COUNCIL FINANCIAL STATEMENTS

Includes:

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Supporting Document for Long Term Plan Consultation Document 2018

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

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STATEMENT OF ACCOUNTING POLICIES

In accordance with the Local Government Act 2002 Part 6 Section 93, Napier City Council (the Council) adopted for consultation the Consultation for Napier's 2018 - 2028 Long Term Plan document on 10 April 2018. The final 2018 - 2028 Long Term Plan (LTP) will be authorised and adopted by the Council on 26 June 2018 following public consultation. As the authorising body, the Council is responsible for the LTP presented along with the underlying assumptions and all other required disclosures. The principal accounting policies adopted in the preparation of the LTP financial statements are set out below. The financial statements comprise the financial statements for the Council as an individual entity. The main purpose of the prospective financial statements outlined in the LTP is to provide users with information about core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service.

REPORTING ENTITY

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

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

- Hawke's Bay Museum Trust classified as an investment;
- Hawke's Bay Local Authority Shared Services Limited (HBLASS) classified as an Investment. This CCO is expected to cease operating by 30 June 2018;
- Omarunui Landfill Joint Venture (36.32% share of jointly controlled asset),
- Hawke's Bay Airport Limited (26% share of voting rights) equity accounted.

HBLASS Limited is a limited liability company of Central Hawke's Bay District Council, Hastings District Council, HB Regional Council, Napier City Council and Wairoa District Council. HBLASS Limited is expected to cease operating by 30 June 2018.

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

BASIS OF PREPARATION

Statement of Compliance

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

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

Functional and Presentation Currency

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

Changes in Accounting Standards

Impairment of Revalued Assets

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

This amendment will be applied for these prospective financial statements.

PBE IFRS 9 Financial Statements

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

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

(a) Classification and measurement

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

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

(b) Impairment

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

Interests in other entities

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

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

(a) Control

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

(b) Investment entities

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

(c) Joint arrangements

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

(c) Disclosures on interests in other entities

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

Other changes in accounting policies

There have been no other changes in accounting policies.

PROSPECTIVE FINANCIAL INFORMATION

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

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

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

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

PRINCIPLES OF CONSOLIDATION

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

Investments

Investment in Associates

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

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

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

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

Subsidiaries

The Council has no subsidiaries.

Joint Ventures

Jointly Controlled Assets

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

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

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. 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.

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 in current liabilities on the Statement of Financial Position.

Trade Receivables

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

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

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

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

INVENTORIES

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

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

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

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

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

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

Land held for development and future resale

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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

OTHER FINANCIAL ASSETS EXCLUDING DERIVATIVES

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

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

Financial assets are classified into the categories below:

Loans and Receivables

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

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

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

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

Fair Value Changes

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

Impairment of Financial Assets

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consist of:

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

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

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

Additions

Items of Property, Plant and Equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Disposals

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

Revaluations

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

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

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

Depreciation

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

The following rates have been applied:

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

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

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

Asset	Years
ROADING	
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
STORM**WATER**	
Reticulation	80-100
Pump Stations	15-80
SEWERAGE	
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.

VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

INVESTMENT PROPERTY

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

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

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

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

INTANGIBLE ASSETS

Trademarks and Licences

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

Computer Software

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

TRADE AND OTHER PAYABLES

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

BORROWINGS

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

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

BORROWING COSTS

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

PROVISIONS

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

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

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

FINANCIAL GUARANTEE

A financial guarantee contract is a contract that requires the Council or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

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

GRANT EXPENDITURE

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

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

EMPLOYEE BENEFITS

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave and Gratuities

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

Retirement Benefit Obligations

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

Defined Contribution Schemes

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

Bonus Plans

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

BIOLOGICAL ASSETS

Livestock

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

NET ASSETS / EQUITY

Net Assets/Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Net Assets/Equity is disaggregated and classified into a number of components. These are:

- Accumulated comprehensive revenue and expenses; and
- Reserves
- Restricted Reserves
- Asset Revaluation Reserves
- Fair Value Reserves

Restricted and Council Created Reserves

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

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

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

BUDGET FIGURES

The budget figures are those approved by the Council and adopted as a part of the Council's Ten Year Plan or as revised and approved by Council prior to the commencement of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

COST ALLOCATION

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Landfill Aftercare Provision

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

Capacity of the site:

The landfill is divided into four valleys as below	Total Capacity (million)	Useful Life of Valley	Remaining Useful Life
Valley A –opened in December 1998, closed 2006	2.6m³	17 years	Closed
Valley D – opened in December 2006 and currently in operation	1.8m³	17 years	7.4 years
Valleys B & C – not yet in operation			

Estimates of the life have been made by Hastings District Council's engineers based on historical volume information. The cash outflows for landfill post-closure are expected to occur in 2024 for Valley D and began in 2007 for Valley A. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.5%. The following major assumptions have been made in the calculation of the provision:

- Aftercare will be required for 30 years after the closure of each stage.
- The annual cost of aftercare for Valley A and D is $76,800
- The provision reported is for the Napier City Council's share only (36.32%).

Infrastructural Assets

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

The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are underground such as stormwater, wastewater and water supply pipes. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

Estimating any obsolescence or surplus capacity of an asset; and

Estimating the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth.

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

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

CRITICAL JUDGEMENTS IN APPLYING NAPIER CITY COUNCIL'S ACCOUNTING POLICIES

Classification of Property

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

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
	Revenue										
53,319	Rates Revenue	56,314	59,076	61,984	65,127	68,231	71,538	74,602	77,048	79,200	81,694
728	Finance Revenue	1,925	1,312	525	350	350	350	350	350	525	788
3,094	Financial and Development Contributions	2,851	3,349	3,621	3,224	3,019	2,640	2,704	3,494	3,580	4,063
5,586	Subsidies and Grants	7,247	20,189	37,139	10,282	6,812	7,516	7,483	7,843	6,982	7,198
49,311	Other Revenue	50,310	46,145	44,623	51,991	53,513	56,878	59,317	50,971	52,325	48,186
402	Other gains/losses	1,076	1,096	1,116	(2,924)	1,202	1,276	1,311	1,392	1,479	1,574
112,440	**Total revenue**	**119,723**	**131,167**	**149,008**	**128,050**	**133,127**	**140,198**	**145,767**	**141,098**	**144,091**	**143,503**
	Expenses										
32,150	Employee Benefit Expense	35,738	36,573	37,379	38,316	39,397	40,485	41,610	42,766	43,823	44,953
23,695	Depreciation and Amortisation	23,791	24,852	27,120	29,402	30,551	32,952	32,965	34,065	36,939	38,312
-	Finance Costs	-	-	675	1,350	1,237	900	563	338	113	-
42,858	**Other Operating Expenses**	**43,676**	**40,259**	**38,193**	**42,410**	**43,314**	**49,144**	**52,041**	**50,118**	**50,770**	**50,213**
98,703	**Total Expenses**	**103,205**	**101,684**	**103,367**	**111,478**	**114,499**	**123,481**	**127,179**	**127,286**	**131,645**	**133,478**
13,737	Operating surplus/(deficit) before tax	16,518	29,483	45,641	16,572	18,628	16,717	18,588	13,812	12,446	10,025
400	Share of associate surplus/deficit	138	99	100	100	100	100	100	100	100	100
13,337	Surplus/(deficit) before tax	16,655	29,582	45,741	16,672	18,728	16,817	18,688	13,912	12,546	10,125
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
14,137	**Surplus/(deficit) after tax**	**16,655**	**29,582**	**45,741**	**16,672**	**18,728**	**16,817**	**18,688**	**13,912**	**12,546**	**10,125**
	Other comprehensive revenue and expense for the period										
2,898	Valuation gains/(losses) taken to equity	5,080	41,437	5,577	(1,795)	71,444	7,029	7,324	84,411	8,586	9,330
-	Fair Value gains/(losses) through comprehensive income on investments										
17,035	**Total comprehensive revenue and expense for the period**	**21,735**	**71,019**	**51,318**	**14,877**	**90,172**	**23,846**	**26,012**	**98,323**	**21,132**	**19,455**

