ANNUAL PLAN 2023/2024

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NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Toitū te whenua o Ahuriri, toitū te tangata

A prosperous Ahuriri, a prosperous people

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NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

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Prepared in accordance with the requirements of the Local Government Act 2002.

Kia ora from *Kirsten Wise*

TE KAHIKA O TE KAUNIHERA O AHURIRI

NAPIER MAYOR

Kia ora koutou,

Our Annual Plan is a vital part of our work programme each year. It outlines how we have allocated rates across all our work areas and what our priorities are for the year ahead.

In developing this Annual Plan, tight labour markets and high inflation were matters that we had to recognise and contend with. I acknowledge that in the current economic climate, rates increases can be hard to bear for many of our residents. We worked very hard to find cost savings, and we will continue to do so. We have further reduced this year's rates increase by funding some of our costs through loan funding.

These measures together mean we have kept this year's planned rates increase within our agreed cap of 9.7%. We'll use this increase to continue building on the progress we've already made on key issues for our city: community safety, clean and safe drinking water, planning for growth, and infrastructure that is resilient to climate change.

The unprecedented challenges facing our community in the wake of Cyclone Gabrielle mean we are introducing a cyclone recovery budget of $1.5 million, funded by a 2% Disaster Recovery Rate. It is important that we work with our community and other agencies as we 'build back better' over the coming months and years. We will work closely with the other Hawke's Bay Councils and relevant government agencies. We'll advocate strongly for our community to ensure we never again experience the loss of critical lifelines such as power and telecommunications as we did during Cyclone Gabrielle. Residents will have the chance to provide input into our recovery through Locality Plans that we are developing this year for the Hawke's Bay Regional Recovery Agency.

Seeking the community's views is a particularly important point. We have not undertaken community consultation on this Annual Plan as there were no significant changes between this plan and the corresponding year of our Long Term Plan 2021-31. Nonetheless, there will be many opportunities later in 2023 for residents to tell us what they think is important for our next Long Term Plan, which will be developed in 2024. We have taken a close look at our capital plan for this year and moved various projects and their budgets into the Long Term Plan 2024-34.

What the last three years has shown me is that life can be very unpredictable. That said, I am full of confidence and optimism for our city's future. Our businesses are smart and innovative. Our culture and heritage are unique. We have an exciting and vibrant events scene. Our city is clean and beautiful.

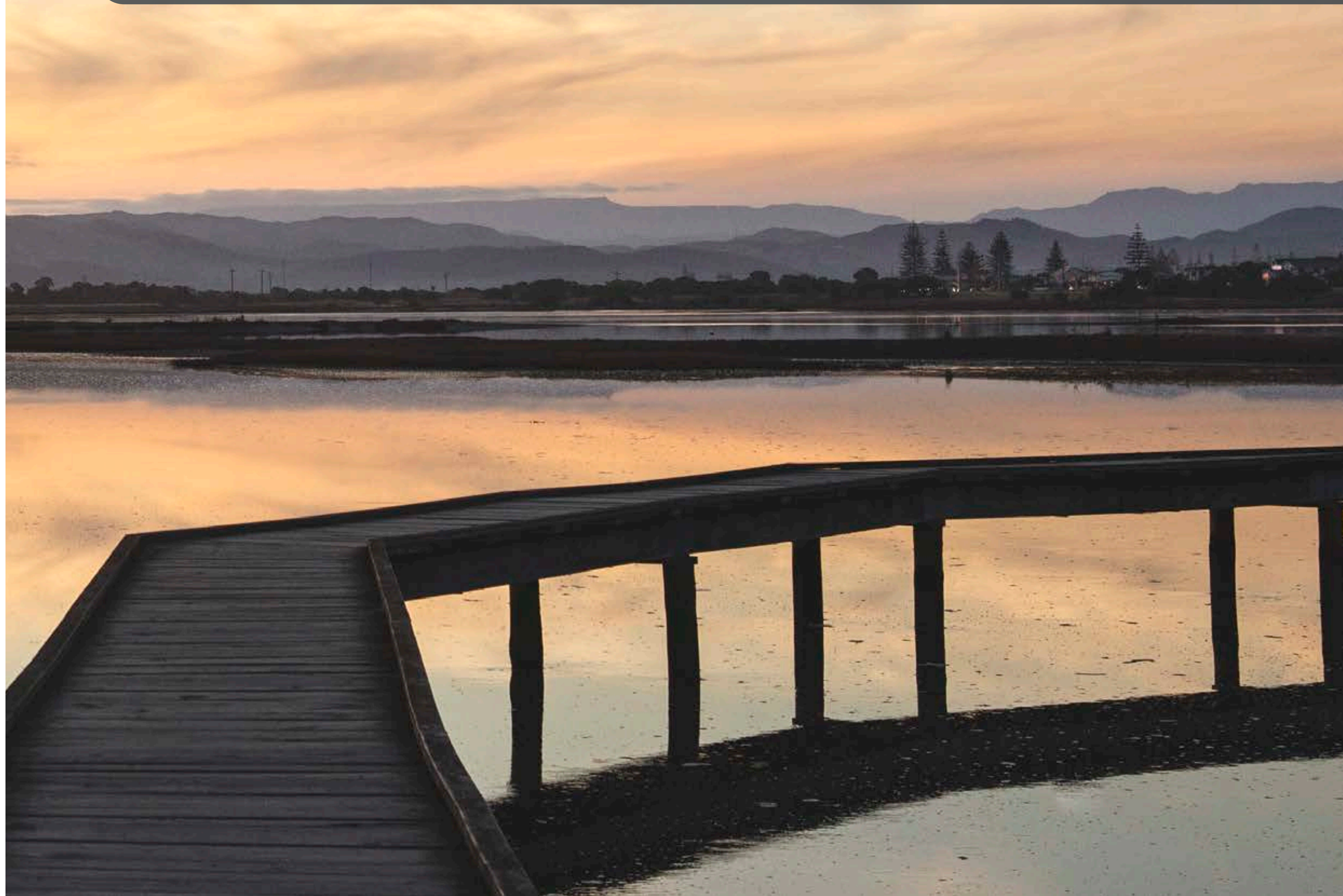
Let's not forget this as we move forward together, creating a vibrant and sustainable city for all.

Kirsten Wise
MAYOR OF NAPIER

OUR VISION

A vibrant and sustainable city for all.

COUNCIL 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



WHERE YOUR RATES DOLLAR GOES

COMMUNITY AND VISITOR EXPERIENCES 34%

VISITOR EXPERIENCES 4%
National Aquarium of New Zealand, Napier Conferences & Events, Municipal Theatre, Napier i-SITE, Kennedy Park Resort, Par2 MiniGolf

COMMUNITY SERVICES 30%
Libraries, pools, grants, MTG, sportsgrounds and reserves, safety initiatives, youth

THREE WATERS 27%
Wastewater, drinking water, stormwater

WATER SUPPLY 9%

STORMWATER 7%

WASTE WATER 11%

TRANSPORTATION 13%
Roads, footpaths, lighting, street cleaning, traffic planning and management

OTHER INFRASTRUCTURE 13%
Waste, cemeteries, public toilets

CITY STRATEGY 10%
City planning, consents, licencing, parking, animal control

GOVERNANCE AND REPRESENTATION 3%
Council and elections

KEY CHANGES FROM LTP

Our 2021-31 Long Term Plan (LTP) set out what we expected to deliver, how much it would cost and how it would be funded over a 10-year period. This Annual Plan is the third year of that plan, which marks the final year before we update the LTP for 2024-34.

The LTP projected 23/24 would have a total operating expenditure of $157.6 million and capital expenditure of $77.9 million. In developing this Annual Plan, Council has made some changes to that forecast and 2023/24 is now projected to have a total operating expenditure of $172.6 million and capital expenditure of $75.9 million.

Given the uncertainty of the last few years, changes to the 2023/24 budgets and work programme were expected. The impact COVID-19 continues to have on a local and global level, as well as Cyclone Gabrielle have both greatly contributed to the changes seen in this Annual Plan. All councils are facing cost pressures and issues with deliverability as a result of escalating inflation levels, labour shortages, and supply shortages. The main changes between this Annual Plan and what was outlined in the corresponding year of the LTP are set out as follows.

Cyclone Gabrielle Impact

After Cyclone Gabrielle hit the Hawkes Bay region on the 14th February 2023, Council made the decision to revise the direction set for the 23/24 Annual Plan to recognise and show sensitivity to:

- The potential economic challenges the community is facing due to recent events and the economic climate,
- The wider regional response that our neighbours are undertaking, and which we are and continue to be a part of,
- The uncertainty the community and the region as a whole are facing (i.e. job security, housing security, perceived safety, etc.) and,
- The uncertainty Napier City Council is facing (such as total cost of response and recovery efforts, insurance coverage, and impact on the capital plan and prioritisation of projects).

This Annual Plan reflects the importance of ensuring the revised direction takes into account the above drivers, while aiming to strike the right balance between adequately funding the organisation and ensuring the rates increase is manageable given the economic climate.

Just as this Annual Plan has been prepared with Cyclone Gabrielle and its impacts front of mind, the LTP 2024-34 will need to follow suit. Hawke's Bay as a region will face unique challenges in preparing, engaging and consulting with its community through the upcoming Long Term Plan, so it is important that this Annual Plan puts Council on the best path possible to face what is ahead.

Rates Increase and Loan Funding

This Annual Plan includes an average rates increase to existing ratepayers in Napier of 9.7% in 2023/24, which is in line with the proposed rates increase cap set out in the Long Term Plan 2021-31. Key drivers for the increase include increased labour costs, operating expenditure and maintenance, insurance premiums and inflation.

Council made the decision to align the increase with what was proposed in the corresponding year of the Long Term Plan to help ensure the increase is manageable given the economic climate. Alignment was achieved through cost savings and loan funding of 4.3% of costs. The decision to loan fund was not taken lightly, but Council decided this was in the best interests of the community given the situation. Council is committed to using the LTP 2024-34 refresh to explore all options to ensure the decisions made continue to be in the best interests of the community now and for the future.

Cyclone Recovery Budget and Disaster Recovery Rate (DRR)

To address the new costs Council faces as a result of Cyclone Gabrielle, a recovery budget of $1.5 million has been developed for this Annual Plan. To fund the recovery budget, a Disaster Recovery Rate of 2% in addition to the 9.7% rates increase is included in this Annual Plan.

Although this rate wasn't provided for in the Long Term Plan, Council is able to set a new rate without community consultation if it's needed to meet an unforeseen and urgent need which can't be reasonably met any other way. The DRR is in addition to the 9.7% rates increase, effectively bringing the overall rates increase to 11.7%.
The funds collected through the Disaster Recovery Rate will be ring-fenced, meaning they will only be used for cyclone recovery purposes. Cyclone recovery costs include rates remissions for cyclone-affected ratepayers, resilience planning, and other related recovery costs. Resilience planning includes ensuring areas like Awatoto, which is home to our Wastewater Treatment Plant, can stand up to future weather events. It also includes increasing our stormwater network capacity so businesses can continue to operate and residents are safe from future flooding events. Recovery costs include funding an NCC Recovery Manager and an Emergency Management Officer to ensure we coordinate our recovery efforts with the Central Recovery Agency.

Deferral of Housing Portfolio Decision

This Annual Plan reflects Council's decision to continue to loan fund the housing portfolio for the 23/24 year to allow more time for other housing models to be explored. This will ensure the best decision is made for the community in relation to the portfolio. Continuing to loan fund also helps with the aim of ensuring a more manageable rates increase. We'll look at this closely when we develop the LTP 2024-34 and community consultation will be possible as part of this process.

Re-phasing of the Capital Plan

Historically, we have had an ambitious capital plan and insufficient resources to deliver on it fully. Due to this, unspent budget from previous financial years has been carried forward, which resulted in an initial capital plan of $90 million for the 23/24 year. The corresponding year of the LTP had projected a capital plan of $77.9 million, meaning the difference between our initial capital plan for this Annual Plan and what is noted in the LTP was large.

In order to formulate a more realistic plan and better align our capital budget with what was projected by the LTP, we took a close look at our planned projects to better understand how soon they could be delivered. This gave us the information needed to re-phase our capital plan from $90 million to $75.9 million. We achieved this by moving budget projects that were realistically undeliverable in 2023/24 to the first year of the LTP 2024-34. It's important to note that capital budget has not been removed, nor have projects been cut. Rather, funds have been re-phased into 2024/25 (the first year of the next LTP). We'll take another close look at our capital plan and programme of work as part of the LTP 24-2034 process.

KEY CHANGES BY THE NUMBERS

from the 2023/24 year of the LTP

7%

RATES REVENUE
to $85.3m, up from $80.0m, or an increase to existing rate-payers of 11.7%, up from 9.7% forecast in the LTP

MAIN REASONS FOR CHANGE
The rates increase is driven by increased inflation, insurance costs, and additional costs due to Cyclone Gabrielle which has led to the introduction of the Disaster Recovery Rate.

-4%

OTHER REVENUE
to $57.0m, down from $59.2m

MAIN REASONS FOR CHANGE
Revenue from Residential Development Sales has reduced by $2.8m. A mixture of property market decreases, changes to the planned areas including section numbers, and timing of section sales has led to updating the sales expected in 2023/24. This is partially offset by an increase in user charges revenue, due to Ocean Spa being operated by Council for 2023/24 which was not budgeted in the LTP.

15%

EMPLOYEE BENEFIT EXPENSE
to $52.5m, up from $45.8m

MAIN REASONS FOR CHANGE
Inflationary pressure and pressures in the employment market have driven increases across Council. This also includes the effect of taking on the operations of Ocean Spa which is offset by higher revenue.

9%

OTHER OPERATING EXPENSES
to $75.5m, up from $69.3m

MAIN REASONS FOR CHANGE
Unexpectedly high inflation has caused increases across Council. This also includes the effect of taking on the operations of Ocean Spa which is offset by higher revenue.

-3%

CAPITAL EXPENDITURE
to $75.9m, down from $77.9m

MAIN REASONS FOR CHANGE
A close look at our capital plan showed a need to re-phase capital projects by moving budgets that were deemed realistically undeliverable in the 2023/24 year to future years.

