

NAPIER CITY COUNCIL



ANNUAL PLAN 2007/08

Adopted 26 June 2007

Napier City Council Mission

To Provide the Facilities and Services and the Environment, Leadership, Encouragement and Economic Opportunity to Make Napier the Best Provincial City in New Zealand in which to Live, Work, Raise a Family, and Enjoy a Safe and Happy Life.



Napier City Council

Annual Plan 2007/08

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

Adopted 26 June 2007

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EXPLAINING THE PLAN

This Annual Plan must be read in conjunction with the 2006/07 to 2015/16 LTCCP which is available from Council or the Council Website www.napier.govt.nz.

The Annual Plan was prepared in accordance with the Local Government Act 2002. Its purpose is to confirm and update the Long Term Council Community Plan (LTCCP) for the coming financial year and provide details of any significant changes to the LTCCP.

Information contained in the Plan includes:

- the annual budget and funding impact statement for 2007/08
- variations from the financial statements and funding impact statement included in the LTCCP related to 2007/08
- performance targets for Council Activities for 2007/08

CONSULTATION PROCESS

The following consultation process was carried out for the Annual Plan:

- Draft Annual Plan adopted Wednesday 11 April 2007, available to public Monday 16 April 2007
- Draft Annual Plan Summary published as a special edition of "Proudly Napier" and distributed to households as an insert in the Napier Mail on Wednesday 25 April 2007
- An invitation was extended to any groups of citizens or individual citizens to contact Council if they wished to meet with the members of Council to discuss issues contained in the Draft Annual Plan
- Submissions closed **NOON FRIDAY 25 MAY 2007**
- Strategic Planning Committee Meeting heard and considered submissions Thursday 7 and Friday 8 June 2007
- Annual Plan adopted Tuesday 26 June 2007

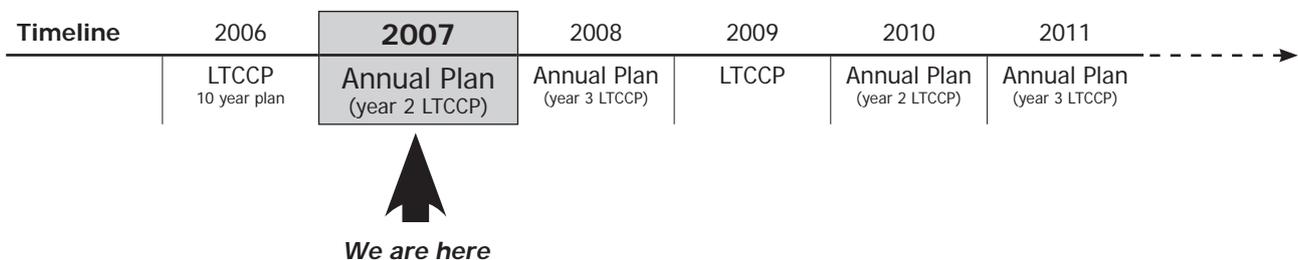
The consultation process did not result in any financial changes to the Draft Annual Plan. The Governance Activity has been renamed Democracy and Governance and there are a few minor changes to wording to provide additional explanations for variances.

As a result of submissions to the draft Annual Plan on issues related to heavy trucks on Marine Parade, the Council has decided to undertake some measures to mitigate speed and road noise during the next three years. Work to be undertaken in 2007/08 will be funded from within budget levels outlined in the 2007/08 draft Annual Plan.

Following a submission to the draft Annual Plan from Napier Inner City Marketing, Council will undertake consultation during 2007/08 with commercial property owners located in the fringe of the CBD related to a proposal to extend the CBD Promotion Rate beyond the existing rating levy area. This may result in a change to this rate in 2008/09.

PLANNING PROCESS

The timeline below shows how this Annual Plan fits in the long term planning process for Council.



MAYOR AND COUNCILLORS

Mayor

Barbara Arnott

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834-4147 (fax)

Councillors

John Cocking Ph: 835 4492

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Mark Herbert Ph: 835 7951

Tony Jeffery JP Ph: 835 7681

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Rob Lutter Ph: 844 3379

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MESSAGE FROM THE MAYOR

A great team of Council workers from the dedicated street cleaners to the Chief Executive have ensured our City retains its clean green atmosphere, fabulous environment and great facilities and amenities for you to enjoy. Good council decisions and careful management have kept this year's rate increase at 3.55% - good news for ratepayers as it is well below the average of local bodies in New Zealand and below what was proposed in our long term plan.

We are now in year two of our important 10 year planning process and this document focuses on variations from the 10 year plan, updates where we are with our major issues and gives you up to the minute information on the City's finances.

The three volumes of the 10 year plan reflect what you asked for, what you expect from your Council, and your aspirations for our city into the future. These remain the focus for Napier City. Change in our dynamic city is inevitable. The Council is proactive in meeting change in a constructive manner.

Differences in this year's plan are few;

- A need to increase funding for building maintenance and a review has added to the budget,
- A capital work provision of \$35,000 pa for the Pettigrew Green Arena, and
- A provision for inflation funding for the Art Gallery and Museum.
- The loss of Shona the dolphin is impacting on Tourism Facilities finances requiring an additional \$185,000 from rates.
- Our wastewater consent has changed pushing out the need for significant funding for two years and offsetting some of the increased operational costs within the city.
- A major change is the decision of the Local Government Commission Determination on representation to apply for the election of the Napier City Council on 13th October 2007. Napier has been divided into four wards with six councillors elected from the wards and six councillors elected at large.

