draft reserve management plans which will take shape in the pending financial year.

Strategically, Council has engaged in a Hawkes Bay Regional Sports field Review with Hastings District Council, Central Hawkes Bay District Council, Wairoa District Councils and Sport Hawkes Bay. This review is to look at trends, supply of sportsgrounds and demand moving forward. Work started earlier this year and results of the assessment will be known in the next six months.

## Napier Aquatic Centre

It has been a year of change and laying the ground work for future improvements. With Ocean Spa coming into direct Council management from February 2023, this has enabled an Aquatic Network to be created. This network includes a new structure to achieve collaboration and synergies across the two different, but complementary aquatic facilities. As a result, new roles were also developed and implemented, with key leadership roles for the Napier Aquatic Centre established and filled with talented leaders to complement those that were already part of the team.

The Napier Aquatic Centre remediation project progressed to tender stage, with a detailed scope of requirements for physical works developed. Procurement of a main contractor and the physical works will commence in 2023/24. Progress with this project was delayed by a number of factors including the impact of Cyclone Gabrielle.

Significant asset improvement projects like the outdoor covered eating area and the installation of autodosing equipment were completed during 2022/23.

From a programme perspective the aquaerobics and AquaMax bootcamps deliver health and wellbeing benefits and a real sense of community, while the holiday programmes continue to deliver and evolve to provide a fun, accessible and affordable solution for parents during the school holidays.

Swim School numbers are began to bounce back to pre-COVID levels this year.

Customer surveys and feedback demonstrate the quality of the offering and its effectiveness at developing critical swimming and water safety skills to adults and tamariki in Napier.

Cyclone Gabrielle impacted financial and visitation results, with the facility closed for a month while staff played a role in the response and recovery of the region.

The year has seen a lot of new programmes and offerings started through engagement and understanding the needs of different parts of our community. These have included fun days for schools impacted by Cyclone Gabrielle, a programme for teen parents through Colenso High School Teen Parent Unit, new partnerships with Hawke's Bay Rugby for game day promotions and a Learn to Swim programme for tamariki that are home schooled.

## Ocean Spa

Napier City Council assumed direct management of the facility on 1 February 2023. A programme of remedial works immediately commenced on the plant and equipment, and included refreshing the changing facilities and resurfacing of two of the pools.

The facility reopened to the public in late May after significant delays from Cyclone Gabrielle. Initial visitation has been high. Positive feedback has been received on the improvements to the facility, both from the public and previous members.

## Bay Skate

One of the key focuses for Bay Skate this year was to encourage greater participation in roller sports. We are delighted to report that we have implemented some great programs such as "Shred sessions" and "Skate Schools" to help us achieve this. Our school holidays "Skate Schools" were so popular that we had to add more classes to try and cater for the demand.

One of the most anticipated events on our agenda was our first international competition - the "Oceania Continental Scooter Championships". However, it is with regret that we must acknowledge its cancellation due to the unfortunate cyclone that hit our region. Despite this setback, we remain determined to explore opportunities to potentially have this event return in future.

Another highlight for the year was the completion of our skating rink. The rink not only provides a permanent home for the Napier Sharks Inline Hockey Club, but it has also become a fantastic space for beginners and experts alike to enjoy passive skating.

This now rounds out our facility as a Roller Sports Facility and allows Bay Skate to continue to be a hub for all roller sports enthusiasts of all skill levels.

We experienced a "wet summer" that affected our visitor numbers during the second and third quarters. With the change in weather patterns we are beginning to look at ways we can adapt the facility so we can still operate in some form regardless of the weather conditions.

## Retirement and Rental Housing

The Healthy Homes project continued into this year. Heat pumps have been installed in all of our villages and we are almost finished with the extraction fans and draft stopping. We are ahead of the legislative requirements for Healthy Homes.

Renewal projects across the villages are continuing. We have added security lights, widened pathways so they can fit mobility scooters, have been maintaining fences in Wellesley village and replaced windows in Oriel village. The Housing Team has also been focusing on our grounds maintenance to ensure the villages are aesthetically pleasing for the residents.

New tenants that have come into the villages this year have been paying the higher rent. The rent for existing tenants will go up in October 2023.

## Community Facilities (Halls)

Over 85% of hall bookings came from community groups or were bookings for groups using the halls for community purposes. There were less bookings in quarter three due to the cyclone.

Renewals for the halls was minimal this year but external lighting was put outside Meeanee Memorial Hall to help with safety after dark.

Te Pihinga is on hold waiting for the land transfer from Kainga Ora to the Council. The land transfer of the site went through in March 2023. The project was the delayed due to the cyclone. A working group is being set up to look at further engagement to inform the detailed design and identify a suitable operating model.

## Community Strategies

Activities were different in the second half of the year for the Community Strategies team following Cyclone Gabrielle. The team were involved in the Welfare function in the response and the transition to recovery.







This meant there has been delays to some projects and events.

DiverCity was delayed and was held in June in an indoor venue due to the rainy weather. This event was successful and it was great to see the community celebrate and connect.

The Grants Review will be finished soon but in the meantime, the team have implemented a new administration for our grants. This system was first used for the Community Services Grant and it helped to streamline the process.

Napier's Youth Council is still going from strength to strength and they have been focused on cyclone relief for the second half of the year. The Council ran a youth quiz night and raised money for a cyclone affected family. They also teamed up with the HB Youth Environment Council to run a beach clean-up at Waitangi Park. The Council continues to raise their profile within the community, develop their leadership skills and celebrate youth talent at the Youth Awards.

The team was pleased to see the rescue devices that are kept along the beach at Marine Parade were useful recently to help rescue a person that got in trouble in the waters.

## Engagement

This year we continued engagement with our communities on parks and reserves, roading projects and water services projects.

Our engagement schedule changed during the second half of the year because of Cyclone Gabrielle. In April the Community Strategies team engaged with our displaced communities to create our first Recovery Plan.

A range of forums and network groups are facilitated through the team and we work alongside community groups with their mahi. This work helps guide our strategy development and implementation. Our on the ground community development engagement helps inform our grants investment along with data and analysis from our surveys.

We continue to use Facebook live as one of our forms of engagement and we ran a Facebook live event for the 2023/24 Annual Plan to explain the content of the plan and why we were not consulting on it.

## Events and Marketing

During the year, Napier City Council ran or supported 55 local events with a variation in genre including music, sporting and community. These events contributed a \$12m benefit to the region.

Significant events included the Six60 concert and the One New Zealand Warriors v Brisbane Broncos game at McLean Park. Other events of regional significance included the National Age Group Swimming Championships and the Volleyball Inter-Provincial Championship.

Cyclone Gabrielle had a significant impact on the events industry with 20 events cancelled or postponed including Art Deco and Horse of the Year.

Marketing initiatives have been focused on growing audiences as a means to more effectively communicate key messages and campaigns. This aims to contribute to an objective of ensuring the community feels well informed. Some strategic channel improvement initiatives were delayed due to the effect of Cyclone Gabrielle on resourcing, these delays have contributed to an overall budget underspend for the year.

Core focuses of NCC communications have included Cyclone Gabrielle recovery, significant project milestone updates, community consultations and vibrancy initiatives including events.

Marketing of community and visitor facilities have seen some successful campaigns which has contributed to increases in visitor numbers, particularly at The National Aquarium of New Zealand, The Municipal Theatre and Kennedy Park Resort.

## SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Investigating expanding Kennedy Park Resort accommodation to increase resilience - Commence a business case to investigate building more accommodation at Kennedy Park Resort to cater for growing demand.	On hold	Due to competing priorities this was put on hold and is yet to start.
War Memorial restoration - Construction to return the Perpetual Flame, Roll of Honour and remembrance/reflection space to the Napier War Memorial Centre.	In progress	Due to be complete within the next few months.
Business case development to support Napier i-SITE and Par2 Mini Golf investment - Following Council direction (June 2022) the development of a business case will commence to inform development and investment of the Napier i-SITE and Par2 Mini Golf.	In progress	The development of the business case is in progress and is planned to be completed in time to inform the 24-34 Long Term Plan.
Understanding the extent of building infrastructural issues at the National Aquarium of New Zealand - Focusing on understanding the current state of our Aquarium and infrastructure. Investigation is needed to identify issues, scope costs, and consider timeframes for potential fixes.	In progress	With the help of the Building Asset Management Team, we have worked with contractors and consultants to investigate a wide range of our infrastructure in order to scope, plan, and cost prioritized projects. This includes building weather proofing, life support systems remediation and replacements, freshwater bore replacements and other key projects. Intelligence gathered will be used to progress some projects further, and plan expenditure and efforts for 23/24 and the Long Term Plan.
Future direction National Aquarium of New Zealand - Review the future direction for the Aquarium including consideration of the facility, future investment decisions and funding sources.	In progress	A planned community consultation with external research company Folkl was put on hold, while the review of the Business and Tourism commercial review is undertaken. The findings will help identify the viability of NANZ as a genuine commercial business. It will investigate a number of opportunities that consider governance, as well as funding and service delivery. This information will be considered and a recommendation made around potential models going forward. There may be an opportunity for the community to have some say on NANZ's future vision and state as part of the Long Term Plan 2024-34 community consultation process.
Library and Civic Area Plan master plan implementation - Designing the building for the Napier library, community, cultural and civic functions.	In progress	Master Planning, Library Design Brief, and Business case have been completed and adopted by Council. We have now progressed to the Concept Design Stage of the Civic and Library programme.
Artefact and taonga collection storage for MTG Hawke's Bay - Progressing the fit out of new storage facility for the Hawke's Bay regional museum collection in Hastings, in conjunction with Hastings District Council.	In progress	\$23.894 million funding secured. Detailed design completed. Value engineering process underway.
Faraday Centre Business Case Implementation - Resolve the Faraday Centre ownership and strengthen and upgrade the facility to meet health and safety and community needs.	In progress	Work is being currently progressing well to subdivide and purchase the building, however we are waiting for agreements to be confirmed so this is still a work in progress.

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold





Significant initiative	Status	Comments
McLean Park Strategy - Development of a McLean Park Strategy will future proof this multi-use event venue for whole region to enjoy and prosper from.	Partially achieved 	Majority of the work is complete and in draft form. This information will now be included as part of the Business and Tourism commercial review.
Anderson Park playground - Stage 2 of the 'destination playground' at Anderson Park following targeted engagement to understand how the community would like it to take shape. Extra features may include picnic areas, active play equipment, and/or more area for skates/bikes.	In progress 	We completed engagement with our community in late 2022. The project was delayed due to resource allocation following Cyclone Gabrielle. The concept has now been developed and scoped, so we are now at the detailed design and tendering stage.
Whakarire Avenue Revetment - Construct Whakarire Ave revetment. The revetment will protect the reserve and properties on Whakarire Ave and will restore the public's access to the reserve.	Partially achieved 	Construction start date delayed due to the cyclone and the contractor and stockpiled rock supply being redirected for emergency response works. Contract commenced after the delay and is progressing for a Spring 2023 completion.
Preserving levels of service for the Napier Aquatic Centre - Investing an additional \$4 million into the Napier Aquatic Centre in 2022/23 for remedial work so we can keep it operating while we work towards a new aquatic development.	Partially achieved 	Detailed scoping completed in December 2022. Procurement and engagement of main contractor delayed by Cyclone Gabrielle. Procurement of main contractor to now be completed in early 2023/24.
Exploring options for the future of a Napier Aquatic Facility - Continue to explore with Council the future aquatic development requirements.	On hold 	Aiming to explore Council's appetite to progress this as part of the 24-24 Long Term Plan process.
Ocean Spa - Refreshing changing rooms and updating the facility to coincide with the end of the contract with the external company managing the pools.	Partially achieved 	The majority of planned works has been completed however we are still working with contractors on some adjustments and modifications as the facility becomes operational.
Implement decisions for Council's housing portfolio - Implementing Council's decisions arising from the strategic review of Council's portfolio of 377 homes. Council have resolved to retain the portfolio and implement a new cost recovery model, which will see changes to the way rents are calculated. A rates contribution is also anticipated subject to consultation on a proposed rates increase in 2023/24.	In progress 	The new cost recovery model is being implemented for new tenants and will be implemented for existing tenants in October 2023. Consultation is yet to occur.
Compliance with Healthy Homes requirements - Installation of heat pumps, ventilation systems and further draught stopping in Council's portfolio of 377 homes will continue through 2022/23.	Achieved 	

Status Indicators:  Achieved  In Progress  Partially achieved  On hold

Significant initiative	Status	Comments
Developing a Child and Youth Wellbeing Strategy - Completion of pre-strategy engagement and development of a 'Child and Youth Wellbeing Strategy - Ahuriri'. This strategy will be based on the national strategy, and developed in liaison with the Department of Prime Minister and Cabinet, the Children's Commissioner, and Napier Pilot City Trust.	On hold 	The work has been delayed to 2023/2024 due to lack of resourcing following Cyclone Gabrielle.
Community Plans - Council is completing a Community Plan Framework. Community Plans capture the aspirations and priorities of a community, and give Council a clear point of reference when doing localised projects. In 2022/23, community plans will be developed and implemented for Westshore and Pirimai.	On hold 	Work has been delayed due to Cyclone Gabrielle.
Regional Homeless Plan - A 'discovery' report will be completed.	In progress 	Some progress has been made but the work has been delayed to 2023/2024 due to Cyclone Gabrielle.
Safer Napier Programme - Implementation of the 2022/23 Action Plan for the Safer Napier Programme.	In progress 	
Regional Arts and Culture Strategy - Development of regional strategy with regional partners including Ngā Toi Hawke's Bay.	On hold 	Delayed to 2023/2024 due to Cyclone Gabrielle.
Community Funding Review - Review being completed with implementation planned (subject to any budget and consultation requirements) in 2022/23.	In progress 	The funding review was delayed because of Cyclone Gabrielle. We have received a draft review and we are now waiting for the final review. The review will be presented to a Council Committee in the coming months.
Te Pihinga development - Developing a detailed design for the Te Pihinga project (a community centre in Maraenui) and completion of a social procurement plan.	On hold 	The land transfer took longer than expected and it was completed soon after Cyclone Gabrielle. There has been a delay since then as the team was working in response and recovery.
Taradale Town Hall - Completing an optimisation study and subsequent refurbishment project	Achieved 	Internal refurbishment complete.
Memorial Square Community Rooms refurbishment and seismic strengthening - Partnering with the Art Deco Trust to restore, strengthen and refurbish the Memorial Square Community Rooms, with an understanding that it will be leased to the Trust.	On hold 	Delayed due to impacts of the cyclone.

Status Indicators:  Achieved  In Progress  Partially achieved  On hold





# PERFORMANCE RESULTS

Activity	Level of service	Performance measures	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?	
Kennedy Park	To provide a range of high quality accommodation and related visitor experiences	Maintain Qualmark 5 star Gold Holiday Park rating	Maintained	Maintain	Maintained	◆		
		Maintain Qualmark 4+ star Gold Motel rating	Maintained	Maintain	Maintained	◆		
		Services provided are value for money in the accommodation sector	Maintain high level of occupancy (visitor nights)	53,987	70,000 visitor nights booked per annum	61,344	◆	Cyclone Gabrielle impact. Facility closed 15/02/23 - 31/03/23.
		Maintain high level of occupancy (room nights)	19,494	28,200 room nights booked per annum	22,360	◆	Cyclone Gabrielle impact. Facility closed 15/02/23 - 31/03/23.	
		To provide a sustainable business	Average length of stay for visitors	2.89 nights in built accommodation	2 nights in built accommodation	2.97 nights in built accommodation	◆	
Napier Conferences & Events	Council provides a quality conference and events facility which enables events and services to be hosted, contributing to the economic wellbeing of the city	Maintain Qualmark 4+ star Silver rating	Maintained	Maintain	Maintained	◆		
		Number of local, national, and international hires	355	320	293	◆		
Napier i-SITE Visitor Centre	Council provides an i-SITE facility for visitors and locals to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services	Maintain Qualmark Silver rating	Maintained	Maintain	Maintained	◆		
		Visitor numbers per annum	109,673	≥150,000	40,156	◆	Due to the impact of the cyclone the facility closed for 7.5 days and 27 cruise ships cancelled.	
Par2 MiniGolf	Council provides a Mini Golf facility as a visitor attraction and for local community use, which provides high customer satisfaction and a sustainable business	Maintain Qualmark Silver rating	Maintained	Maintain	Maintained	◆		
		Visitor numbers per annum	49,091	≥45,000	49,091	◆		
		Return on assets	0%	16%	15.12%	◆	Target not met due to a combination of facility closure for remedial works and the impact of Cyclone Gabrielle.	

Performance Indicators: ◆ - Achieved    ◆ - Within 10%    ◆ - Not achieved, greater than 10%





# PERFORMANCE MEASURES

Activity	Level of service	Performance measures	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?
National Aquarium of New Zealand	Provide an aquarium for visitors and local citizens for recreation and education	Number of admissions	126,698	≥145,000	105,813	◆	Record January visitation, but the facility was closed due to the cyclone which impacted visitation numbers. April school holidays yielded less visitation than expected due to reduced domestic visitors to region. Accommodation availability was cited as an issue with capacity taken up by cyclone recovery support workers.
		Maintain Qualmark Gold endorsed rating	Maintained	Maintain	Maintained	◆	
		ZAA (Zoo Aquarium Association) Accreditation	Maintained	Maintain accreditation	Maintained	◆	
Libraries	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)	48%	35%	49%	◆	
		Percentage of residents satisfied with library service in the Residents' Satisfaction Survey (excluding don't knows)	65%	88%	59%	◆	Survey shows that the Napier branch still being in a temporary, smaller location is having an impact.
		Percentage of collection that is actively used	68%	75%	66%	◆	Impacted by Cyclone Gabrielle.
		Number of internet sessions	213,113	190,000	18,434	◆	
		Number of programme sessions delivered for all ages per year	565	450 sessions	163	◆	
Napier Municipal Theatre	Council provides a quality performing arts venue experience for visitor and local use	Maintain Qualmark Silver rating	Maintained	Maintain	Maintained	◆	
		No. of shows/performances	62	65	22	◆	Due to impact of Cyclone Gabrielle, facility was closed & 6 performances were cancelled.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%





# PERFORMANCE MEASURES

Activity	Level of service	Performance measures	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what’s behind the results?
MTG Hawke’s Bay	Napier City Council provides a quality museum, theatre, and art gallery experience for local and visitor use	Visitor numbers per year	201,959	230,000 per annum	123,233	◆	Visitor numbers impacted by end of COVID-19 impacts and Cyclone Gabrielle, which resulted in loss of cruise ships entering the region.
		Percentage of residents satisfied with MTG Hawke’s Bay in the Residents’ Satisfaction Survey	60%	63%	56%	◆	
Faraday Centre	Council provides a quality technology museum that is accessible to the community	Visitor numbers per annum	20,083	18,700	13,864	◆	
McLean Park	Provides a sport and recreation facility catering for a range of activities	Number of major events hosted	13	11	14	◆	
Reserves	Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use	Percentage of park users satisfied with parks and reserves in the Residents’ Satisfaction Survey	84%	96%	83%	◆	Top performing Council service attribute 2023, and above the national average, but still 12% below performance measure target.
	Playgrounds are safe, challenging, and enjoyable for both users and caregivers	All playgrounds are inspected fortnightly	99%	100%	93.3%	◆	Cyclone Gabrielle impacted ability to inspect some playgrounds for week of 13 February 2023.
	Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use	Reduction in the number of service requests for remedial action in parks and reserves	383	Downwards trend	373	◆	We received more service requests than usual due to the impact Cyclone Gabrielle had on our parks and reserves.
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 (NZ Recreation Association guidelines require 3ha per 1,000 people)	2.5ha per 1,000 people	>3ha per 1,000 people	3.3ha per 1,000 people	◆	Change in how measure is assessed. Have removed non-developed grounds (i.e. areas of Park Island) and other sportsground leases (i.e. pay for use sportsgrounds such as Golf Courses and Tennis Clubs) in the data. This data has been revised and updated resulting in a much lower Ha per population ratio. Measure will likely be reviewed as part of the upcoming LTP.
	Sporting surfaces and facilities are well maintained and suitable for use	Percentage of those surveyed who are satisfied with sportsgrounds in the Residents’ Satisfaction Survey	83%	89%	83%	◆	Above national average, but 6% below performance measure target. Possibly impacted due to closures of fields due to wettest summer on record.
	Sports facilities support the event industry within the city	Events held on the sportsgrounds per annum	270	>50	66	◆	Events (per game or use) is much higher than the arrangements measure. (circa 12,000)

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%





# PERFORMANCE MEASURES

Activity	Level of service	Performance measures	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment - what's behind the results?	
Napier Aquatic Centre	Provide aquatic facilities that focus on accessibility and safety	Number of users using the centre each year	146,407	175,000	68,184	◆	Three week closure of facility due to Cyclone Gabrielle has impacted user numbers.	
		Water testing results are always within the safe parameters according to the New Zealand Standard for Pool Water Quality NZS 5826:2010	96%	100%	96.8%	◆	Manual dosing system and bather load cause difficulty in maintaining water treatment standards. Automatic dosing systems on all pools are currently being installed.	
		Maintain Poolsafe accreditation standard	Maintained	Maintain accreditation	Maintained	◆		
		Maintain nationally accredited QSS (Quality Swim School) standard	Not Maintained. Swimming New Zealand stopped providing this accreditation in 2020.	Maintain accreditation	Not Maintained. Swimming New Zealand stopped providing this accreditation in 2020	◆	Swimming New Zealand have recently confirmed the new application process for the accreditation that is replacing the old QSS accreditation. We will investigate our options in relation to applying for the new Registered Swim School programme.	
Ocean Spa	The Marine Parade Pools complex is a safe recreational facility for the community	Water testing results are always within the safe parameters according to the New Zealand Standard for Pool Water Quality NZS 5826:2010	100%	100%	100%	◆		
Bay Skate	Provide a facility to cater for a range of roller sports activities	Visitor numbers per year (entry passes sold)	24,522	27,000	32,839	◆	Facility closure for two weeks due to Cyclone Gabrielle impact. January adverse weather impacted numbers through the door during busy Xmas holiday period. Developments at facility resulted in regular group users unable to access complex.	
		Deliver between 8 and 12 events per year	13	Between 8 and 12	6	◆	Two events cancelled due to the cyclone.	
Housing	Provide affordable and safe housing that meets the needs of tenants	Percentage of tenants satisfied with service	85%	85%	92.5%	◆		
		Number of unit inspections (each unit inspected once per year)	100%	304 retirement 72 rental	100%	◆	Each unit inspected at least once but no inspections in Q3 because of the cyclone.	
		Maximise the occupancy and use of housing and village halls	Occupancy rate - retirement	95%	90%	99%	◆	
		Occupancy rate - rental	96%	90%	98%	◆		
Community Facilities (Halls)	Provide affordable indoor facilities that meet the social, leisure, and cultural needs of the community	Percentage of community hireage for halls directly managed by Council	89%	85%	87%	◆		
		Percentage of customers satisfied with halls directly managed by Council	95%	95%	98%	◆		



# PERFORMANCE MEASURES

Activity	Level of service	Performance measures	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment – what's behind the results?
Community Strategies	Develop effective strategies, policies, and initiatives that support community wellbeing	Number of local community events per year	35	50	47	◆	Events cancelled in Q3 because of Cyclone Gabrielle.
	Provide quality advice, information, and support to community groups and agencies, and help build a strong community and voluntary sector	Number of community training and network meetings facilitated each year	18	20	28	◆	Meetings cancelled in Q3 because of Cyclone Gabrielle.
		Percentage of attendees satisfied with community training and network meetings	95%	96%	98%	◆	
	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)	56%	75%	56%	◆	Safety perceptions are low, but we are hoping these will improve due to the introduction of Napier Assist / Āwhina Tāngata.
Events & Marketing	Council works with strategically targeted new and existing events to assist them to grow, develop, and become sustainable	Economic impact of events funded under the Council events strategy	\$18.7M	\$12M	\$9.4M	◆	20 events cancelled or postponed as at Q3.
	We keep people informed, make it easy for people to interact, engage, and transact with Council. We listen and act on the needs of the people	Satisfaction with Council communication in the Annual Residents' Satisfaction Survey	50%	Above the 2022/23 set level in the NZ Benchmarking Survey	58%	◆	Benchmark was 57%.
Engagement	Provide high quality information to the public to empower communities to participate in the decision-making process	The percentage of residents satisfied with the amount of public consultation undertaken in the Residents' Satisfaction Survey	49%	75%	53%	◆	This is close to Aotearoa's average of 51%.