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18		Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
	Operating revenue (Activity Cost of Service Statements)										
5,397	City Strategy	6,081	6,221	6,320	6,441	6,571	6,702	6,843	7,013	7,147	7,328
15,703	Community and Visitor Experiences	17,887	31,735	49,126	18,516	20,533	22,215	23,764	25,012	25,624	26,368
5,979	Other Infrastructure	6,515	6,884	7,106	7,317	7,553	7,786	8,041	8,321	8,603	8,911
21,891	Property Assets	20,307	15,672	12,969	19,024	18,334	19,575	20,193	10,225	10,480	5,302
1,006	Sewerage	967	1,040	1,087	1,053	1,089	1,039	1,065	1,191	1,220	1,305
8,167	Stormwater	9,261	8,727	9,252	9,768	9,995	10,494	10,535	11,444	10,675	11,243
8,433	Transportation	9,099	9,329	9,822	10,140	9,884	10,190	10,206	10,361	10,777	11,002
5,549	Water Supply	6,182	6,398	6,628	7,023	7,024	7,202	7,552	7,603	7,650	7,913
72,125	**Total operating revenue**	**76,298**	**86,005**	**102,310**	**79,281**	**80,984**	**85,203**	**88,199**	**81,169**	**82,177**	**79,372**
	Other revenue (as per Prospective Statement of Comprehensive Revenue and Expenses)										
38,552	General rates	40,451	42,779	44,958	47,306	50,657	53,399	56,072	58,407	60,066	62,117
728	Interest revenue	1,925	1,313	525	350	350	350	350	350	525	788
1,035	Other revenue	1,049	1,070	1,216	1,113	1,137	1,246	1,146	1,172	1,324	1,227
112,440	**Total Revenue**	**119,723**	**131,167**	**149,008**	**128,050**	**133,128**	**140,198**	**145,767**	**141,098**	**144,092**	**143,503**
	Operating Expenditure (Activity Cost of Service Statements)										
8,806	City Strategy	10,071	10,319	10,642	10,929	11,200	11,527	11,684	11,993	12,282	12,633
37,451	Community and Visitor Experiences	38,379	39,373	41,749	45,045	48,764	52,516	54,476	56,880	59,419	61,727
3,320	Democracy and Governance	3,596	3,700	3,704	3,900	4,006	4,001	4,199	4,305	4,301	4,524
7,553	Other Infrastructure	8,337	8,228	8,417	9,008	9,587	10,023	10,358	10,779	11,143	11,508
12,190	Property Assets	11,349	9,074	6,367	10,116	8,759	12,501	13,304	8,935	8,684	6,143
4,011	Sewerage	4,643	4,807	5,121	5,428	5,283	5,728	5,933	6,279	6,606	6,795
14,116	Stormwater	13,594	14,106	14,839	15,199	15,756	16,329	16,905	18,088	18,775	19,810
7,755	Transportation	9,560	8,672	9,150	9,452	9,180	9,493	9,500	9,639	10,049	10,255

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE CONTINUES

Annual Plan 2017/18		Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
4,952	Water Supply	5,919	5,841	6,058	6,440	6,428	6,628	6,965	7,001	7,033	7,280
100,154	**Total operating expenditure**	**105,449**	**104,120**	**106,047**	**115,517**	**118,963**	**128,746**	**133,323**	**133,900**	**138,292**	**140,676**
	Other expenditure (as per Prospective Statement of Comprehensive Revenue and Expenses)										
(1,969)	Internal expenditure	(2,212)	(2,314)	(3,390)	(5,018)	(5,409)	(5,682)	(5,978)	(6,361)	(6,295)	(6,705)
219	Rates Remissions	219	219	219	219	219	219	219	219	219	219
-	Interest Expense	-	-	675	1,350	1,238	900	563	338	113	-
518	Other Expenses	(251)	(342)	(183)	(590)	(511)	(702)	(948)	(809)	(684)	(712)
98,922	**Total Expenditure**	**103,206**	**101,684**	**103,368**	**111,478**	**114,499**	**123,481**	**127,179**	**127,286**	**131,645**	**133,478**
13,518	**Operating surplus/(deficit) before tax as per Prospective Statement of Comprehensive Revenue and Expenses)**	**16,518**	**29,483**	**45,641**	**16,572**	**18,628**	**16,717**	**18,588**	**13,812**	**12,446**	**10,025**
400	Share of associate surplus/deficit	138	99	100	100	100	100	100	100	100	100
13,918	**Surplus/(deficit) before tax**	**16,655**	**29,582**	**45,741**	**16,672**	**18,728**	**16,817**	**18,688**	**13,912**	**12,546**	**10,125**
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
13,918	**Surplus/(deficit) after tax**	**16,655**	**29,582**	**45,741**	**16,672**	**18,728**	**16,817**	**18,688**	**13,912**	**12,546**	**10,125**