KEY CHANGES IN CAPITAL EXPENDITURE

from the 2023/24 year of the LTP

By activity group

Activity Group	AP 2023/24 $000	LTP 2023/24 $000	Variance	Significant contributors to variance
CITY STRATEGY	117	499	-77%	- Additional CBD Parking has been delayed while the requirements are reassessed, with $423k removed from 2023/24
COMMUNITY AND VISITOR EXPERIENCES	15,553	13,777	13%	- Napier Aquatic Centre requires more urgent renewal work than anticipated in the LTP, with an additional $2.1m included in this AP - Park Island northern redevelopment was approved through the Park Island Masterplan and has been brought forward into this AP to meet the needs of park users, with $1.1m now included - National Aquarium of NZ renewals have been delayed with $1.6m being removed from this AP
OTHER INFRASTRUCTURE	3,150	3,150		No change
PROPERTY ASSETS	423	2,695	-84%	- Civic buildings upgrades have been delayed while further work is completed on the redevelopment plans, with $2.1m moved to future years
STORMWATER	14,453	6,501	122%	- Stormwater growth projects from years one and two of the LTP were delayed, leading to an additional $6.0m carried forward into this AP
TRANSPORTATION	11,847	10,523	13%	- Intersection safety improvements from years one and two of the LTP were delayed, leading to an additional $1.6m carried forward into this AP - Ground stabilisation and retaining wall was largely completed in 2022/23, so $0.7m has already been spent and therefore removed from this AP
WASTEWATER	12,020	12,285	-2%	- Tradewaste new projects have been delayed with $4.0m moved from this AP - This has been offset with funds for other projects being carried over into this AP from previous years, including wastewater treatment plan upgrades, Te Awa Structure Plan projects, and wastewater growth projects
WATER SUPPLY	16,472	21,248	-22%	- The new water treatment plant was initially forecast for $10.6m which has been moved out to the following year - Awatoto Industrial & Phillips Road Bore was intended to be completed by 2023/24, but due to increased scope we have now included $2.7m in this AP - Borefield No.1 Rising Main was not included as an individual project in the LTP, but changing requirements have meant $2.4m is included in this AP - Changing requirements in our city have also led to a new project for a water extension in Meeanee which is $3.0m included in this AP
SUPPORT UNITS	1,897	7,224	-74%	- Technology equipment upgrades, including a signficant project to update the Enterprise Resource Planning system, have been delayed
Total	**75,932**	**77,902**	**-3%**	

OUR PRIORITY AREAS

Our Long Term Plan 2021-31 reconfirmed our long-term strategic vision for the city: A vibrant and sustainable city for all.

Recovery and resilience planning are major priorities for the 23/24 year and will continue to be in future years. As mentioned previously, this Annual Plan has been constructed with the work that lays ahead due to Cyclone Gabrielle front of mind. This event has highlighted the importance of ensuring our community is prepared for weather events of a similar nature by ensuring our infrastructure is resilient to climate change.

Other areas we will continue to focus on include community safety, clean and safe drinking water, and planning for growth.

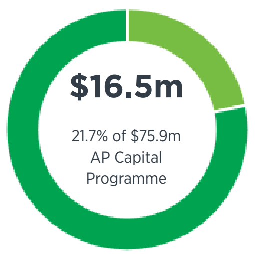
Below we've identified specific initiatives we're going to deliver over the year within each of our activity groups.

WATER SUPPLY

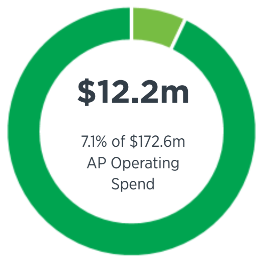
Community Outcome

Our water is clean and safe.

CAPITAL SPEND



OPERATING SPEND



SIGNIFICANT INITIATIVES FOR 2023/24

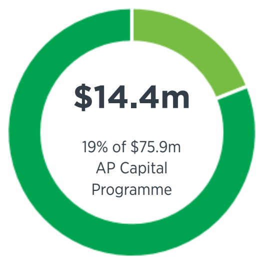
- Construction of the rising main pipeline from Awatoto to Mataruahou
- Creation of a new bore field in Taradale South and a dedicated main to the Taradale reservoir
- Addition of water treatment plants for the new bores
- Extension of the Te Awa water main
- Development of the Water Supply Masterplan v2.0
- Building disaster resilience into our key Three Waters infrastructure
- Preparation for the Water Services Reform

STORMWATER

Community Outcome

Our water is clean and safe.

CAPITAL SPEND



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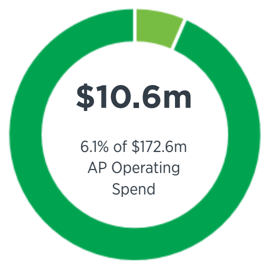


SIGNIFICANT INITIATIVES FOR 2023/24

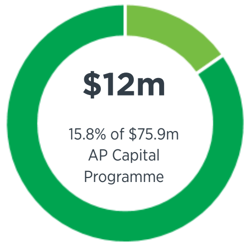
- Purchase of land in Te Awa to provide for additional stormwater retention
- Complete Herrick, Latham, and Taradale culvert upgrades
- Maraenui pipe upgrades and plantation waterway improvements
- Building disaster resilience into our key Three Waters infrastructure
- Preparation for the Water Services Reform

WASTEWATER

Community Outcome

Our water is clean and safe.

CAPITAL SPEND



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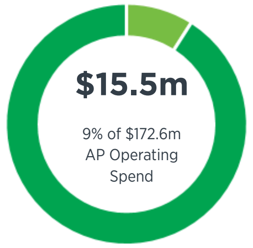


SIGNIFICANT INITIATIVES FOR 2023/24

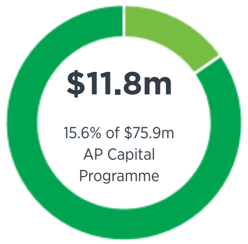
- Recommissioning and future-proofing of the Wastewater Treatment Plant following Cyclone Gabrielle
- Design and engineering to cater for growth in Mission Hills and the proposed Riverbend Road residential development
- Works to expand the wastewater storage at the Treatment Plant
- Secure the resource consent for replacement of the Wastewater Outfall Pipe
- Improvements to reservoir inlets and outlets
- Production of the Wastewater Treatment Plant v2.0 and the Network Masterplan v2.0
- Building disaster resilience into our key Three Waters infrastructure
- Preparation for the Water Services Reform transition

TRANSPORTATION

Community Outcome

Our services and infrastructure meet our community's needs.

CAPITAL SPEND



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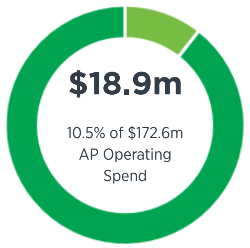


SIGNIFICANT INITIATIVES FOR 2023/24

- Creation of three Local Area Traffic Management Plans, beginning with Harold Holt Avenue
- Marine Parade safety improvements
- Pandora stormwater upgrades
- Carlyle Street redevelopment as part of the Streets for People Programme

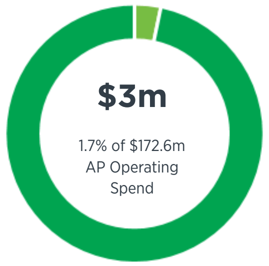
GOVERNANCE AND REPRESENTATION

COMMUNITY OUTCOME

Our community and Council are one.

CAPITAL SPEND

OPERATING SPEND



SIGNIFICANT INITIATIVES FOR 2023/24

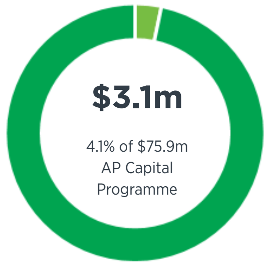
- Finalising the Representation Review to determine electoral settings for the 2025 and 2028 elections
- Development of the 2024-34 Long Term Plan
- Finalisation and implementation of the Māori Engagement Policy
- Finalisation and implementation of the Te Reo Māori Policy
- Finalisation and implementation of the Te Waka Rangapū Strategy

OTHER INFRASTRUCTURE

COMMUNITY OUTCOME

Our services and infrastructure meet our community's needs.

CAPITAL SPEND



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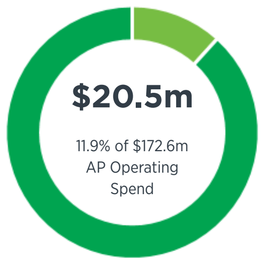


SIGNIFICANT INITIATIVES FOR 2023/24

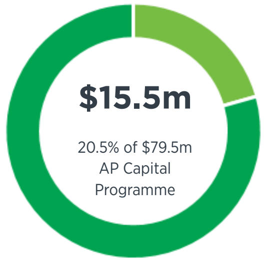
- Omarunui Landfill Development
- Review of the Solid Waste Bylaw
- Review of the Cemetery Bylaw
- Review of the Waste Management and Minimisation Plan, in conjunction with Hastings District Council
- Commissioning of a business case to investigate the viability of a Waste Futures Hub within Napier City
- Development of an environmental strategy

COMMUNITY AND VISITOR EXPERIENCES

COMMUNITY OUTCOME

Our community is connected, safe, healthy and resilient.

CAPITAL SPEND



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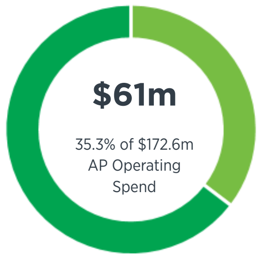


SIGNIFICANT INITIATIVES FOR 2023/24

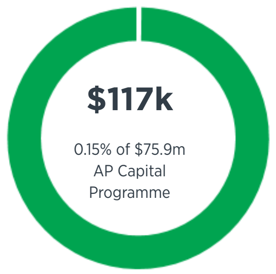
- Prepare for the construction of the new Napier Library and Council chambers
- Further work on the feasibility and scoping for the second phase of the Civic area, including decisions on the future of Council office accommodation
- Establish a governance group for Te Pihinga, and undertake consultation and detailed design
- Complete construction of the Rangatira Revetment (previously known as the Whakarire Avenue Revetment)
- Construction of a playground at Trigg Crescent in Taradale
- Begin stage two construction of the destination playground at Anderson Park
- Construct a new playground at Park Island
- Upgrade Council owned rental properties to meet Healthy Home requirements
- Replace the roof on the Taradale Town Hall
- Planning and creation of designs for the Taradale Town Hall refurbishment
- Continued capital fixes and renewals at the Napier Aquatic Centre
- Options analysis for the new Aquatic Centre that is being proposed, with the intention to make a decision on the matter as part of the 2024-34 LTP
- Ongoing capital improvement work to support the transition of Ocean Spa into Council management
- Review of the future of the Faraday Museum of Technology with consideration of the 2021 business case that was put together for the facility
- Development of a business case for the future of the i-SITE and Par2 MiniGolf
- Recommendations and decisions about the governance and future of the National Aquarium of New Zealand
- Finalise the review of community funding (grants review) and implement decisions
- Development of a Housing Strategy
- Development of a Child and Youth Wellbeing Strategy for Napier/Ahuriri
- Seek international recognition as an Age Friendly City
- Review of the Napier/Ahuriri Youth Strategy
- Development of a Multicultural Strategy
- Review of the Joint Alcohol Strategy
- Development of a Homelessness Action Plan
- Complete community plans for Westshore, Pirimai and Taradale
- Review of Council's Significance and Engagement Policy
- Adopt the finalised reserve management plans for Maraenui Reserve, Taradale Reserve, and City Wide

CITY STRATEGY

COMMUNITY OUTCOME

We are a city that thrives with its community. We treasure our culture, our heritage, our environment.

CAPITAL SPEND



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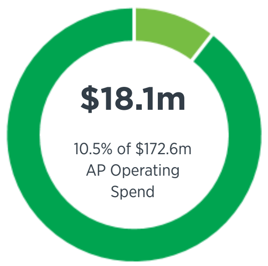


SIGNIFICANT INITIATIVES FOR 2023/24

- Adoption of a Climate Change Strategy
- Adoption of the Clifton to Tangoio Coastal Hazards Strategy alongside Hastings District Council and Hawkes Bay Regional Council
- Waka Hub/Iron Pot upgrade
- Regional Park Masterplan implementation
- Preparation of designs for the CBD West Revitalisation (redesign of the inner city streets and public spaces, including Emerson Street)
- Development of a regional emissions reduction plan/strategy, led by Hawkes Bay Regional Council
- Preparation of a Future Development Strategy, in conjunction with Hastings District Council and Hawkes Bay Regional Council, to inform the LTP 2024-34
- Hold hearings on the proposed District Plan
- Development of a Regional Spatial Plan
- Review of the Easter Sunday Trading Policy (due for review by November 2023)
- Review of the Gambling Venues Policy (due for review by April 2024)
- Decide how the balance of the Mataruahou land will be used if not all is required for the above-ground reservoir

ANNUAL PLAN DISCLOSURE STATEMENT

For year ending 30 June 2024

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks. This will enable an assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual plans 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.

	Policy Limit	AP 2023/24	Met
Rates Affordability Benchmarks			
Rates Revenue ($000)	$85,149 maximum	$84,622	Yes
Percentage Rates Increase	12.7% (LGCI plus 6.5% plus .3% rating base growth)	12.0% (including 0.3% growth)	Yes
Debt Affordability Benchmarks			
Liquidity to External Debt	110% minimum	111.6%	Yes
Net External Debt as a percentage of Total Revenue	230% maximum	42.5%	Yes
Net Interest to Total Income	10% maximum	1.3 %	Yes
Balanced Budget Benchmark			
Operating Revenue to Operating Expenses	100% minimum	86.4%	No
Essential Services Benchmark			
Capital Expenditure to Depreciation	100% minimum	207%	Yes
Debt Servicing Benchmark			
Borrowing costs to Operating Revenue	10% maximum	1.4%	Yes

Notes to DISCLOSURE STATEMENT

1. Rates Affordability Benchmarks

(1) For this benchmark,—

(a) the Council's planned rates income for the year is compared with the quantified limit on rates contained in the financial strategy included in the Council's long-term plan; and

(b) the Council's planned rates increases for the year are compared with the quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.

(2)The Council meets the rates affordability benchmark if—

(a)its planned rates income for the year equals or is less than each quantified limit on rates; and

(b)its planned rates increases for the year equal or are less than each quantified limit on rates increases.

The calculation for this benchmark excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation.

2. Debt Affordability Benchmarks

(1) For this benchmark, the council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the council's long-term plan.

(2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3. Balanced Budget Benchmark

(1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Council does not plan to meet the balanced budget benchmark for 2023/24. Council resolved to run an unbalanced budget in years 1-9 of the LTP on the basis that setting rates levels to immediately cover projected expenses with revenue would be inequitable and extremely hard on ratepayers. It would be more more sustainable and prudent to phase in gradual change over time.

4. Essential Services Benchmark

(1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5. Debt Servicing Benchmark

(1) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

(2) Because Statistics New Zealand projects that the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

PLANNING ASSUMPTIONS:

ANNUAL PLAN 2023/24

When we develop a plan, we make a series of assumptions about what the future will look like based on the information available at the time.

Now, more than ever, it's important to outline the assumptions we're relying on for this plan, given how much the world has changed in the last two years. By setting out our assumptions, the community can understand the limitations of the plan if 2023/24 pans out differently from what we are expecting.

Key assumptions are set out below. Where there is a high level of uncertainty about a particular assumption, we've explained the reason for it. The level of uncertainty is determined by both the likelihood of occurrence and the financial significance.