# CAPITAL EXPENDITURE

## for Community and Visitor Experiences

	Actual 2022/23 \$000	AP 2022/23 \$000
<b>Bay Skate</b>		
Bay Skate Renewals	11	23
Park Improvements	86	207
<b>Community Facilities</b>		
Halls Renewals	12	56
Memorial Square Community Rooms	78	1,545
Minor Capital Items	4	62
Taradale Town Hall internal refurbishment	-	206
Te Pihinga Community Centre	892	1,272
<b>Community Strategies</b>		
Cyclone Gabrielle Capital	261	-
<b>Faraday Centre</b>		
Faraday Centre Building Upgrade	9	536
Faraday Centre Minor Capital	17	10
<b>Housing</b>		
Healthy Homes Heat pumps	654	1,277
Henry Charles Hall Internal Refurbishment	-	309
Minor Capital Projects	370	92
Minor Capital Projects	38	22
Rental Housing Renewals	427	10
Retirement Housing Renewals	346	1,329
<b>Kennedy Park Resort</b>		
Kennedy Park Building Renewals	-	95
Kennedy Park Renewals	14	49
Main Ablution Block	58	-
Minor Capital Items	256	1,227
Upgrade TV Infrastructure	75	180
<b>Libraries</b>		
Library Building Renewals	-	5
Library Renewals	52	10
Library Stock	224	453
Minor Capital Items	8	10
Napier Library Rebuild	58	479
Taradale Library Minor Work	443	357
Technology Services Upgrade	-	49

	Actual 2022/23 \$000	AP 2022/23 \$000
<b>Marine Parade Pools</b>		
Marine Pde Pools Renewals	368	127
Ocean Spa Upgrade	1,750	621
Replacement Boiler	25	62
<b>MTG Hawke's Bay</b>		
Century Theatre Balustrade	-	10
Collection Storage Van	-	62
Earthquake Gallery	21	82
MTG Building Renewals	72	60
MTG Century Theatre Tech Investigation and Upgrade	21	309
MTG Minor Capital	89	52
MTG Renewals	87	62
Seismic Strengthening	-	282
Storage for MTG - property purchase	-	1,854
<b>Napier Aquatic Centre</b>		
Napier Aquatic Centre Renewals	404	4,700
Reception and Office Redevelopment	-	21
<b>Napier Conferences &amp; Events</b>		
AV Equipment Upgrades	10	157
Conference Centre Building Renewals	-	7
Minor Capital Items	19	62
Napier Conferences & Events Renewals	79	536
War Memorial	2,181	1,710
<b>Napier i-SITE Visitor Centre</b>		
i-SITE Alterations	3	258
i-SITE Renewals	5	38
Minor Capital Items	-	10
<b>Napier Municipal Theatre</b>		
Minor Capital Items	21	57
Municipal Theatre Building Renewals	-	2
Municipal Theatre Renewals	269	494
<b>National Aquarium of NZ</b>		
Aquarium Renewals	385	1,179
Building Renewals	141	299
Minor Capital Items	34	27
<b>Par2 MiniGolf</b>		
Par 2 MiniGolf Renewals	45	-
Minor Capital Items	3	34





## CAPITAL EXPENDITURE for Community and Visitor Experiences

	Actual 2022/23 \$000	AP 2022/23 \$000
<b>Reserves</b>		
Ahuriri Estuary Projects	47	204
Allen Berry Future Development	-	91
BOF Disability Strategy	169	-
Destination Playground Stage 2	23	927
Foreshore Planting	29	21
Gifted/Vested Assets	139	309
Maraenui Splash Pad and Park Development - Shopping Reserve	90	36
Marine Parade Renewals	250	984
Minor Capital Items	8	-
Planting	101	72
Playground Renewals	764	606
Reserves Renewals	743	1,329
Riparian Planting	2	21
Urban Growth	51	649
Western Hill Pathway Development	200	41
Whakarire Ave Rock Revetment	896	2,176
<b>Sportsgrounds</b>		
Centennial Hall Flood Restoration	136	-
McLean Park Changing Rooms Upgrade (FIFA Woman's World Cup)	602	-
McLean Park - Centennial Hall Gutter	7	-
McLean Park Digital Screen	277	152
McLean Park Facility Renewals	331	896
McLean Park light tower upgrades	-	103
Minor Capital Items	-	1,056
Neighbourhood Parks Upgrades	-	258
New Shade Areas	23	41
Playground Development	8	309
Riparian Planting	2	10
Safety Projects/CPTED	-	-
Sportsgrounds Renewals	488	350
<b>Total Community and Visitor Experiences Capital Programme *</b>	<b>15,811</b>	<b>33,685</b>

\*The above total includes assets that have been vested to Council. This total differs from the Funding Impact Statement as that excludes transactions involving non-monetary funding.

## FUNDING IMPACT STATEMENT for Community and Visitor Experiences

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	28,305	24,499	23,296
Targeted rates	-	-	-
Subsidies and grants for operating purposes	7,620	210	242
Fees and charges	12,476	14,013	13,010
Internal charges and overhead recoveries	1,486	1,856	1,788
Local authorities fuel tax, fines, infringement fees, and other receipts	3,447	3,225	3,133
<b>Total operating funding (A)</b>	<b>53,334</b>	<b>43,803</b>	<b>41,469</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	43,958	31,908	31,229
Finance costs	-	-	-
Internal charges and overheads applied	9,662	10,415	9,880
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>53,620</b>	<b>42,323</b>	<b>41,109</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>(286)</b>	<b>1,480</b>	<b>360</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	499	386	-
Development and financial contributions	2,344	633	615
Increase (decrease) in debt	8,879	13,417	14,768
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>11,722</b>	<b>14,436</b>	<b>15,383</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	398	581	891
- to improve the level of service	7,047	7,001	5,444
- to replace existing assets	8,363	9,738	11,276
Increase (decrease) in reserves	(4,372)	(1,404)	(1,868)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>11,436</b>	<b>15,916</b>	<b>15,743</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>286</b>	<b>(1,480)</b>	<b>(360)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from Above</b>			
Group depreciation and amortisation	8,879	10,383	9,062

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.



# Property Assets

## SCOPE

### Parklands Residential Development

Parklands Residential Development is a multi-stage residential development delivered by Napier City Council.

The subdivision has been split into four areas and encompasses 120 hectares of former Lagoon Farm land. Area 3 (235 lots) is expected to be completed at the end of 2024, and Area 4 (the final area comprising approximately 203 sections) is expected to be completed in 2027.

Residential development in Napier has historically been delivered via private developers, but after a series of planned developments had not proceeded, the city faced a critical shortage of available building lots. NCC saw the opportunity to become actively involved in making land available via the Lagoon Farm land. The development of Parklands also creates an income stream for NCC to assist with projects that will benefit the community as a whole and reduces the reliance on ratepayer funding.

### Lagoon Farm

The Lagoon Farm Activity is a low-impact commercial farm operated on the former Ahuriri lagoon bed landholding south of the current estuary channel. The farm currently operates as a sheep farm with some paddocks leased out for hay cropping on a seasonal basis. The land is to be retained by NCC for potential future residential, commercial, or recreational development.

The farm comprises 289 hectares total area with 40 hectares used for roads, fencing, and storage areas.

This activity covers the costs of land retention and, wherever possible, provides a supplementary revenue stream for NCC to fund coastal amenities and maintenance. It also provides a number of other ancillary amenities to the general public and community of Hawke's Bay, for example recreational cycleway access into the estuary zone and a site for blokarting activities. Approximately one-quarter of the area of the farm adjacent to the lower Purimu Stream is low lying and provides ponding capacity for the Napier stormwater system during extreme weather events.

### Inner Harbour

The Inner Harbour provides NCC-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 of which occupy Council-owned land on a lease basis.

The Inner Harbour provides a channel to the open sea, which the 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.

## Property and Investment Assets

This activity is responsible for the management of leases and licences that have been established for parks, reserves, sportsgrounds, roads, commercial, industrial, and residential properties. The majority of leases within the Leasehold Land Portfolio are perpetually renewable.

## Buildings Asset Management

Napier City Council owns approximately 350 buildings used to provide services to residents, visitors, and staff. These buildings have a total replacement value of over \$230M. The Building Asset Management Activity provides:

- Buildings with Building Warrants of Fitness;



- Basic building maintenance programmes;
- Contract management of specialist providers to undertake Warrant of Fitness inspections and maintenance;
- Coordination of reactive maintenance;
- Building condition assessments to develop high level building renewal plans, and
- Professional building-related advice.

Council is required by several key pieces of legislation to ensure the buildings in its portfolio are safe and healthy. Not only that, buildings are important assets NCC can harness to support the health and wellbeing of the community. When looked after well, our buildings can minimise our impact on our environment and provide spaces for a wide range of community activities.

## COMMUNITY OUTCOMES

The Property Assets activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Parklands Residential Development	   				1		
Lagoon Farm	   		1			2	
Inner Harbour	   		1		2	2	
Property and Investment Assets			1				2
Buildings Asset Management		 	1				2

Key: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing





# YEAR IN REVIEW

## Property Holdings

Leases and Licences were administered in accordance with terms of the individual agreements and property purchases, disposals and land legalisations carried out in accordance with Council resolutions.

## Parklands Residential Development

Parklands stages 8 to 10 are completed and stage 8 was sold in December 2022. There was a delay in the selling of stages 9 and 10 due to the impact of Cyclone Gabrielle. The design for stages 11 and 12 is nearly completed and construction will start in 2024. The concept design for Area 4 is completed with the focus on improving the quantity and quality of stormwater run-off. In addition, there is a focus on using more sustainable materials, which will reduce the carbon footprint of the development.

## Inner Harbour

### Nelson Quay

The Boat Ramp pontoons at Nelson Quay were replaced, after several years of very limited provision following removal of deteriorated assets. The new pontoons will provide boat ramp users with added capacity, the ability to offload catches at the fishing club, and has been designed to accommodate sea level and larger swell increases.

### Adoption of Inner Harbour Plan

The Inner Harbour Plan was adopted by Council in July 2022. This will guide design and investment priorities for the Inner Harbour projects, most of which are driven by renewal needs but offer opportunities to improve the vibrancy, effectiveness and cultural impact of the area.

### Jull Wharf Revetment

A failure was detected behind Jull Wharf in the Iron Pot which presented a significant risk to the walkway, State Highway, rail corridor and Inner Harbour water users if not addressed. Emergency funding was made available to safely demolish Jull Wharf; and design and construct a new rock revetment along Jull Wharf and the end of the Iron Pot. Both the demolition and construction works have been carefully managed to ensure no harm to the resident kororā (little blue penguins) or the sensitive marine environment.

Operational underspend relates to the deferral of Inner Harbour Channel dredging. Depth soundings after Gabrielle demonstrated that the channel was still within its level of service parameters and dredging has been deferred, likely to take place in the 2023/24 financial year. Areas surrounding the Inner Harbour continue to see high levels of investment and economic activity, indicating a high level of confidence in the area continuing to be one of Napier's highlights.

## Lagoon Farm

Wetter weather this financial year pushed the price of stock to a level where the risk of purchasing livestock for grazing and selling at a profit was too high. The decision was made not to purchase stock and this reduced income from the sale of livestock. The drop in income for the year can also be attributed to the impacts of Cyclone Gabrielle, and a decrease in livestock and values. Delays in stock sales and proceeds from wool pushed income into the 2023-2024 financial year.

## Buildings Asset Management

It was another busy year for the Buildings Asset Management (BAM) Team. During the year a new Infrastructure Director and new Manager Asset Strategy were appointed. The Building Compliance & Contracts Lead left the role to an internal vacancy in NCC's procurement team. Implementation of a new compliance contract, including bundling of nine separate service contracts, provided an opportunity to alter the team structure and an alternative role was developed and filled internally. This role, Buildings Asset Management Analyst, will continue to oversee building compliance contracts but also provide improved data management and analytics to enhance the capability of the team to deliver services to our internal clients.

With a staff vacancy for 6 months, coupled with the redeployment of staff in response to effects of Cyclone Gabrielle, progress on some of our more strategic and business process improvement work has been delayed. Our ability to respond to reactive maintenance requests was also negatively impacted.

The Long Term Plan (LTP) contains several Climate Resilience, Carbon Reduction and Energy Efficiency initiatives that could involve the BAM team, however, no resources have been able to be allocated to these. The BAM team have experienced a significant increase in demand for assisting with scoping capital works and managing reactive maintenance, and are unable sustain the demand. Where appropriate contractors are assisting on specific projects.

# SIGNIFICANT INITIATIVES

Significant initiative	Status	Comments
Selling of stages 9 and 10 Parklands - Parklands Area 3 stage 9 (12 lots) and stage 10 (17 lots) will be sold during 2022/23.	On hold	Due to the impact of Cyclone Gabrielle sales have been delayed by six months.
Inner Harbour Plan implementation - Recent assessments have revealed that varying levels of remediation and replacement work is required to walls and structures in the Inner Harbour (Ahuriri). This presents the perfect opportunity to improve the facilities for all users, and to increase access, amenity, and cultural and historical understanding. The Inner Harbour Plan is being presented to Council in June/ July in 2022. If adopted, officers will commission design and consenting for the project as a whole. Items not funded in the LTP will be considered in the next LTP revision.	Achieved	
Review policy and progress of asbestos management in buildings.	In progress	With a new H&S team and additional contractor resource, work has progressed to review NCCs Asbestos Management Policy and approach. Further work is required to determine the appropriate way forward in terms of Asbestos Management Plans.
Development of a Seismic Strategy to inform risk management, planning and budgeting.	In progress	Stage 2 has been complete with the information that could be located. This stage has shown that there are gaps in the information and further effort is required to furnish the consulting engineers with documentation. Progress is slow due to resource constraints and inconsistent filing systems over past years as the Buildings Asset Management function moved from City Services to Corporate Services and then to Infrastructure Services.
Procure provider to manage the Building Warrant of Fitness across the Council portfolio.	Achieved	This was a significant undertaking and resulted in consolidation of nine separate maintenance contracts. The successful provider has robust, auditable systems to manage our compliance obligations.

Status Indicators: ● Achieved ● In Progress ● Partially achieved ● On hold



# PERFORMANCE RESULTS

Activity	Level of service	Performance measures	Actual 2022/23	Target 2022/23	Actual 2021/22	Indicator	Comment - what's behind the results?
Parklands Residential Development	Residential lots are created to provide an expanding residential development to meet the demand for the sections	Number of sections sold and developed	Developed: 29	Developed: 61	0	◆	There has been a delay to development and sale of stages 9 and 10 due to COVID-19 and the more recent cyclone.
Lagoon Farm	Lagoon Farm ensures stewardship of Council's 289 hectare land holding on the Ahuriri Lagoon Bed	Farm revenue will cover the cost of retaining the land as measured by the operating budget and Napier City Council annual internal financial statements for year ended 30 June each year	Revenue did not exceed expenditure	Revenue exceeds expenditure (prior to internal chargebacks)	Revenue exceeded expenditure	◆	Farm income is seasonal and stock sales vary depending on stock prices. Reduced hay sales due to wet summer conditions contribute to the result.
Inner Harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels	Dredging is carried out as required so the channel is maintained to a minimum depth of 2.4 m at lowest tide (source: depth sound checks)	Achieved	Achieved	Achieved	◆	
		Number of permanent berths	98	98	98	◆	
Buildings Asset Management	Council maintains and renews all Council buildings to ensure buildings remain safe, in good condition, and fit for purpose	Buildings with compliance schedules under the Building Act 2004 which have current Building Warrants of Fitness	90%	100%	100%	◆	Due to impacts of Cyclone Gabrielle some compliance inspections could not be completed. Damage to the Specified Systems at the Waste Water Treatment Plant required repairs prior to reinstatement.

Performance Indicators: ◆ - Achieved    ◆ - Within 10%    ◆ - Not achieved, greater than 10%





## CAPITAL EXPENDITURE for Property Assets

	Actual 2022/23 \$000	AP 2022/23 \$000
<b>Inner Harbour</b>		
Ahuriri Masterplan - Iron Pot Public Access	153	-
IH Facilities Renewals	325	-
Inner Harbour Project - Iron Pot Upgrade	1,213	52
<b>Lagoon Farm</b>		
Asset Purchases	28	31
<b>Property Holdings</b>		
Assessment & Compliance Projects	-	412
Building Purchase	1,400	1,853
Civic Buildings Upgrade	2,046	3,090
Minor Capital	14	-
Pandora Pond Buildings	471	309
	<b>5,650</b>	<b>5,747</b>

## FUNDING IMPACT STATEMENT for Property Assets

	Actual 2022/23 \$000	LTP 2022/23 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	295	(166)	(379)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	281	557	542
Internal charges and overhead recoveries	4,995	5,036	5,221
Local authorities fuel tax, fines, infringement fees, and other receipts	10,382	26,373	22,274
<b>Total operating funding (A)</b>	<b>15,953</b>	<b>31,800</b>	<b>27,658</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,502	23,738	18,051
Finance costs	-	-	-
Internal charges and overheads applied	2,174	3,457	3,262
Other operating funding applications	-	2	2
<b>Total applications of operating funding (B)</b>	<b>11,676</b>	<b>27,197</b>	<b>21,315</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>4,277</b>	<b>4,603</b>	<b>6,343</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,571	3,378	2,000
Gross proceeds from sale of assets	-	150	150
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,571</b>	<b>3,528</b>	<b>2,150</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	28	31	-
- to improve the level of service	3,328	1,577	750
- to replace existing assets	2,295	1,771	1,250
Increase (decrease) in reserves	2,197	4,752	6,493
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>7,848</b>	<b>8,131</b>	<b>8,493</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(4,277)</b>	<b>(4,603)</b>	<b>(6,343)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: Excluded from above

Group depreciation and amortisation	1,289	10,383	9,062
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The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\* For capital budget variances refer to activity key issues.



# THE FINANCIAL DETAIL

## In this section

This section contains the financial statements of Napier City Council for the year ended 30 June 2023.

It provides the detail for how well we performed against our budgets and targets in the 2021-31 Long Term Plan and compared to our performance last year. As well as our financial performance, it shows our financial position and cash flows for the year, and the accounting policies which have been applied.

## Notes to the financial statements

The notes to the financial statements are classified under the following four categories indicated by the following colours and symbols:



### Accounting policies

Accounting policies are the specific procedures implemented by the Council that are used to prepare its financial statements. These include any accounting methods, measurement systems, and procedures for presenting disclosures. They are indicated by a blue background.



### Notes

The notes are like footnotes that provide more detail than can be presented in the financial statements. They are indicated by a green background.