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
1,512,590	Total Net Equity balance at 1 July	1,586,912	1,608,647	1,679,666	1,730,983	1,745,860	1,836,032	1,859,878	1,885,890	1,984,213	2,005,345
17,035	Total comprehensive revenue for the period	21,735	71,019	51,317	14,876	90,172	23,846	26,012	98,323	21,132	19,455
1,529,625	**Total Net Equity balance at 30 June**	**1,608,647**	**1,679,666**	**1,730,983**	**1,745,860**	**1,836,032**	**1,859,878**	**1,885,890**	**1,984,213**	**2,005,345**	**2,024,800**
	Total comprehensive revenue and expenses attributable to:										
17,035	Napier City Council	21,735	71,019	51,317	14,877	90,172	23,846	26,012	98,323	21,132	19,455
17,035	**Total comprehensive revenue and expenses**	**21,735**	**71,019**	**51,317**	**14,877**	**90,172**	**23,846**	**26,012**	**98,323**	**21,132**	**19,455**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
	Assets										
	Current assets										
4,363	Cash and cash equivalents	13,895	17,391	15,982	13,085	19,481	19,574	23,352	32,905	24,648	20,119
11,535	Debtors and other receivables	14,425	15,899	18,341	15,453	15,223	15,876	16,338	15,332	15,484	15,042
3,294	Inventories	4,182	4,030	4,705	4,576	4,641	4,641	2,234	887	340	340
300	Biological assets	288	292	296	300	304	308	312	316	320	324
28,000	Other financial assets	55,000	20,000	10,000	10,000	10,000	10,000	10,000	10,000	20,000	25,000
47,492	**Total current assets**	**87,790**	**57,611**	**49,324**	**43,414**	**49,648**	**50,398**	**52,236**	**59,440**	**60,792**	**60,825**
	Non-current assets										
1,457,471	Property, plant and equipment	1,488,863	1,591,258	1,682,122	1,702,934	1,782,651	1,797,524	1,816,778	1,903,892	1,917,870	1,936,270
73	Intangible assets	1,749	1,471	1,496	1,586	1,587	1,570	1,565	1,562	1,560	1,582
32,976	Investment property	35,595	36,378	37,178	37,996	38,870	39,803	40,758	41,777	42,863	44,021
8,025	Investment in associates	8,025	8,025	8,025	8,025	8,025	8,025	8,025	8,025	8,025	8,025
475	Other financial assets	448	448	448	448	448	448	448	448	448	448
5,519	Inventories	10,774	9,777	8,104	6,560	4,759	2,797	2,250	-	-	-
1,504,539	**Total non-current assets**	**1,545,454**	**1,647,357**	**1,737,373**	**1,757,550**	**1,836,339**	**1,850,166**	**1,869,824**	**1,955,704**	**1,970,766**	**1,990,346**
1,552,031	**Total assets**	**1,633,244**	**1,704,968**	**1,786,697**	**1,800,964**	**1,885,987**	**1,900,564**	**1,922,060**	**2,015,144**	**2,031,558**	**2,051,171**
	Liabilities										
	Current liabilities										
13,641	Trade payables and other accruals	14,192	14,897	15,309	14,699	14,550	15,281	15,765	15,526	15,808	15,966
3,508	Employee benefit liabilities	3,908	3,962	4,016	4,070	4,124	4,178	4,232	4,286	4,340	4,394
-	Borrowings	-	-	-	5,000	10,000	5,000	5,000	5,000	-	-
17,149	**Total current liabilities**	**18,100**	**18,859**	**19,325**	**23,769**	**28,674**	**24,459**	**24,997**	**24,812**	**20,148**	**20,360**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION CONTINUES

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
	Non-current liabilities										
4,257	Provisions	5,159	5,159	5,159	5,159	5,159	5,159	5,159	5,159	5,159	5,159
1,000	Employee benefit liabilities	1,069	1,015	961	907	853	799	745	691	637	583
-	Borrowings	-	-	30,000	25,000	15,000	10,000	5,000	-	-	-
-	Revenue received in advance	269	269	269	269	269	269	269	269	269	269
5,257	**Total non-current liabilities**	**6,497**	**6,443**	**36,389**	**31,335**	**21,281**	**16,227**	**11,173**	**6,119**	**6,065**	**6,011**
22,406	**Total liabilities**	**24,597**	**25,302**	**55,714**	**55,104**	**49,955**	**40,686**	**36,170**	**30,931**	**26,213**	**26,371**
1,529,625	**Total net assets**	**1,608,647**	**1,679,666**	**1,730,983**	**1,745,860**	**1,836,032**	**1,859,878**	**1,885,890**	**1,984,213**	**2,005,345**	**2,024,800**
	Net assets / equity										
786,831	Accumulated revenue & expenses	809,071	842,408	889,684	906,419	924,583	940,863	959,323	974,135	987,115	997,660
742,794	Other reserves	799,576	837,258	841,299	839,441	911,449	919,015	926,567	1,010,078	1,018,230	1,027,140
1,529,625	**Total net assets / equity**	**1,608,647**	**1,679,666**	**1,730,983**	**1,745,860**	**1,836,032**	**1,859,878**	**1,885,890**	**1,984,213**	**2,005,345**	**2,024,800**

PROSPECTIVE STATEMENT OF CASH FLOWS

Forecast for the Ten Years 2018/19 to 2027/2028

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
	Cash flows from operating activities										
53,326	Receipts from rates revenue	55,470	58,994	61,897	65,032	68,138	71,438	74,511	76,975	79,135	81,619
728	Interest received	1,925	1,312	525	350	350	350	350	350	525	788
-	Dividends received	-	-	-	-	-	-	-	-	-	-
56,883	Receipts from other revenue	57,318	67,099	81,814	67,229	62,393	65,185	67,829	61,979	61,398	56,838
-	Goods and services tax (net)	-	-	-	-	-	-	-	-	-	-
(70,719)	Payments to suppliers and employees	(78,030)	(75,945)	(74,966)	(78,541)	(80,779)	(87,370)	(92,246)	(89,368)	(93,879)	(95,731)
-	Interest paid	-	-	(675)	(1,350)	(1,238)	(900)	(563)	(338)	(113)	-
40,218	**Net cash from operating activities**	**36,683**	**51,460**	**68,595**	**52,720**	**48,864**	**48,703**	**49,881**	**49,598**	**47,066**	**43,514**
	Cash flows from investing activities										
968	Proceeds from sale of property, plant and equipment	250	250	250	250	250	250	250	250	250	250
85,204	Proceeds from withdrawal of investments	165,138	95,099	40,100	30,100	30,100	30,100	30,100	30,100	50,100	70,100
(53,100)	Purchase of property, plant and equipment	(36,384)	(83,313)	(110,354)	(55,968)	(37,818)	(38,960)	(41,453)	(35,395)	(40,673)	(43,393)
-	Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-
(73,000)	Acquisition of investments	(165,000)	(60,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(60,000)	(75,000)
(39,928)	**Net cash from investing activities**	**(35,996)**	**(47,964)**	**(100,004)**	**(55,618)**	**(37,468)**	**(38,610)**	**(41,103)**	**(35,045)**	**(50,323)**	**(48,043)**
	Cash flows from financing activities										
-	Proceeds from borrowings	-	-	30,000	-	-	-	-	-	-	-
-	Repayment of borrowings	-	-	-	-	(5,000)	(10,000)	(5,000)	(5,000)	(5,000)	-
-	Payment of finance lease liabilities	-	-	-	-	-	-	-	-	-	-
-	**Net cash from financing activities**	**-**	**-**	**30,000**	**-**	**(5,000)**	**(10,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**-**
290	**Net (decrease)/increase in cash, cash equivalents and bank overdrafts**	**687**	**3,496**	**(1,409)**	**(2,897)**	**6,396**	**93**	**3,778**	**9,553**	**(8,257)**	**(4,529)**
4,073	Cash, cash equivalents and bank overdrafts at 1 July	13,208	13,895	17,391	15,982	13,085	19,481	19,574	23,352	32,905	24,648
4,363	**Cash, cash equivalents and bank overdrafts at 30 June**	**13,895**	**17,391**	**15,982**	**13,085**	**19,481**	**19,574**	**23,352**	**32,905**	**24,648**	**20,119**

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
COUNCIL CREATED RESERVES						
Keep Napier Beautiful	Originally derived from surplus revenue in Keep Napier Beautiful project. Currently credited with annual grant for garden competition and used for competition expenses and administration costs.	Reserves	(1)	0	0	(1)
General Capital Grants	Derived from grants and donations for General Capital Projects	All Activities	(0)	(1,008)	1,008	(0)
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	122	(164)	40	(1)
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier City Business Inc. and Taradale Marketing Association.	City Development	(1)	(2,137)	2,137	(1)
Capital Reserve and Carry Forward Funds	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	(14,166)	(460)	2,182	(12,443)
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Transportation, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	247	(19,199)	(0)	(18,952)