	Assumption	Level of uncertainty	Risk and impact
Growth in rating base	Based on historic data and the growth assumptions in the LTP, an allowance of 0.3% per annum has been included for additional rates revenue as a result of growth in the rating base. This represents a conservative estimate relative to the potential income from the projected increase in households.	Moderate	The growth in the ratepayer base is higher or lower than projected. If growth is higher than forecasted, the average rates increase per property will be reduced by an equivalent amount as there is a greater number of ratepayers across which rates will be collected. If growth is lower than forecasted, the average rates increase for the ratepayer will be higher.
Interest rates on loans	The interest rates for debt is assumed to be 5.75% for 2023/24.	High	Prevailing interest rates may differ significantly from those estimated. A 0.1% increase in interest rates on debt would increase annual interest expenses by $166k for 2023/24. A 1% increase in interest rates on debt would increase annual interest expenses by $1.66m for 2023/24.
Capital programme deliverability	Programmes and projects are assumed to be delivered within budget and on time. As mentioned previously, the capital plan for 2023/24 was re-phased from $90 million to $75.9 million by moving budget for projects that were deemed realistically undeliverable in the period covered by this Annual Plan.	Moderate	The capital programme may not be delivered in full, on time and/or within budget. The programme may only be partially completed, triggering carryforwards into 2024/25 which puts pressure on future year's budgets. This results in delays in delivering projects and realising benefits to the community. The programme may be delivered in full, but at more expense than was allocated in budgets. Council risks breaching financial prudence benchmarks and debt limits, and doing so may prompt scrutiny from the Office of the Auditor General or the Minister of Local Government.
Contractors availability	This plan assumes that Council will be able to find skilled contractors to undertake the work programmed for the next financial year. Currently, there is very little surplus capacity in the contracting market due to the increased level of capital works proposed by many local authorities and therefore increased demand for contractors.	Moderate	There may not be sufficient contractor capacity to deliver the capital programme on time, or contract prices may increase significantly so that works cannot be delivered within the budget available.

	Assumption	Level of uncertainty	Risk and impact
Resource Management Act Reform	In responding to the Randerson review of the Resource Management Act 1991, the Government has announced its intention to replace it with three new pieces of legislation: • Natural and Built Environments Act; • Strategic Planning Act, and • Climate Change Adaptation Act. This plan has been prepared on the assumption that no significant financial allocation for the 23/24 year would be required to comply with any new legislative obligations that may arise as a result of these changes. As at the time of writing this plan, the first two of the bills are at the select committee stage, and the third is expected to be introduced at a later date.	Low	These legislative changes may have major implications for the role and responsibilities of local government as it is currently configured.
Levels of Service	This plan assumes there are no significant changes to the level of core or essential services delivered over 2023/24.	Low	An unanticipated change in levels of service delivered may be: • Necessitated by a key asset failure or external disaster • Triggered by a change in primary legislation, or • Demanded by the community Increased levels of service inevitably require more resourcing, and significant changes to significant levels of service may trigger the requirement for an LTP amendment.
Waka Kotahi	It is assumed that the level of subsidies received through Waka Kotahi is 51% of capital costs for both maintenance works, and new construction and renewal works.	Low	A change in subsidy level could affect the validity of the available funding estimates for subsidised work and, potentially, the level of service delivered.
Cyclone Gabrielle impact	The community and the region as a whole, along with the Napier City Council still face uncertainty in the wake of the cyclone. This plan is based on the most up to date information available at the time and it acknowledges that the full impacts of Cyclone Gabrielle are yet to be fully realised.	Moderate	Total response and recovery costs may exceed budgets. The capital plan and prioritisation of projects within the plan could be impacted as new information comes to light over the course of the year.

FINANCIAL INFORMATION

CONTENTS

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

Forecast for the year ending 30 June 2024

	AP 2023/24 $000	LTP 2023/24 $000	AP 2022/23 $000
Revenue			
Rates revenue	85,308	80,022	76,271
Development and financial contributions	7,478	7,478	7,296
Subsidies and grants	8,196	7,260	7,204
Other revenue	56,967	59,194	55,590
Other gains/(losses)	294	1,947	2,668
Total revenue	**158,243**	**155,901**	**149,029**
Expenditure			
Employee Benefit Expense	52,494	45,783	50,004
Depreciation and Amortisation	42,538	41,667	35,796
Finance Costs	2,048	850	772
Other Operating Expenses	75,537	69,317	62,821
Total expenditure	**172,617**	**157,617**	**149,393**
Operating surplus/(deficit) before tax	**(14,374)**	**(1,716)**	**(364)**
Share of associate surplus/(deficit)	239	1,209	121
Surplus/(deficit) before tax	**(14,135)**	**(507)**	**(243)**
Income tax expense	-	-	-
Surplus/(deficit) after tax	**(14,135)**	**(507)**	**(243)**
Other comprehensive revenue			
Valuation gains/(losses) taken to equity	6,459	7,508	58,821
Fair value gains/(losses) through comprehensive revenue on investments	-	-	-
Total comprehensive revenue and expenses	**(7,676)**	**7,001**	**58,578**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Forecast for the year ending 30 June 2024

	AP 2023/24 $000	LTP 2023/24 $000	AP 2022/23 $000
Assets			
Current assets			
Cash and cash equivalents	6,618	5,747	5,769
Debtors and other receivables	16,717	21,572	23,979
Inventories	14,728	7,488	10,949
Biological assets	310	263	289
Total current assets	**38,373**	**35,070**	**40,986**
Non-current assets			
Property, plant and equipment	2,228,477	2,017,523	2,032,009
Intangible assets	561	922	1,256
Inventories	14,873	8,723	14,873
Investment property	107,701	64,566	80,866
Investment in associates	12,914	10,255	8,906
Other financial assets	1,968	6,291	6,303
Total non-current assets	**2,366,494**	**2,108,280**	**2,144,213**
Total assets	**2,404,867**	**2,143,350**	**2,185,199**
Liabilities			
Current liabilities			
Trade payables and other accruals	25,055	18,626	20,372
Employee benefit liabilities	6,811	5,397	5,877
Total current liabilities	**31,866**	**24,023**	**26,249**
Non-current liabilities			
Employee benefit liabilities	811	908	899
Borrowings	67,224	139,110	65,501
Provisions	1,174	1,162	1,499
Total non-current liabilities	**69,209**	**141,180**	**67,899**
Total liabilities	**101,075**	**165,203**	**94,148**
Total net assets	**2,303,792**	**1,978,147**	**2,091,051**
Net assets / equity			
Accumulated revenue & expenses	830,860	812,675	852,199
Other reserves	1,472,932	1,165,472	1,238,852
Total net assets / equity	**2,303,792**	**1,978,147**	**2,091,051**

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

Forecast for the year ending 30 June 2024

	AP 2023/24 $000	LTP 2023/24 $000	AP 2022/23 $000
Total net equity balance at 1 July	2,311,468	1,971,146	2,032,473
Total comprehensive revenue for the period	(7,676)	7,001	58,578
Total net equity balance at 30 June	**2,303,792**	**1,978,147**	**2,091,051**
Total comprehensive revenue and expenses attributable to:			
Napier City Council	(7,676)	7,001	58,578
Total comprehensive revenue and expenses	**(7,676)**	**7,001**	**58,578**

PROSPECTIVE STATEMENT OF CASH FLOWS

Forecast for the year ending 30 June 2024

	AP 2023/24 $000	LTP 2023/24 $000	AP 2022/23 $000
Cash flows from operating activities			
Receipts from rates revenue	81,734	79,755	73,170
Interest received	-	-	-
Dividends received	-	-	-
Receipts from other revenue	67,597	73,559	71,017
Goods and services tax (net)	1,559	62	1,859
Payments to suppliers and employees	(137,844)	(110,857)	(109,800)
Interest paid	(2,048)	(850)	(772)
Net cash from operating activities	**10,998**	**41,669**	**35,474**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	250	250	250
Proceeds from withdrawal of investments	76	-	89
Purchase of property, plant and equipment	(74,416)	(75,937)	(86,349)
Purchase of intangible assets	448	(608)	(530)
Acquisition of investments	1,025	(566)	(2,489)
Net cash from investing activities	**(72,300)**	**(76,861)**	**(89,029)**
Cash flows from financing activities			
Proceeds from borrowings	63,222	35,355	53,795
Net cash from financing activities	**63,222**	**35,355**	**53,795**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1,603	163	240
Cash, cash equivalents and bank overdrafts at 1 July	5,015	5,584	5,529
Cash, cash equivalents and bank overdrafts at 30 June	**6,618**	**5,747**	**5,769**

Notes to
PROSPECTIVE FINANCIAL STATEMENTS

Forecast year ending 30 June 2024

	AP 2023/24 $000	LTP 2023/24 $000
1. Income from targeted rates for metered water supply	755	846
2. Depreciation and Amortisation Expense by Group of Activity		
City Strategy	539	475
Community and Visitor Experiences	9,950	11,331
Other Infrastructure	1,388	1,126
Property Assets	1,333	813
Stormwater	5,443	4,647
Transportation	8,527	9,032
Wastewater	7,855	6,690
Water Supply	4,653	3,810
Support Units	2,850	3,743
Total directly attributable depreciation and amortisation by group of activity	**42,538**	**41,667**

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 which are Council Controlled Organisations (CCO):

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

The Council provides local infrastructure, local public services and amenities, and performs regulatory functions for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements comply with PBE Standards and have been prepared in accordance with Tier 1 PBE Standards.

The Annual Plan 2023/24 was adopted by Council on 08 Jun 2023.

BASIS OF PREPARATION

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

Statement of Compliance

The prospective 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).

Functional and Presentation Currency

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

CHANGES IN ACCOUNTING STANDARDS

All standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to Council or are not expected to have a material impact on the financial statements of Council and, therefore, have not been disclosed.

Other changes in accounting policies

There have been no other changes in accounting policies.

PROSPECTIVE FINANCIAL INFORMATION

These are prospective financial statements and have been prepared in accordance with the requirements of the Local Government Act 2002 and may not be appropriate for other purposes. The main purpose of the prospective financial statements in the Annual Plan is to provide users with information about Council's plans for the next 12 months and the rates that will be required to fund this plan.

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

The Annual Plan is based on the forecast for the year ended 30 June 2024 included in the Long Term Plan 2021 – 2031. The prospective financial statements have been prepared by using the best information available at the time for the Annual Plan.

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

Principles of Consolidation

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

INVESTMENTS

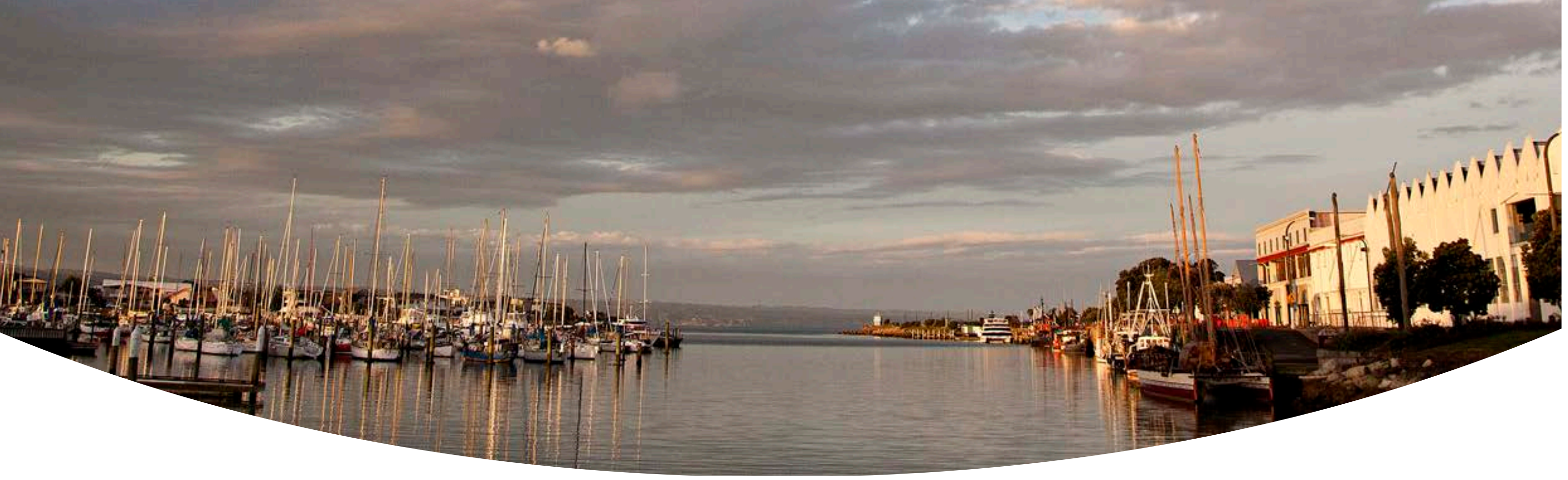
Investment in Associates

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

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

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

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



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.

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.

FOREIGN CURRENCY TRANSLATION

Transactions and Balances

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

REVENUE RECOGNITION

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

Non-exchange Revenue

Rates Revenue

The following policies for rates have been applied:

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

Grants and Subsidies

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

Donated, Subsidised or Vested Assets

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

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

Parking and Traffic Infringement

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

Exchange Revenue

Licences and Permits

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

Residential Developments

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

Development and Financial Contributions

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

Sales of Goods (Retail)

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

Sales of Services

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

Rental Revenue

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

Interest Revenue

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

Dividend Revenue

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

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

INCOME TAX

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

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

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

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

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.

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.

LEASES

The Council is the Lessee

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

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Revenue and Expenses on a straight line basis over the period of the lease.

The Council is the Lessor

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

CASH AND CASH EQUIVALENTS

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

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

TRADE RECEIVABLES

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

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

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

INVENTORIES

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

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

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

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

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

Land held for development and future resale

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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.

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.

Fair value through other comprehensive revenue and expense (FVTOCRE)

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.

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.

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.

Fair value through surplus and deficit (FVTSD)

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.

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.

Debt instruments in this category are the Council's borrower note's in the Local Government Funding Agency (LGFA).

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.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consist of:

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

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

Infrastructure assets – infrastructure assets are the fixed utility 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.

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 probably that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

Disposals

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

Revaluations

Assets which are revalued are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation (except land which is not depreciated). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Roading infrastructure assets 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 are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Revenue and Expenses during the financial period in which they are incurred.

Depreciation

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

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

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:

Transportation	Years
Base Course	60-130
Surfacings	20-25
Concrete Pavers	80
Footpaths & Pathways/Walkways	15-80
Drainage	25-100
Bridges & Structures	20-100
Road Lighting	4-50
Traffic Services & Safety	10-25
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 & 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.

INVESTMENT PROPERTY

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

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

- the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation;
- the occupants provide services that are integral to the operation of the owner's business and/or these services could not be provided efficiently and effectively by the lessee in another location;
- the property is being held for future delivery of services;
- the lessor uses services of the owner and those services are integral to the reasons for their occupancy of the property.

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

INTANGIBLE ASSETS

Trademarks and Licences

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

Computer Software

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

TRADE AND OTHER PAYABLES

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

BORROWINGS

Borrowings 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.