### 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. They are indicated by an orange background.



### Major budget variances

Explanation of major budget variances between the 2022/23 actual results compared to the budgeted figures in the 2022/23 Annual Plan. They are indicated by a pink background.

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# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2023

	Note	Actual 2022/23 \$000	AP 2022/23 \$000	Actual 2021/22 \$000
<b>Revenue</b>				
Rates revenue	1	76,145	76,271	69,833
Subsidies and grants	2	18,913	7,204	18,971
Development and financial contributions		13,655	7,296	6,042
Interest revenue	4	1,363	-	790
Other revenue	3	48,803	55,590	38,483
Other gains	5	(4,490)	2,668	31,671
<b>Total revenue</b>		<b>154,389</b>	<b>149,029</b>	<b>165,790</b>
<b>Expenditure</b>				
Employee benefit expenses	6	49,598	50,004	43,744
Depreciation and amortisation	7	35,053	35,796	32,499
Borrowing Costs	8	14	772	-
Other expenses	9	78,154	62,821	53,518
<b>Total expenditure</b>		<b>162,819</b>	<b>149,393</b>	<b>129,761</b>
<b>Operating surplus/(deficit) before tax</b>		<b>(8,430)</b>	<b>(364)</b>	<b>36,029</b>
Share of associate surplus/(deficit)	21	723	121	2,405
Surplus/(deficit) before tax		(7,707)	(243)	38,434
Income tax expense	10	-	-	-
<b>Surplus/(deficit) after tax</b>		<b>(7,707)</b>	<b>(243)</b>	<b>38,434</b>
<b>Other comprehensive revenue</b>				
Valuation gains/(losses) taken to equity	32	238,434	58,821	127,278
Fair value gains/(losses) through comprehensive revenue on investments	32	(26)	-	9
<b>Total comprehensive revenue and expenses</b>		<b>230,701</b>	<b>58,578</b>	<b>165,721</b>

The notes to the Financial Statements on pages 134 - 203 form part of and should be read in conjunction with these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Actual 2022/23 \$000	AP 2022/23 \$000	Actual 2021/22 \$000
<b>Current assets</b>				
Cash and cash equivalents	11	27,771	5,769	14,877
Debtors and other receivables	12	19,990	23,979	13,096
Inventories	13	7,404	10,949	9,080
Biological assets	14	297	289	293
Other financial assets	15	-	-	35,000
Non-current assets held for sale	16	667	-	667
<b>Total current assets</b>		<b>56,129</b>	<b>40,986</b>	<b>73,013</b>
<b>Non-current assets</b>				
Property, plant and equipment	17	2,243,348	2,032,009	1,981,986
Intangible assets	18	2,103	1,256	1,713
Inventories	13	12,452	14,873	12,313
Investment property	19	103,254	80,866	107,701
Investment in associates	20	13,573	8,906	12,684
Other financial assets	22	2,308	6,303	2,792
<b>Total non-current assets</b>		<b>2,377,038</b>	<b>2,144,213</b>	<b>2,119,189</b>
<b>Total assets</b>		<b>2,433,167</b>	<b>2,185,199</b>	<b>2,192,202</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables and other accruals	24	18,779	20,372	19,490
Employee benefit liabilities	25	6,047	5,877	5,371
<b>Total current liabilities</b>		<b>24,826</b>	<b>26,249</b>	<b>24,861</b>
<b>Non-current liabilities</b>				
Employee benefit liabilities	25	667	899	753
Borrowings	26	10,000	65,501	-
Provisions	29	1,838	1,499	1,453
<b>Total non-current liabilities</b>		<b>12,505</b>	<b>67,899</b>	<b>2,206</b>
<b>Total liabilities</b>		<b>37,331</b>	<b>94,148</b>	<b>27,067</b>
<b>Total net assets</b>		<b>2,395,836</b>	<b>2,091,051</b>	<b>2,165,135</b>
<b>Net assets / equity</b>				
Accumulated revenue and expenses	32	871,554	852,199	877,995
Other reserves	32	1,524,282	1,238,852	1,287,140
<b>Total net assets / equity</b>		<b>2,395,836</b>	<b>2,091,051</b>	<b>2,165,135</b>

The notes to the Financial Statements on pages 132 to 197 form part of and should be read in conjunction with these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Actual 2022/23 \$000	AP 2022/23 \$000	Actual 2021/22 \$000
Total net equity balance at 1 July		2,165,135	2,032,473	1,999,414
Total comprehensive revenue for the period		230,701	58,578	165,721
<b>Total net equity balance at 30 June</b>	<b>32</b>	<b>2,395,836</b>	<b>2,091,051</b>	<b>2,165,135</b>
Total comprehensive revenue and expenses attributable to:				
Napier City Council		230,701	58,578	165,721
<b>Total comprehensive revenue and expenses</b>		<b>230,701</b>	<b>58,578</b>	<b>165,721</b>

The notes to the Financial Statements on pages 134 - 203 form part of and should be read in conjunction with these financial statements.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	Actual 2022/23 \$000	AP 2022/23 \$000	Actual 2021/22 \$000
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		76,553	73,170	69,802
Interest received		1,548	-	669
Dividends received		3	-	1
Insurance claims received		1,364	-	184
Receipts from other revenue		69,993	71,017	60,761
Goods and services tax (net)		1,634	1,859	(725)
Payments to suppliers and employees		(125,283)	(109,800)	(96,020)
Interest paid		-	(772)	-
<b>Net cash from operating activities</b>		<b>25,812</b>	<b>35,474</b>	<b>34,672</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant & equipment		2,032	250	1,824
Proceeds from the sale of investment properties		-	89	893
Proceeds from withdrawal of investments		110,483	-	124,953
Purchase of property, plant and equipment		(60,690)	(86,349)	(41,251)
Purchase of intangible assets		(1,492)	(530)	(744)
Acquisition of investments		(73,250)	(2,489)	(111,000)
<b>Net cash from investing activities</b>		<b>(22,917)</b>	<b>(89,029)</b>	<b>(25,325)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		10,000	53,795	-
<b>Net cash from financing activities</b>		<b>10,000</b>	<b>53,795</b>	<b>-</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		12,895	240	9,347
Cash, cash equivalents and bank overdrafts at 1 July		14,877	5,529	5,529
<b>Cash, cash equivalents and bank overdrafts at 30 June</b>		<b>27,772</b>	<b>5,769</b>	<b>14,876</b>

The notes to the Financial Statements on pages 134 - 203 form part of and should be read in conjunction with these financial statements.



	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Surplus/(deficit) after tax</b>	<b>(7,707)</b>	<b>38,434</b>
<b>Add/(less) non-cash items</b>		
Share of associate (surplus)/deficit	(723)	(2,405)
Share of joint venture	(1,775)	(1,794)
Depreciation and amortisation expense	35,053	32,499
Vested assets	(1,864)	(4,234)
(Gain)/loss on revaluation of library bookstock	140	20
(Gain)/loss on revaluation of investment properties	3,965	(31,239)
Fair value (gain)/loss on livestock	(21)	(18)
Other non-cash items	1,222	151
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gain)/loss on sale or disposal of assets	406	(434)
<b>Add/(less) movements in working capital items:</b>		
Receivables	(7,535)	10,591
Prepayments	(582)	(289)
Inventories	1,537	(4,955)
Biological assets	17	6
Payables	721	3,495
Provisions	385	(366)
Revenue received in advance	1,488	(4,946)
Employee benefits	1,085	156
<b>Net cash inflow/(outflow) from operating activities</b>	<b>25,812</b>	<b>34,672</b>

## FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

	Actual 2022/23 \$000	AP 2022/23 \$000	Actual 2021/22 \$000	LTP/AP 2021/22 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	50,306	50,563	43,071	42,995
Targeted rates	25,839	26,046	26,762	26,387
Subsidies and grants for operating purposes	14,061	2,646	5,446	2,608
Fees and charges	23,007	25,100	20,377	23,833
Interest and dividends from investments	1,366	-	791	-
Local authorities fuel tax, fines, infringement fees, and other receipts	23,928	29,268	14,577	34,078
<b>Total operating funding (A)</b>	<b>138,507</b>	<b>133,623</b>	<b>111,024</b>	<b>129,901</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	127,752	112,812	97,106	106,066
Finance costs	14	772	-	339
Other operating funding applications	-	13	154	13
<b>Total applications of operating funding (B)</b>	<b>127,766</b>	<b>113,597</b>	<b>97,260</b>	<b>106,418</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>10,741</b>	<b>20,026</b>	<b>13,764</b>	<b>23,483</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,853	4,558	13,525	2,641
Development and financial contributions	13,655	7,296	6,042	7,090
Increase/(decrease) in debt	10,000	54,859	-	52,960
Gross proceeds from sale of assets	304	250	1,973	250
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>28,812</b>	<b>66,963</b>	<b>21,540</b>	<b>62,941</b>
<b>Application of capital funding</b>				
Capital expenditure*				
- to meet additional demand	3,825	15,776	8,732	12,589
- to improve the level of service	20,870	37,787	17,846	20,535
- to replace existing assets	32,580	44,577	19,517	30,069
Increase (decrease) in reserves	(17,722)	(11,151)	(10,791)	23,231
Increase (decrease) of investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>39,553</b>	<b>86,989</b>	<b>35,304</b>	<b>86,424</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(10,741)</b>	<b>(20,026)</b>	<b>(13,764)</b>	<b>(23,483)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent 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 have been used.

\*For capital budget variances refer to activity key issues.



# FUNDING IMPACT STATEMENT

## (WHOLE OF COUNCIL)

Reconciliation of Funding Impact Statement to Operating Surplus/(deficit)	Note	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Surplus/(deficit) of operating funding (A - B) from Funding Impact Statement</b>		<b>10,741</b>	<b>13,764</b>
<b>Not included in Funding Impact</b>			
Depreciation and amortisation	7	(35,053)	(32,499)
Vested Assets	3	1,864	3,526
Other gains	5	(4,491)	31,671
Share of associate	21	723	2,405
<b>Total Not included in Funding Impact Statement</b>		<b>(36,957)</b>	<b>5,103</b>
<b>Items that are under sources of Capital Funding in Funding Impact Statement</b>			
Subsidies and grants for capital	2	4,853	13,525
Development and financial contributions		13,656	6,042
<b>Total sources of capital funding</b>		<b>18,509</b>	<b>19,567</b>
<b>Operating surplus/(deficit) before tax</b>		<b>(7,707)</b>	<b>38,434</b>



## Statement of Accounting Policies

### 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:

- Hawke's Bay Airport Limited (26% share of voting rights) equity accounted.
- The Ōmarunui Refuse Landfill is a jointly controlled asset. The Council includes only its 36.32% share of all revenue, expenditure, assets and liabilities of the landfill facility

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. The financial statements and Statement of Service Performance comply with PBE Standards and have been prepared in accordance with Tier 1 PBE Standards.

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorised by the Council for issue on 23 November 2023.

### Basis of Preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the year.

### Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).



The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

### Functional and Presentation Currency

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

### Budget Figures

The budget figures are those approved by the Council and adopted as a part of the Council's Long Term 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.

### 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, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, 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.

### 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.

### Changes in Accounting Policies

Where there have been changes to accounting policy during the year or where there are new accounting standards that have been issued but are not yet effective this has been indicated at the start of the accounting policies for that note.

### 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. Where such judgements have been made this is disclosed in the accounting policy for that note.



Accounting Policies



Notes



Major budget variances



Critical Accounting estimates and assumptions



# Revenue

## Accounting Policies

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									
The following policies for rates have been applied:									
<b>Rates Revenue</b>	<p>The following policies for rates have been applied:</p> <table border="1"> <tbody> <tr> <td>General rates, targeted rates (excluding water-by-meter), and uniform annual general charges</td> <td>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.</td> </tr> <tr> <td>Late payment penalties</td> <td>Are recognised as revenue when rates become overdue.</td> </tr> <tr> <td>Water-by-meter rates</td> <td>Are 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.</td> </tr> <tr> <td>Rates Remissions</td> <td>Are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.</td> </tr> </tbody> </table>	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.	Late payment penalties	Are recognised as revenue when rates become overdue.	Water-by-meter rates	Are 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.	Rates Remissions	Are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
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.								
Late payment penalties	Are recognised as revenue when rates become overdue.								
Water-by-meter rates	Are 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.								
Rates Remissions	Are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.								
(please see note on following page)									
<b>Subsidies and Grants</b>	Subsidies and grants 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 subsidies and grants include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised. The Council receives the majority of subsidies and grants revenue from Waka Kotahi (New Zealand Transport Agency), which subsidises part of the Council's costs in maintaining the local road infrastructure. The right to receive the funding from Waka Kotahi arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.								
(please see note on following page)									

## 1. Rates Revenue

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>General rates</b>	<b>50,615</b>	<b>43,202</b>
Targeted rates attributable to activities		
Water (excluding metered water)	5,990	6,695
Metered water	652	677
Sewerage	7,690	9,937
Refuse and sanitation	6,189	4,793
Roading	107	159
Marketing	212	214
Swimming pool safety	91	75
Stormwater	4,908	4,213
Rates penalties	493	383
Rates remissions	(802)	(515)
<b>Total revenue from rates</b>	<b>76,145</b>	<b>69,833</b>

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

In accordance with the Local Government (Rating) Act 2002, rates are charged on all rateable properties including Council owned property. Under financial reporting standards the Council recognised rates of \$1,400,961 on Council properties as internal revenue so this has been offset in the above (2022: \$1,433,346).

Rates are levied based on total values in the council's rating base in the year preceeding the financial year. This information was:

	30-Jun-22	30-Jun-21
Number of rating units	26,655	26,491
Total capital value of rating units (in \$million)	20,675	20,412
Total land value of rating units (in \$million)	9,765	9,724

## 2. Subsidies and Grants

	Actual 2022/23 \$000	Actual 2021/22 \$000
Waka Kotahi (NZ Transport) grants	9,450	7,215
Other government grants	8,634	11,040
Other grants and donations	829	716
<b>Total grants and donations</b>	<b>18,913</b>	<b>18,971</b>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2022: \$nil).

 <b>Donated, Subsidised or Vested Assets</b>	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.
<b>Parking and Traffic Infringement</b>	Revenue is recognised when the ticket is issued as there are no conditions attached.
<b>Exchange Revenue</b>	
<b>Development and Financial Contributions</b>	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.
 <b>Interest Revenue</b> <small>(please see note on following page)</small>	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.
<b>Licences and Permits</b>	Revenue derived from licences and permits are recognised on receipt of appropriate application.
<b>Residential Developments</b>	Sales of sections in residential developments are recognised when contracts for sale are unconditional as control is deemed to have been transferred.
<b>Sales of Goods (Retail)</b>	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.
<b>Sales of Services</b>	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.
<b>Rental Revenue</b>	Rental revenue is recognised on a straight line basis over the term of the lease.
<b>Dividend Revenue</b>	Dividend revenue is recognised when the right to receive payment is established.
<b>Building and Resource Consent Revenue</b>	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.
<b>Leases as Lessor</b>	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.

### 3. Other Revenue



	Actual 2022/23 \$000	Actual 2021/22 \$000
Dividend income	3	1
Infringements and fines	572	483
Insurance recovery on plant and equipment	1,364	184
Omarunui Landfill Joint-Venture	6,815	4,866
Petrol tax	422	449
Regulatory charges	4,979	4,868
Rental revenue from investment properties	1,965	1,816
Rental revenue other	4,720	4,698
Residential development sales	5,396	15
Retail and product sales	8,863	6,767
User fees and charges	9,166	8,742
Vested assets	1,864	3,528
Other revenue	2,674	2,066
<b>Total other revenue</b>	<b>48,803</b>	<b>38,483</b>

#### Operating leases as lessor

The Council has various sundry properties that are leased under operating leases. These consist of leases to community groups of Council owned buildings, leasing of commercial buildings held for strategic reasons and one commercial lease as part of a community facility. The remainder are commercial leases of land either held by Council for strategic reasons or where Council is a sublessor. There was no contingent rent recognised in the period (2021: \$nil). The future aggregate minimum lease payments to be collected by the Council under non-cancellable operating leases are as follows:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Not later than one year	907	949
Later than one year and not later than five years	446	1,205
Later than five years	7	-
<b>Total non-cancellable operating leases</b>	<b>1,360</b>	<b>2,154</b>

### 4. Interest Revenue

	Actual 2022/23 \$000	Actual 2021/22 \$000
Breakdown of Interest revenue		
Term deposits and call accounts	1,363	790
<b>Total interest revenue</b>	<b>1,363</b>	<b>790</b>





## Major Budget Variances

### Revenue

Total revenue was \$5.4m greater than the Annual Plan budget for the 2022/23 year. Significant increases include:

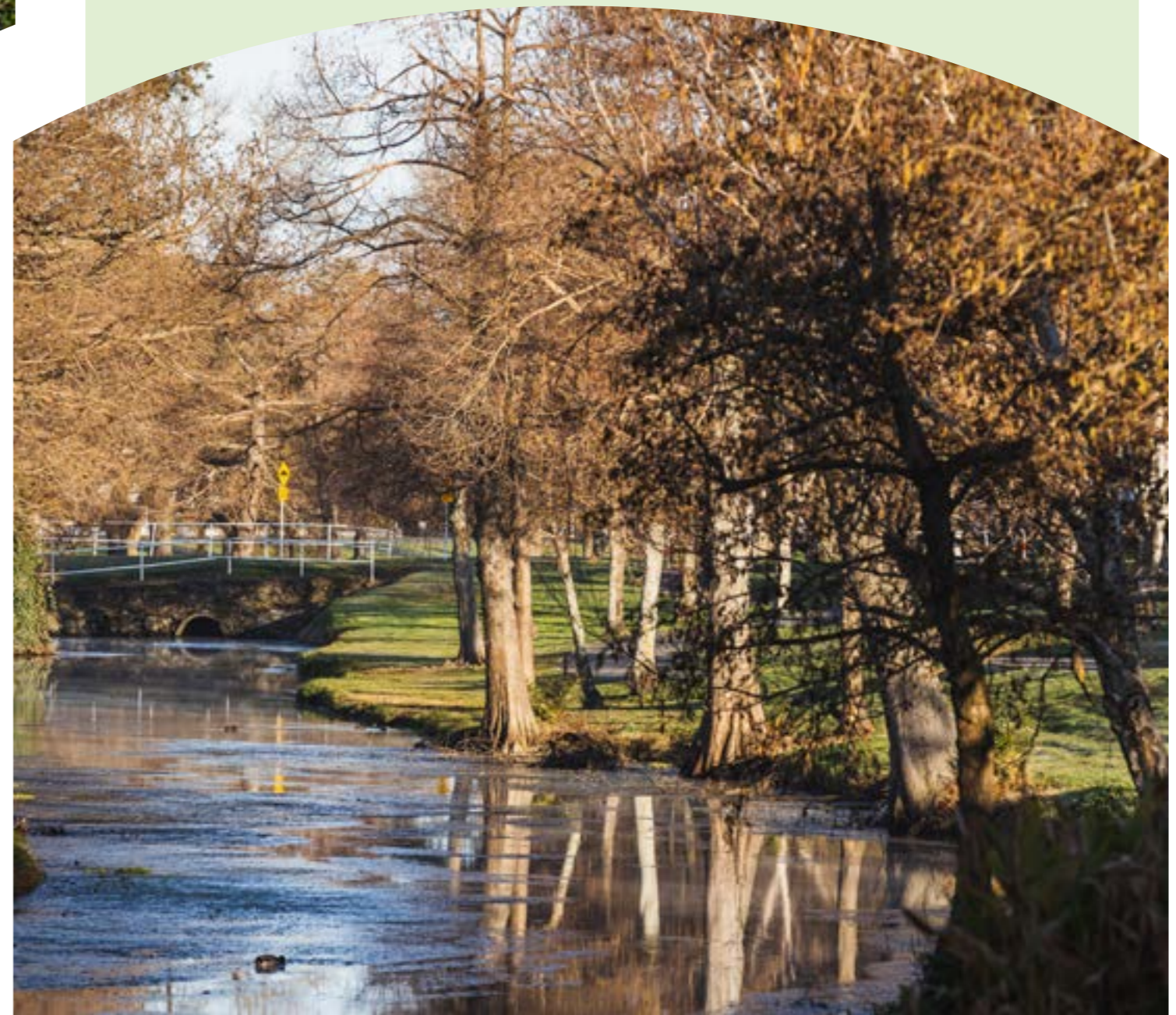
- **Subsidies and Grants** – Subsidies and grants were \$11.7m greater than budget. There was \$6.9m of significant government grants related to Cyclone Gabrielle, and other smaller grants such as \$434k in donations to the Mayoral Relief Fund. Department of Internal Affairs funding related to the Three Waters Reform was also higher than budgeted.
- **Development and Financial Contributions** – These are \$6.4m above budget due to uncertainty in the expected development in the city at budgeting time.

This was offset by decreases in the following areas:

- **Other Revenue** – Other revenue was \$6.8m lower than budget mainly due to:
  - Delays in the land development and planned section sales in Parklands Residential Development.
  - Tourism and community facilities feeling the effects of Cyclone Gabrielle.
- **Other Gains/(Losses)** – Other gains/(losses) were \$7.2m lower than expected. Investment properties were forecast to increase in value but instead incurred losses.

## 5. Gains/(Losses)

	Actual 2022/23 \$000	Actual 2021/22 \$000
Non-financial instruments		
Gain/(loss) on revaluation of Library bookstock	(140)	(20)
Gain/(loss) on revaluation of investment properties	(3,965)	31,239
Gain/(loss) on sale of assets	187	801
Gain/(loss) on disposal of assets	(593)	(367)
Fair value gain/(loss) on livestock	21	18
<b>Total gains/(losses)</b>	<b>(4,490)</b>	<b>31,671</b>





# Expenditure

## Accounting Policies

Employee Benefit Expenses	Salaries and wages	Salaries and wages are recognised as an expense as employees provide services.
	Superannuation Schemes: 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.