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS CONTINUE

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
Dog Control Account	This fund is a requirement under the Dog Control Act 1996. All transactions related to the dog owner's share of the costs of Animal Control, both operating and capital, flow to this account. Amounts include dog related fees received and the operating and capital costs of the dog related activity of Animal Control.	Animal Control	(107)	(7,916)	11,493	3,470
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.	Transportation, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(523)	(12,218)	10,254	(2,487)
Reserve Subdivision of Land Account	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	(1,910)	(2,030)	0	(3,939)
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	(4,051)	(3,485)	(9,680)	(17,216)
General Reserve No. 1	Derived from rates from the NZ Railway land in Munroe and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Transportation, Stormwater, Parking	(374)	(2,010)	599	(1,786)
Land Sale Accounts	Derived from proceeds from freeholding Land.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	(17,766)	(14,192)	(0)	(31,958)

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS CONTINUE

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
HB Museum	Funds collected from donations and government grants for the MTG Redevelopment Project.	MTG Hawke's Bay	(163)	0	0	(163)
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, Waste Minimisation, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	(25,527)	(33,739)	60,149	883
Marine Parade Disability Hoist	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	(3)	0	0	(3)
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Strategies	(2)	(1)	0	(2)
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	(175)	(1,671)	1,380	(466)
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.	Housing	(353)	0	0	(353)
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	(3,192)	(3,084)	0	(6,276)

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS CONTINUE

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities for areas where there is public metered parking.	Parking	(7,621)	(26,786)	28,663	(5,744)
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	(965)	0	(720)	(1,685)
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	170	(2,108)	1,959	21
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	(1,822)	(247)	2,000	(69)
Parklands Residential Devmt Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Bay Skate	(17,763)	(95,371)	86,373	(26,761)
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roading property purchases and improvements.	Transportation	301	124	0	425
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Waste Minimisation	(4,502)	(29,201)	26,536	(7,168)

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS CONTINUE

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
Robson Collection Special Fund (Library)	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	(15)	0	11	(4)
Subdivision & Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	396	0	0	396
Roading Walkways/ TNZ	Derived from NZTA contributions for Transportation	Transportation	0	(41,338)	41,338	0
Marine Parade Walkway/Cycleway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/Walkways	Transportation	0	(1,664)	0	(1,664)
Aquarium Expansion Fund	Derived from grants and donations for the Aquarium Expansion Project	Aquarium	0	-41,858	42,599	741
Total Council Created Reserves			**(99,765)**	**(341,761)**	**308,322**	**(133,205)**
RESTRICTED RESERVES						
Endowment Land Account	Derived from the sale of Bay City Power Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	-1,586	-651	0	-2,237

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS CONTINUE

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
HB Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Property Holdings	-8	-14,898	25,756	10,850
Loan Reserve	Established to manage internal loan requirements.	All Activities	120	0	0	120
Total Restricted Reserves			**(1,474)**	**(15,549)**	**25,756**	**8,732**

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 Strategies	(30)	(12)	(0)	(42)
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Housing	(163)	(67)	0	(230)
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	(24)	(10)	(0)	(34)
HB Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	(5)	(2)	0	(8)

PROSPECTIVE STATEMENT OF CHANGES IN RESERVE FUNDS CONTINUE

Name of Special Fund	Purpose of Fund	Activity to which fund relates	Opening Balance 1 July 2018 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2028 $000
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 Strategies	(50)	(20)	0	(70)
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	(14)	(6)	(0)	(20)
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 Strategies	(32)	(124)	111	(45)
Total Bequests Trust Funds			**(318)**	**(241)**	**111**	**(448)**

FUNDING IMPACT STATEMENT - WHOLE OF COUNCIL

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
	Sources of operating funding										
38,771	General rates, uniform annual general charges, rates penalties	40,703	43,022	45,398	48,220	51,703	53,995	56,283	58,107	60,809	63,797
14,548	Targeted rates	15,775	16,212	16,780	17,547	17,305	17,564	17,973	18,076	18,242	18,676
2,684	Subsidies and grants for operating purposes	2,936	2,465	2,377	2,542	2,613	2,684	2,761	2,844	2,928	3,018
19,220	Fees and charges	21,860	22,255	22,547	23,287	25,049	27,048	29,211	30,985	30,946	31,888
728	Interest and dividends from investments	934	732	728	728	728	728	728	728	728	728
27,914	Local authorities fuel tax, fines, infringement fees, and other receipts	25,880	21,264	19,393	25,515	24,976	27,264	27,985	18,241	18,811	13,754
103,865	**Total operating funding (A)**	**108,089**	**105,949**	**107,223**	**117,839**	**122,374**	**129,284**	**134,941**	**128,981**	**132,463**	**131,861**
	Applications of operating funding										
-75,006	Payments to staff and suppliers	-79,597	-77,024	-75,774	-80,936	-82,933	-90,083	-94,306	-93,145	-94,875	-96,397
-	Finance costs	-	-	-	-	-	-	-	-	-	-
-3	Other operating funding applications	-222	-222	-222	-222	-222	-222	-222	-222	-222	-222
-75,009	**Total applications of operating funding (B)**	**-79,818**	**-77,245**	**-75,995**	**-81,158**	**-83,155**	**-90,305**	**-94,528**	**-93,367**	**-95,097**	**-96,619**
28,856	**Surplus/(deficit) of operating funding (A - B)**	**28,270**	**28,704**	**31,228**	**36,681**	**39,219**	**38,978**	**40,413**	**35,614**	**37,366**	**35,242**
	Sources of capital funding										
2,902	Subsidies and grants for capital expenditure	4,156	17,197	34,788	7,767	4,226	4,860	4,750	5,028	4,084	4,211
3,094	Development and financial contributions	2,851	3,349	3,621	3,224	3,019	2,640	2,704	3,494	3,580	4,063
	Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-
226	Gross proceeds from sale of assets	100	100	100	100	100	100	100	100	100	100
	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
6,222	**Total sources of capital funding (C)**	**7,107**	**20,646**	**38,509**	**11,090**	**7,346**	**7,600**	**7,554**	**8,622**	**7,764**	**8,374**

FUNDING IMPACT STATEMENT CONTINUES

Annual Plan 2017/18 $000		Forecast 2018/19 $000	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
	Application of capital funding										
	Capital expenditure										
-7,257	- to meet additional demand	-1,800	-1,748	-7,522	-6,221	-3,058	-282	-289	-707	-74	-3,536
-21,186	- to improve the level of service	-16,627	-61,886	-80,689	-28,589	-14,493	-16,314	-19,897	-12,561	-21,155	-13,396
-20,641	- to replace existing assets	-16,335	-19,235	-21,237	-18,568	-18,416	-20,856	-19,741	-20,387	-17,898	-26,550
14,006	Increase (decrease) in reserves	-616	33,519	39,711	5,605	-10,598	-9,127	-8,040	-10,581	-6,003	-134
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
-35,079	**Total application of capital funding (D)**	**-35,378**	**-49,350**	**-69,736**	**-47,772**	**-46,565**	**-46,578**	**-47,967**	**-44,235**	**-45,130**	**-43,616**
-28,856	**Surplus/(deficit) of capital funding (C - D)**	**-28,270**	**-28,704**	**-31,228**	**-36,681**	**-39,219**	**-38,978**	**-40,413**	**-35,614**	**-37,366**	**-35,242**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

RATING SYSTEM

The following describes in full the rating system to apply from 1 July 2018:

General Rate

- Based on land value of all rating units.
- Differentially applied. The differentials applying for 2018/19 and beyond are set in accordance with the Rating Policy to enable:
  - 70% of the total general rate together with the Uniform Annual General Charge to be collected from residential properties and 30% from non-residential properties.
  - The recovery of the assessed actual costs of services supplied to rural properties, excluding those in the Bay View Differential Rating Area.
  - The standardising of the rate for properties in the Bay View Differential Rating Area with those residential properties in Napier City, but adjusted to reflect assessed actual cost of transportation services supplied to Bay View.
  - The application of the same rate for miscellaneous non-residential properties as for residential properties.