Borrowing Costs

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

PROVISIONS

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

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

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

Financial Guarantee

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

GRANT EXPENDITURE

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

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

EMPLOYEE BENEFITS

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave and Gratuities

The liability for long service leave and gratuities is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement Benefit Obligations

Current and former employees of the Council are entitled to benefits on retirement, disability or death from the Council's multi-employer benefit scheme. The scheme manager, National Provident Fund, has advised Council there is no consistent and reliable basis for allocating the obligation scheme assets and cost of the multi-employer defined benefit scheme to individual participating employers. As a result, the scheme is accounted for as a defined contribution plan and contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

Defined Contribution Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Bonus Plans

The Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

BIOLOGICAL ASSETS

Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. Changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

NET ASSETS / EQUITY

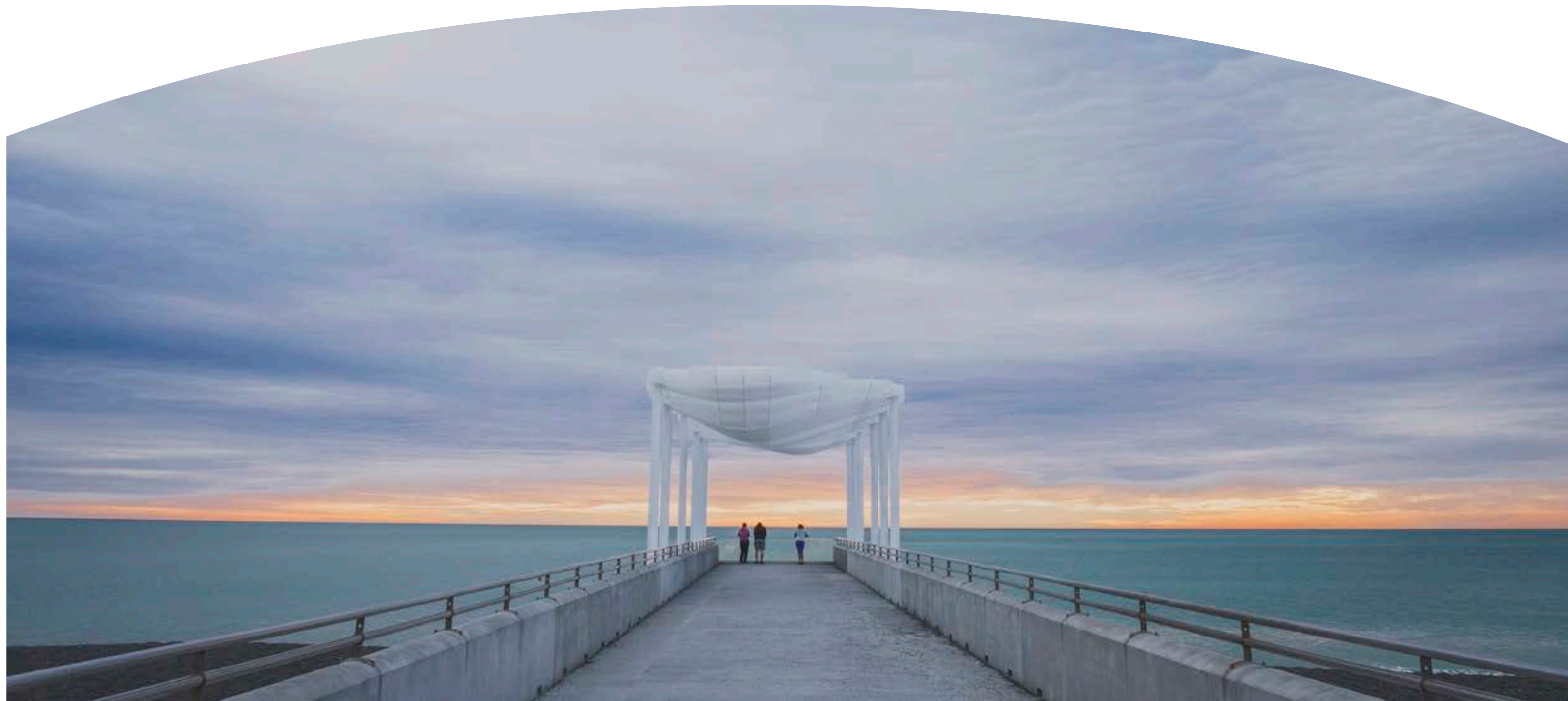
Net Assets/Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities.

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific requirements accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.



BUDGET FIGURES

The Annual Plan and Long Term Plan comparatives in the prospective financial statements are those approved by the Council and adopted as a part of the Council's 2021 -2031 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.

COST ALLOCATION

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Landfill Aftercare Provision

The Omarunui Landfill is owned jointly by the Hastings District Council (63.68%) and Napier City Council (36.32%). The landfill is operated by the Hastings District Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a resource consent in 1985 to operate the Omarunui Landfill. The Councils have responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for monitoring and recovery of gas

Post-closure responsibilities:

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

The management of the landfill will influence the timing of recognition of some liabilities – for example, the current landfill will operate in four stages. A liability relating to stages three and four will only be created when the stage is commissioned and when refuse begins to accumulate in these stages.

Capacity of the Site:

The landfill is divided into four valleys as below:	Total Capacity (million)	Useful Life of Valley
Valley A - opened in December 1998, closed 2006	$2.6m^3$	17 years
Valley D - opened in December 2006 and currently in operation	$2.1m^3$	18 years
Valleys B & C - not yet in operation		

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 2.3%.

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 $201,500
- The provision reported is for the Napier City Council's share only (36.32%).

Infrastructural Assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are underground such as stormwater, wastewater and water supply pipes. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimating the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth.

- If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under in estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expenses. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections and deterioration and condition modelling are also carried out regularly as part of the Council asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations except for most above and below ground water, wastewater and stormwater assets where the independent valuer peer reviews Council's valuations. In some cases, e.g. Pumps are independently valued by independent valuer.

Critical Judgements in applying Napier City Council's Accounting Policies

Classification of Property

The Council owns a number of leasehold land and rental properties. The receipt of market-based rentals from these properties is incidental to the holding of these properties. In the case of residential leasehold properties, there are legal restrictions applying to how Council can manage these properties and in the case of rental properties, these are held as part of the Council's social housing policy or to secure the ability to undertake long term city development projects. As some of these properties are held for service delivery objectives, they have been accounted for as property, plant and equipment.

Local Government Reforms – Three Waters

Service Delivery

On 13 April 2023, the Local Government Minister announced that reform to water services (previously dubbed the 'Three Waters Reforms') would continue on the basis of a legislated "all in" approach. This announcement, however, saw some significant changes to the reform programme, including increasing the number of Water Services Entities from four to ten, and replacing the previous 1 July 2024 'go-live' date with a staggered approach whereby establishment of the entities will begin in early 2025 and be completed no later than 30 June 2026.

Council continues to recognise its three waters assets at 30 June 2024 in accordance with the accounting policies set out within this statement. Legislation will be required to give effect to the Government's changes to water services reform, and the anticipated date for establishment of the Tairawhiti entity is not yet clear. As such, no adjustment has been made to these prospective financial statements to reflect the expected future transfer of assets to the new water entity. As further details are established this may require further adjustments to Council's three water assets either in respect of disclosure or measurement.

RESERVE FUNDS

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2023	Deposits	Expenditure	Closing Balance 30 June 2024
COUNCIL CREATED RESERVES						
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	(37)	23	(10)	(24)
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	760	448	(868)	340
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	(5)	366	(296)	65
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/ Walkways	Roading	807	4,827	(4,827)	807
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	11	-	(1)	10
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	29	828	(845)	12
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	74	216	-	290
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	14,894	8,728	(16,569)	7,053

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2023	Deposits	Expenditure	Closing Balance 30 June 2024
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	24,223	2,493	(5,643)	21,073
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	8,267	1,520	(636)	9,151
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	3,051	206	(32)	3,225
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	5,356	-	(813)	4,543
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,174	-	114	1,288
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	295	131	(99)	327
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	13,026	10,824	(11,255)	12,595
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roading property purchases and improvements.	Roading	63	1	(1)	63

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2023	Deposits	Expenditure	Closing Balance 30 June 2024
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	75	-	4,229
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	685	227	(81)	831
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	22,311	1,438	1	23,750
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	9,262	167	1	9,430
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	3,022	7,348	(6,509)	3,861
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	28	1	1	30
Lagoon Farm Account	Derived from the Lagoon Farm activity	Lagoon Farm	149	644	(771)	22
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	3,374	-	(833)	2,541
Total Council Created Reserves			**115,305**	**40,511**	**(49,972)**	**105,844**

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2023	Deposits	Expenditure	Closing Balance 30 June 2024
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	34	-	1,941
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	(1,751)	1,779	(2,659)	(2,631)
Total Restricted Reserves			**156**	**1,813**	**(2,659)**	**(690)**
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	28	-	(2)	26
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	178	3	-	181
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	26	-	-	26
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	6	-	-	6

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2023	Deposits	Expenditure	Closing Balance 30 June 2024
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	49	1	(1)	49
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	-	-	15
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	(13)	14
Total Bequests Trust Funds			**316**	**17**	**(16)**	**317**

CAPITAL PROGRAMME

Funding: Loan Rates %	Reserve %	Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			City Strategy													
-	100		Animal Control	Agility Tracks	-	-	-	22	-	-	-	-	26	100	-	-
-	100			Complex Shelter & Office	-	32	43	56	23	35	24	37	64	100	-	-
100	-			New Impounding Facility	103	-	-	724	743	-	-	-	26	20	-	80
-	100			Stock Control Equipment	2	2	5	2	2	2	6	2	3	-	-	100
100	-		Napier Assist | Āwhina Tangata	Street Management (CCTVs)	691	52	-	-	-	-	-	-	-	-	100	-
-	100		Parking	Additional CBD Parking	-	-	2,385	1,464	457	470	483	497	510	-	56	44
-	100			Alternate Transport Parking	-	-	33	11	11	12	12	12	13	-	40	60
-	100			Minor Capital Items	5	5	5	6	6	6	6	6	6	-	-	100
-	100			Parking Equipment Replacement	258	26	27	28	29	29	30	31	32	100	-	-
			Total City Strategy Capital Programme		1,059	117	2,498	2,313	1,271	554	561	585	680			
-	100	-	**Water Supply**	Awatoto Industrial & Phillips Road Bore	2,917	2,659	-	-	-	-	-	-	-	10	87	3
84	16	-		Borefield No.1 Rising Main	412	2,381	2,099	-	-	-	-	-	-	-	100	-
100	-	-		District Modelling Projects	52	53	54	-	40	-	-	43	-	-	-	100
100	-	-		District Monitoring Project	77	-	-	-	-	-	869	895	919	-	-	100
-	100	-		Enable Growth- Water Extension Meanee	-	2,959	-	-	-	-	-	-	-	-	100	-
100	-	-		FW2 Fireflow Network Upgrades	-	-	1,084	1,114	-	-	-	-	-	-	-	100
82	18	-		Hospital Hill Falling Trunk Main	22	-	-	-	-	-	-	-	-	100	-	-
-	100	-		Mataruahou (Napier Hill) Reservoir	412	634	867	8,909	9,141	-	-	-	-	50	30	20
88	12	-		Mataruahou (Napier Hill) Rising & Falling Trunk Mains	721	845	2,169	3,898	3,428	-	-	-	-	-	12	88
42	58	-		New bores in Awatoto	302	737	1,898	-	-	117	1,811	1,864	-	45	13	43
-	100	-		New Reservoir Westen Hills	185	1,110	1,214	668	1,714	5,286	-	-	-	-	100	-
80	20	-		New Taradale Bore Field	361	898	4,229	445	-	-	-	-	-	-	20	80
88	12	-		New Water Treatment Plant	257	528	12,198	-	-	-	-	-	-	-	12	88
-	100	-		Parklands Residential Development	112	117	123	123	125	130	135	139	142	-	100	-

CAPITAL PROGRAMME CONTINUED

Loan Rates %	Reserve %	Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
-	100	-	**Water Supply**	Peer Review 3 Waters Models & Masterplans	1,247	-	-	-	-	-	-	-	-	-	-	100
2	98	-		Pipe Renewals	494	528	922	835	857	1,175	1,208	621	1,276	92	5	3
100	-	-		Pump Stations Renewals	718	476	775	1,258	606	159	163	168	191	93	-	7
71	29	-		Reservoir inlets and outlets improvements	230	423	-	-	-	-	-	249	1,276	-	-	100
88	12	-		Taradale Falling Trunk Main	23	38	94	516	686	3,524	4,226	2,485	1,914	1	12	87
100	-	-		Te Awa Structure Plan	399	69	557	286	294	-	-	-	-	-	100	-
100	-	-		Thompson Reservoir Upgrade	-	528	651	-	-	-	-	-	-	100	-	-
-	100	-		Urban Growth Projects - Water Supply	-	-	813	278	286	294	302	311	447	-	100	-
100	-	-		Water Bore Renewals	52	264	434	-	-	-	-	-	-	100	-	-
-	100	-		Water Growth Projects	41	-	-	-	-	-	-	-	-	-	100	-
100	-	-		Water Meter Installation	-	-	-	-	-	-	-	249	255	-	-	100
-	100	-		Water Meters Renewals	5	5	5	6	6	6	6	6	6	100	-	-
99	1	-		Water Network Improvements	550	53	450	-	-	-	-	435	447	32	1	67
92	8	-		Water Reservoir Improvements	170	338	173	134	91	211	97	99	102	8	-	92
75	25	-		Water Reservoir Renewals	227	528	108	111	114	235	966	124	128	60	-	40
88	12	-		Water Treatment Improvements	337	-	8,674	4,454	-	-	-	-	-	-	12	88
-	100	-		Water Treatment Renewals	77	185	136	28	29	88	30	31	32	100	-	-
				Total	**10,400**	**16,356**	**39,727**	**23,063**	**17,417**	**11,225**	**9,813**	**7,719**	**7,135**			
-	100	-		Gifted/Vested Assets	113	116	119	123	125	129	132	135	140	-	100	-
			Total Capital Programme Water Supply		**10,513**	**16,472**	**39,846**	**23,186**	**17,542**	**11,354**	**9,945**	**7,854**	**7,275**			

CAPITAL PROGRAMME CONTINUED

Loan Rates %	Reserve %	Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
-	100	-	**Wastewater**	Flow meter replacements	5	53	54	11	11	59	12	12	38	100	-	-
93	7	-		Flow metering	614	298	45	-	-	-	-	-	-	7	-	93
96	4	-		Guppy Rd pumping main installation	10	265	1,193	-	-	-	-	-	-	-	76	24
100	-	-		Installation of Generator Connections	31	143	-	-	-	-	-	-	-	-	100	-
78	22	-		Pandora Industrial Main	1,552	-	-	-	-	-	-	-	-	70	-	30
-	100	-		Parklands Residential Development	207	214	219	225	232	237	244	251	258	-	100	-
37	63	-		Sewer Pipe Renewal	855	1,057	976	1,114	1,143	2,056	5,675	10,686	16,652	53	27	21
57	43	-		Sewer Pump Station Renewal	1,097	990	1,984	423	434	1,139	1,171	1,143	408	100	-	-
57	43	-		Taradale Wastewater Diversion	78	275	-	-	-	-	-	-	-	-	40	60
96	4	-		Te Awa Structure Plan - Wastewater	445	1,191	3,634	2,617	2,685	-	-	-	-	-	96	4
100	-	-		Tradewaste New Projects	52	264	5,140	-	-	-	-	-	-	-	-	100
100	-	-		Treatment Plant Renewal	412	423	434	111	114	117	121	124	128	100	-	-
-	100	-		Wastewater Growth Projects	201	1,965	678	557	-	-	-	-	-	-	99	1
100	-	-		Wastewater Network Improvements	52	-	-	-	-	-	-	-	-	-	-	100
79	21	-		Wastewater Outfall IAR	28	1,189	33,071	9,744	-	-	-	-	-	79	21	-
100	-	-		Wastewater Pump Station Improvements	977	555	163	-	-	-	-	-	-	6	-	94
100	-	-		Wastewater Treatment Improvements	-	476	-	-	-	-	-	124	1,148	-	9	91
58	42	-		Wastewater Treatment Plant Upgrade	1,295	1,580	787	-	-	-	-	-	-	-	20	80
72	28	-		Wastewater Treatment Renewals	443	871	1,608	1,748	7,203	7,048	5,262	5,507	255	30	11	59
				Total	**8,354**	**11,809**	**49,986**	**16,550**	**11,822**	**10,656**	**12,485**	**17,847**	**18,887**			
-	100	-		Gifted/Vested Assets	206	211	216	221	227	234	241	248	254	-	100	-
			Total Capital Programme Wastewater		**8,560**	**12,020**	**50,202**	**16,771**	**12,049**	**10,890**	**12,726**	**18,095**	**19,141**			