## 6. Employee Benefit Expenses

	Actual 2022/23 \$000	Actual 2021/22 \$000
Salaries and wages	47,328	42,517
Employer contributions to multi-employer defined benefit plans	1,185	1,071
Increase/(decrease) in employee benefit liabilities	1,085	156
<b>Total employee benefit expenses</b>	<b>49,598</b>	<b>43,744</b>

### Employee Staffing Levels and Remuneration

As at 30 June 2023 the number of employees employed by Napier City Council was 707 (2022: 623).

#### 2022/23 Staffing Levels by Salary Band\*

Annual Remuneration Band	Full Time Staff 2022/23	Other Staff Full Time Equivalent (FTE) 2022/23	Total FTEs	Total Number of Employees
Less than \$60,000	128	85	213	308
\$60,000-\$79,999	174	9	183	185
\$80,000-\$99,999	95	3	98	99
\$100,000-\$119,999	49	-	49	49
\$120,000-\$139,999	37	-	37	37
\$140,000-\$159,999	13	-	13	13
\$160,000-\$179,999	7	-	7	7
\$180,000-\$379,999	9	-	9	9
<b>Total</b>	<b>512</b>	<b>97</b>	<b>609</b>	<b>707</b>

#### 2021/22 Staffing Levels by Salary Band\*

Annual Remuneration Band	Full Time Staff 2021/22	Other Staff Full Time Equivalent (FTE) 2021/22	Total FTEs	Total Number of Employees
Less than \$60,000	164	71	235	307
\$60,000-\$79,999	139	8	147	152
\$80,000-\$99,999	78	2	80	81
\$100,000-\$119,999	39	1	40	42
\$120,000-\$139,999	23	-	23	23
\$140,000-\$159,999	7	-	7	7
\$160,000-\$219,999	8	-	8	8
\$220,000-\$359,999	3	-	3	3
<b>Total</b>	<b>461</b>	<b>82</b>	<b>543</b>	<b>623</b>

For the purposes of this disclosure, full time staff are based on 40 hours per week. FTE staff include those personnel receiving salaries and wages and casual staff, and have been calculated on a FTE basis, as at 30 June 2023. The budget 2022/23 full time equivalent staff was 677 (2022: 605). Napier City Council currently employs a number of regional shared services roles, and costs are recovered on a shared services arrangement.

Napier City Council operates an in-house Design Team, and Works Depot, who are responsible for delivery of infrastructure engineering which is contracted to external consultants in some other Councils. This along with the seasonal component of Napier City staff makes benchmarking based solely on employee numbers and employee costs problematical when attempting staff level and employee cost comparisons between Councils. Elected members are excluded from this disclosure.

\* The number of employees includes permanent, fixed term and casual regardless of hours worked.

### Chief Executive remuneration

The total cost to the Council of the remuneration package paid or payable to the Chief Executive/ Interim Chief Executive as per above, received:

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Chief Executive - Louise Miller</b>		
Salary (started 13 March 2023)	104	-
Relocation Allowance	15	-
Other taxable benefits (e.g. motor vehicle)	3	-
<b>Acting Chief Executive - Richard Munneke</b>		
Salary (12 September 2023 to 12 March 2023)	173	-
Other taxable benefits (e.g. motor vehicle)	4	-
<b>Former Chief Executive - Dr Steph Rotarangi</b>		
Salary (finished at Council 2 Sept 2022)	143	361
<b>Total Chief Executive remuneration</b>	<b>442</b>	<b>361</b>

The \$143k paid to Dr Rotarangi from 1 July 2022 to 2 Sept 2022 included salary, payment in lieu of notice (\$44k), accrued leave (\$25k) and employee super contributions (\$4k).





## Elected representatives' remuneration



	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Mayor</b>		
Kirsten Wise	158	151
<b>Councillors</b>		
Annette Brosnan	95	86
Chad Tareha	43	-
Graeme Taylor	64	64
Greg Mawson	61	55
Hayley Browne	63	44
Juliet Greig	42	-
Keith Price	67	63
Maxine Boag	63	63
Nigel Simpson	64	59
Richard McGrath	64	55
Ronda Chrystal	60	55
Sally Crown	66	59
Apiata Tapine	18	59
Tania Wright	18	59
<b>Total elected representatives' remuneration</b>	<b>946</b>	<b>872</b>

As part of the Mayor's remuneration package they have full personal use of the Council provided vehicle. The current mayoral vehicle is a 2021 Toyota Rav 4 Hybrid. The total taxable value of this vehicle was \$9,838 (2022: \$9,391).

### Severance Payments

In accordance with Section 33, Schedule 10 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ended 30 June 2023, the Council made no (2022: 2) severance payments to employees (values 2022: \$61,397 and \$138,090).





## 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	2-10%
Fixed Plant & Equipment	5-20%
Mobile Plant & Equipment	5-50%
Motor Vehicles	10-33.33%
Furniture & Fittings	4-20%
Office Equipment	8-66.67%
Library Book Stock	7-25%

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:

	Years
Transportation	
Base Course	60-130
Surfacings	20-25
Concrete Pavers	80
Footpaths and Pathways/Walkways	15-80
Drainage	25-100
Bridges and Structures	20-100
Road Lighting	4-50
Traffic Services and Safety	10-25
Water	
Reticulation	56-200
Reservoirs	100
Pump Stations	15-80
Stormwater	
Reticulation	80-100
Pump Stations	15-80
Wastewater	
Reticulation	80-100
Pump Stations	15-80
Milliscreen	10-80
Outfall	60
Others	
Grandstands, Community and Sports Halls	50
Sportsgrounds, Parks & Reserves Improvements	10-50
Buildings on Reserves	10-50
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.



## 7. Depreciation and Amortisation Expense by Group of Activity

	Actual 2022/23 \$000	Actual 2021/22 \$000
City Strategy	371	284
Community and Visitor Experiences	8,879	7,790
Other Infrastructure	1,248	1,118
Property Assets	1,289	651
Stormwater	4,285	4,185
Support Units	1,854	1,738
Transportation	6,951	7,252
Wastewater	6,493	6,124
Water Supply	3,683	3,357
Total directly attributable depreciation and amortisation by group of activity	<b>35,053</b>	<b>32,499</b>

## 8. Borrowing Costs

	Actual 2022/23 \$000	Actual 2021/22 \$000
Borrowing costs		
Interest expense on borrowings	14	-
Total borrowing costs	14	-



Accounting Policies



Notes



Major budget variances



Critical Accounting estimates and assumptions







#### 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.

#### 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.

#### 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.

## 9. Other Expenses



	Actual 2022/23 \$000	Actual 2021/22 \$000
Audit fee Audit NZ - financial statements	228	166
Audit fee Audit NZ - LTP audit	-	-
Audit fee Audit NZ - debenture trust deed	5	4
Audit fees Crowe Horwarth - internal audit	4	28
Donations	17	21
Bad and doubtful debts	1,472	154
Plant and equipment impairment	-	-
Cost of sales residential development	2,292	20
Rental expense on operating leases	1,645	1,554
Other operating expenses	72,491	51,571
<b>Total other expenses</b>	<b>78,154</b>	<b>53,518</b>

#### Operating leases as lessee

Napier City Council leases commercial property in the normal course of business. This includes commercial buildings that are further subleased.

The total minimum future sublease payments expected to be received under non-cancellable sub-leases at balance sheet date is \$1,282,917 (2021: \$1,898,717). Leases can be renewed at the Council's option, with rents set by reference to current market. There are no restrictions placed on the Council by any of the leasing arrangements.

The Council has commercial leases on leased office space. There are no restrictions placed upon the Council by entering into these leases. The leased office spaces are on a term of 3 years with a right of renewal constrained within the lease that do not extend the term of the lease beyond the final expiry date.

#### Non-cancellable operating leases as lessee

The future aggregate minimum lease payments to be paid by the Council under non-cancellable operating leases are as follows:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Not later than one year	1,217	1,353
Later than one year and not later than five years	538	1,503
Later than five years	-	-
<b>Total non-cancellable operating leases</b>	<b>1,755</b>	<b>2,856</b>

During the year ended 30 June 2023, \$1,645,230 was recognised as an expense in the Statement of Comprehensive Revenue and Expenses (2022: \$1,553,863) and \$0 was capitalised in Property, Plant and Equipment in the Statement of Financial Position (2022: \$36,580) in respect of operating leases.



Accounting Policies



Notes



Major budget variances



Critical Accounting estimates and assumptions

## 10. Income Tax



	Actual 2022/23 \$000	Actual 2021/22 \$000
Relationship between tax expense and accounting profit		
Surplus/(deficit) before tax	(7,707)	38,435
Tax at 28%	(2,158)	10,762
Non-taxable income	2,158	(10,762)
<b>Tax expense</b>	<b>-</b>	<b>-</b>

### Additional disclosures

A net deferred tax asset has not been recognised in relation to unused tax losses of \$1,309,159 (2022: \$1,551,241).



### 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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the controlling entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. 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.

### 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.



## Major Budget Variances

### Expenditure

Total expenditure in 2022/23 was \$13.4m above budget. The most significant variances are as follows:

- **Other Operating Expenses** - Other expenses were \$15.3m higher than budget which is mostly accounted for by Cyclone Gabrielle:
  - The emergency response incurred \$8.7m in unbudgeted expenditure
  - Roading incurred an additional \$5m in expenditure including clean-up costs.
  - Solid waste incurred an additional \$2.5m in expenditure, mostly due to landfill costs.



Accounting Policies



Notes



Major budget variances





Critical Accounting estimates and assumptions





# Assets

## Accounting Policies

<p>Cash and Cash Equivalents</p>  <p>(please see note below)</p>	<p>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 under current liabilities in the statement of financial position.</p>
<p>Trade Receivables</p>  <p>(please see note on following page)</p>	<p>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 the Statement of Comprehensive Revenue and Expenses. 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).</p>

## 11. Cash and Cash Equivalents



### Breakdown of cash and cash equivalents

	Actual 2022/23 \$000	Actual 2021/22 \$000
Cash at bank and in hand	11,771	14,877
Short-term deposits maturing 3 months or less from date of acquisition	16,000	-
<b>Total cash and cash equivalents</b>	<b>27,771</b>	<b>14,877</b>

Total cash and cash equivalents are the same in the statement of financial position as the statement of cashflow as the Council does not have an overdraft as at 30 Jun 2023.

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

There are no restrictions on the use of part or all of the cash.

## 12. Receivables



Breakdown of receivables	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Receivables from non-exchange transactions</b>		
Rates Receivable	1,101	1,071
NZTA subsidy claims	1,574	994
GST Receivable*	-	1,559
<b>Total receivables from non-exchange transactions</b>	<b>2,675</b>	<b>3,624</b>
<b>Receivables from exchange transactions</b>		
Parklands - unconditional contracts subdivision sales	5,256	-
Prepayments*	2,205	1,624
Interest Receivable	67	253
Other Receivables	11,314	7,901
Less: Provision for Doubtful Debts	(1,527)	(305)
<b>Total receivables from exchange transactions</b>	<b>17,315</b>	<b>9,473</b>
<b>Total Receivables</b>	<b>19,990</b>	<b>13,097</b>

\*In the 2022/23 year, a review of note readability was conducted. As a result two items restated in this note. Firstly prepayments, previously a separate line item, have been moved into this Receivables note. The second change is that GST Receivables was included in error as a exchange transaction. This has been restated to be an non-exchange transaction.

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

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

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid after the due date for payment. If payment has not been made after the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

The Council holds no collateral as security or other credit enhancements over receivables that are past due other than that given under lease arrangements for leasehold land. Other receivables have been assessed for impairment at year end by taking into consideration collectability on an individual basis.

The ageing profile status of receivables net of uncollectable debts as at 30 June are detailed below:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Current	16,995	10,486
Past due 31-60 days	332	169
Past due 61-90 days	63	33
Past due 91+ days	2,600	2,407
<b>Total receivables</b>	<b>19,990</b>	<b>13,095</b>

The provision for uncollectability has been calculated based on a review of specific overdue receivables and are all overdue 90 day+.

Movements in the individual provision for uncollectability of receivables are as follows:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Balance at 1 July	305	154
Additional provision made during the year	1,516	242
Provisions reversed during the year	(47)	(62)
Receivables written off during the year	(247)	(29)
<b>Balance as at 30 June</b>	<b>1527</b>	<b>305</b>



<p>Inventories</p>  <p>(please see note on following page)</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Commercial: measured at the lower of cost and net realisable value.</li> <li>• Non-commercial: measured at cost, adjusted for any loss of service potential.</li> </ul> <p>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.</p> <p>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.</p>
<p>Biological assets</p>  <p>(please see note on following page)</p>	<p>Livestock</p> <p>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.</p>

### 13. Inventory



	Actual 2022/23 \$000	Actual 2021/22 \$000
Current portion		
Inventory held for distribution	345	271
Inventory held for resale	252	210
Parklands - land under development	1,089	1,436
Parklands - work in progress	5,718	7,163
<b>Total current portion</b>	<b>7,404</b>	<b>9,080</b>
Non-current portion		
Parklands - land under development	10,847	10,847
Parklands - work in progress	1,605	1,466
<b>Total non-current portion</b>	<b>12,452</b>	<b>12,313</b>

Inventory held for distribution and resale increased by \$1k in 2023 (2022: \$nil) as a result of stocktake adjustments.

No inventory is pledged as security for liabilities (2022: \$nil).

The Council is currently developing land for future sale, and of the costs to date (including the value of land transferred to inventory) \$12,451,607 is not expected to be recovered until after 30 June 2024 (2022: \$12,312,507). As at 30 June 2023 the development is measured at cost as the cost is lower than the net realisable value.

### 14. Biological Assets

	Actual 2021/22 \$000	Actual 2021/22 \$000
Biological assets changes in value		
Opening value 1 July	293	281
Change in value arising from changes in fair value	20	18
Increase in value due to natural increase/(decrease)	(8)	138
Increase in value due to purchases	181	188
Change in value due to sales	(189)	(332)
<b>Closing value 30 June</b>	<b>297</b>	<b>293</b>

Biological assets comprise 1,948 sheep (2022: 1,263) largely held for trading.





Non-current Assets Held For Sale



(please see note on following page)

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 derecognition.

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.

Property, Plant and Equipment



(please see note 17 on following page)

<b>Property, Plant and Equipment consist of:</b>	
Operational assets	Include land, buildings, library books, plant and equipment and motor vehicles.
Restricted assets	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	The fixed utility system owned by the Council and group. 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.
<b>How Property, Plant and Equipment are measured:</b>	
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 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 probable 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.



Property, Plant and Equipment



(please see note on following page)

	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 and Library Collections are valued at depreciated replacement cost and revalued annually. Other infrastructural assets (except land under roads), Land and Buildings and Council Restricted Reserves 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	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.

## 15. Current Financial Assets



	Actual 2022/23 \$000	Actual 2021/22 \$000
Short-term deposits with maturities of 4-12 months	-	35,000
<b>Total current financial portion</b>	<b>-</b>	<b>35,000</b>

There was no impairment provisions for other financial assets. The carrying amount of term deposits approximates their fair value.

In year end 2021/22, Council categorised the Omarunui Landfill as a current financial asset. However, after a thorough reassessment of our investments in accordance with the new PBE IPSAS 41 guidelines, we have now reclassified this investment as non-current. Refer to Note 22 in the annual report for the revised treatment.

## 16. Non-current Assets Held for Sale

This relates to the following assets:

a) Council Restricted Asset relating to land at 121 Battery Road, Ahuriri (previously occupied by the Ahuriri Bowling Club) which was approved in 2018/19 to be divested for residential development. The sale of the land is expected to be completed within three years.

As at 30 June 2023, the carrying value of this asset is \$667,280 (2022: \$667,280) which is lower than fair value as per independent valuation 11 May 2020.

## 17. Property, Plant and Equipment



### Valuation of Property, Plant and Equipment

As at 30 June 2023 Council's Property, Plant and Equipment are valued as follows:

#### 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 is performed by Jessica Pearless, Director, Paragon Matter Art Services and performed on an annual basis. The valuation was performed as at 30 June 2023.

#### Land under Roads

Carried at cost. Land under roads was valued based on fair value of adjacent land determined by M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd 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 by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2023 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 by Pauline True, BBS, PGDipArts (GIS), of Stantec at depreciated replacement cost using the RAMM valuation system. Road assets were revalued at 30 June 2023.

#### Water, Wastewater and Stormwater Below and Above Ground Assets

Carried at fair value less depreciation. Water, Wastewater and Stormwater below ground and above ground assets are valued by Tony Urquhart, BE(Civil) PGDipBus CEngNZ MInstD CMRP BBCPrac, of Pattle Delamore Partners as at 30 June 2023 at depreciated replacement cost for underground assets and an indexing approach to the above ground assets excluding land and building assets in this class. These 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.

As at 30 June 2022, Council completed fair value assessments on these assets, including taking advice from independent expert infrastructure valuers. These assessments shows that there was significant uncertainty over the asset values and the expected increase in fair value would be material. Council did not prepare an early revaluation due to time and resource constraints, and the significant financial cost to undertake this exercise. Although a full revaluation was completed for 30 June 2023, any misstatement of the asset classes carrying value as at 30 June 2022 would consequently affect the revaluation movement recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2023.

It is for this reason that the Independent Auditor's Report contains a statement regarding the valuation of these assets.

#### Restricted Assets

Carried at fair value less depreciation. These were valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2022 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.

#### Plant and Equipment

Carried at cost less depreciation and impairment. These were 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.

#### Impairment

Impairment losses of \$7.925M were recognised for damage to assets from Cyclone Gabrielle in February 2023. The impairments are:

- Buildings - \$218k impairment for damage to the buildings and improvements at the Transfer Station in Redcliff
- Plant & Equipment - \$90k impairment for damage to the weighbridge and CCTV system at the Transfer Station in Redcliff



- Sewerage system treatment plant - \$3.187M impairment for damage to the plant in Awatoto
- Roothing - \$4.430M impairment for our 50% share of the loss of the Redclyffe and Brookfields Bridges which Council co-owns with Hastings District Council

No impairment losses were recorded for 30 June 2022.

#### Estimating the fair value of land and buildings

The valuation of land and buildings was performed by an independent registered valuer, M. Penrose, ANZIV, SNZPI, AAMINZ, of Telfer Young (HB) Ltd. The valuation is effective as at 30 June 2023.

Significant Assumptions and Special Assumptions made within this valuation are:

- The valuations are made on a plus Goods and Services Tax basis, if applicable
- The fair values represent the total of the market values before allowance for any selling costs and are assessed on a “highest and best use” basis.

#### Land

Land is valued at fair value using market-based evidence on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve of endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer’s judgement.

Restrictions on the Council’s ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

#### Buildings

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions relevant to depreciated replacement cost include:



- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Quotable Value Limited cost information. The range of unit rates used is \$630 to \$11,025 per m2.
- There are no significant asbestos issues associated with the buildings.
- There are no significant earthquake-prone buildings not already identified by Council. Buildings identified by Council as earthquake-prone are the Civic Building, Library Building, Taradale Plunket Rooms, and Henry Charles Village Hall (action underway). Council is still completing work to determine the cost to rectify these issues. The valuations for the Civic Building, Library and Taradale Plunket Rooms have included negative value to the buildings (deducted from land value) to reflect strengthening costs in excess of building value, while the value of Henry Charles Village Hall has been written down by the estimated cost to strengthen.
- Straight-line depreciation over the useful life of the asset has been applied in determining the depreciated replacement cost value. The range of useful lives used is 50 to 100 years.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence and the income approach or market approach. The income approach is predicated on the conversion of net actual or market income which either is or could be generated by an owner of the interest, to value. The market approach provides an indication of value by comparing the asset with identical or similar assets for which price information is available. Significant assumptions in the 30 June 2023 valuation include:

- Market rents range:

Rental flats	\$460 - \$675 per week
Commercial office	\$260 per m <sup>2</sup>
Depot buildings	\$50-\$160 per m <sup>2</sup>

- Capitalisation rates are market-based. Market yield (rates of return) range:

Rental flats	6.0%-8.25%
Commercial office	6.0-8.0%
Depot buildings	6.5%

A comparison of the carrying value of buildings valued using market-based evidence and buildings valued using depreciated replacement cost is as follows:

Market-based evidence	\$102,720,400
Depreciated replacement cost	\$34,945,600
Total carrying value of buildings	\$137,666,000

#### Estimating the fair value of roading

The most recent valuation of roading assets was performed by an independent registered valuer, Stantec New Zealand Ltd. The valuation is effective as at 30 June 2023.

Roothing infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised during the valuation process, including:

- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts of Council and in the region for modern equivalent assets, from which unit rates are determined. For this valuation Stantec were provided new unit rates by Napier City Council which were based on actual construction costs and did not rely on adjustment factors. Unit rates have been applied to components of the network based on type and materials. The range of unit rates used for the significant categories are shown in the table below.
- Estimates of remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or underestimating the annual depreciation

charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.



- If no construction date is available, the default construction date will be 50% of the Total Useful Life. Default dates are calculated as the first of January of the year that would make the asset halfway through its life. The estimated replacement cost of roading assets without a construction date is \$111.1m, which represents 21% of the total replacement cost for all assets.
- Straight-line depreciation over the assets useful life has been used in this valuation except where assets are deemed not to depreciate. The range of useful lives for significant categories is shown in the table below.
- All replacement rates, where appropriate, have included in the cost an amount for removal and disposal of the existing asset, an amount for site establishment, and an amount for the formation, supply, placement, shaping, etc. of materials.