Differentials	Group/Code	2018 to 2027/28
City Residential	1	100%
Commercial and Industrial	2	268.09%
Miscellaneous	3	100%
Ex-City Rural	4	63.47%
Other Rural	5	63.47%
Bay View	6	72.80%

- The general rate, together with the Uniform Annual General Charge, recovers the balance of the rating requirement not recovered from the targeted rates outlined below, and apply to activities where the direct user benefit is recovered by way of separate fees and charges, and where all or the remainder of the activity benefits ratepayers indirectly or the community as a whole, and also where Council has determined that some direct user benefit should be met by the community as a whole in line with particular activity funding policies.

Uniform Annual General Charge

Council's Uniform Annual General Charge is set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding those related to Water Supply and Sewage Disposal, to recover about 20% of total rates.

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

The Uniform Annual General Charge, together with the General Rate, recovers the balance of the rating requirement not recovered from the targeted rates.

Water Rates

(applies to both City and Bay View water supply systems)

Fire Protection Rate

- A targeted rate based on Capital Value of properties connected to the systems.
- Differentially applied, in recognition that the carrying capacity of water required in the reticulation system to protect commercial and industrial properties is greater than that required for residential properties.

Differentials	Percentage
Central Business District and Fringe Area	400%
Suburban Shopping Centres, Hotels and Motels and Industrial properties outside of the CBD	200%
Other properties connected to the water supply systems	100%

- This rate recovers 13.24% of the net costs of the water supply systems before the deduction of water by meter income.
- 50% of the base rate applies for each property not connected but located within 100 metres of the systems.

Water Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the systems.

- This rate recovers the balance of the total net cost of the water supply systems. 50% of the rate applies for each rating unit not connected, but located within 100 metres of the systems.

Refuse Collection and Disposal Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit for which a rubbish collection service is available.
- For units for which 2 or 3 rubbish collection services per week are available, the rate is 2 or 3 times the weekly charge respectively.
- This rate recovers the net cost of the Solid Waste Activity, excluding costs related to litter control and the kerbside recycling collection service.

Kerbside Recycling Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit for which the kerbside recycling collection service is available.
- The rate recovers the net cost of the kerbside recycling collection service.

Sewerage Rate

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the City Sewerage System.
- 50% of the rate applies to each rating unit (excluding Bay View properties) not connected but located within 30 metres of the system.
- For Bay View properties located within the Stage 1 Urban Drainage Area, 50% of the rate applies to each rating unit not connected but located within 30 metres of the system.
- This rate recovers the net cost of the Wastewater Activity.

Bay View Sewerage Connection Rate

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

- A targeted rate of a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the Bay View Sewerage Scheme, where the lump sum payment option was not elected.
- The rate applies from 1 July following the date of connection for a maximum period of 20 years, or until such time as a lump sum payment for the cost of connection is made.
- The category of rateable land for setting the targeted rate is defined as the provision of a service to those properties connected to the sewerage system, but have not paid the lump sum connection fee.
- The liability for the targeted rate is calculated as a fixed amount per separately used or inhabited part of a rating unit based on the provision of a service by the Council, including any conditions that apply to the provision of the service.
- The rate is used to recover loan servicing costs required to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

Off Street Car Parking Rates

Targeted rates based on land value. The following rates apply:

CBD Off Street Car Parking Rate

- Differentially applied.
- Relates to all commercial properties in the Central Business District only (except for vacant properties, not contiguous with other separately rateable commercial properties occupied by the same ratepayer, which are used solely as a carpark) and reflects the parking dispensation status of those properties.

Differentials	Percentage
Properties with full parking dispensation	100%
Properties with half parking dispensation	50%
Properties with no parking dispensation	NIL

Refer Council maps:

- CBD Off Street Car Parking – 100% Parking Dispensation Area
- CBD Off Street Car Parking – 50% Parking Dispensation Area
- The rate is used to provide additional off street car parking in the Central Business District.

Taradale Off Street Car Parking Rate

- Uniformly applied.
- Relates to properties in the Taradale Suburban Commercial area only.
- The rate is used to provide additional off street car parking in the Taradale Suburban Commercial area.

Suburban Shopping Centre Off Street Car Parking Rate

Uniformly applied.

Relates to properties in suburban shopping centres and to commercial properties located in residential areas which are served by Council supplied off street car parking.

The rate is used to provide additional off street car parking at each of these areas served by Council supplied off street car parking, and to maintain the existing off street car parking areas.

CBD Promotion Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to each commercial and industrial rating unit situated within the area as defined on Council map "CBD Promotion Rate Area".
- This rate recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc. The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

Taradale Promotion Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to all rating units in the Taradale Suburban Commercial area.
- This rate recovers the full cost of the Taradale Marketing Association's promotional activities.

Swimming Pool Safety Rate

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

Water by Meter Charges

- Targeted rate based on actual water use after the first 300m3 per annum.
- Applies to all non-domestic water supplies in the Napier Water Supply Area, and metered domestic supplies outside the Napier Water Supply Area.

Targeted Rates Note:

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

Separately used or inhabited parts of a Rating Unit definition

Definition

For the purposes of the Uniform Annual General Charge and Targeted Rates outlined above, a separately used or inhabited part of a rating unit is defined as:

- Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.
- 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 self contained area is considered a separately used or inhabited part, unless used solely as a single family residence. Each situation is assessed on its merits, but factors considered in determining whether an area is self contained would include the provision of independent facilities such as cooking / kitchen or bathroom, and its own separate entrance.
- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.
- For commercial or industrial properties, two or more different businesses operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.

These examples are not inclusive of all situations.

Description of Differential Categories

GROUP 1: City Residential Properties

Every separately assessed property used exclusively as a home or residence of one or more households, and also including all vacant utilisable residential land, but excluding properties classified under Differential Groups 5 and 6, formerly within Hawke's Bay County but which became part of Napier City with effect from 1 November 1989 following Local Government Reform.

Code

1.1.1 Improved Residential Properties – Single Unit

1.1.2 Improved Residential Properties – Multi Unit

1.2.1 Vacant Utilisable Residential Land

GROUP 2: Commercial and Industrial Properties

Every separately assessed commercial and industrial property in accordance with the subgroups listed below, but excluding properties classified under Differential Groups 5 and 6, formerly within the Hawke's Bay County but which became part of Napier City with effect from 1 November 1989 following Local Government Reform.