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
100	-	-	**Stormwater**	Ahuriri Estuary Projects	196	301	385	724	2,399	9,964	10,243	25	26	-	9	91
95	5	-		Ahuriri Master Plan Project 1 - Stormwater Treatment Wetland	-	-	325	2,227	-	-	-	-	-	-	5	95
-	100	-		Ahuriri Master Plan Project 3 - improve direct outfalls	75	207	-	-	-	-	-	-	-	-	5	95
-	100	-		Ahuriri Master Plan stormwater study	37	-	-	-	-	-	-	-	-	-	5	95
-	100	-		AhuririMaster Plan Project 11 - Pandora catchment improvemen	-	-	276	-	-	-	-	-	-	-	20	80
100	-	-		CBD Stormwater Upgrade	-	161	-	-	-	-	-	-	-	45	5	50
50	50	-		Drain Improvements	31	32	33	33	34	35	36	37	38	50	-	50
93	7	-		Extend Outfalls Marine Parade	76	211	-	-	229	-	-	249	-	-	-	100
72	28	-		Flood Alleviation Projects	931	2,128	5,262	8,792	3,765	9,274	-	-	-	42	8	50
71	29	-		Open Waterway Improvements	355	544	645	1,247	1,965	82	85	87	89	27	10	64
-	100	-		Parklands Residential Development	232	240	245	253	257	267	272	280	287	-	100	-
100	-	-		SCADA minor replacements	-	26	54	28	29	29	30	31	32	100	-	-
44	56	-		Stormwater Growth Projects	402	8,327	10,274	7,142	891	-	-	1,883	1,934	-	100	-
41	59	-		Stormwater IAR	88	90	92	95	97	100	103	106	108	59	-	41
62	38	-		Stormwater Network Improvements	-	143	38	39	40	41	42	43	45	-	38	62
-	100	-		Stormwater pump replacements	129	190	255	200	206	211	217	224	230	80	20	-
-	100	-		Stormwater pump station electrical replacements	-	-	108	111	114	117	121	124	-	100	-	-
53	47	-		Stormwater Pump Station Improvements	1,286	227	33	-	-	-	604	621	1,659	41	5	55
-	100	-		Stormwater reticulation replacements	618	317	325	334	343	352	362	-	-	90	10	-
44	56	-		SW Pump Station Renewal	499	550	390	891	457	411	181	186	702	55	1	45
100	-	-		Tennyson St outfall improvements	226	476	-	-	-	-	-	-	-	-	-	100
50	50	-		Thames/Tynes pipe and drain upgrades	22	48	596	-	-	-	-	-	-	45	5	50
100	-	-		Upgrade Dalton St pump station	118	-	108	-	-	-	-	-	-	15	5	80
				Total	**5,321**	**14,218**	**19,444**	**22,116**	**10,826**	**20,883**	**12,296**	**3,896**	**5,150**			
-	100	-		Gifted/Vested Assets	228	235	242	247	255	261	269	277	284	-	100	-
			Total Capital Programme Stormwater		**5,549**	**14,453**	**19,686**	**22,363**	**11,081**	**21,144**	**12,565**	**4,173**	**5,434**			

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
100	-	-	**Transportation**	Ahuriri Masterplan - Pandora Road Upgrade	692	-	-	-	-	-	-	-	-	-	-	100
100	-	-		Ahuriri Masterplan - Thames Severn Stormwater Management	52	264	271	-	-	-	-	-	-	50	-	50
-	49	51		Associated Improvements	103	106	108	111	114	117	121	124	128	50	-	50
100	-	-		CBD Development	187	-	-	-	-	-	-	-	-	-	-	100
-	49	51		Ground stabilisation and retaining wall	749	215	-	-	-	-	-	-	-	30	-	70
49	-	51		Intersection Improvement Projects	275	79	244	139	86	1,004	4,981	714	96	-	15	85
49	-	51		Intersection Safety Improvement Projects	995	1,585	2,277	1,559	1,188	1,644	-	-	319	-	14	86
49	-	51		Local Area Traffic Management Projects	927	951	976	1,002	1,028	1,057	1,087	1,118	1,148	-	-	100
49	-	51		Marine Parade Safety Improvements	103	1,902	-	-	-	-	60	683	638	-	18	82
49	-	51		New Cycle and Walking Tracks	193	-	-	-	-	-	121	249	-	-	-	100
-	100	-		Parklands Residential Development	788	810	832	854	877	900	925	955	978	-	100	-
-	49	51		Renewals	3,767	4,478	4,206	4,395	3,251	3,136	3,562	3,665	3,764	100	-	-
-	100	-		Renewals (Not Subsidised)	704	507	488	445	457	470	489	503	517	100	-	-
-	100	-		Te Awa Structure Plan	1,648	370	759	-	-	-	-	-	-	-	100	-
49	-	51		Urban Corridor Improvement Projects	785	148	526	1,025	2,085	1,198	3,037	1,267	574	-	17	83
100	-	-		Urban Growth Northwest Development	124	-	54	111	857	646	362	93	1,786	-	100	-
-	100	-		West Quay Car Park	135	-	-	-	-	-	1,449	1,615	-	-	-	100
50	50	-		West Quay One Way	328	-	-	-	-	-	-	-	-	-	-	100
				Total	**12,555**	**11,415**	**10,741**	**9,641**	**9,943**	**10,172**	**16,194**	**10,986**	**9,948**			
-	100	-		Gifted/Vested Assets	422	432	443	456	467	481	494	507	522	-	100	-
			Total Capital Programme Transportation		**12,977**	**11,847**	**11,184**	**10,097**	**10,410**	**10,653**	**16,688**	**11,493**	**10,470**			

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			Other Infrastructure													
100	-	-	Cemeteries	Cemetery Concept Plan Implementation	82	63	45	46	23	24	25	26	-	10	90	90
100	-	-		Cemetery land purchase	-	-	-	-	2,349	604	-	638	-	100	-	-
-	100	-		Cemetery Planting	26	26	28	29	29	30	31	32	100	-	-	-
-	100	-		Cemetery Renewals	134	21	22	23	23	24	25	26	100	-	-	-
-	100	-		Napier Cemetery Development	36	11	11	11	12	12	12	13	100	-	-	-
-	100	-		Taradale cemetery Heritage work	-	16	-	17	-	-	19	-	100	-	-	-
100	-	-		Western Hill Extension - Stage 2	330	-	-	-	-	-	-	-	-	100	-	-
100	-	-		Wharerangi Building Refurbishment	10	-	-	-	-	-	-	-	100	-	-	-
28	72	-	Public Toilets	Infrastructure Asset Renewal	243	476	223	343	763	362	559	1,340	100	-	-	-
-	100	-		New Toilet Programme	73	-	-	-	-	-	-	-	-	-	100	-
-	100	-	Waste Minimisation	Omarunui Dev Forestry	-	-	9	9	9	10	10	10	100	-	-	-
-	100	-		Omarunui Dev Valley D	657	674	435	446	288	296	305	313	100	-	-	-
-	100	-		Omarunui Dev Valleys B&C	1,626	1,669	1,354	1,389	1,428	591	608	624	100	-	-	-
-	100	-		Omarunui Development Plant	27	96	95	31	137	44	-	19	100	-	-	-
-	100	-		Solid Waste Renewals	139	98	104	106	109	103	106	108	100	-	-	-
			Total Other Infrastructure Capital Programme		**3,383**	**3,150**	**2,326**	**2,450**	**5,170**	**2,100**	**1,700**	**3,149**	**1,100**			

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			Community and Visitor Experiences													
100	-	-	Bay Skate	Bay Skate Ramps	101	-	27	-	-	-	-	-	-	-	40	60
100	-	-		Bay Skate Renewals	23	26	54	30	34	84	39	43	38	100	-	-
65	35	-		Park Improvements	45	100	67	-	-	-	-	-	-	-	37	63
100	-	-	Community Facilities	Halls Renewals	56	18	198	303	63	141	219	376	130	100	-	-
50	50	-		Memorial Square Community Rooms	566	211	813	-	-	-	-	-	-	100	-	-
100	-	-		Minor Capital Items	62	63	65	67	69	70	-	-	-	100	-	-
86	14	-		Taradale Town Hall internal refurbishment	-	211	813	557	-	-	-	-	-	100	-	-
98	2	-		Te Pihinga Community Centre	1,000	-	7,644	3,564	-	-	-	-	-	-	5	95
100	-	-	Housing	Healthy Homes Heat pumps	627	-	504	-	-	-	-	-	-	100	-	-
100	-	-		Henry Charles Hall Internal Refurbishment	-	-	392	-	-	-	-	-	-	100	-	-
100	-	-		Minor Capital Projects	61	116	216	122	126	130	132	137	141	100	-	-
100	-	-		Rental Housing Renewals	216	211	285	197	371	63	1,063	91	245	100	-	-
100	-	-		Retirement Housing Renewals	678	528	3,839	605	981	408	1,691	634	988	100	-	-
100	-	-	Kennedy Park Resort	Deluxe Ensuite Units	-	-	173	-	-	-	-	-	-	-	-	100
100	-	-		Kennedy Park Building Renewals	-	-	742	289	644	152	1,009	528	1,122	100	-	-
-	100	-		Kennedy Park Renewals	14	109	86	111	35	108	37	56	121	100	-	-
100	-	-		Minor Capital Items	615	612	4,019	327	2,518	63	65	98	68	100	-	-
100	-	-		Upgrade TV Infrastructure	93	-	92	-	-	-	-	-	-	-	-	100
100	-	-	Libraries	Library Building Renewals	5	12	32	54	205	45	-	-	-	100	-	-
100	-	-		Library Renewals	10	11	11	11	11	18	-	-	-	100	-	-
95	5	-		Library Stock	237	317	857	490	503	517	-	-	-	-	-	100
92	3	-		Minor Capital Items	99	12	72	12	12	13	-	-	-	-	-	100
97	3	-		Napier Library Rebuild	479	634	15,310	11,136	-	-	-	-	-	-	-	100
100	-	-		Taradale Library Minor Work	367	-	-	-	-	-	-	-	-	52	-	48

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			Community and Visitor Experiences													
100	-	-	Marine Parade Pools	Marine Pde Pools Renewals	383	42	54	45	55	56	242	68	70	100	-	-
74	26	-		Ocean Spa Upgrade	1,325	-	-	-	-	-	-	-	-	12	-	88
-	100	-		Replacement Boiler	26	-	38	-	69	-	-	-	-	100	-	-
-	100	-	MTG Hawke's Bay	Century Theatre Balustraude	-	42	11	-	-	-	-	-	-	100	-	-
-	100	-		Collection Storage Van	-	-	65	-	-	-	-	-	-	100	-	-
100	-	-		Earthquake Gallery	21	-	65	-	-	-	-	-	-	100	-	-
-	100	-		Faraday Centre Building Upgrade	5	-	607	22	23	23	24	25	26	28	-	72
94	6	-		Faraday Centre Minor Capital	21	11	11	11	11	12	12	12	13	6	-	94
100	-	-		MTG Building Renewals	60	304	124	372	81	211	540	1,387	922	100	-	-
100	-	-		MTG Century Theatre Tech Investigation and Upgrade	21	-	575	-	-	-	-	-	-	100	-	-
-	100	-		MTG Minor Capital	76	53	87	56	57	59	-	-	-	-	-	100
100	-	-		MTG Renewals	89	63	98	67	69	70	-	-	-	100	-	-
100	-	-		Security Cameras	2	-	-	-	-	-	-	-	-	-	-	100
100	-	-		Seismic Strengthening	9	271	-	-	-	-	-	-	-	100	-	-
100	-	-		Storage for MTG - property purchase	-	-	1,952	-	-	-	-	-	-	-	-	100
100	-	-	Napier Aquatic Centre	Napier Aquatic Centre expansion	-	528	314	-	-	-	-	-	-	50	10	40
66	34	-		Napier Aquatic Centre Renewals	402	2,431	2,494	600	488	381	648	525	444	100	-	-
-	100	-		Reception and Office Redevelopment	-	-	22	-	-	-	-	-	-	100	-	-
100	-	-	Napier Conferences & Events	AV Equipment Upgrades	58	53	72	28	11	149	12	12	38	50	-	50
100	-	-		Conference Centre Building Renewals	52	34	70	258	1,257	211	267	348	364	100	-	-
-	100	-		Minor Capital Items	62	63	65	67	69	70	72	75	77	100	-	-
-	100	-		Napier Conferences & Events Renewals	155	-	607	45	46	47	78	50	51	100	-	-
100	-	-		War Memorial	1,750	-	-	-	-	-	-	-	-	-	-	100
100	-	-	Napier i-SITE Visitor Centre	i-Site Alterations	257	-	-	-	-	-	-	-	-	-	-	100
71	29	-		i-SITE Renewals	70	-	94	33	180	93	27	22	63	100	-	-
-	100	-		Minor Capital Items	93	11	24	6	29	12	12	28	6	100	-	-

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			Community and Visitor Experiences													
-	100	-	Napier Municipal Theatre	Minor Capital Items	57	63	76	67	69	70	72	75	77	100	-	-
-	100	-		Municipal Theatre Building Renewals	72	-	372	192	137	156	79	665	439	100	-	-
100	-	-		Municipal Theatre Renewals	509	106	1,130	857	520	65	85	118	77	100	-	-
100	-	-	National Aquarium of NZ	Aquarium Renewals	366	523	5,404	718	817	634	111	75	583	100	-	-
100	-	-		Building Renewals	155	-	1,309	304	103	378	898	1,353	54	100	-	-
-	100	-		Minor Capital Items	10	11	52	86	50	4	42	35	76	100	-	-
35	65	-	Par2 MiniGolf	Minor Capital Items	109	26	7	11	36	111	32	14	8	66	-	34
100	-	-	Reserves	Ahuriri Estuary Projects	466	621	-	-	-	-	121	621	638	-	-	100
-	100	-		Allen Berry Future Development	-	93	-	-	-	-	-	-	-	-	10	90
100	-	-		Coastal Erosion	-	629	-	-	-	-	-	-	-	100	-	-
-	100	-		Destination Playground Stage 2	645	285	-	-	-	-	-	-	-	-	-	100
-	100	-		Foreshore Planting	21	21	22	22	23	23	24	25	26	-	-	100
-	100	-		Freedom Camping	-	-	-	-	-	470	-	-	-	-	-	100
-	100	-		Gifted/Vested Assets	309	317	325	334	343	352	362	373	383	-	100	-
-	100	-		Hardinge Road Erosion	-	-	325	-	343	-	362	-	383	100	-	-
100	-	-		Maraenui Splash Pad and Park Developmnent - Shopping Reserve	36	-	-	-	-	-	-	-	-	-	-	100
100	-	-		Marine Parade Renewals	671	432	49	22	23	23	121	124	128	100	-	-
-	100	-		Planting	72	74	76	78	80	82	85	87	89	-	-	100
100	-	-		Playground Renewals	606	211	217	223	229	235	242	249	255	100	-	-
100	-	-		Regional Park	-	-	-	-	-	-	1,811	6,213	4,466	-	-	100
-	100	-		Reserves Renewals	825	454	867	223	217	176	380	81	83	100	-	-
-	100	-		Riparian Planting	31	21	22	22	23	23	24	25	26	-	-	100
-	100	-		Urban Growth	437	634	325	445	343	470	362	497	383	-	100	-
100	-	-		Western Hill Pathway Development	212	127	-	-	-	-	-	-	-	-	20	80