Significant categories	Useful life range	Unit rate range
Formation	100 years	\$3.98 per m <sup>2</sup>
Sealed pavement layers	50 years	\$11.64-\$26.51 per m <sup>2</sup>
Sealed surfacing	10-80 years	\$7.63-204.07 per m <sup>2</sup>
Drainage	60 years	\$29.69-\$18,314.44 per m
Footpaths	20-60 years	\$17.86-\$251.35 per m <sup>2</sup>
Surface water channels	70 years	\$4.02-\$156.40 per m



## Property Plant and Equipment

2022/23	Cost / Valuation 1 July 2022 \$000	Accumulated Depreciation and Impairment 1 July 2022 \$000	Carrying Amount 1 July 2022 \$000	Additions \$000	Disposals \$000	Impairment \$000	Depreciation \$000	Transfers \$000	Revaluation Surplus \$000	Cost / Valuation 30 June 2023 \$000	Accumulated Depreciation and Impairment 30 June 2023 \$000	Carrying Amount 30 June 2023 \$000
<b>Council operational assets</b>												
Land	130,751	-	130,751	1,372	-	-	-	-	8,544	140,667	-	140,667
Leasehold land	2,215	-	2,215	-	-	-	-	-	265	2,480	-	2,480
Buildings	117,975	(3,102)	114,873	2,356	-	(218)	(3,150)	736	23,069	137,671	(5)	137,666
Library books	1,806	(1)	1,805	220	-	-	(163)	-	(140)	1,723	(1)	1,722
Plant and equipment	57,055	(38,453)	18,602	7,259	(102)	(90)	(3,660)	948	6	63,073	(40,110)	22,963
Motor vehicles	5,814	(3,739)	2,075	1,132	(54)	-	(578)	-	-	6,374	(3,799)	2,575
Landfill post closure	225	(225)	-	-	-	-	-	-	-	225	(225)	-
<b>Total operational assets</b>	<b>315,841</b>	<b>(45,520)</b>	<b>270,321</b>	<b>12,339</b>	<b>(156)</b>	<b>(308)</b>	<b>(7,551)</b>	<b>1,684</b>	<b>31,744</b>	<b>352,213</b>	<b>(44,140)</b>	<b>308,073</b>
<b>Council infrastructural assets</b>												
Sewerage system treatment plant	35,274	(1,651)	33,623	342	-	(3,187)	(808)	39	9,459	39,548	(80)	39,468
Sewerage system other assets	160,411	(10,169)	150,242	410	(46)	-	(5,484)	2,862	59,397	207,811	(430)	207,381
Water system	140,724	(7,001)	133,723	1,892	(91)	-	(3,612)	7,183	46,820	186,359	(444)	185,915
Drainage network	215,146	(8,057)	207,089	1,436	(2)	-	(4,107)	837	69,419	275,029	(357)	274,672
Roading network	267,565	(8)	267,557	8,109	-	(4,430)	(6,920)	5,294	11,254	280,880	(16)	280,864
Land under roads	420,914	-	420,914	-	(52)	-	-	-	-	420,862	-	420,862
<b>Total infrastructural assets</b>	<b>1,240,034</b>	<b>(26,886)</b>	<b>1,213,148</b>	<b>12,189</b>	<b>(191)</b>	<b>(7,617)</b>	<b>(20,931)</b>	<b>16,215</b>	<b>196,349</b>	<b>1,412,878</b>	<b>(3,716)</b>	<b>1,409,162</b>
<b>Council restricted assets</b>												
Sportsgrounds	330,818	(324)	330,494	4,217	-	-	(2,750)	4,309	-	339,341	(3,071)	336,270
Grandstands and halls	15,306	(1,007)	14,299	147	-	-	(200)	-	-	14,448	(202)	14,246
Buildings on reserves	56,149	(52)	56,097	1,298	(13)	-	(1,498)	4	(140)	57,261	(1,513)	55,748
Swimming pools	13,235	-	13,235	1,407	-	-	(446)	-	-	14,642	(446)	14,196
Inner harbour	43,268	-	43,268	459	(338)	-	(911)	101	18,010	60,589	-	60,589
<b>Total restricted assets</b>	<b>458,776</b>	<b>(1,383)</b>	<b>457,393</b>	<b>7,528</b>	<b>(351)</b>	<b>-</b>	<b>(5,805)</b>	<b>4,414</b>	<b>17,870</b>	<b>486,281</b>	<b>(5,232)</b>	<b>481,049</b>
<b>Capital work in progress (see breakdown below)</b>	<b>41,124</b>	<b>-</b>	<b>41,124</b>	<b>26,369</b>	<b>(119)</b>	<b>-</b>	<b>-</b>	<b>(22,313)</b>	<b>-</b>	<b>45,061</b>	<b>-</b>	<b>45,061</b>
<b>Total property plant &amp; equipment</b>	<b>2,055,775</b>	<b>(73,789)</b>	<b>1,981,986</b>	<b>58,425</b>	<b>(817)</b>	<b>(7,925)</b>	<b>(34,287)</b>	<b>-</b>	<b>245,963</b>	<b>2,296,433</b>	<b>(53,088)</b>	<b>2,243,345</b>

Capital work in progress	2022/23 \$000	2021/22 \$000
Buildings	6,714	2,125
Plant and equipment	3,605	1,601
Sewerage system other assets	11,869	7,142
Water system	5,866	4,440
Stormwater network	4,793	3,669
Three Waters reform programme	4,076	10,172
Roading network	4,514	6,904
Sportsgrounds/reserves	2,330	4,905
Pool	-	-
Inner Harbour	1,294	163
Software	-	-
<b>Total capital work in progress</b>	<b>45,061</b>	<b>41,123</b>

The net carrying amount of plant and equipment held under finance leases is \$nil (2022: \$nil). In accordance with Council's Accounting Policies the revaluation loss for library books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.

Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.

Disposals in the above are reported net of accumulated depreciation.





## Property Plant and Equipment (Prior year 2022) - continued

2021/22	Cost / Valuation 1 July 2021 \$000	Accumulated Depreciation and Impairment 1 July 2021 \$000	Carrying Amount 1 July 2021 \$000	Additions	Disposals \$000	Impairment \$000	Depreciation \$000	Transfers \$000	Revaluation Surplus/ (Defi- cit) \$000	Cost / Valuation 30 June 2022 \$000	Accumulated Depreciation and Impairment 30 June 2022 \$000	Carrying Amount 30 June 2022 \$000
<b>Council operational assets</b>												
Land	130,769	-	130,769	-	(18)	-	-	-	-	130,751	-	130,751
Leasehold land	2,965	-	2,965	-	(750)	-	-	-	-	2,215	-	2,215
Buildings	117,668	-	117,668	379	(72)	-	(3,102)	-	-	117,975	(3,102)	114,873
Library books	1,782	(1)	1,781	237	-	-	(193)	-	(20)	1,806	(1)	1,805
Plant and equipment	52,244	(35,404)	16,840	5,075	(42)	-	(3,271)	-	-	57,055	(38,453)	18,602
Motor vehicles	5,567	(3,376)	2,191	495	(47)	-	(564)	-	-	5,814	(3,739)	2,075
Landfill post closure	225	(225)	-	-	-	-	-	-	-	225	(225)	-
<b>Total operational assets</b>	<b>311,220</b>	<b>(39,006)</b>	<b>272,214</b>	<b>6,186</b>	<b>(929)</b>	<b>-</b>	<b>(7,130)</b>	<b>-</b>	<b>(20)</b>	<b>315,841</b>	<b>(45,520)</b>	<b>270,321</b>
<b>Council infrastructural assets</b>												
Sewerage system treatment plant	35,171	(819)	34,352	106	(3)	-	(832)	-	-	35,274	(1,651)	33,623
Sewerage system other assets	157,832	(5,035)	152,797	2,743	(151)	-	(5,147)	-	-	160,411	(10,169)	150,242
Water system	137,924	(3,705)	134,219	2,887	(86)	-	(3,297)	-	-	140,724	(7,001)	133,723
Drainage network	213,938	(4,025)	209,913	1,311	(96)	-	(4,039)	-	-	215,146	(8,057)	207,089
Roading network	278,104	(4)	278,100	10,490	-	-	(7,214)	-	(13,819)	267,565	(8)	267,557
Land under roads	420,921	-	420,921	-	(7)	-	-	-	-	420,914	-	420,914
<b>Total infrastructural assets</b>	<b>1,243,890</b>	<b>(13,588)</b>	<b>1,230,302</b>	<b>17,537</b>	<b>(343)</b>	<b>-</b>	<b>(20,529)</b>	<b>-</b>	<b>(13,819)</b>	<b>1,240,034</b>	<b>(26,886)</b>	<b>1,213,148</b>
<b>Council restricted assets</b>												
Sportsgrounds	239,228	(4,412)	234,816	1,457	-	-	(2,266)	-	96,486	330,818	(324)	330,494
Grandstands and halls	11,610	(1,306)	10,304	909	-	-	(150)	-	3,236	15,306	(1,007)	14,299
Buildings on reserves	48,001	(2,561)	45,440	187	(41)	-	(1,265)	-	11,776	56,149	(52)	56,097
Swimming pools	12,362	(801)	11,561	-	-	-	(402)	-	2,076	13,235	-	13,235
Inner harbour	18,008	(534)	17,474	-	-	-	(267)	-	26,062	43,268	-	43,268
<b>Total restricted assets</b>	<b>329,209</b>	<b>(9,614)</b>	<b>319,595</b>	<b>2,553</b>	<b>(41)</b>	<b>-</b>	<b>(4,350)</b>	<b>-</b>	<b>139,636</b>	<b>458,776</b>	<b>(1,383)</b>	<b>457,393</b>
<b>Capital work in progress (see breakdown below)</b>	<b>19,284</b>	<b>-</b>	<b>19,284</b>	<b>27,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,533)</b>	<b>-</b>	<b>41,124</b>	<b>-</b>	<b>41,124</b>
<b>Total property plant &amp; equipment</b>	<b>1,903,603</b>	<b>(62,208)</b>	<b>1,841,395</b>	<b>53,649</b>	<b>(1,313)</b>	<b>-</b>	<b>(32,009)</b>	<b>(5,533)</b>	<b>125,797</b>	<b>2,055,775</b>	<b>(73,789)</b>	<b>1,981,986</b>
<b>Capital work in progress</b>	<b>2021/22 \$000</b>	<b>2020/21 \$000</b>										
Buildings	2,125	878										
Plant and equipment	1,601	524										
Sewerage system other assets	7,142	2,110										
Water system	4,440	4,074										
Stormwater network	3,669	1,375										
Three Waters reform programme	10,172	1,513										
Roading network	6,904	5,162										
Sportsgrounds/reserves	4,905	3,483										
Pool	-	16										
Inner harbour	163	106										
Software	-	43										
<b>Total capital work in progress</b>	<b>41,123</b>	<b>19,284</b>										

In the 2022/23 year, a review of note readability was conducted. As a result this table has been updated to be comparable to the 2022/23 table which reports disposals net of accumulated depreciation

The net carrying amount of plant and equipment held under finance leases is \$nil (2021: \$nil). In accordance with Council's Accounting Policies the revaluation loss for library books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.

Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.

## Replacement Cost of Core Infrastructural Assets



	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Council infrastructural assets</b>		
Sewerage system treatment plant	53,748	45,080
Sewerage system other assets	556,139	380,654
Water system	356,594	255,649
Drainage network	442,620	351,661
Roading network	564,664	543,945
<b>Total infrastructural assets</b>	<b>1,973,765</b>	<b>1,576,989</b>

Council's water supply is drawn from the Heretaunga Plains aquifer, so Council does not own a water treatment plant.



## 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. Some assets (such as pumps) are independently valued by independent valuer. See Note 14.

### Critical Judgements in applying Napier City Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2023.

### 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.



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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.



(please see note on following page)

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.

Goodwill

Goodwill on acquisition of businesses and subsidiaries is included in "intangible assets". Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

## 18. Intangible Assets



	Computer Software \$000	Goodwill \$000	Total 2022/23 \$000
<b>Carrying amount 1 July 2022</b>	<b>1,713</b>	-	<b>1,713</b>
Additions	1,021	135	1,156
Disposals	-	-	-
Amortisation	(631)	(135)	(766)
<b>Carrying amount 30 June 2023</b>	<b>2,103</b>	-	<b>2,103</b>
Cost/ Valuation 30 June	6,368	-	6,368
Less Accumulated Impairment and Amortisation	(4,265)	-	(4,265)
<b>Carrying amount 30 June 2023</b>	<b>2,103</b>	-	<b>2,103</b>

	Computer Software \$000	Goodwill \$000	Total 2021/22 \$000
<b>Carrying amount 1 July 2021</b>	<b>1,459</b>	-	<b>1,459</b>
Additions	744	-	744
Disposals	-	-	-
Amortisation	(490)	-	(490)
<b>Carrying amount 30 June 2022</b>	<b>1,713</b>	-	<b>1,713</b>
<b>Cost/ Valuation 30 June 2022</b>	<b>4,496</b>	-	<b>4,496</b>
Less Accumulated Impairment and Amortisation	(3,037)	-	(3,037)
<b>Carrying amount 30 June 2022</b>	<b>1,459</b>	-	<b>1,459</b>

### Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.





### Investment Property



(please see note on following page)

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 Statement of Comprehensive Revenue and Expenses.

### Impairment of Non-Financial Assets

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

## 19. Investment Property



	Actual 2022/23 \$000	Actual 2021/22 \$000
Balance at 1 July	107,701	76,731
Additions from acquisitions	-	-
Disposals	(482)	(269)
Reclassification	-	-
Fair value gains/(losses) on valuation	(3,965)	31,239
<b>Balance at 30 June</b>	<b>103,254</b>	<b>107,701</b>

Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by M. Penrose ANZIV, SNZPI, AAMINZ an independent valuer from Telfer Young (HB) Ltd. Telfer Young are experienced valuers with extensive market knowledge of the types of investment properties owned by the Council.

The fair value of investment properties has historically been determined using two valuation approaches: 1) Discounted cash flow methodology (DCF model); and 2) Direct sales comparison. The values as at 30 June 2023 were primarily based on direct sales comparison rather than the DCF model. Telfer Young's valuation report as at 30 June 2023 noted that there was uncertainty in valuation due to overall risk which is considered to have been elevated in the short term by potential economic impacts on the Hawke's Bay economy due to Cyclone Gabrielle as well as general investor confidence.

Information about the revenue and expenses in relation to the investment property is included below:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Rental income from investment property	1,965	1,816
Expenses from investment property generating income	-	1
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-



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### 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 Council's interest in the associate.

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



(please see note on following page)

### Investments

### Subsidiaries

Subsidiaries are all entities over which the Council has control. The Council controls an entity if all three of the following elements are present: power over the entity, exposure to variable returns from the entity, and the ability of the Council to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The Council has no subsidiaries during the periods presented in the financial statements.

### Joint Arrangements

The Council is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Council and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.



(please see note on following page)

#### Joint Operation

The Council has an interest in a joint arrangement 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.



## 20. Investments in Associates

The Council has a 26% interest in Hawke's Bay Airport Limited and its reporting date is 30 June. The remaining interest is held by Hastings District Council (24%) and The Crown (50%).

With effect from 1 July 2009, Hawke's Bay Airport Authority was corporatised. The new entity, Hawke's Bay Airport Limited, took over the business, assets and liabilities from that date.

Hawke's Bay Airport Limited is an unlisted entity and, accordingly, there are no published price quotations to determine the fair value of this investment.

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Breakdown in investments of Hawke's Bay Airport Ltd</b>		
Balance at 1 July	12,684	8,820
Prior year equity adjustment	-	2,104
Revaluation gains/(losses)	166	1,459
Share of total recognised revenues and expenses	723	301
Share of dividend	-	-
<b>Balance at 30 June</b>	<b>13,573</b>	<b>12,684</b>
<b>Summarised financial information of associate entities</b>		
	Actual 2022/23 \$000	Actual 2021/22 \$000
Assets	84,971	83,578
Liabilities	32,766	34,791
Revenues	12,668	6,735
Surplus/(deficit)	2,783	801
<b>Group's interest</b>	<b>26%</b>	<b>26%</b>

## 21. Joint Operation

The Council's 36.32% interest in the Omarunui Refuse Landfill joint venture is accounted for as a jointly controlled asset. The remaining 63.68% interest in the joint venture is held by Hastings District Council. The Council's interests in the jointly controlled operation are as follows.

	Actual 2022/23 \$000	Actual 2021/22 \$000
Current assets		
Non-current assets	5,951	7,134
Current liabilities	-	-
Non-current liabilities	1,827	1,174
Revenue	7,312	5,385
Revenue (NCC sales eliminated)	(497)	(516)
Expenses	5,537	3,591
Depreciation	693	642

Interests that the Council holds in jointly controlled assets and jointly controlled operations are accounted for on a line-by-line basis of the Group's share of assets, liabilities, revenue and expenses.

There were no contingent liabilities relating to interests in joint ventures to which the Council was jointly and/or severally liable (2022: \$nil).

There were no contingent assets relating to interests in joint ventures to which the Council would benefit either jointly and/or severally (2022: \$nil).

There were no commitments relating to the Council's joint venture which the council was jointly and/or severally liable (2022: nil)

There were no capital or other commitments relating to interests in joint ventures to which the Council was jointly and/or severally liable (2022: \$nil).



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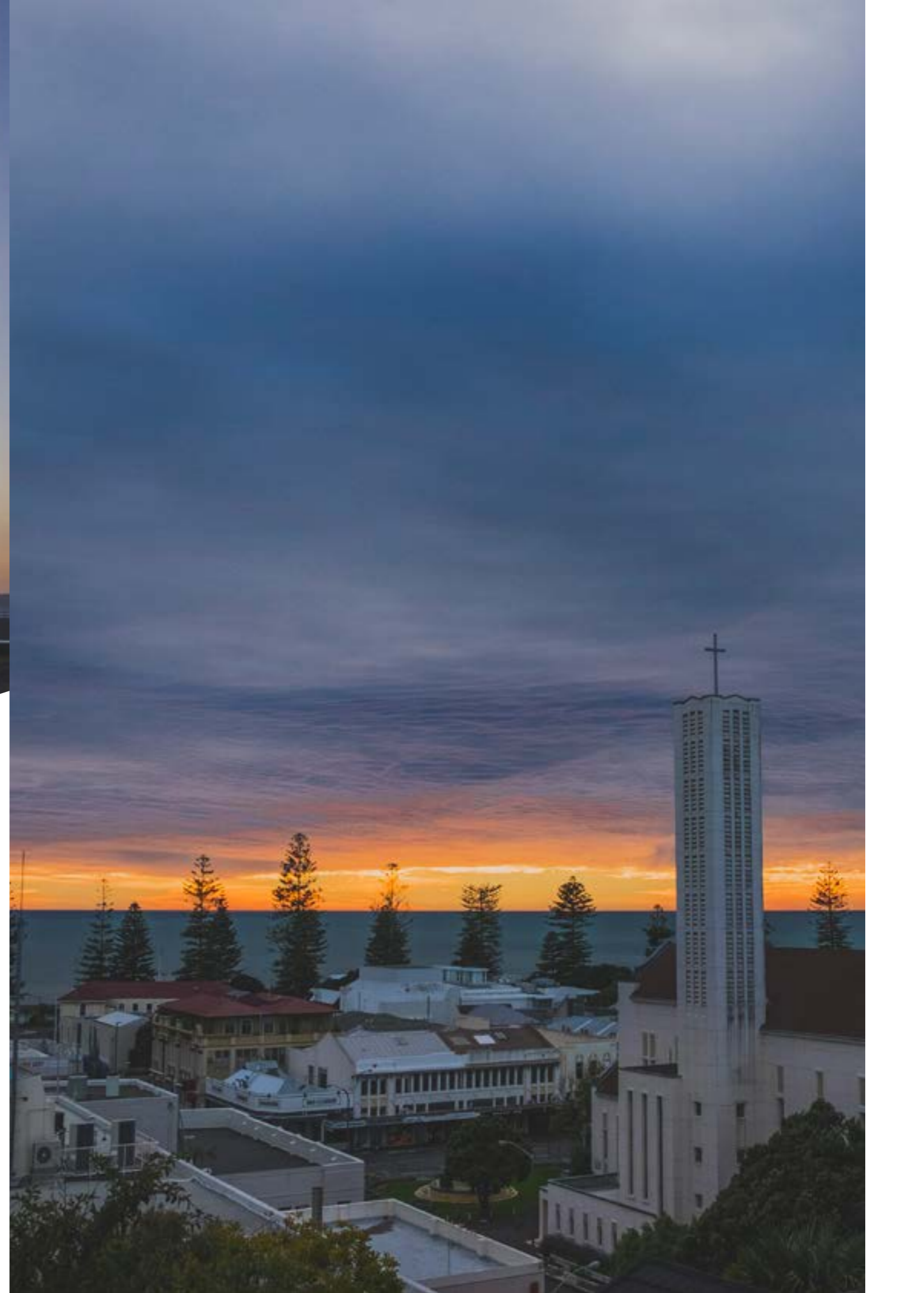
Critical Accounting estimates and assumptions



## 22. Non-current financial assets

	Actual 2022/23 \$000	Actual 2021/22 \$000
Unlisted shares	271	296
Omarunui Landfill*	1,787	2,496
LGFA Borrower Notes	250	-
<b>Total non-current portion</b>	<b>2,308</b>	<b>2,792</b>

There was no impairment provisions for other financial assets. The carrying amount of term deposits approximates their fair value.