Sub Group 2.1: Central Business District

Every separately assessed commercial and industrial property situated within the area bounded by the base of the Hill, from Marine Parade to Milton Road, south along Clive Square East and south along Munroe Street to Edwardes Street south along Hastings Street, east along Sale Street, and north along Marine Parade.

Code

2.1.1 Properties Receiving 100% Parking Dispensation

Every separately assessed commercial property in the commercial retail zone as defined on Council map "CBD Off Street Car Parking – 100% Parking Dispensation Area"

2.1.2 Properties Receiving 50% Parking Dispensation

Every separately assessed commercial property in part of the Commercial Fringe Retail Zone as defined on Council map "CBD Off Street Car Parking – 50% Parking Dispensation Area".

2.1.3 Properties Receiving 0% Parking Dispensation

Every separately assessed commercial and industrial property situated within Sub Group 1, excluding the properties in differential codes 2.1.1 and 2.1.2 above.

Sub Group 2.2: Central Business District Fringe Area

Every separately assessed commercial and industrial property situated within the area bounded by the base of the Hill, from Marine Parade to Faraday Street, south along Faraday Street to Thackeray Street, east along Thackeray Street to Wellesley Road, south along Wellesley Road to Sale Street and east along Sale Street to Marine Parade, excluding the properties included in Sub Group 2.1 above, and also includes every separately assessed industrial property fronting the remainder of Owen Street and Faulknor Street and every separately assessed industrial property positioned immediately south of Sale Street and fronting Wellesley Road.

Code

2.2.1 Improved Fringe Commercial

2.2.2 Unimproved Fringe Commercial

2.2.3 Improved Fringe Industrial

2.2.4 Unimproved Fringe Industrial

Sub Group 2.3: Taradale

Every separately assessed commercial property situated in the suburban shopping centre of Taradale which is zoned for commercial purposes.

Code

2.3.1 Taradale Suburban Commercial Properties south of Puketapu Road

2.3.2 Taradale Suburban Commercial – others not covered in 2.3.1 or 2.3.3

2.3.3 Taradale Suburban Commercial – properties owned by JH McDonald Properties Ltd

Sub Group 2.4: Other Suburban Shopping Centres

Every separately assessed commercial property situated in the following suburban shopping centres in Napier, which centres are zoned Commercial A, Special Commercial or Industrial; Greenmeadows, Trinity Crescent, Pirimai Plaza, Onekawa, Maraenui, Marewa, Wycliffe Street, League Park, Balmoral, Port Ahuriri, Westshore, Tamatea and Marewa (Latham Street).

Code

2.4.1 Suburban Commercial – privately owned

2.4.2 Suburban Commercial – no off street car parking provided

2.4.3 Suburban Commercial – served by Council supplied off-street car parking except Marewa Shopping Centre, Onekawa Shopping Centre and Ahuriri Shopping Centre

2.4.4 Suburban Commercial – Marewa Shopping Centre

2.4.5 Suburban Commercial – Onekawa Shopping Centre

2.4.6 Suburban Commercial – Ahuriri Shopping Centre

Sub Group 2.5: Commercial Properties in Residential Areas

All other commercial properties, including retail shops, professional offices, doctors surgeries, dental surgeries, veterinary clinics, garages, service stations and the like, not included in Sub Groups 2.1, 2.2, 2.3 and 2.4.

Code

2.5.1 Shops and Commercial Properties in Residential Areas – other than in 2.5.2

2.5.2 Shops and Commercial Properties in Residential Areas – served by Council supplied off-street car parking

Sub Group 2.6: Industrial – Outer City Areas

Properties used for industrial purposes and not included in Sub Groups 2.1 and 2.2.

Code

2.6.1 Improved Outer Industrial

2.6.2 Unimproved Outer Industrial

Sub Group 2.7: Hotels and Motels – Outer City Areas

Hotels and Motels situated in residential and industrially zoned areas and not included in Sub Groups 2.1 and 2.2.

Code

2.7.1 Hotels and Motels in Residential and Industrial zoned areas

GROUP 3: Miscellaneous Properties

Every separately assessed property in accordance with the sub groups listed below used exclusively for the purposes indicated but excluding properties classified under Differential Groups 5 and 6, formerly within the Hawke's Bay County but which became part of Napier City with effect from 1 November 1989 following Local Government Reform.

Sub Group 3.1: Vacant Substandard Sections

Every separately assessed vacant residential property which, because of its zone or location, cannot be utilised for residential purposes.

Code

3.1.1 Vacant Substandard Sections

Sub Group 3.2: Other Miscellaneous Rateable Properties

Every separately assessed rateable property used exclusively for the following purposes:

Code

3.2.1 Lodge Rooms, Halls and the like in Residential Areas

3.2.2 Land Occupied and/or Used for Churches and Private Schools

3.2.3 Homes for the Elderly, Private Hospitals, etc

3.2.4 Public Schools, Kindergartens and Playcentres

3.2.5 Miscellaneous Crown Properties

3.2.6 Public Utilities (not Council)

3.2.7 Pensioner Flats and Housing for the Aged

3.2.8 Sports Clubs previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

3.2.9 Non-Profit Making Organisations, excluding Sports Clubs, previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

3.3.8 Council Properties (other than leased)

Sub Group 3.3: Miscellaneous Non-Rateable Properties

Every separately non-rateable property used exclusively for the following purposes:

Code

3.3.1 Land Occupied and/or Used for Churches and Private Schools

3.3.2 Homes for the Elderly, Private Hospitals, etc

3.3.3 Public Schools, Kindergartens and Playcentres

3.3.4 Miscellaneous Crown Properties

3.3.5 Public Utilities (not Council)

3.3.6 Sports Clubs and Other Non-Profit Making Organisations previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

3.3.7 Council Properties (used for purposes outlined in subsection 4 of part 1 of schedule 1 of Local Government (Rating) Act 2002)

GROUP 4: Ex-City Rural Areas

Every separately assessed rural property, which is situated in an area not provided with normal city services, and which is not capable of development because of the lack of city services, but excluding all properties formerly within the Hawke's Bay County but which became part of Napier City with effect from 1 November 1989 following Local Government Reform.

Code

4.1.1 Ex-City Rural Properties

GROUP 5: Other Rural Areas

Every separately assessed property, formerly within the Hawke's Bay County, but which became part of Napier City with effect from 1 November 1989 following Local Government Reform, except for those properties included in Group 6, or any subdivided property since reclassified to other Differential Groups.

Code

5.1.1 Other Rural Properties (not included under 5.1.2)

5.1.2 Other Rural Properties (under 1500m2) for which Special Rateable Values (SRV) for 'Existing use' applied under Section 26 of the Rating Valuations Act 1998, prior to 1 July 2003.

GROUP 6: Bay View Differential Rating Area

Every separately assessed property falling within the Bay View Differential Rating Area as defined on Council map "Bay View Differential Rating Area – Schedules 1,2,3".