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			Community and Visitor Experiences													
-	100	-	Sportsgrounds	McLean Park Digital Screen	152	-	-	-	-	-	-	-	-	80	20	-
100	-	-		McLean Park Facility Renewals	515	402	1,269	-	-	235	543	435	191	81	19	-
100	-	-		McLean Park light tower upgrades	26	79	108	-	114	-	-	-	-	100	-	-
-	100	-		McLean Park re-turf	-	-	-	-	-	-	-	-	-	80	20	-
100	-	-		Minor Capital Items	603	53	423	-	-	-	-	-	-	94	-	6
100	-	-		Neighbourhood Parks Upgrades	31	232	271	-	-	822	-	-	319	40	5	55
100	-	-		New Pathways	-	42	-	45	-	47	-	-	51	80	10	10
100	-	-		New Shade Areas	52	21	22	22	23	23	24	25	26	-	-	100
100	-	-		Onekawa Park	-	-	759	-	-	-	-	-	-	100	-	-
100	-	-		Park Island Northern Redevelopment	-	1,057	1,301	-	-	-	-	-	-	-	20	80
100	-	-		Playground Development	356	-	325	-	-	352	-	-	383	50	10	40
-	100	-		Riparian Planting	10	-	11	-	11	-	-	12	-	-	-	100
100	-	-		Safety Projects/CPTED	-	32	-	11	-	12	-	12	-	50	50	-
-	100	-		Sportsgrounds Renewals	492	571	369	379	388	634	266	273	281	100	-	-
			Total Community and Visitor Experiences Capital Programme *		**20,295**	**15,553**	**59,300**	**23,546**	**11,909**	**8,603**	**12,235**	**15,902**	**14,352**			

* 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.

CAPITAL PROGRAMME CONTINUED

Funding: Loan Rates %	Funding: Reserve %	Funding: Waka Kotahi Subsidy %	Activity	Project Name	FORECAST 2022/23 $000	AP 2023/24 $000	FORECAST 2024/25 $000	FORECAST 2025/26 $000	FORECAST 2026/27 $000	FORECAST 2027/28 $000	FORECAST 2028/29 $000	FORECAST 2029/30 $000	FORECAST 2030/31 $000	Renewals %	Growth %	Level of Service %
			Property Assets													
-	100	-	**Inner Harbour**	Ahuriri Masterplan - Iron Pot Public Access	402	-	-	-	-	-	-	-	-	-	-	100
-	100	-		IH Facilities Renewals	335	-	-	-	-	-	-	-	-	100	-	-
100	-	-		Inner Harbour Project - Iron Pot Upgrade	52	423	3,795	1,765	-	-	-	-	-	38	-	62
100	-	-		Inner Harbour Project - Meeanee Quay Upgrade	-	-	-	-	-	-	109	2,050	1,212	7	-	93
100	-	-	**Lagoon Farm**	Asset Purchases	31	-	33	-	34	-	36	-	38	-	100	-
100	-	-	**Property Holdings**	Assessment & Compliance Projects	-	-	304	22	23	23	24	25	26	100	-	-
100	-	-		Assessment and compliance projects	125	-	867	557	571	587	604	621	-	100	-	-
-	100	-		Building Purchase	-	-	5,747	-	-	-	-	-	-	-	-	100
100	-	-		Civic Buildings Upgrade	2,611	-	15,061	11,136	-	-	-	-	-	50	-	50
100	-	-		Pandora Pond Buildings	565	-	-	-	-	-	-	-	-	100	-	-
			Total Property Assets Capital Programme		**4,121**	**423**	**25,807**	**13,480**	**628**	**610**	**773**	**2,696**	**1,276**			
			Support Units													
100	-	-	**Chief Executive**	Minor Capital Items	72	74	76	78	80	82	-	-	-	-	-	100
-	100	-	**Finance**	Technology Equipment Minor Capital	2,246	713	14,615	9,065	2,931	2,682	1,268	1,864	1,608	100	-	-
100	-	-	**Information Services**	Corporate IT Network	13	14	14	14	15	15	16	16	17	-	-	100
-	100	-		Software Replacement & Upgrade	50	-	-	-	-	-	-	-	-	-	-	100
46	54	-		Software Replacements and Upgrades	615	85	3,591	1,108	1,137	1,169	1,201	1,236	1,270	-	-	100
100	-	-		Street Management (CCTVs)	129	-	-	-	-	-	-	-	-	-	-	100
-	100	-	**Plant and Vehicles**	P & V Renewal Purchases	618	951	1,759	1,058	1,085	1,175	1,208	1,243	1,276	100	-	-
-	100	-	**Services Administration**	Asset Register Items	13	13	14	25	14	15	15	16	16	100	-	-
100	-	-		Depot Building Renewals	55	15	39	119	240	61	66	362	1,307	100	-	-
-	100	-		Depot General Renewals	31	32	33	33	34	35	36	37	38	100	-	-
			Total Support Unit Capital Programme		**3,842**	**1,897**	**20,141**	**11,500**	**5,536**	**5,234**	**3,810**	**4,774**	**5,532**			
			Total Capital Programme		**70,299**	**75,932**	**231,858**	**125,582**	**72,876**	**74,212**	**71,403**	**67,272**	**67,309**			

CAPITAL FUNDING SOURCES

	AP 2023/24 $000	LTP 2023/24 $000
Rates Funded Loans	34,965	46,036
Waka Kotahi Subsidy	4,827	4,152
Infrastructural Asset Renewal and Upgrade Funds	10,475	7,631
Other Reserve Funds	25,665	20,083
Total Capital Programme	**75,932**	**77,902**

BORROWING PROGRAMME

Forecast for the year ending 30 June 2024

	AP 2023/24 $000	LTP 2023/24 $000	AP 2022/23 $000
New loans			
Rates funded	40,817	48,388	53,506
Total new loans	**40,817**	**48,388**	**53,506**
Less repayments (net)	(3,973)	(6,130)	(5,339)
Movement in debt	**36,844**	**42,258**	**48,167**
Opening public debt	129,580	150,272	120,895
Gross public debt	**166,424**	**192,530**	**169,062**
Internal funding	(99,200)	(53,420)	(103,561)
Net public debt	**67,224**	**139,110**	**65,501**

FINANCIAL OVERVIEW: SUMMARY OF REVENUE AND FINANCING MECHANISMS

FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

	AP 2023/24 $000	LTP 2023/24 $000	AP 2022/23 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	50,941	46,929	50,563
Targeted rates	34,367	33,093	26,046
Subsidies and grants for operating purposes	2,973	2,713	2,646
Fees and charges	28,227	26,119	25,100
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	27,485	31,821	29,268
Total operating funding (A)	**143,993**	**140,675**	**133,623**
Applications of operating funding			
Payments to staff and suppliers	128,017	115,087	112,812
Finance costs	2,048	850	772
Other operating funding applications	13	13	13
Total applications of operating funding (B)	**130,078**	**115,950**	**113,597**
Surplus/(deficit) of operating funding (A - B)	**13,915**	**24,725**	**20,026**
Sources of capital funding			
Subsidies and grants for capital expenditure	5,222	4,547	4,558
Development and financial contributions	7,478	7,478	7,296
Increase/(decrease) in debt	66,646	35,355	54,859
Gross proceeds from sale of assets	250	250	250
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**79,596**	**47,630**	**66,963**
Application of capital funding			
Capital expenditure			
- To meet additional demand	27,058	11,615	15,776
- To improve the level of service	19,553	33,776	37,787
- To replace existing assets	28,069	31,253	44,577
Increase (decrease) in reserves	18,831	(4,289)	(11,151)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	**93,511**	**72,355**	**86,989**
Surplus/(deficit) of capital funding (C - D)	**(13,915)**	**(24,725)**	**(20,026)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

The Funding Impact Statement (FIS) is provided in accordance with Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used, along with an indicative level of rates, together with examples of the impact of rating proposals for 2023/24 over a range of different categories of property and a range of different values.

RATING SYSTEM

The following describes in full the rating system to apply from 1 July 2023:

General Rate

General rates are used to fund both operating and capital expenditure. They fund the remaining costs of Council operations after all other sources of funding have been applied.

General rates are assessed through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value.

The amount of the UAGC is set to ensure that the total (excluding water and wastewater rates) uniform (or fixed) rates will be between 20% to 25% of total rates that are to be collected.

The general rate is set differentially using matters as prescribed in Schedule 2 of the Local Government (Rating) Act 2002 (LGRA) and as listed in the Funding Impact Statement. The LGRA Schedule 2 allows councils to set a general rate based on each of these matters.

General rate differentials

Rating units assessed for the general rate are categorised into one of four differential categories:

- Residential/Other;
- Commercial & Industrial;
- Rural, and
- Rural Residential.

Residential/Other

Any property that is not defined as Commercial & Industrial, Rural Residential, or Rural.

Commercial & Industrial

Any property that is in a commercial or industrial zone under the District Plan or used for any business activities, except properties categorised as rural or consented for residential use, will be rated as commercial and industrial properties.

Commercial and industrial activities include but are not restricted solely to:

- Rural support and other similar activities such as transport, supplies, packhouses, and wineries servicing multiple clients;
- Professional offices, surgeries etc;
- All retail, wholesale merchandising activities;
- All forms of manufacturing and processing;
- Bars, restaurants, cafes and other service activities;
- Storage facilities;
- Hotels, motels.
- Tourism operations, and
- Care facilities operated for profit.

Rural Residential

Any rating unit that would otherwise be classified as Residential but is not connected or able to be connected to either the city water system or the city sewerage system.

Rural

Any rating unit with an area of 5 hectares or more that is used predominantly for land-based agricultural or farming activities.

Differentials

A review of the Revenue & Financing Policy was conducted with adoption occurring in February 2021. New differentials were introduced. Based on the review, the following are the differentials to be applied based on the land value of properties in each differential category.

Differential Category	Group / Code	Differential
Residential / Other	1	100%
Commercial & Industrial	2	260%
Rural	3	85%
Rural Residential	4	90%

Due to significant increases being experienced for certain property types, general rate differentials are being phased in over 3 years from the start of the 2021/22 ratings year. The calculation is based on the difference between the old differential (as defined in the 2020/21 Annual Plan) and the target differential, split into 3 equal stages.

The schedule for phasing is as follows:

Old Differential Category	Old Code	Old Diff Rate	New Differential Category	New Code	Target Differential	Differential 2021/22	Differential 2022/23	Differential 2023/24
City Residential	1	100.00%	Residential / Other former Residential	11	100.00%	100.00%	100.00%	100.00%
City Residential	1	100.00	Commercial & Industrial former City Residential*	21	260.00%	260.00%	260.00%	260.00%
City Residential	1	100.00%	Rural Residential former City Residential	41	90.00%	96.67%	93.33%	90.00%
Commercial & Industrial	2	268.09%	Residential / Other former Commercial & Industrial*	12	100.00%	100.00%	100.00%	100.00%
Commercial & Industrial	2	268.09%	Commercial & Industrial	22	260.00%	265.39%	262.70%	260.00%
Miscellaneous	3	100.00%	Residential / Other former Misc.	13	100.00%	100.00%	100.00%	100.00%
Miscellaneous	3	100.00%	Commercial & Industrial former Misc.	23	260.00%	153.33%	206.67%	260.00%
Miscellaneous	3	100.00%	Rural former Misc	33	85.00%	95.00%	90.00%	85.00%
Miscellaneous	3	100.00%	Rural Residential former Misc.	43	90.00%	96.67%	93.33%	90.00%
Ex City Rural	4	63.47%	Residential / Other former Ex City Rural	14	100.00%	75.65%	87.82%	100.00%
Ex City Rural	4	63.47%	Rural Residential former Ex City Rural	44	90.00%	72.31%	81.16%	90.00%
Ex City Rural	4	63.47%	Rural former Ex City Rural	34	85.00%	70.65%	77.82%	85.00%
Other Rural	5	63.47%	Residential / Other former Other Rural	15	100.00%	75.65%	87.82%	100.00%
Other Rural	5	63.47%	Rural Residential former Other Rural	45	90.00%	72.31%	81.16%	90.00%
Other Rural	5	63.47%	Commercial & Industrial former Other Rural	25	260.00%	128.98%	194.49%	260.00%
Other Rural	5	63.47%	Rural former Other Rural	35	85.00%	70.65%	77.82%	85.00%
Bay View	6	72.80%	Residential / Other former Bay View	16	100.00%	81.87%	90.93%	100.00%
Bay View	6	72.80%	Commercial & Industrial former Bay View	26	260.00%	135.20%	197.60%	260.00%
Bay View	6	72.80%	Rural Residential former Bay View	46	90.00%	78.53%	84.27%	90.00%

* Recategorised due to land use change rather than policy change.

The purpose of the differentials applied to the general rate is to ensure that the amount payable by groups of ratepayers reflects Council's assessment of the relative benefit received and share of costs those groups of ratepayers should bear based on the principles outlined in the Revenue and Financing Policy.

Notes on allocation of properties into differential categories

Rating units which have no apparent land use (or are vacant properties) will be placed in the category which best suits the zoning of the property under the district plan, except where the size or characteristic of the property suggest an alternative use.

To avoid doubt where a rating unit has more than one use, the relevant predominant use will be used to determine the category. The predominant use relates to the main productive activity rather than just to the land area. Where there is uncertainty, the land will be categorised into the highest rated category.

Subject to the right of objection as set out in Section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the use or predominant use of all separately rateable properties in the district.

Uniform Annual General Charge

Council's Uniform Annual General Charge (UAGC) is set at a level that enables all rates that are set on a uniform basis as a fixed amount, excluding those related to water supply and sewage disposal, to recover between 20% and 25% of total rates. For 2023-24 Council has determined that the UAGC will be set at a level to recover 24% of total rates from fixed amounts.

The charge is applied to each separately used or inhabited part of a rating unit.

Targeted Rates

Targeted rates are charged to fund both operating and capital expenditure. They are charged where Council considers it desirable to separate out the funding of an activity. They are charged to rating units including those units that are separately inhabited which have access to or are deemed to benefit from the service provided. Targeted rates are a funding mechanism that may be charged for activities deemed to have either a high public or a high private good to identified properties, an area of the city or the city as a whole.