## Other Financial Assets (excluding derivatives)

Other financial assets are initially recognised at fair value. Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

They are then classified based on on its cash flow characteristics and the Council's management model for managing them. Then subsequently measured under the following categories:

Amortised cost	<p>A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.</p> <p>Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include cash and cash equivalents, receivables, term deposits and the financial instrument portion of jointly controlled assets.</p>
Fair value through other comprehensive revenue and expense (FVTOCRE)	<p>A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.</p> <p>Debt instruments in this category are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not currently have debt instrument's in this category.</p> <p>Equity instruments in this category designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term. Equity instruments in this category are unlisted shares.</p>
Fair value through surplus and deficit (FVTSD)	<p>Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.</p> <p>Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.</p> <p>Debt instruments in this category are the Council's borrower note's in the Local Government Funding Agency (LGFA).</p>



## 23. Financial Instruments Assets

### Introduction of PBE IPSAS 41

New Financial Instrument standard PBE IPSAS 41 has come into effect in the 2022/23 year this supersedes PBE IPSAS 28, 29 and 30. As a result the accounting policies have been updated to comply with PBE IPSAS 41. The accounting treatment has not changed so there have been no adjustments required to comparatives. PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk. On the date of initial of application of PBE IPSAS 41, the classification of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the table below.

Financial Assets	Measurement classification	
	PBE IPSAS 29	PBE IPSAS 41
Cash and cash equivalents	Loans and receivables	Amortised Cost
Debtors and other receivables	Loans and receivables	Amortised Cost
Term Deposits	Loans and receivables	Amortised Cost
Omarunui Landfill	Loans and receivables	Amortised Cost
Unlisted Shares	Held to maturity	Fair value through other comprehensive revenue and expenditure

The following table are comparisons of carrying amounts of the Group's financial assets in each of the financial instrument categories:

### Financial instrument categories

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Amortised Cost</b>		
Cash and cash equivalents	27,771	14,877
Debtors and other receivables	12,692	8,842
Term Deposits	-	35,000
LGFA Borrower Notes	250	-
Omarunui Landfill	1,787	2,496
<b>Total amortised cost</b>	<b>42,500</b>	<b>61,215</b>
Fair value through other comprehensive revenue and expenditure		
Unlisted Shares	271	297
<b>Total fair value through other comprehensive revenue and expenditure</b>	<b>271</b>	<b>297</b>
<b>Total financial assets</b>	<b>42,771</b>	<b>61,512</b>



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### Expected credit loss allowance (ECL)

The Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full. Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision

### Previous accounting policy

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included cash and cash equivalents, receivables, term deposits and the financial instrument portion of jointly controlled assets);
- held-to-maturity investments at amortised cost (no instruments in this category); and
- fair value through other comprehensive revenue and expense (included unlisted shares).  
The main differences for the prior year policies are:
- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.



### Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1 - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.

Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 - Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Level	Actual 2022/23 \$000	Actual 2021/22 \$000
Financial assets			
Unlisted Shares	3	271	297
There were no transfers between the different levels of the fair value hierarchy			

Valuation techniques with significant non-observable inputs (level 3) PBE IPSAS 30.33 (c) The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements

	Actual 2022/23 \$000	Actual 2021/22 \$000
Balance as at 1 July	297	287
Gains or losses recognised in other comprehensive revenue and expense	(26)	10
<b>Balance as at 30 June</b>	<b>271</b>	<b>297</b>

### Financial Instrument Risks

Napier City Council has a series of policies to manage the risks associated with financial instruments. This Council is risk-averse and therefore seeks to minimise risk exposure from its treasury activities through adherence to its approved Investment Management Policy and Liability Management Policy. These policies do not allow transactions of a speculative nature.

#### Market Risk

##### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Napier City Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of this Council's investment portfolio in accordance with the limits set out in Napier City Council's Investment Management Policy.



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### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Napier City Council purchases plant and equipment (associated with the construction of certain infrastructural assets) and library stock assets from overseas. These transactions require this Council to enter into transactions denominated in foreign currencies. Exposure to currency risk arises as a result of these activities.

It is this Council's policy to manage foreign currency risks, arising from contractual commitments and liabilities of significant value, by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means Napier City Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Napier City Council to fair value interest rate risk. Napier City Council's Liability Management policy is to stay within a minimum and maximum percentage of its borrowings in fixed-rate instruments. Fixed-to-floating interest rate swaps can be entered into to hedge the fair value interest rate risk arising where this Council's fixed rates borrowings are in excess of the target range.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Napier City Council to cash flow interest rate risk. In order to manage the cash flow interest rate risk, under its Liability Management Policy this Council has the ability to raise long-term borrowings at floating rates, then later swap them to fixed rates using interest rate swaps.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to Napier City Council, causing this Council to incur a loss. Due to the timing of its cash inflows and outflows, this Council invests surplus cash into term deposits or local authority stock, which gives rise to credit risk. This Council's Investment Management Policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are generally secured by charges over rates. Other than other local authorities, this Council invests funds only with entities that have a Standard and Poor's credit rating of at least A-1 for short-term investments, and at least A+ for long-term investments.

Napier City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Cash at bank and term deposits	27,771	49,877
Receivables	12,692	8,842
<b>Total credit risk</b>	<b>40,463</b>	<b>58,719</b>

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 30.



### Credit quality of financial assets

The credit quality of financial assets excluding receivables that are neither past due nor impaired can be assessed by reference to Fitch's credit ratings (if available) or to historical information about counterparty default rates. On 12 July 2021 Kiwibank announced the credit rating service from Standard & Poor's Global Ratings to Kiwibank Limited is ending. As a result Standard & Poor's ratings on Kiwibank have been withdrawn. So for 2022/23 Fitch's credit ratings have been used instead.

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Counterparties with credit ratings</b>		
Cash at bank and term deposits		
AA-	8,771	43,877
AA	3,000	6,000
<b>Total term deposits</b>	<b>11,771</b>	<b>49,877</b>
<b>Counterparties without credit ratings</b>		
Financial Guarantees		
Existing counterparty with no defaults in the past	-	79
<b>Total financial guarantees</b>	<b>-</b>	<b>79</b>

### Contractual Maturity Analysis

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
<b>2022/23</b>						
Cash and cash equivalents	27,771	27,898	27,898	-	-	-
Receivables	12,692	12,692	12,692	-	-	-
Term deposits	-	-	-	-	-	-
LGFA Borrower Notes	250	299	-	-	299	-
<b>Total</b>	<b>40,713</b>	<b>40,889</b>	<b>40,590</b>	<b>-</b>	<b>299</b>	<b>-</b>
<b>2021/22</b>						
Cash and cash equivalents	14,877	5,529	5,529	-	-	-
Receivables	5,491	20,625	20,625	-	-	-
Term Deposits	35,000	35,481	35,481	-	-	-
LGFA Borrower Notes	-	-	-	-	-	-
<b>Total</b>	<b>74,154</b>	<b>74,426</b>	<b>74,426</b>	<b>-</b>	<b>-</b>	<b>-</b>





## Major Budget Variances

### Current Assets

Overall, current assets are \$15.1m higher than budget. The significant variances are:

- Cash and cash equivalents are \$22m higher than budget due to the timing of term deposits and long-term borrowing, and the upcoming requirement for cash outgoings.
- This is offset by inventories being \$3.5m lower than budget due to the development of sections in Parklands Residential Development being delayed.

### Non-Current Assets

Total non-current assets for 2022/23 are \$232.8m higher than budget.

- Property, plant and equipment is \$211m higher than budget due to the higher than expected increase in fair value, particularly for the Infrastructural asset classes (including Three Waters and Roading) as well as operational land and buildings.
- Investment property is \$22.4m higher than budget due to the effect of prior year revaluations being higher than expected, despite current year movements decreasing.



### Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

#### Interest rate risk

	2022/23 \$000				2021/22 \$000			
	-50 bps		150 bps		-50 bps		100 bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
Cash and cash equivalents	(139)	-	417	-	(74)	-	223	-
Term deposits	-	-	-	-	(175)	-	525	-
LGFA Borrower Notes	-	-	-	-	-	-	-	-
	(139)	-	417	-	(249)	-	748	-

#### Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity has been calculated based on a shift in interest rates of -50bps/+150bps (2022: -50bps/+150bps).





# Liabilities

## Accounting Policies

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.	
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.
	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.

## 24. Payables and other accruals



Breakdown of payables and other accruals	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Payables from non-exchange transactions</b>		
Rates in advance	1,593	1,155
GST payable	75	-
Other taxes payable*	656	534
<b>Total payables from non-exchange transactions</b>	<b>2,324</b>	<b>1,233</b>
<b>Payables from exchange transactions</b>		
Trade payables and accrued expenses	12,471	16,995
Deposits and bonds	1,262	948
Accrued interest	14	-
Revenue in advance	2,708	314
<b>Total payables from exchange transactions</b>	<b>16,455</b>	<b>18,257</b>
<b>Total payables and other accruals</b>	<b>18,779</b>	<b>19,490</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

\*In the 2022/23 year, a review of note readability was conducted. As a result the other taxes payable was found to be included in exchange transactions in error and has been restated to be a non-exchange transaction.

## 25. Employee benefit liabilities

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Current portion</b>		
Accrued pay	1,246	1,193
Annual leave	4,452	3,685
Retirement and long service leave	349	493
<b>Total current portion</b>	<b>6,047</b>	<b>5,371</b>
<b>Non-current portion</b>		
Retirement and long service leave	667	753
<b>Total non-current portion</b>	<b>667</b>	<b>753</b>
<b>Total employee entitlement</b>	<b>6,714</b>	<b>6,124</b>



#### Borrowings



(please see note on following page)

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. 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.

#### Financial Guarantee



(please see note on following page)

A financial guarantee contract is a contract that requires the Council 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. Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in the financial asset accounting policy on page 178; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue

## 26. Non-current Borrowings



### Breakdown of non-current borrowings

	Actual 2022/23 \$000	Actual 2021/22 \$000
LGFA Borrowings	10,000	-
<b>Total payables and other accruals</b>	<b>10,000</b>	<b>-</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 27. Financial Guarantees

The Council is listed as sole guarantor to two community organisation bank loans. The Council is obligated under the guarantees to make payments in the event the organisation defaults on a financial arrangement. The exercising of guarantees will be dependent on the financial stability of the organisations, which will vary over time. As at June 2023 there is no indication that the community organisation will not be able to pay these loans so no liability has been recognised.

### Breakdown of financial guarantees

	Authorised 2022/23 (\$000)	Outstanding Amount 2022/23 (\$000)	Authorised 2021/22 (\$000)	Outstanding Amount 2021/22 (\$000)
Napier Sailing Club Westpac	750	34	750	79
Regional Indoor Spots and Events Centre Trust BNZ	2,000	2,000	-	-
<b>Total</b>	<b>2,750</b>	<b>2,034</b>	<b>750</b>	<b>79</b>



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## 28. Financial Instrument Liabilities

### Introduction of PBE IPSAS 41

As discussed in note 24 there has been a change in accounting for financial instruments. The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41

The following tables are comparisons of carrying amounts of the Group's financial liabilities in each of the financial instrument categories:

#### Financial instrument categories

Financial liabilities	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Amortised Cost</b>		
Creditors and other payables	3,270	11,385
Financial Guarantees*	-	79
LGFA Borrowings	10,000	-
<b>Total amortised cost</b>	<b>13,270</b>	<b>11,385</b>
<b>Total financial liabilities</b>	<b>13,270</b>	<b>11,385</b>

\*Financial Guarantees were recognised under provisions and not included in the financial liability note in the year end 2021/22 accounts. This has been reclassified to its own category and falls under the financial liability definition under IPSAS 41. The financial liability has been derecognised in 2022/23 as under PBE IPSAS a expense/liability is recognised when there is evidence that the loan holder won't be able to pay the loan.

## Liquidity Risk



### Management of Liquidity Risk

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

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the Council's Long Term Plan (LTP).

The Council has an overdraft facility of \$300,000 (2022: \$300,000), and there are no restrictions on the use of this facility. Gross overdraft facility in use at 30 June 2023 was \$nil (2022: \$nil). The Council holds negotiated off-setting arrangements with its bank for all its bank accounts and was \$11,752,839 in funds as at 30 June 2023 (2022: \$14,905,590).

### Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More Than 5 Years \$000
<b>2022/23</b>						
Creditors and other payables	11,623	11,623	11,623	-	-	-
Financial guarantees	-	-	-	-	-	-
LGFA loan	10,000	12,124	475	552	11,097	-
<b>Total</b>	<b>21,623</b>	<b>23,747</b>	<b>12,098</b>	<b>552</b>	<b>11,097</b>	<b>-</b>
<b>2021/22</b>						
Creditors and other payables	16,732	16,732	16,732	-	-	-
Financial guarantees	79	79	79	-	-	-
LGFA loan	-	-	-	-	-	-
<b>Total</b>	<b>16,811</b>	<b>16,811</b>	<b>16,811</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 30



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### Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial liability instrument is as follows:

	Actual 2022/23 \$000	Actual 2021/22 \$000
Financial guarantees	-	79
<b>Total financial liability credit risk</b>	<b>-</b>	<b>79</b>

These financial guarantees are counterparties without credit ratings that have not had any default in the past.

#### Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

#### Interest rate risk

	2022/23 \$000				2021/22 \$000			
	-50 Profit	bps Equity	150 Profit	bps Equity	-50 Profit	bps Equity	100 Profit	bps Equity
Financial Liabilities								
LGFA Borrowings	50	-	(150)	-	-	-	-	-
	<b>50</b>	<b>-</b>	<b>(150)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity has been calculated based on a shift in interest rates of -50bps/+150bps (2022: -50bps/+150bps).



#### 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.



(please see note below)

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.



### 29. Provisions

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Landfill aftercare provision</b>		
Balance at 1 July	1,174	1,307
Additional provisions made	564	192
Amounts used/unused amounts reversed		(325)
<b>Balance at 30 June</b>	<b>1,738</b>	<b>1,174</b>
<b>Tertiary education grant</b>		
Balance at 1 July	200	300
Amounts used/unused amounts reversed	(100)	(100)
<b>Balance at 30 June</b>	<b>100</b>	<b>200</b>
<b>Financial Guarantees</b>		
Balance at 1 July	79	212
Amounts used/unused amounts reversed	(79)	(133)
<b>Balance at 30 June</b>	<b>-</b>	<b>79</b>
<b>Total</b>	<b>1,838</b>	<b>1,453</b>







## 29. Provisions continues

### Provision for Landfill Aftercare

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, and
- 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
- Implementation of remedial measures such as needed for cover, and control systems, and
- 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:

	Total Capacity (million)	Useful Life of Valley	Remaining Useful Life
The landfill is divided into four valleys as below:			
<b>Valley A</b> - opened in December 1998, closed 2006	2.6m3	17 years	closed
<b>Valley D</b> - opened in December 2006 and currently in operation	2.1m3	18 years	1.89 years
<b>Valleys B &amp; C</b> - 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 2025 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 \$27,500, and
- The provision reported is for the Napier City Council's share only (36.32%).

#### Provision for Tertiary Education Grant

Council has formed an agreement with Eastern Institute of Technology (EIT) to provide education grants until 2024.



### Leases



(please see note below the page)

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.



## 30. Contingencies

	Actual 2022/23 \$000	Actual 2021/22 \$000
Contingent liabilities	-	-
Financial guarantees	-	671
<b>Total contingent liabilities</b>	<b>-</b>	<b>671</b>

### Quantified Contingent Liabilities

#### Financial Guarantees

The value of guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. Refer to note 24 Provisions for information on recognised financial guarantees.

### Unquantified Contingent Liabilities

In the ordinary course of business Council can be subject to claims from clients utilising the services of Council.

A provision for known claims and future claims has been made. Impact and cost of future and unknown claims cannot be measured reliably and therefore the Council has an unquantified contingent liability.



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## Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand.

LGFA has a current credit rating from Fitch Ratings of AA+ and Standard and Poor's of AAA. The foreign currency long term rating is AA by Fitch Ratings and AA+ by Standard and Poor's.

The Council is a guarantor of all of the LGFA's borrowings in the event of default. At 30 June 2023, the LGFA had borrowings totalling \$17.7 billion (2022: \$15.8 billion). In such an event, each guarantor would be liable to pay a proportion of the amount owing based on each guarantor's rates revenue. Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

### Riskpool

The Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

### Other contingent liabilities

The Council is a participating employer in a Defined Benefit Plan Contributors Scheme which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employees ceased to participate in the scheme, the Council could be responsible for an increased share of the deficit. As at 31 March 2023, the scheme had a deficit of \$323k (2022: \$595k surplus)



## 31. Capital Commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Infrastructural Assets</b>		
Drainage	-	1,290
Roading network	1,415	2,916
Sewerage system	439	-
Water System	-	649
<b>Restricted Assets</b>		
Building on Reserves	491	-
Inner Harbour	347	-
Sportsgrounds	2,737	860
<b>Operation Assets</b>		
Plant and equipment	-	924
Buildings	126	839
Motor vehicles	-	-
<b>Total capital commitments</b>	<b>5,555</b>	<b>7,478</b>



## Major Budget Variances

### Current Liabilities

Current liabilities are \$1.4m lower than budget. The main variance is due to the timing of payments and lower than expected capital spend which led to lower than expected payables at year end.

### Non-current Liabilities

Non-current liabilities are \$55.4m lower than budget. The main variance is in borrowings which were not required due to less than budgeted capital spend over the past two years.



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## Net Assets / Equity

### Accounting policies

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 see Note 25.

These are:

- Accumulated comprehensive revenue and expenses; and
- Reserves:
  - Restricted Reserves
  - Asset Revaluation Reserves, and
  - 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.

The Council's objectives, policies and processes for managing capital are described in Note 31.

## 32. Equity



	Actual 2022/23 \$000	Actual 2021/22 \$000
<b>Retained earnings</b>		
As at 1 July	877,995	838,895
Transfers to:		
Restricted reserves	(2,302)	(1,916)
Transfers from:		
Asset revaluation reserve	354	1,222
Restricted reserves	3,214	1,360
Surplus/(deficit) for the year	(7,707)	38,434
<b>As at 30 June</b>	<b>871,554</b>	<b>877,995</b>
<b>Restricted reserves</b>		
As at 1 July	4,392	3,836
Transfers to:		
Retained earnings	(3,214)	(1,360)
Transfers from:		
Retained earnings	2,302	1,916
<b>As at 30 June</b>	<b>3,480</b>	<b>4,392</b>
<b>Restricted reserves consist of:</b>		
Loan funds reserves	-	-
Trusts and bequests	331	318
Other restricted reserves	3,149	4,074
<b>Total restricted reserves *</b>	<b>3,480</b>	<b>4,392</b>
<b>Asset revaluation reserves</b>		
As at 1 July	1,282,907	1,156,851
Revaluation gains/(losses) property, plant and equipment	238,268	125,819
Revaluation gains/(losses) Hawke's Bay Airport Limited	166	1,459
<b>Total valuation gains/(losses) as per Other Comprehensive Revenue</b>	<b>238,434</b>	<b>1,284,129</b>
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(354)	(1,222)
<b>As at 30 June</b>	<b>1,520,987</b>	<b>1,282,907</b>

\* For full details on the restricted reserves refer to pages 184-188.





**Asset revaluation reserves consist of:**

**Operational assets**

	Actual 2022/23 \$000	Actual 2021/22 \$000
Land	118,910	110,366
Leasehold land	2,246	1,981
Buildings	113,229	90,378
Plant and equipment	275	274

**Infrastructural assets**

Sewerage Treatment Plant	17,978	11,708
Sewerage system	214,984	155,645
Water system	154,446	107,699
Drainage network	240,687	171,267
Roading network	270,752	263,927

**Restricted assets**

Sportsgrounds	272,287	272,287
Grandstands and halls	7,926	7,926
Buildings on reserves	33,698	33,852
Swimming pools	9,575	9,575
Inner Harbour	59,584	41,779
Hawke's Bay Airport Authority	4,410	4,244

<b>Total asset revaluation reserves</b>	<b>1,520,987</b>	<b>1,282,908</b>
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**Fair value through equity reserve**

As at 1 July	(159)	(168)
Valuation gains/(losses) on unlisted shares taken to equity	(26)	9
As at 30 June	(185)	(159)

<b>Total other reserves</b>	<b>1,524,282</b>	<b>1,287,140</b>
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<b>Total equity</b>	<b>2,395,836</b>	<b>2,165,135</b>
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## Major Budget Variances

### Equity

Equity is \$304.8m above budget. This is mainly due to an increase in asset revaluation reserves due to revaluation of property, plant and equipment and investment property.



### 33. Capital Management

The Council's capital is its equity (or Ratepayers' Funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' Funds are managed largely as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has Asset Management Plans in place for major classes of assets, detailing renewal and maintenance programmes to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan.

Napier City Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surpluses or deficits relating to these separate areas of benefit are applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by Council.

Trust and bequest reserves are set up where the Council is donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purposes for which they were donated.



Accounting Policies



Notes



Major budget variances



Critical Accounting estimates and assumptions





### 33. Related Party Transactions continues

#### Transactions with key management personnel

Key management personnel includes the Mayor, councillors, the Chief Executive and other senior management personnel.

During the year, councillors and key management, as part of normal local authority relationships, were involved in transactions of a minor and routine nature with the Council on normal commercial terms (such as payment of rates and transfer station fees).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2022: \$nil).