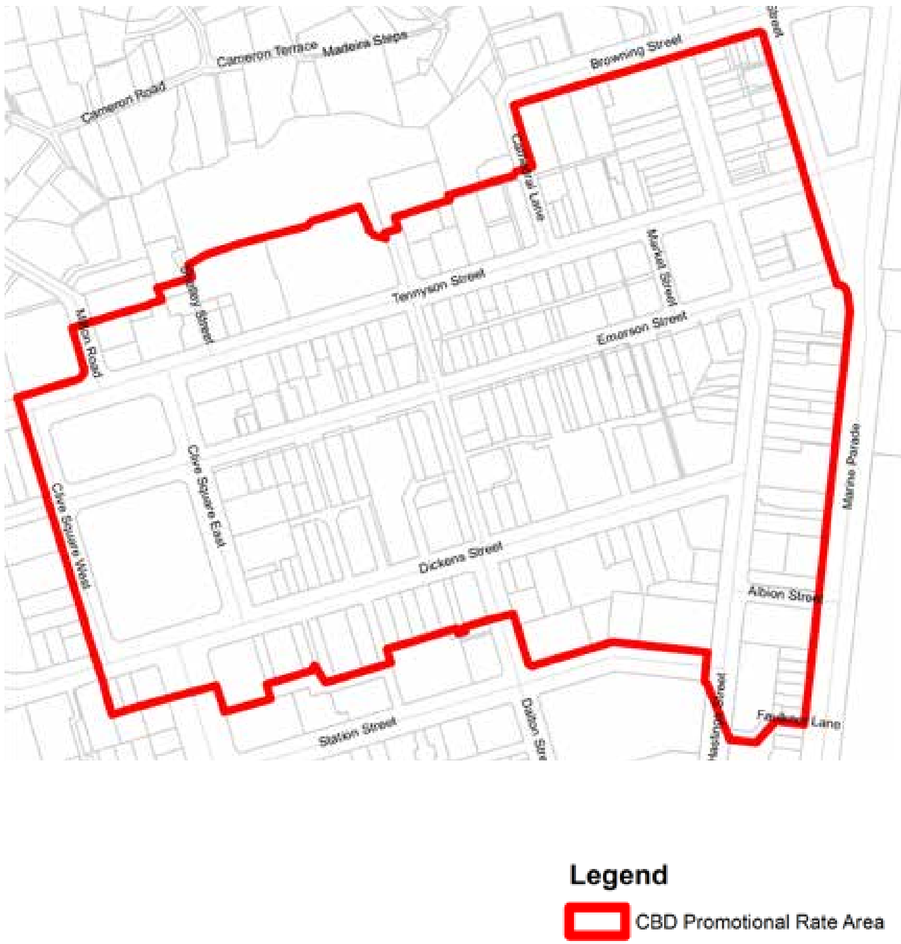
Code

6.1.1 Bay View Residential Properties

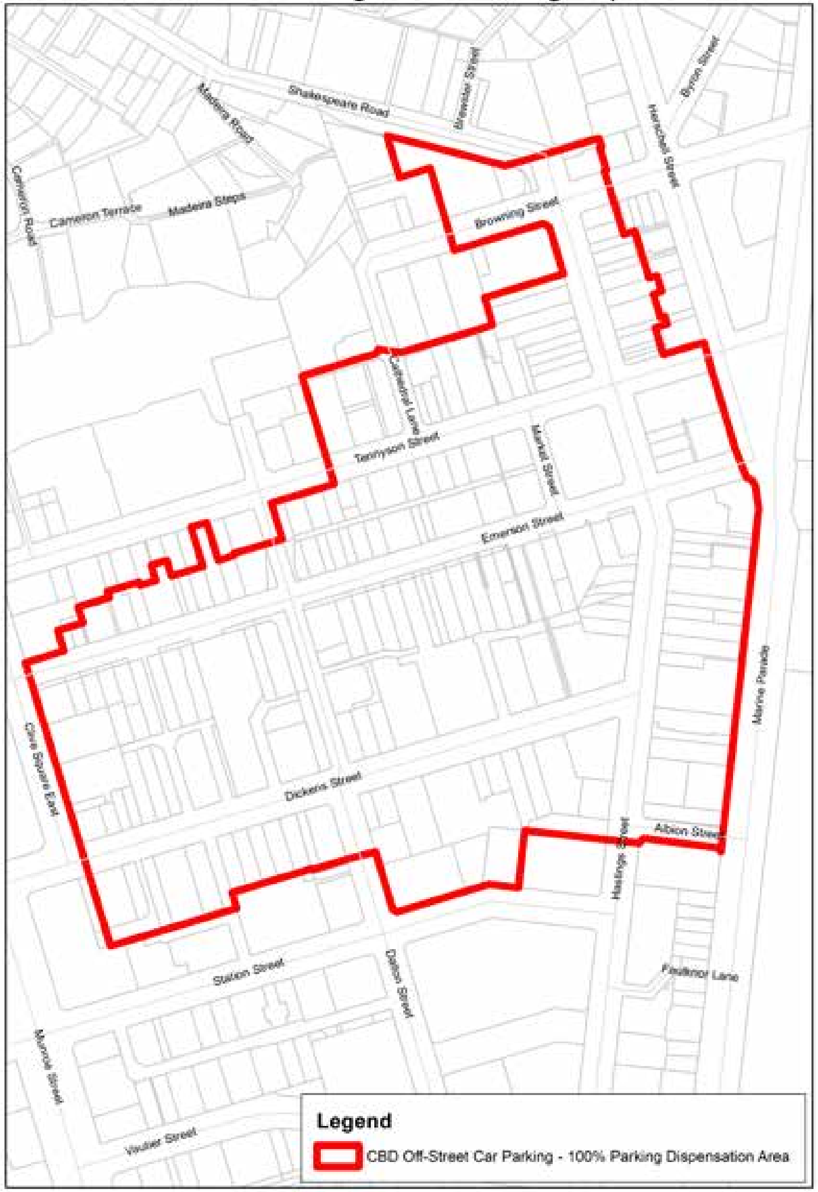
6.1.2 Bay View Non-Residential Properties