Some targeted rates are applied differentially using either land or capital values, however, most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

Council will not be accepting lump sum contributions for any targeted rates.

Water

Fire Protection Rate

This rate recovers a portion of the net costs of the water supply systems before the deduction of water-by-meter income.

The Fire Protection targeted rate is based on the capital value of properties connected to or able to be connected to the Napier City Council water supply systems.

This rate is differentially applied, in recognition that the carrying capacity of water required in the reticulation system to protect commercial and industrial properties is greater than that required for residential properties. The rate is further differentiated where a property is not connected but is within 100 metres of a water supply system. 50% of the base rate for each differentiated category applies for each property not connected but located within 100 metres of the systems.

Differential Categories	Connected (%)	Not connected but within 100 m (%)
Central Business District and Fringe Area	400%	200%
Suburban Shopping Centres, Hotels and Motels, and Industrial rating units outside of the CBD	200%	100%
Other rating units connected to or able to be connected to the Council water supply systems	100%	50%

Water Rate

These rates recover the balance of the total net cost of the water supply systems after allowing for revenue collected from the Fire Protection targeted rate and the Water-by-Meter targeted rate.

The targeted rates are differentially applied and are a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to or able to be connected to the Council's water supply system.

The differential categories for the water rates are:

- Connected – any rating unit that is connected to a Council system, and
- Service available – any rating unit that is not connected to a Council system but is within 100 metres of such system (charged 50% of the targeted rate for connected properties).

Differentials	Connected (%)	Not connected but within 100 m (%)
Rating units connected to or able to be connected to the Council water supply systems	100%	50%

Stormwater Rate

The primary beneficiary of stormwater assets are those properties that have a hard surface. There is a strong relationship between capital value and the hard surface area of a property.

This rate recovers the cost of stormwater activity. The Stormwater rate is based on the capital value of Residential, Rural Residential, and Commercial & Industrial properties within the recognised serviced area as per the Stormwater Coverage map.

Properties categorised as Rural are exempted.

The differential categories for stormwater rates are:

Differential Category	Differential
Residential / Other	100%
Commercial & Industrial	260%
Rural Residential	100%

Sewerage Rate

This rate recovers the net cost of the wastewater activity.

The Sewerage targeted rate is applied differentially as a fixed amount and is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit connected to or able to be connected to the sewerage system.

A differential of 50% of the rate applies to each rating unit not connected but located within 30 metres of the system.

Differential Category	Differential
Rating units connected to or able to be connected to the sewerage system	100%
Rating units not connected but within 30m of the Sewerage System	50%

Bay View Sewerage Connection Rate

The Bay View Sewerage Scheme involves reticulation and pipeline connection to the city sewerage system. Prior to 1 November 2005, property owners could elect to connect either under a lump sum payment option or by way of a targeted rate payable over 20 years.

The Bay View Sewerage Connection targeted rate is a fixed amount set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit connected to the Bay View Sewerage Scheme where the lump sum payment option was not elected.

The rate applies from 1 July following the date of connection for a period of 20 years, or until such time as a lump sum payment for the cost of connection is made.

The category of rateable land for setting the targeted rate is defined as the provision of a service to those properties that are connected to the sewerage system but have not paid the lump sum connection fee.

Refuse & Recycling

Refuse Collection and Disposal Rate

This rate recovers the cost of the kerbside refuse collection service including an allocation of the cost of Council support services.

The Refuse Collection and Disposal targeted rate of a fixed amount is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit for which a rubbish collection service is available and is multiplied by the number of times each week the service is provided. Rating units which Council officers determine are unable to practically receive the Council service and have an approved alternative service will be charged the waste service charge that excludes the approved alternative service.

Kerbside Recycling Rate

This rate recovers the net cost of the kerbside recycling collection service including an allocation of the cost of Council support services.

The Kerbside Recycling targeted rate of a fixed amount is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit for which the kerbside recycling collection service is available. Rating units which Council officers determine are unable to practically receive the Council service and have an approved alternative service will be charged the waste service charge that excludes the approved alternative service.

Vehicle Levy

Inner City Vehicle Levy

This levy is used to support additional off-street car parking in the Central Business District. Those commercial rating units in the mapped areas identified as the Inner City Vehicle Levy 100% Levy Area and 50% Area are charged the Inner City Vehicle Levy based on land value. This rate is set on a differential basis as follows:

Differential Category	Differential
Properties where Council provides additional parking due to the property receiving a 100% levy	100%
Properties where Council provides additional parking due to the property receiving a 50% levy.	50%

Refer Council maps:

- Inner City Vehicle Levy – 100% and 50% Levy Area

Taradale Vehicle Levy

This levy is used to support additional off-street car parking in the Taradale Suburban Commercial area.

Those commercial rating units in the Taradale Suburban Commercial area only are charged the Taradale Vehicle Levy based on land value and set on a uniform basis.

Refer Council maps:

- Taradale Vehicle Levy

Suburban Vehicle Levy

This levy is used to support additional off-street car parking at each of these areas served by Council-supplied, off-street car parking and to maintain the existing off-street car parking areas.

Those commercial rating units in suburban shopping centres and those commercial properties located in residential areas which are served by Council-supplied, off-street car parking are charged the Suburban Vehicle Levy based on land value and set on a uniform basis.

Promotion Rates

NCBI CBD Promotion levy

This rate recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc.

The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

Each commercial and industrial rating unit situated within the area as defined on Council map 'CBD Promotion Rate Area' is charged the CBD Promotion targeted rate based on land value and set on a uniform basis.

Taradale Promotion Rate

This rate recovers the full cost of the Taradale Marketing Association's promotional activities. All rating units in the Taradale Suburban Commercial area are charged the Taradale Promotion targeted rate based on land value and set on a uniform basis.

Other Rates and Charges

Swimming Pool Safety Rate

This rate recovers the cost of pool inspections and related costs to ensure owners meet the legal requirements of the Building Act 2004 and Building (Pools) Amendment Act 2016. A targeted rate of a fixed amount set on a uniform basis applied to each rating unit where a residential pool or small heated pool (within the meaning of the Building (Pools) Amendment Act 2016) is subject to a 3-yearly pool inspection.

Rangatira Revetment Rate

Revetment construction commenced in 2023 to provide protection from ongoing coastal erosion. The Rangatira Revetment targeted rate is a fixed amount set on a uniform basis . It is applied to each separately used or inhabited part of a rating unit on the north side of Whakarire Avenue. This rate recovers the private funding component of the cost over a period of 25 years.

Disaster Recovery Rate

This rate partially funds the cost of recovery due to the impact of Cyclone Gabrielle in February 2023. These costs would otherwise not be budgeted for, or included in the Long Term Plan. The targeted rate is a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit. This rate has been introduced according to the procedure set out in Section 23(3) of the Local Government (Rating) Act 2002.

Water-By-Meter Charges

This rate applies to extra ordinary supply (defined in the Water Bylaw) with a water meter and is charged per m^3 as shown on the schedule of indicative rates each year.

Council officers may require that a water meter is installed, and usage is charged based on the water-by-meter rate.

The rate charged on actual water use above 300m³ per SUIP per annum applies to select metered properties.

Postponement

If part of the relevant scheme, the annual fee and interest will be calculated at the end of year and included in the following years rates.

Targeted Rates Note:

For the purposes of Schedule 10, clause 15(4)(e) or clause 20(4)(e) of the Local Government Act 2002, lump sum contributions will not be invited in respect of targeted rates unless this is provided within the description of a particular targeted rate.

Separately Used or Inhabited Parts of a Rating Unit Definition

Definition

For the purposes of the Uniform Annual General Charge and all uniform (or fixed value) targeted rates, a separately used or inhabited part of a rating unit is defined as: *Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.*

This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other forms of occupation) on an occasional or long-term basis by someone other than the owner.

Examples of separately used or inhabited parts of a rating unit include:

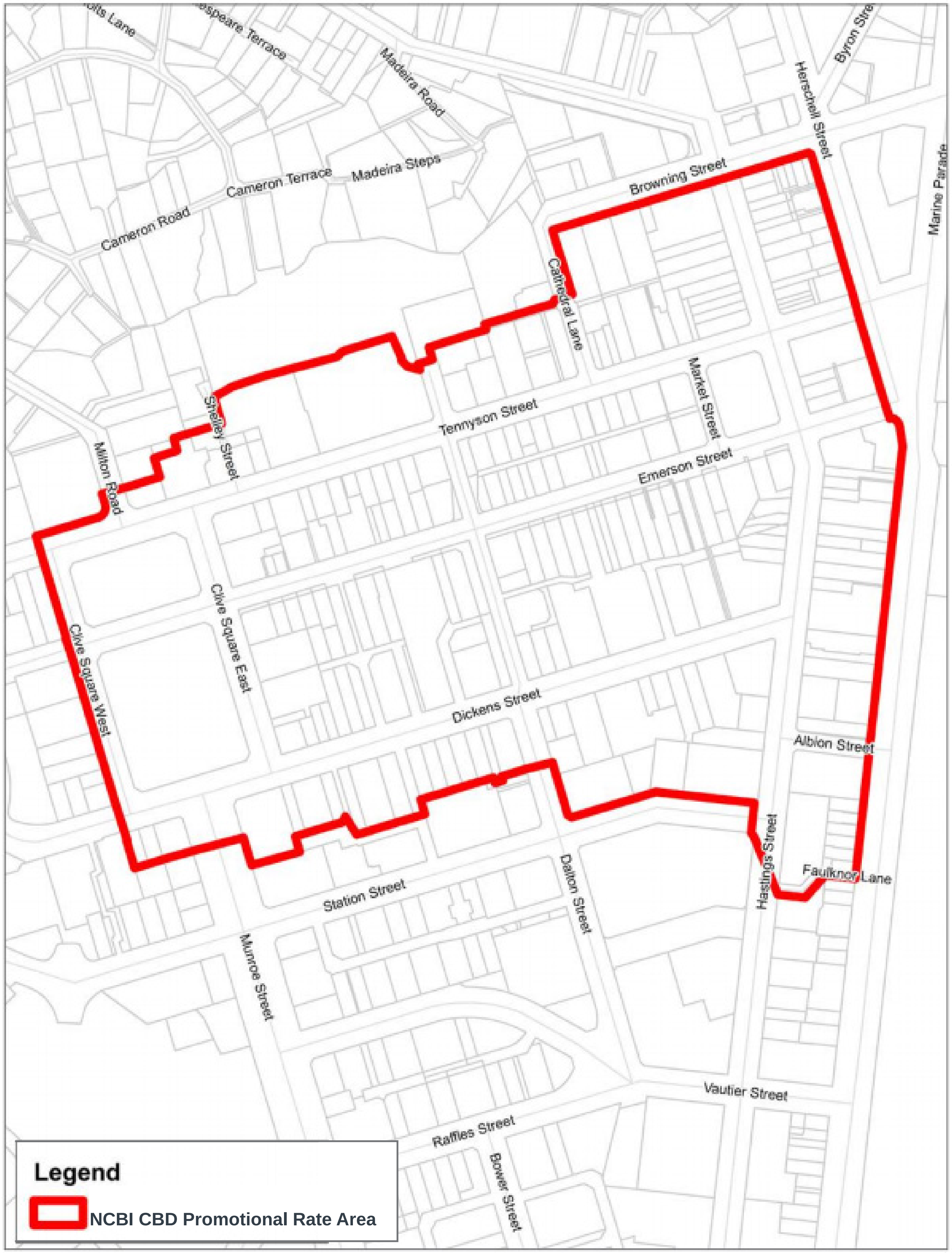
- For residential rating units, each consented supplementary unit is considered a separately used or inhabited part. Each situation is assessed on its merits;
- Residential properties where a separate area that is available to be used as an area independent to the rest of the dwelling is used for the purpose of operating a business, such as a professional practice, dedicated shop\display area, or trade workshop. The business area is considered a separately used or inhabited part, and
- For commercial or industrial properties, two or more different businesses

  operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.