#### Key management personnel compensation

	FTE 2022/23	FTE 2021/22	Actual 2022/23 \$000	Actual 2021/22 \$000
Elected members	13	13	946	872
Executive management (includes Chief Executive, direct reports and people who sit on the Executive Leadership Team)	10	10	2,471	2,616

Due to the difficulty in determining the full-time equivalent of councillors, the full-time equivalent figure is taken as the number of councillors.

### Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

#### Related party transactions with subsidiaries, associates, or joint operations

All transactions between Napier City Council and its subsidiaries, associates and joint operations are at arm's length.

The Council has significant influence over Hawke's Bay Museums Trust. The Council also has a 36.32% share in the Omarunui Landfill joint venture and has significant influence over Hawke's Bay Airport Limited due to its 26% ownership.

The Hawke's Bay Museums Trust is a council-controlled organisation as three of the five member Board are Napier City Council or Hastings District Council nominees. Hawke's Bay Museums Trust is classified as an associate entity for financial reporting purposes. Napier City Council provides operational and administrative support to the Trust, and due to the perceived influence we have provided further information on the related party transactions with the Trust below.

	Actual 2022/23 \$000	Actual 2021/22 \$000
Hawke's Bay Museums Trust		
Grants paid to the trust	566	586
Services provided to the trust	1,138	1,177
Other services provided to the trust	7	4



### 34. Legislative compliance

Section 98 of the Local Government Act 2002 requires the Napier City Council to prepare and adopt an annual report within four months after the end of each financial year.

The Annual Report 2022/23 was adopted by resolution of the Napier City Council on 23 November 2023. The delay was a result of receiving the valuation report of the water, waste water and storm water above and below ground assets later than expected due to asset data problems resulting from Cyclone Gabrielle.

### 35. Events After the Balance Sheet Date

#### Water services reform programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

#### Cyclone Gabrielle - Category 3 Voluntary Residential Property and Property Rights Buy-out

Cyclone Gabrielle caused widespread damage, flooding and isolation when it came through the Hawkes Bay Region in February 2023. With the damage being so widespread it stretched the Council's resources and support was needed region wide from central government to support the community.

The Crown made an offer to the Hawke's Bay councils that included funding of \$260m towards transport recovery, \$203m towards flood mitigation and \$92.5m towards Category 3 voluntary residential property purchases. For Napier, this means \$32m towards full replacement of the Redclyffe Bridge, which the council co-owns with Hastings District Council (HDC will receive the same amount for their share of the bridge).

To receive the forementioned funding, The Crown required The Council to agree to a 50/50 cost

sharing arrangement for the voluntary buy-out of category 3 residential properties within the Napier City boundaries. Under this central government will contribute up to \$3.5m to allow council to administer voluntary residential property purchases in Category 3 areas. The remaining cost will be loan funded by Council. Following the consultation, the LTP amendment was adopted by Council on 14 September 2023.

To accept this offer, all Hawke's Bay councils had to agree to all portions of the package, including voluntary residential property purchases in Category 3 areas. For Napier City Council this triggered a 2021-31 Long Term Plan Amendment. This amendment was consulted with the community in August and September 2023. There was a consultation document and two public drop-in sessions held during this period. Council received 85 written submissions, and spoke to 34 attendees in person at the two drop-in sessions. On balance, while the submissions and feedback raised a number of questions, the general view was supportive of the process outlined.

The updated costings for repairing the Redclyffe Bridge was higher than the initial estimates. So a funding apportionment agreement has been reached with Hastings District Council in October 2023 for them to manage the rebuild within their funding arrangements.

The 2021-31 Long Term Plan Amendment can be accessed here: <https://www.napier.govt.nz/assets/Uploads/FINAL-FULL-VERSION.pdf>

#### Settlement agreement with Local Government Mutual Funds Trustee Limited

The Local Government Mutual Funds Trustee Limited (Riskpool) provided professional indemnity cover to Council. In 2019 Council settled a claim brought by the owners of the Waterfront Apartment complex over various types of building defects. Council then sought indemnity from Riskpool for the portion of the remedial costs relating to non-weather-tightness defects and liabilities it incurred in defending and settling the claim.

On 1 August 2023 the Supreme Court determined that Riskpool was liable for the portion of the claim unrelated to weather-tightness. On 20 November 2023, both parties agreed to a settlement, based on the Judgement Sum from the High Court. The total Judgement Sum is \$4,698,995.41, with \$3,950,000 remaining payable to Council.



# RESERVE FUNDS

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2022	Deposits	Expenditure	Closing Balance 30 June 2023
<b>COUNCIL CREATED RESERVES</b>						
Aquarium Expansion	Derived from grants and donations for the Aquarium Expansion Project	Aquarium	(23)	-	-	(23)
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	(53)	16	(1)	(38)
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	2,901	1,939	(1,914)	2,926
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 Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	(4)	215	(215)	(4)
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/ Walkways	Roading	2,979	2,899	(1,940)	3,938
Robson Collection Fund	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	13	-	(1)	12
Dog Control Fund	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	8	829	(832)	5
General Reserve No.1	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.	Roading, Stormwater, Parking	-	-	-	-
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.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(136)	3	(5)	(138)

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2022	Deposits	Expenditure	Closing Balance 30 June 2023
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services. Note: Council is itself a developer (Parklands) and contributions are transferred as internal charges.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	14,098	13,653	(3,013)	24,738
Infrastructural Asset Renewal and Upgrade Funds	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, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	32,643	4,133	(10,407)	26,369
Plant & Equipment Renewals	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	7,497	5,324	(6,994)	5,827
Marine Parade Disability Hoist	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
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	2	-	-	2
Pensioner Housing Upgrade Reserve	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.	Retirement & Rental Housing	353	-	-	353
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	2,901	286	(42)	3,145
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	6,136	-	(862)	5,274



Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2022	Deposits	Expenditure	Closing Balance 30 June 2023
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,324	-	(10)	1,314
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	180	0	13	193
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	10,396	5,049	(3,265)	12,180
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Roothing	110	60	-	170
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	4,154	230	(5)	4,379
McLean Park Property Reserve Account	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	536	326	(35)	827
Hawke's Bay Harbour Board Endowment Land Sale Account	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	20,726	347	(1,400)	19,673
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	4,632	253	(137)	4,748
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.	Solid Waste	3,212	7,555	(8,675)	2,092

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2022	Deposits	Expenditure	Closing Balance 30 June 2023
Reserve Subdivision of Land	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	29	2	-	31
Lagoon Farm Account	Derived from the Lagoon Farm activity	Lagoon Farm	258	370	(620)	8
Subdivision and 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	7,040	-	(1,918)	5,122
<b>Total Council Created Reserves</b>			<b>121,912</b>	<b>43,489</b>	<b>(42,275)</b>	<b>123,126</b>

#### RESTRICTED RESERVES

Endowment Land Account	Derived from the sale of BCP 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	1,907	106	-	2,013
Hawke's Bay 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, Lagoon Farm, Property Holdings	2,168	1,732	(2,867)	1,033
Loan Reserve	Established to manage internal loan requirements.	Corporate	-	-	-	-
<b>Total Restricted Reserves</b>			<b>4,075</b>	<b>1,838</b>	<b>(2,867)</b>	<b>3,046</b>

#### BEQUESTS AND TRUST FUNDS

Colenso Bequest	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 Planning	30	2	-	32
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# BORROWING PROGRAMME

for the year ending 30 June 2023

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2022	Deposits	Expenditure	Closing Balance 30 June 2023
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	177	10	1	188
Eskdale Cemetery Trust	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	27	-	-	27
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	6	-	-	6
John Close Bequest	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 Planning	50	3	(1)	52
Morecroft Bequest	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	15	1	-	16
Napier Christmas Cheer	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 Planning	14	13	(17)	10
Mayoral Relief Fund	Donations received to help with emergencies, specifically setup in 2023 to assist those affected by Cyclone Gabrielle.	Community Planning	-	434	(332)	102
<b>Total Bequests Trust Funds</b>			<b>319</b>	<b>462</b>	<b>(350)</b>	<b>432</b>

	Actual 2022/23 \$000	LTP/AP 2022/23 \$000	Actual 2021/22 \$000
<b>New loans</b>			
- Rates funded	25,259	53,506	14,014
<b>Total new loans</b>	<b>25,259</b>	<b>53,506</b>	<b>14,014</b>
Less repayments (net)	(3,788)	(5,339)	(3,318)
<b>Movement in debt</b>	<b>21,678</b>	<b>48,167</b>	<b>10,696</b>
Opening public debt	79,525	120,895	68,829
<b>Gross Public debt</b>	<b>101,203</b>	<b>169,062</b>	<b>79,525</b>
Internal funding	(91,203)	(103,561)	(79,525)
<b>Net Public debt</b>	<b>10,000</b>	<b>65,501</b>	<b>-</b>

Internal borrowing	Actual 2021/22 \$000	Borrowed 2022/23 \$000	Repaid 2022/23 \$000	Actual 2022/23 \$000	Interest paid \$000
Transportation	11,165	1,031	(510)	11,686	(279)
Stormwater	7,609	1,390	(523)	8,476	(190)
Wastewater	4,223	3,657	(234)	7,646	(106)
Water Supply	15,969	2,436	(500)	17,905	(399)
Other Infrastructure	-	508	(3)	505	(2)
City Strategy	2,135	851	(149)	2,837	(56)
Community and Visitor Experiences	24,109	8,396	(958)	31,547	(567)
Property Assets	2,431	4,767	(176)	7,022	(86)
Loan redemptions	11,884	2,430	(735)	13,579	(303)
<b>Total Internal Borrowing</b>	<b>79,525</b>	<b>25,466</b>	<b>(3,788)</b>	<b>101,203</b>	<b>(1,988)</b>

This schedule is prepared specifically to meet the requirements under Schedule 10, section 27 - Internal Borrowing, Local Government Act 2002.

Interest included in this schedule has been assigned to groups on the basis of capital expenditure related to each loan authority. Interest is allocated across activity groups as a capital charge, based on asset book values, through internal charges. The basis for allocations is disclosed in the Council's Long Term Plan under significant forecasting assumptions.

A credit offset for internal interest income is applied when setting the level of general rates.

Council classifies loans as those where a formal loan raising resolution is required by Council. The loan raising process does not differentiate on the basis of the source of funds raised, i.e, internal or external



# FINANCIAL PRUDENCE BENCHMARKS

For the year ending 30 June 2023

## What is the purpose of this statement?

The purpose of this statement is to disclose the Council's 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 annual report 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

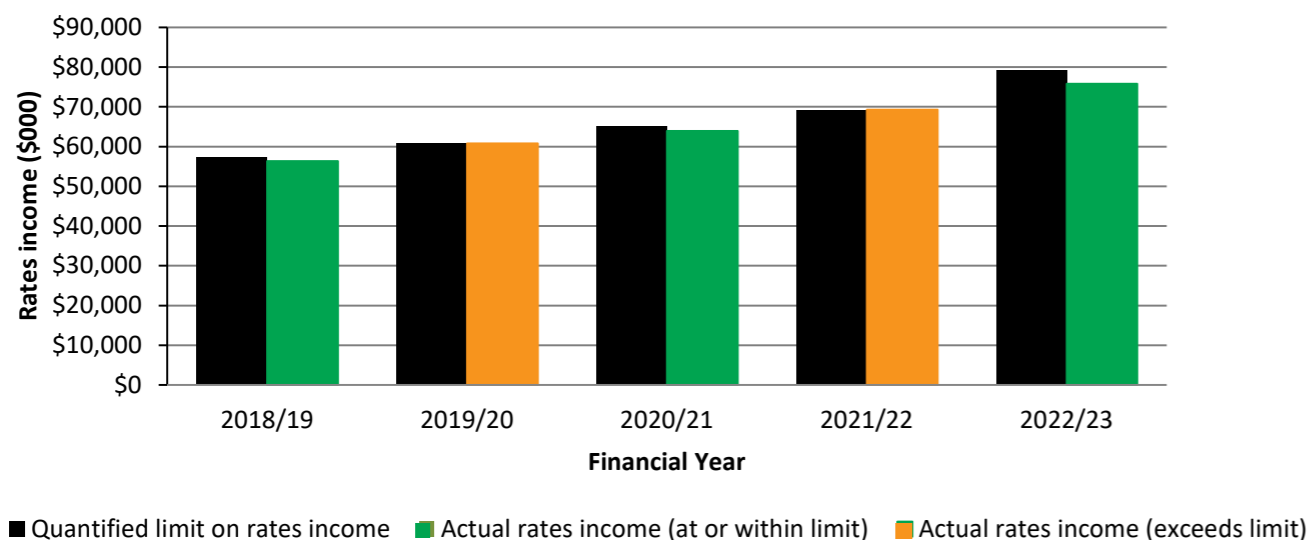
The Council meets the rates affordability benchmark if:

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

## Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The quantified limits are:

LTP Year	Year in graph	Quantified limit	Water by meter/ rates remissions and penalties
2021-31	2021/22	8% in 2021/22 and thereafter no more than the Local Government Cost Index (LGCI) plus 6.5%, together with an allowance of 0.3% for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
2018-28	2020/21 2019/20 2018/19	LGCI plus 5%	Includes water by meter, rates remissions and rates penalties

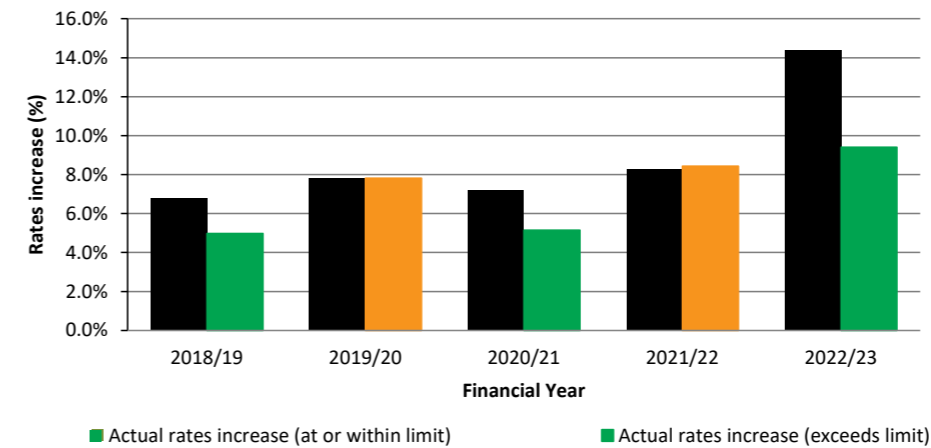


## Rates (increases) affordability

The following graph compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan.

The quantified limits are:

LTP Year	Year in graph	Quantified limit	Water by meter/ rates remissions and penalties
2021-31	2021/22	8% in 2021/22 and thereafter no more than the Local Government Cost Index (LGCI) plus 6.5%, together with an allowance of 0.3% for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
2018-28	2020/21 2019/20 2018/19	LGCI plus 5%	Includes water by meter, rates remissions and rates penalties



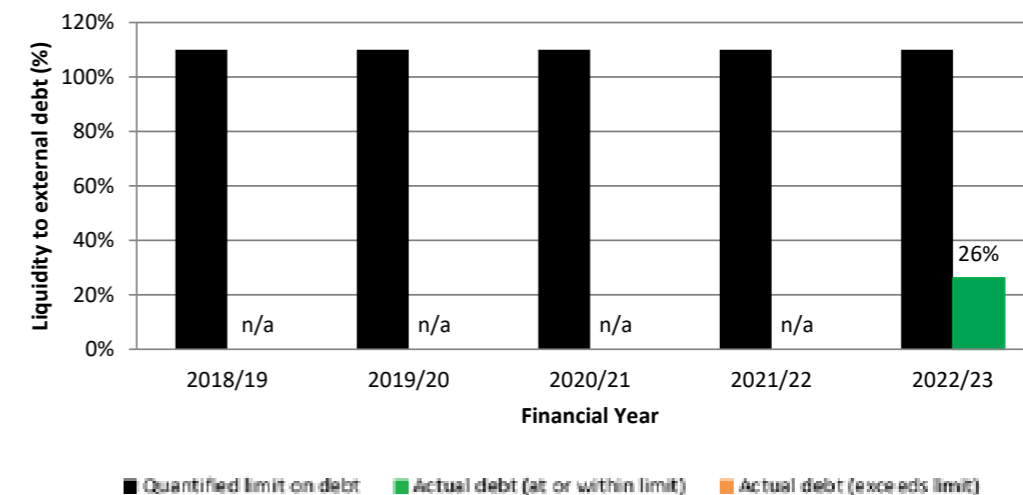
## Debt affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limits described in the 2021-31 LTP are;

- liquidity to external debt;
- net external interest as a percentage of income; and
- net interest expense to income.

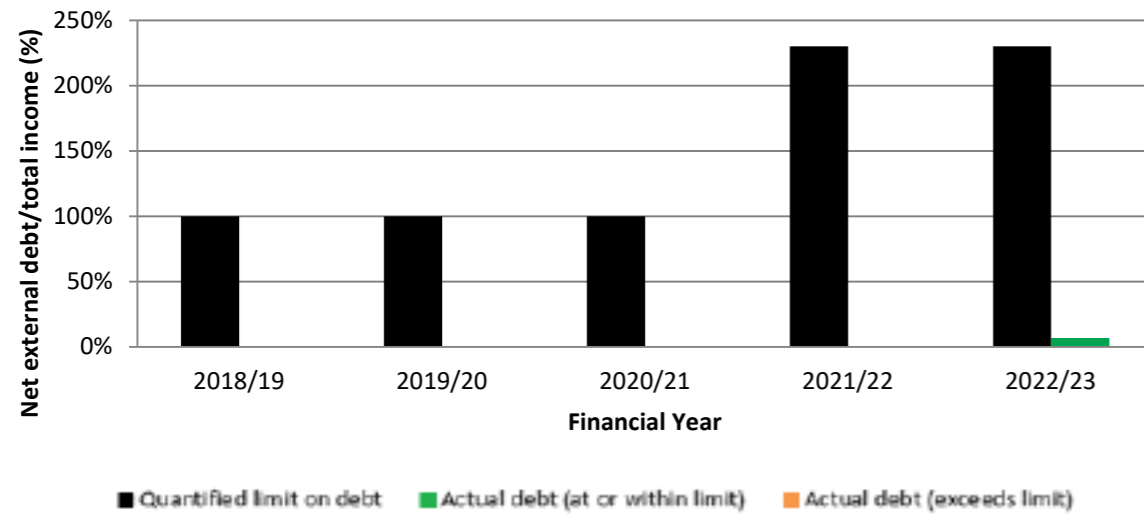
## Liquidity to external debt

The following graph compares the Council's debt with a quantified limit contained in the relevant LTP's financial strategy. The quantified limit is liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%.



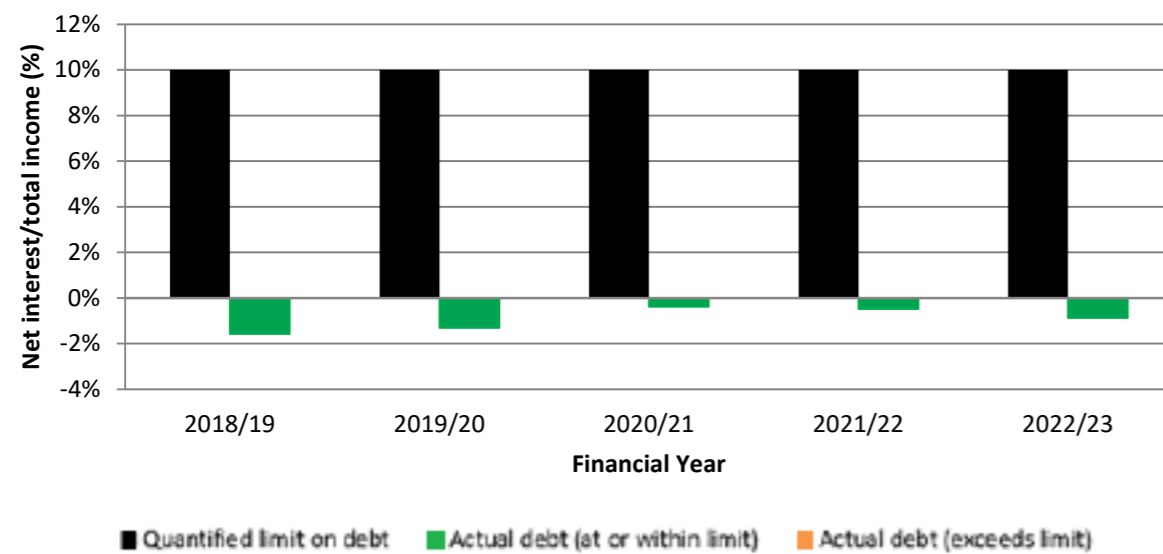
### Net external interest as a percentage of income

The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit set for the 2022/23 and 2021/22 year is net external debt as a percentage of total income will not exceed 230%. Previously this was set at 100% for the 2018/19, 2019/20 and 2020/21 years. Note, where the external debt is \$0 in a particular year, net debt is shown as \$0 as well.