COUNCIL MAPS

CBD Promotion Rate Area

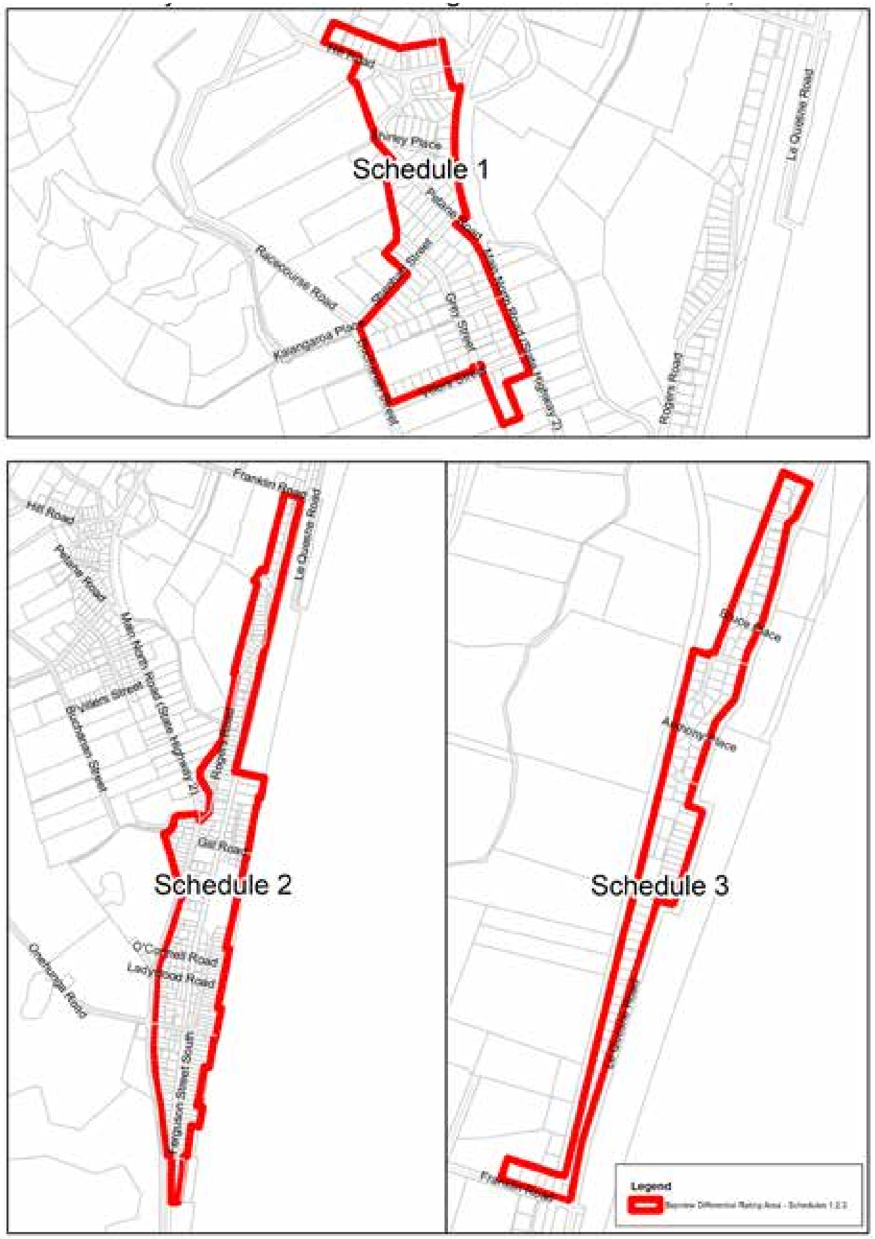


CBD Off Street Car Parking – 100% Parking Dispensation Area



CBD Off Street Car Parking – 50% Parking Dispensation Area

Bay View Differential Rating Area – Schedules 1,2,3



OTHER RATING ISSUES

Due Dates for Payment of Rates

Instalment Rating

Rates for 2018/19 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 22 August 2018
- Second Instalment due 21 November 2018
- Third Instalment due 20 February 2019
- Fourth Instalment due 22 May 2019

Water by Meter Charges

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

Penalties

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10 per cent is added to each instalment or part thereof which is unpaid two full working days after the due date for payment. Previous years rates which remain unpaid will have a further 10% added two full working days after the due date for instalments one and three.

FEES AND CHARGES

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

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

The schedule is available upon request from the Council office.

INDICATIVE RATES

Description	Category	Factor	Indicative Rates for 2018/19 (Incl GST)	Reveune Sought (Excl GST) ($000)
General Rates				
General Rate (cents per $ LV)	All rateable property	Land Value		31,251
Differential 1 City Residential			0.49458	
Differential 2 Commercial and Industrial			1.32592	
Differential 3 Miscellaneous			0.49458	
Differential 4 Ex-City Rural			0.31391	
Differential 5 Other Rural			0.31391	
Differential 6 Bay View			0.36005	
Uniform Annual General Charge (UAGC)	All rateable property	Fixed amount per SUIP *	380	8,958
Targeted Rates				
Fire Protection Rate (cents per $ CV)	Service Available / Connected	Capital Value		754
Differential 1, 2.5, 3, 4, 5, 6			0.00565	
Differential 2.1, 2.2			0.0226	
Differential 2.3, 2.4, 2.6, 2.7			0.0113	
Water Rate - City	Service Available / Connected	Fixed amount per SUIP *	195	4,277
Water Rate - Bay View	Service Available / Connected	Fixed amount per SUIP *	195	114
Refuse Collection and Disposal Rate	Service Available	Fixed amount per SUIP *		1,890
1 collection per week			80	
2 collections per week			160	
3 collections per week			240	
Kerbside Recycling Rate	Service Available	Fixed amount per SUIP *	19	385
Sewerage Rate	Service Available / Connected	Fixed amount per SUIP *	360	7,915
Bay View Sewerage Connection Rate	Service Available	Fixed amount per SUIP *	941.36	23

Description	Category	Factor	Indicative Rates for 2018/19 (Incl GST)	Reveune Sought (Excl GST) ($000)
Off Street Car Parking Rate (cents per $ LV)	Commercial in catchment area	Land Value		149
Differential 2.1.1			0.14871	
Differential 2.1.2			0.07436	
Differential 2.3.2, 2.4.3, 2.4.4, 2.4.5, 2.5.2			0.10526	
Promotion Rate - CBD (cents per $ LV)	Commercial in catchment area	Land Value	0.20187	137
Promotion Rate - Taradale (cents per $ LV)	Commercial in catchment area	Land Value	0.227	56
Swimming Pool Safety Rate	Service Provision	Fixed amount per rating unit	50	73
Total Revenue (Excluding metered water)				**55,982**
Water By Meter Charges				552
Non Domestic Supplies ($/m3)	Connected / Supply	Fixed amount per cubic metre	0.46444	
Metered Domestic Supplies outside Napier Water Supply Area ($/m3)	Connected / Supply	Fixed amount per cubic metre	0.8618	
Total Revenue (Including metered water)				**56,534**

* (Note: SUIP = Separately used or inhabited part)

For Council properties under differential codes 3.3.8 and 3.3.7, a nil rate will apply. The indicative rates and charges are provisional only, and are subject to Council setting and assessing its rates during July 2018.

EXAMPLES OF PROPOSED RATES FOR 2018/19

Examples of the impact of rating proposals for 2018/19 are shown in the following table:

	Land Value	Rates 2017/18	Rates 2018/19	Change %
City Residential				
Average	214,000	1,985	2,118	6.7%
Median	200,000	1,885	2,046	8.5%
Quartile 1	160,000	1,712	1,845	7.7%
Quartile 3	250,000	2,158	2,301	6.6%
Commercial / Industrial				
Average	490,000	7,643	7,719	1.0%
CBD Average	291,000	6,902	6,264	-9.2%
Industrial Average	563,000	7,817	8,691	11.2%
Miscellaneous Properties				
Average	400,000	2,930	3,058	4.4%
Rural				
Average	460,000	1,825	1,923	5.4%
Bay View				
Average - No Sewerage Rate	248,000	1,472	1,590	8.0%
Average - With Sewerage Rate	248,000	1,809	1,950	7.8%

The three-yearly revaluation of the city for rating purposes was undertaken in 2017 and those valuations apply as the base for setting the general rate for 2018/19.

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

- Council's total rates revenue for 2018/19 will increase by 5.9%
  The impact on existing ratepayers is an increase of 5.6% after allowing for growth in the rating base.
- As property values directly affect the level of general rates, changes above and below average movements will be inevitable following the revaluation.
- A change in the allocation of general rates between residential and non-residential properties has altered rating differentials. The change has no effect on Council's total rating level, but does reduce the level of general rates collected from non-residential properties, while increasing rates for the residential category.
- Increases for Bay View properties are slightly higher than Council's overall rates increase. This results from an assessed benefit review of general rate funded services provided to these properties.