These examples are not inclusive of all situations

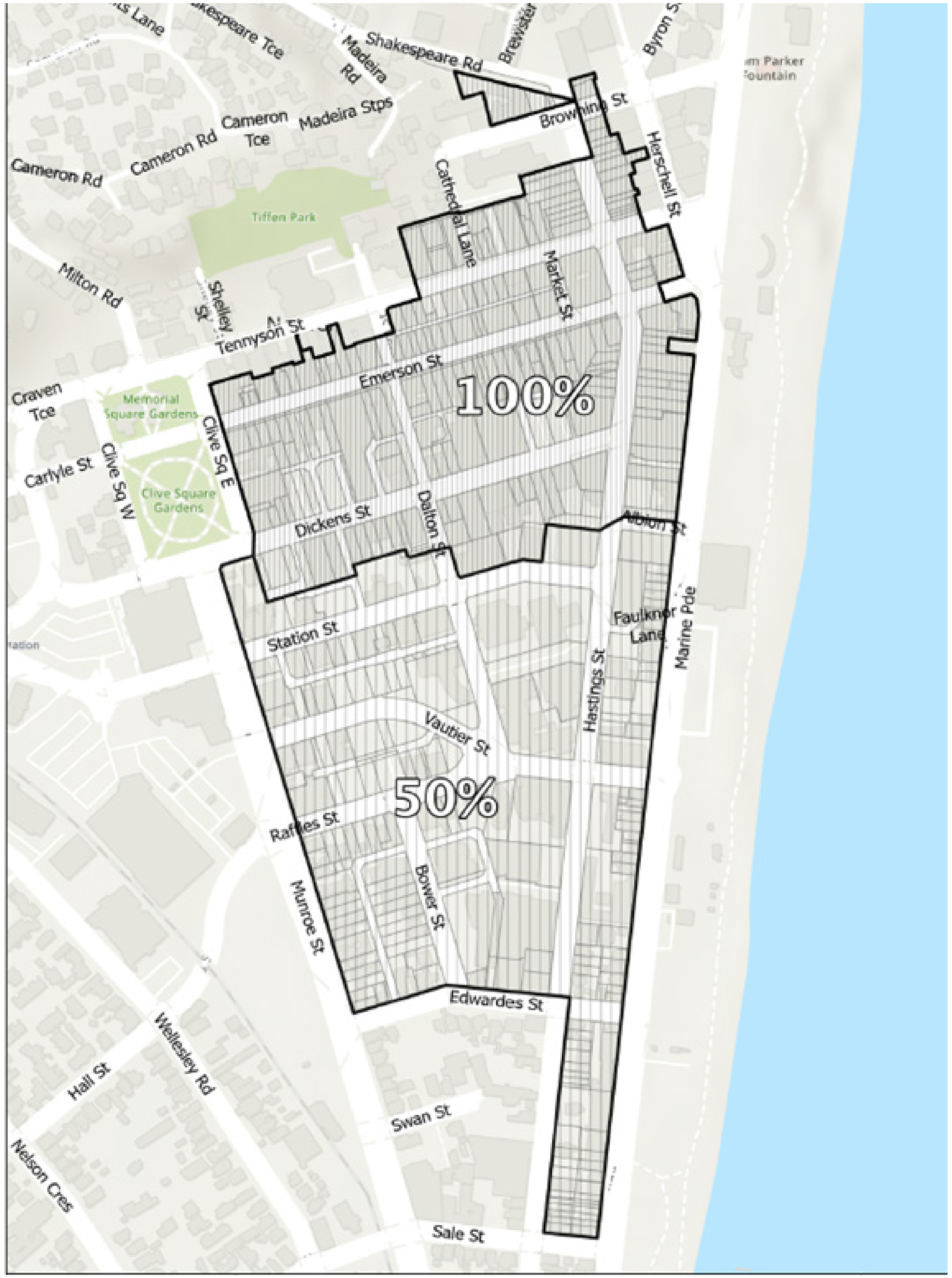
COUNCIL MAPS

NCBI CBD PROMOTION RATE AREA



INNER CITY VEHICLE LEVY

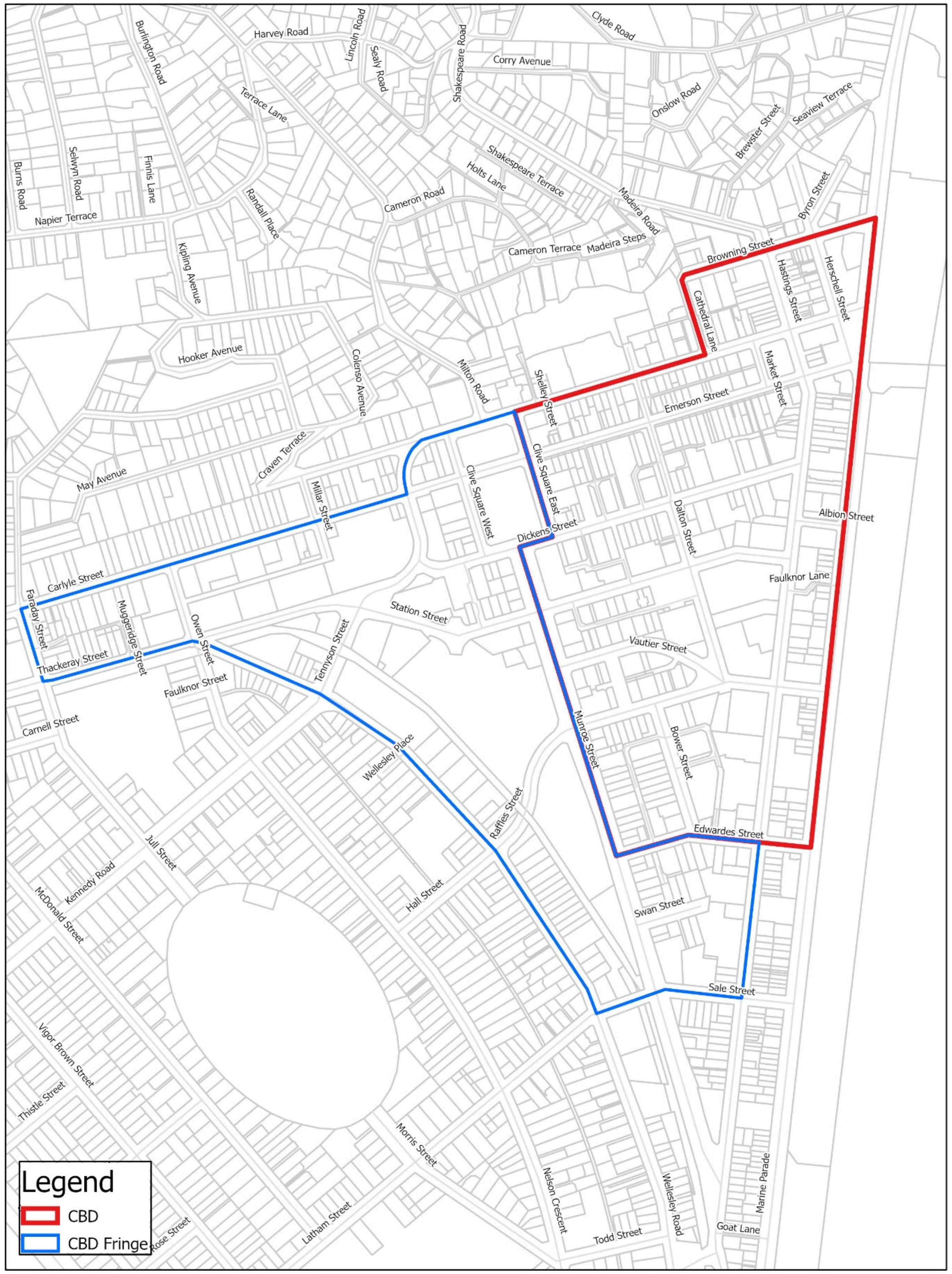
100% AND 50% LEVY AREA LEVY AREA



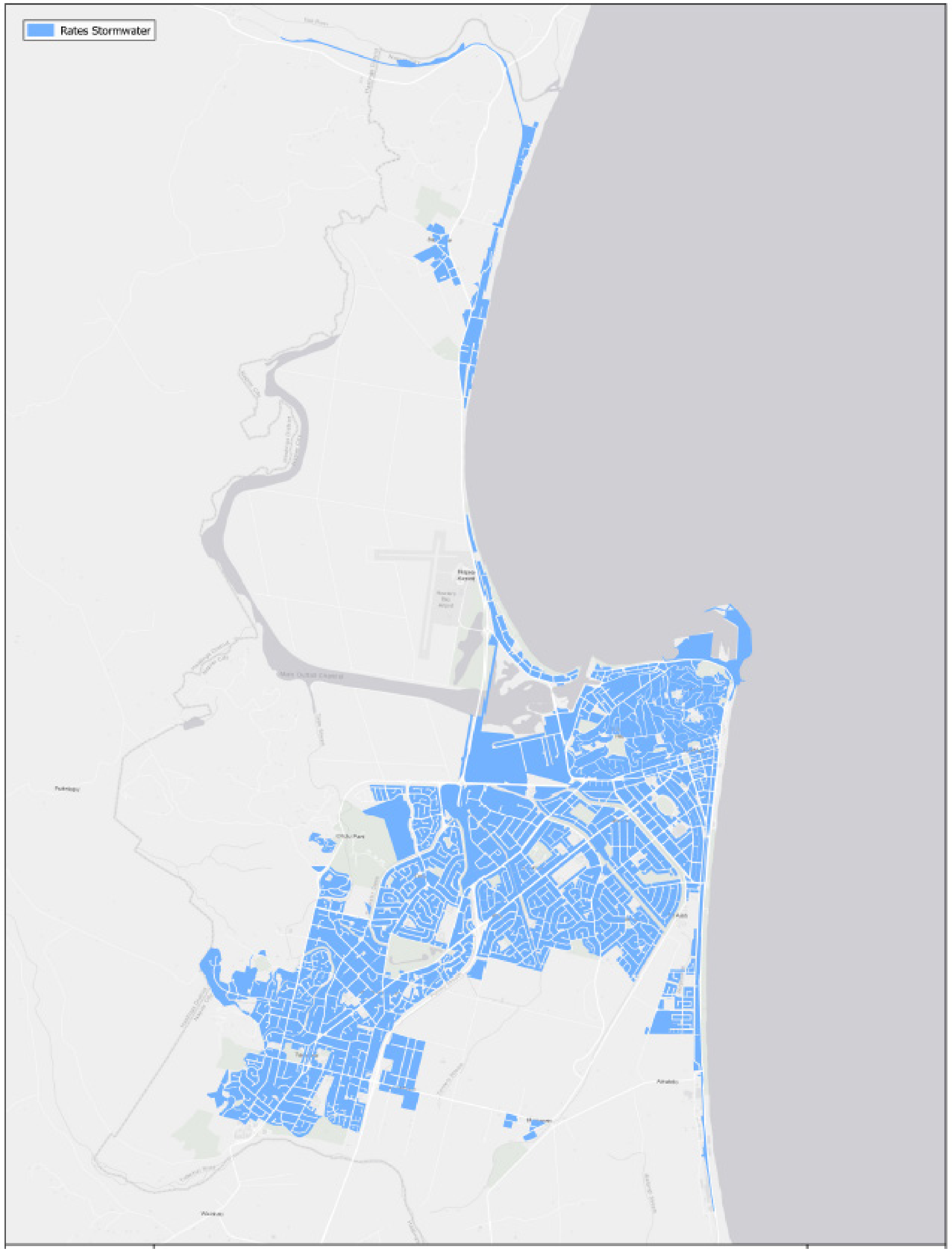
TARADALE VEHICLE LEVY

CBD FIRE PROTECTION AREA

CBD AND CBD FRINGE RATE AREA



STORMWATER COVERAGE



OTHER RATING MATTERS

Due Dates for Payment of Rates

INSTALMENT RATING

Rates for 2023/24 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 16 August 2023;
- Second Instalment due 15 November 2023;
- Third Instalment due 21 February 2024, and
- Fourth Instalment due 15 May 2024.

WATER-BY-METER CHARGES

- Targeted rates for metered water supply are separately invoiced either quarterly in September, December, March, and June for non-domestic supplies or annually in June for metered domestic supplies.
- The payment due date is the 20th of the month after the month of invoice.

Penalties

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10 per cent is added to each instalment or part thereof which is unpaid after the due date for payment. Previous years' rates which remain unpaid will have a further 10% added on 31 July and 31 January.

FEES AND CHARGES

Council applies a range of fees and charges to fully or partially recover the costs of various activities.

The level of fees and charges are reviewed annually, and a schedule of Council Fees and Charges is prepared as a separate document.

The schedule is available upon request from the Council office.

EXAMPLES OF RATES FOR 2023/24

Examples of the impact of rating proposals for 2023/24 are shown in the following table:

Differential Category	Land Value	Capital Value	Rates 2022-23	Rates 2023-24	Change $	Weekly Change $	Change %
Residential							
Average Value & Land Value Increase	299,500	638,300	2,651	2,992	341	6.56	12.9%
Average Value - above average LV movement	310,000	640,000	2,759	3,099	340	6.55	12.3%
Low Value residential	128,000	425,000	1,894	2,210	316	6.09	16.7%
Parklands Residential	320,000	840,000	2,796	3,158	362	6.96	12.9%
Te Awa Residential	290,000	740,000	2,644	2,995	351	6.76	13.3%
Bay View Residential	284,200	614,300	2,478	2,920	442	8.51	17.9%
Ex Rural Residential (City fringe)	668,600	1,389,800	4,042	4,794	752	14.47	18.6%
Commercial / Industrial							
Other Commercial Average	867,900	2,368,800	12,796	13,775	979	18.82	7.6%
CBD Average	553,900	1,148,300	10,010	11,318	1,307	25.14	13.1%
Industrial Average	1,069,700	1,777,800	13,885	14,529	644	12.39	4.6%
Bay View Average Commercial	473,500	855,500	5,348	6,980	1,632	31.38	30.5%
Rural Average Commercial	457,200	1,610,600	5,288	7,031	1,743	33.53	33.0%
Rural							
Average Rural	1,832,800	2,320,400	6,450	7,147	697	13.41	10.8%
Rural Residential							
Bay View Average	375,400	782,700	2,430	2,801	370	7.12	15.2%
Other Rural Residential in Storm-water area	457,500	875,900	2,424	2,815	390	7.51	16.1%
Other Rural Residential outside Stormwater area	457,500	875,900	2,194	2,505	310	5.97	14.1%

The three -yearly revaluation for the city for rating purposes was undertaken in 2020 and those new valuations apply as the basis for setting the rates for 2023-24

The rating examples should be read having regard for the following:

Council's total rates revenue for 2023/24, excluding rate penalties and water-by-meter charges, will increase by 11.7%

Council consulted on changes to differential categories and differential factors for the 20-21 rating year. The changes are being phased in over 3 years and this results in impacts, in particular on properties previously rated in the Rural and Bay View categories.

As property values directly affect the level of general and targeted rates charged on either land or capital value, changes in property value, above and below the average movements across the city will mean that the rate increase properties will be greater or less than the proposed overall increase for individual properties.

Rating Base Information

As at 30 June 2022	All Rating Units	Rateable Units
Number of Rating Units	26,655	26,161
Capital value of Rating Units $	20,674,656,450	19,817,225,500
Land value of Rating Units $	9,764,984,450	9,363,975,500

INDICATIVE RATES 2023/24

DESCRIPTION	2023-24 Proposed Rate (Incl GST)	2023-24 Proposed Revenue (Incl GST)
GENERAL RATES		
General Rate (cents per $ Land Value)		
Differential 1 Residential/Other		
Residential / Other	0.405	27,214
Residential / Other former Miscellaneous	0.405	206
Residential / Other former Ex City Rural	0.405	5
Residential / Other former Other Rural	0.405	103
Residential / Other former Bay View	0.405	137
Differential 2 Commercial and Industrial		
Commercial & Industrial former Residential	1.053	65
Commercial & Industrial	1.053	15,750
Commercial & Industrial former Miscellaneous	1.053	89
Commercial & Industrial former Other Rural	1.053	52
Commercial & Industrial former Bay View	1.053	50
Differential 3 Rural		
Rural former Miscellaneous	0.344	142
Rural former Other Rural	0.344	829
Differential 4 Rural Residential		
Rural Residential former Residential	0.365	38
Rural Residential former Miscellaneous	0.365	2
Rural Residential former Ex City Rural	0.365	57
Rural Residential former Other Rural	0.365	2,002
Rural Residential former Bay View	0.365	552
Total - General Rates on Land Value		**47,294**
Uniform Annual General Charge (UAGC)	454.00	13,138
TOTAL GENERAL RATES		**60,432**
TARGETED RATES		
Stormwater Targeted Rate		
Residential	0.035	5,164
Commercial	0.092	2,398
Rural Residential	0.035	195
		7,757
Fire Protection Rate	Connected	
CBD Commercial & CBD Fringe	0.022	167
Other Commercial & Industrial	0.011	306
Residential & Other	0.006	862
		1,336

DESCRIPTION	2023-24 Proposed Rate (Incl GST)	2023-24 Proposed Revenue (Incl GST)
Water Supply		
Water Rate (connected)	275.00	7,617
Water Rate - Serviceable (not connected) 50%	137.50	
Refuse Collection & Disposal Rate		
1 collection per week	222.00	5,941
2 collection per week	444.00	
3+ collection per week	666.00	
Kerbside Recycling Rate	102.00	2,594
Sewerage		
Sewerage Rate (connected)	406.00	11,016
Sewerage Rate - Serviceable (not connected) 50%	203.00	
Bay View Sewerage Connection Rate	941.35	16
Rangatira Revetment Rate	14.00	4
Inner City Vehicle Levy		
100% Vehicle Levy area	0.057	93
50% Vehicle Levy area	0.029	26
Taradale Vehicle Levy	0.064	32
Suburban Vehicle Levy	0.064	
NBCI CBD Promotion Levy	0.215	319
Taradale Promotion Rate	0.207	102
Swimming Pool Safety Rate	64.00	106
Disaster Recovery Rate	59.00	1,714
Plus Allowance for Rate Penalties		270
Less General Rate for NCC Properties		-923
TOTAL RATES (Excluding water by Meter)		**98,453**
Water By Meter Charges		
Extra-Ordinary Supply	0.720	755
TOTAL RATES (Including water by Meter)		**99,208**

* SUIP = Separately used or inhabited part

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