### Net interest expense to income

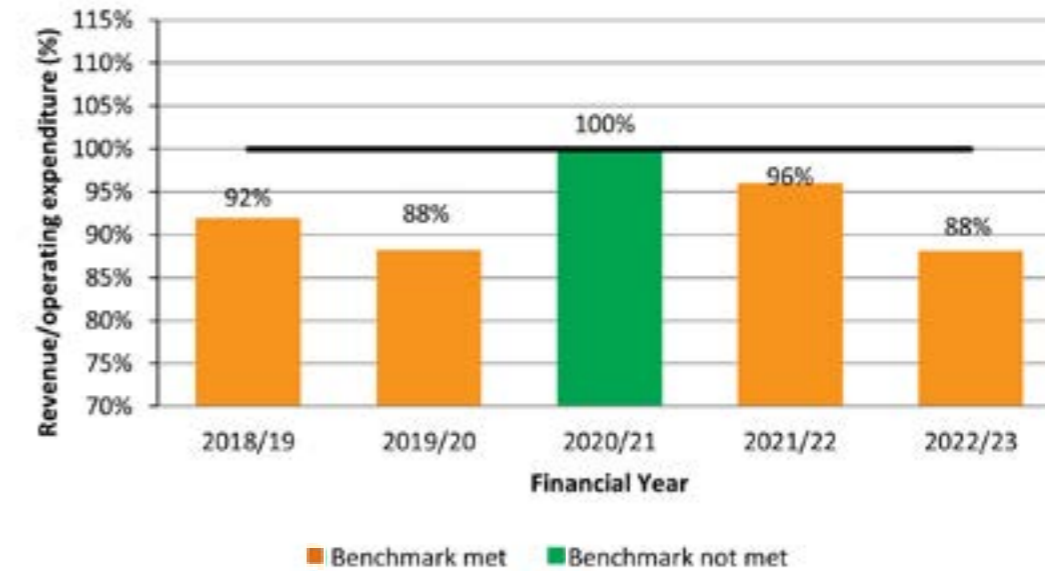
The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit is net interest expense on external debt to total income will not exceed 10%.



### Balanced Budget Benchmark

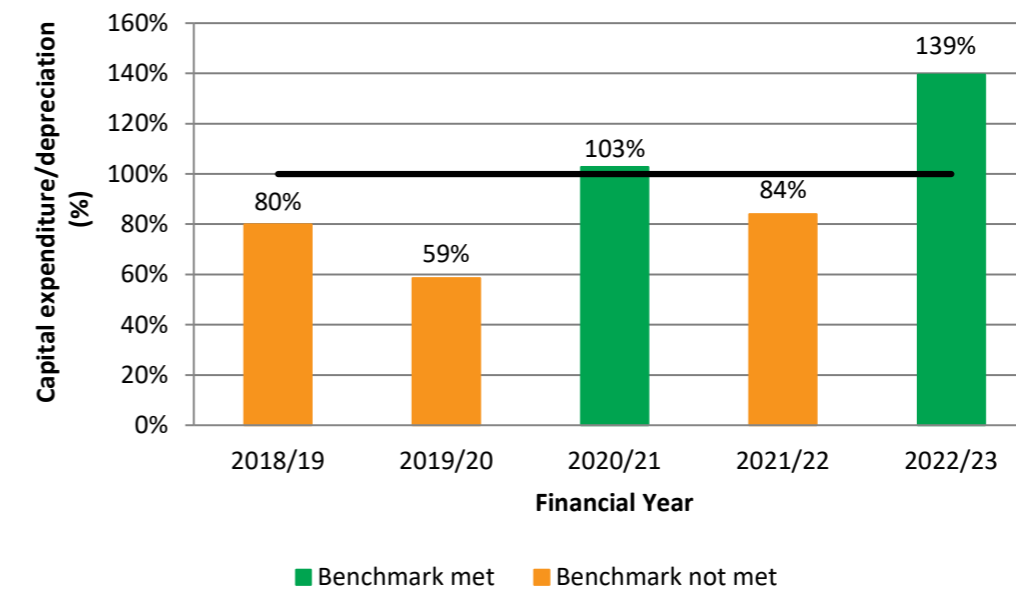
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

In 2022/23 Council did not meet the quantified limit for balanced budget benchmark due to a decrease in revenue from planned section sales in Parklands Residential Development and increased expenditure from the effects of Cyclone Gabrielle.



### Essential Services Benchmark

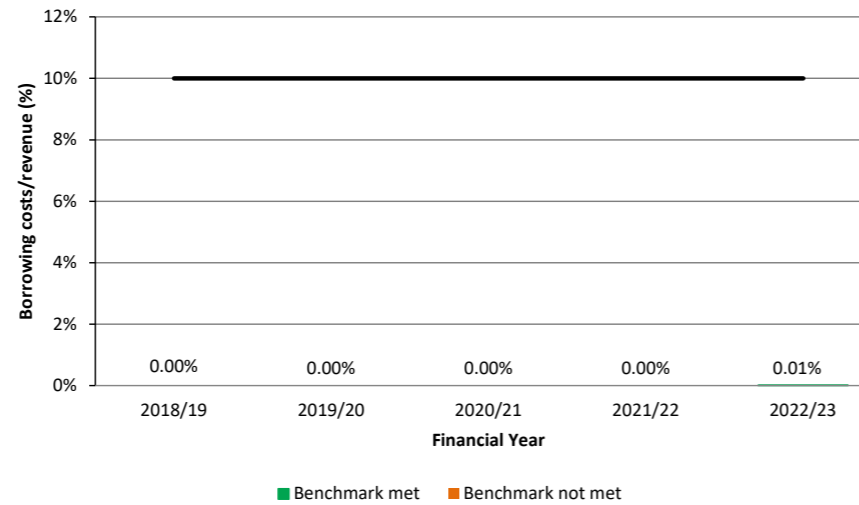
The following graph displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.





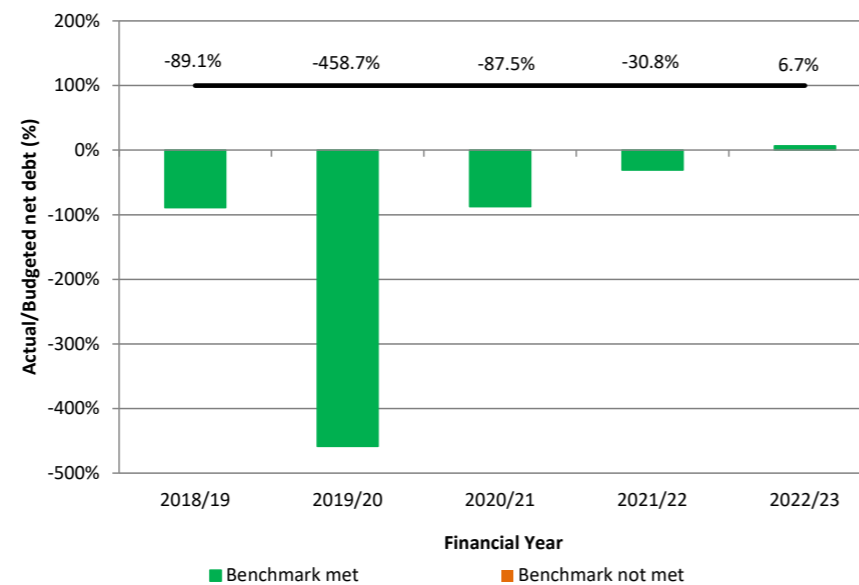
## Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Debt Control Benchmark

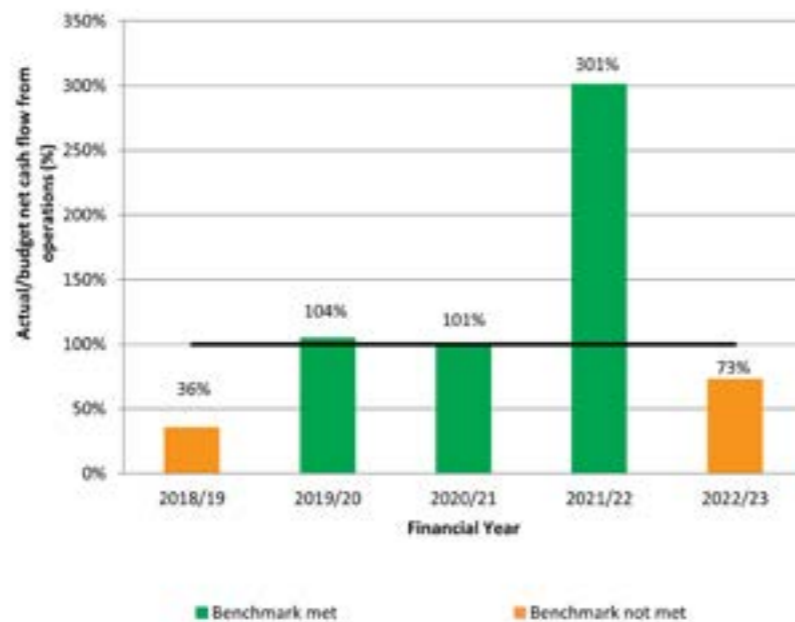
The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

In 2022/23 Council did not meet the operations control benchmark due to an increase in costs due to Parklands Residential Development and increased expenditure from the effects of Cyclone Gabrielle.



# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Council and management of the Napier City Council confirm that all the statutory requirements in relation with the Annual Report have been complied in accordance with Clause 34 of Schedule 10 of the Local Government Act 2002, with the exception of the late adoption of the annual report as disclosed in Note 34.

## Responsibility

The Napier City Council and its management accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Napier City Council and its management accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Napier City Council and its management, the annual Financial Statements for the year ended 30 June 2023 fairly reflect the financial position and operations of Napier City Council.

**Kirsten Wise**  
Mayor  
23 November 2023

**Louise Miller**  
Chief Executive  
23 November 2023





# INDEPENDENT AUDITOR'S REPORT



## To the readers of Napier City Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Napier City Council (the City Council). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 23 November 2023. This is the date on which we give our report.

### Opinion on the audited information

#### Qualified opinion on the financial statements and Statements of service provision

In our opinion, except for the possible effects of the matters described in the *Basis for our opinion on the audited information section* of our report:

#### the financial statements on pages 128 to 132 and 134 to 201:

- present fairly, in all material respects:
  - the City Council's financial position as at 30 June 2023;
  - the results of its operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

#### the Statements of service provision on pages 20 to 29, 32 to 41, 44 to 50, 54 to 59, 62 to 67, 70 to 75, 78 to 83, 86 to 113 and 118 to 123:

- present fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

#### Unmodified opinion on the funding impact statements and statement about capital expenditure

In our opinion:

- the funding impact statement on page 133 to 134 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 42, 52, 60, 68, 76, 84, 114 to 116 and 124 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages 30, 43, 53, 61, 69, 77, 85, 117 and 125 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

#### Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 208 to 212, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

### Basis for our opinion on the audited information

#### Financial statements: Our work was limited in relation to the comparative year carrying value of the City Council's revalued property, plant and equipment and the asset revaluation movement in the current year

The City Council measures certain classes of its property, plant and equipment assets at fair value. PBE IPSAS 17 Property, Plant and Equipment requires entities that measure assets at fair value to carry out revaluations with sufficient regularity to ensure that the revalued asset classes are not included at a value that is materially different to fair value.

Our audit report on the 30 June 2022 financial statements was qualified because we considered that there were reliable indicators that there could be a collectively material change in the fair value of the water, wastewater and stormwater below and above ground assets and operational land and buildings assets classes not revalued during the 30 June 2022 financial year. However, because the City Council did not carry out a revaluation of these asset classes as at 30 June 2022, it was impracticable for us to determine the amount of any adjustment required.

As disclosed in note 17 to the financial statements, the City Council has valued its water, wastewater and stormwater below and above ground assets and operational land and buildings asset classes as at 30 June 2023 resulting in a revaluation movement of \$228,233,000 recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2023. We have obtained sufficient appropriate evidence over this valuation, however, any misstatement of the asset classes carrying value as at 30 June 2022 would consequently affect the revaluation movement recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2023.

#### Statement of service provision: Our work was limited with respect of water supply, wastewater and stormwater fault response times performance measures

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to the time taken

to attend and resolve water supply, wastewater and stormwater faults.

The City Council was unable to accurately report on fault response times for each of the three water services. The information produced by the system used to report on fault response times was not reliable because the attendance and resolution times for service requests recorded were not always accurate or classified in line with the definitions set out in the Rules. Our opinion on these performance measures was also qualified for the 2022 performance year.

As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

### Emphasis of matter - uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to note 35, page 201, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the City Council as outlined in note 35 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.



## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

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

## Responsibilities of the auditor for the audited information

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

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

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

We did not evaluate the security and controls over the electronic publication of the audited information.

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 227, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

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

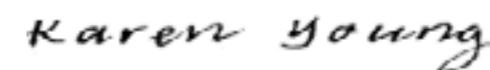
Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on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

## Independence

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the City Council.



Karen Young  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# COUNCIL CONTROLLED ORGANISATIONS

This part of the Annual Report reports the performance of the Council Controlled Organisations as required in clause 28 of Schedule 10 of the LGA.

## 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 Company produces separate annual accounts. No payments were made by the Council to the Company during the financial year and there was no financial provision included in Council budgets. The Council share of the Company is included in its annual financial statements as an investment, valued using the equity method of accounting.

Council's policies and objectives have been met in full.

### Nature and Scope of Activities

The HBAL's core business is to be an airport operator providing appropriate facilities for all airport users and the travelling public.

HBAL will pursue the following strategy:

- Redevelop and construct an efficient and fit for purpose terminal building and Airport Rescue Fire Service Building.
- Maintain operational capability with minimal disruption throughout the terminal development project.
- Rezone and freehold the Business Park land and minimise the land development costs.
- Continue to strengthen our relationships with all operators of air services and with all tenants and prospects.
- Improve the security culture and consciousness at the Airport.
- Improve the customer experience at the Airport for all travellers, meters and greeters.
- Maintain active membership and contribution to New Zealand Airports Association.
- Maintain effective engagement and relationships with key stakeholders and the wider stakeholder community.
- Form strategic alliances and collaborate with other airports.
- Investigate potential for JV partnerships to develop the airport land.

Strategic Pou (Pillar)	Goal	Objectives	Key Performance Measure (kpm)	Target / Date	Progress
Our operations	We ensure a safe, secure, and intuitive customer journey for all. We strive for excellence and evolve with change.  You're in safe hands	Develop a "whole of airport" safety and security culture	Maintain our CAA Part 139 operating certificate which allows us to continue to use and operate the airport.	Recurring	◆
			Nil harm to staff, contractors, or customers	Recurring	◆
			Nil security incidents in accordance with Civil Aviation Rules (CAR) Part 12. Part 12 provides for unlawful interference (act of sabotage or hijacking).	Recurring	◆
		Proactively manage wildlife hazards	Review Wildlife Management Plan	Recurring	◆
		Ensure our key infrastructure is fit for purpose and resilient	Review aeronautical infrastructure requirements	Dec-22	◆
		Provide our customers with an engaging service and diverse offerings	Implement our Customer Experience Strategy	Jun-23	◆
		Embrace technology to drive performance	Review and implement relevant online and on ground technology advancements	Jun-23	◆

### Performance Targets

The following is a Statement of Service Performance relating to the key objectives listed in the Company's Statement of Corporate Intent for the year ending 30 June 2023 (as reflected in the Company's Annual Report for 2022/23).

	SOI	Actual 2022/23	Status
Optimize Shareholder Value & Returns	Passenger numbers	519,994	640,000 ◆
	Revenue	\$9,030,568	\$12,667,566 ◆
	EBITDA	\$4,787,427	\$7,498,782 ◆
	NPAT	\$257,541	\$2,782,646 ◆
	ROE	0.8%	5% ◆
	Gearing	44%	35% ◆
	Equity	51%	61% ◆

◆ - Meets or exceeds target    ◆ - Within 10% of target    ◆ - 10% or more below target





Strategic Pou (Pillar)	Goal	Objectives	Key Performance Measure (kpm)	Target / Date	Progress
Our People	We treat our people with respect, empower them with knowledge, and allow them to flourish in an inclusive environment. We are a learning organization.  A great place to work	Be a great place to work	Ensure all team are engaged with HBAL's vision, purpose, and goals	Jun-23	◆
			Continue to implement our well-being program.	Recurring	◆
		Grow our team capabilities and embrace change to enable success	Develop cross-functional team capabilities and succession planning	Dec-22	◆
			Ensure our team has development plans in place and work with them to grow to their full potential	Jun-23	◆

Strategic Pou (Pillar)	Goal	Objectives	Key Performance Measure (kpm)	Target / Date	Progress	
Our Environment	We make wise decisions with airport land to safeguard the future, creating long-term resilience and sustainability. We have a strong sense of place.  We are guardians of the land	Recognise the unique environment in which we operate	Work with our stakeholders on the Proposed Ahuriri Regional Park long term planning to ensure the continued safe and efficient operation of Hawke's Bay Airport	Jun-23	◆	
			Continue our journey to carbon neutrality	Achieve Level 3 Airport Carbon Accreditation (ACA)	Jun-23	◆
			Advanced renewable energy project	The business case was presented to the Board for approval to proceed with a solar farm project	Jun-23	◆

Strategic Pou (Pillar)	Goal	Objectives	Key Performance Measure (kpm)	Target / Date	Progress
Our Partnerships	We are a reflection of our region. We foster meaningful relationships with our customers, partners, mana whenua and the community to support our collective growth  Creating meaningful connections	Continue to develop and strengthen our partnerships	Implement our stakeholder engagement strategy	Recurring	◆
		Continue to work along side and collaboratively with mana whenua	Regular kanohi-ki-te-kanohi meetings/hui with key representatives from mana whenua	Recurring	◆
		Continue to develop and implement sustainable aeronautical growth	Partner with other regional airports, airlines, and tourism sector to grow Hawke's Bay as a destination	Jun-23	◆

◆ - Meets or exceeds target    ◆ - Within 10% of target    ◆ - 10% or more below target

◆ - Meets or exceeds target    ◆ - Within 10% of target    ◆ - 10% or more below target



# 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 defined by Section 6 of the Local Government Act 2002.

The objectives of the Trust are:

- To hold and protect the regional 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 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 which maximises benefit to 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 are achieved in accordance with agreed best industry practice (Museum Industry Standards, MIS) and consistent with HBMT policies and procedures.

### Protection

- Storage
  - Pest Control
  - Storage Media
  - Shelving
  - Air Quality
- Security
  - Alarm Systems (Burglary, fire)
  - Alarm Monitoring
  - Access Systems
  - Insurance (loan Items, owed Items)
- Records Management
  - Vernon Database
  - Other Records

### Quality

- Conservation
- Accessioning
- De-accessioning

### Access

- Exhibitions
- Research
- Archives

### Development

- Fundraising
- Reserves management
- Relationship development
- There has been no change between the intended and actual nature and scope of activities delivered.

Strategic Pou (Pillar)	Goal	Objectives	Key Performance Measure (kpm)	Target / Date	Progress
Commercial Success	We maximise the returns across our business and increasing value to our stakeholders and the wider community  A profitable, sustainable business	Grow non-aeronautical revenue	Plus 30% year on year	Jun-23	◆
		Enhance financial performance	Revenue - \$9m	Jun-23	◆
			EBITDA margin - 53%	Jun-23	◆
			NPAT - \$258k	Jun-23	◆
	Create a modern, sustainable business hub that brings like-minded businesses together	Agree and implement our Property Development Strategy	Dec-22	◆	
		Progress RMA Planning Framework via Napier City Council District Plan review to enable appropriate property development at HBAL	Jun-23	◆	
	Customer experience strategy implemented and adopted by tenants	Increased customers spend rates	Jun-23	◆	

◆ - Meets or exceeds target    ◆ - Within 10% of target    ◆ - 10% or more below target



## Performance Targets

The key performance targets and performance results (as reflected in the Trust's Annual Report for 2022/23) are:

Key Result Area	Performance Indicator	Target 2022/23	Actual 2022/23
Protection	Full insurance cover is provided for the collections	Yes	Yes
	Collections are stored in an acceptable environment	No items reported to have suffered deterioration due to the environment	One item damaged due to water ingress chair [2012/11/3]
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes
Access	HBMT collections are used for academic and personal research	1,500 enquiries	50,667 visitors to online catalogue 471 enquiries
	Collections are made available to the public through quality exhibitions	2-5 collection based exhibitions	Two: Silver Shadows: The Story of Marineland Finding Refuge in Fashion: Minh Ta
Development	Bequests fund income is used in the manner determined by the donor	Yes	Yes
	Conservation funds income is used solely for collection care	Yes	Yes

## 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.





# GLOSSARY OF TERMS

## Activity Groups

Council is legislatively required to group the activities it provides and declare certain information about those groups in its Long Term Plan, Annual Plan, and Annual Report. Water supply, wastewater, stormwater, and transportation are all mandatory Activity Groups.

## 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.

## Annual Plan

The annual plan process focuses on year-to-year budgets. Councils prepare an annual plan in each of the two years between Long Term Plan reviews (see "Long Term Plan"), and set out in them what the council plans to do in the next 12 months to move towards achieving its goals. These plans are adopted before the start of the financial year in July, generally following a submission process.

## 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, eg, 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.

## Financial Statements

This shows in detail the financial reports and accounting policies for the Council. The financial statements provide information about the Council's assets, liabilities, income and expenditure. The auditor's report is placed at the end of the financial statements.

## 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.

## 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.

## Long Term Plan

The Long Term Plan is the key planning tool for councils. The Long Term Plan must include information on activities, goods or services provided by Council, and specific funding and financial management policies and information.

Long Term Plans outline all things Council does and how they fit together. They show what will be done over the plan's 10 year period, why it's being done, and what it will cost.

Long Term Plans have to be reviewed every three years. Any year there is not a Long Term Plan review and we have significant projects that require public feedback, we will create an Annual Plan (see "Annual Plan").

## Non-targeted Rates

Rates other than targeted rates. These are General Rates and Uniform Annual General Charges, and fund a wide range of activities considered to be of general benefit to the community.

## Residents' Survey

A wide-ranging customer satisfaction survey prepared for the Napier City Council by SIL Research. 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

Refers to future-orientated 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.







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