The Council continues its work on mitigating the effects of heavy traffic in the city, and included in a range of solutions is \$80,000 in the Plan for Cape Sealing a section of the Marine Parade.

This year our focus remains on good infrastructure to support managed growth, our culture and the arts and the aesthetics of our city – trees, plantings, our heritage and linkages for easy accessibility throughout Napier. Community development is in full swing with a focus on youth and adding value to organizations – our community is you and I would like to thank everyone for their important contributions to our city.

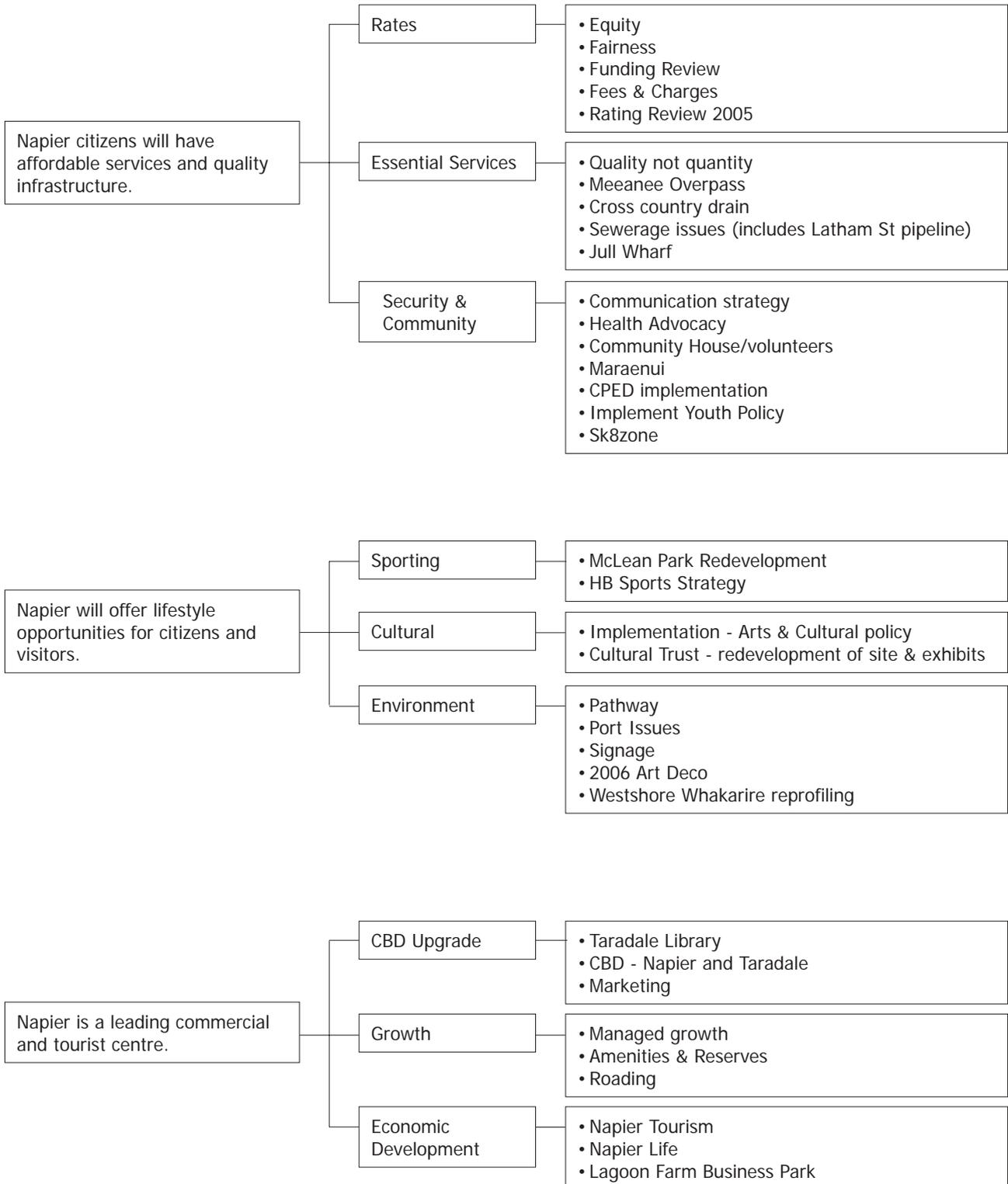


A handwritten signature in black ink that reads "Barbara Arnott". The signature is written in a cursive, flowing style.

Barbara Arnott
MAYOR

PRIORITIES AND ISSUES

Following the election of the new Council in October 2004, a review of Council's overall strategic direction was undertaken. The following table gives the outline of the Strategic Plan as at the review in December 2004.



PRIORITIES AND ISSUES ...

Economic Development and Growth

Recent growth in Hawke's Bay, in the tourism sector in particular, has prompted the investment of an additional \$75,000 for Napier marketing to sustain momentum and improve further still the Hawke's Bay international profile. We will continue our successful Napier Life campaign aimed at attracting business and skilled migrants to Napier and Hawke's Bay. Inner City Marketing have the task of attracting people to the CBD, the Council supports their work and adds to the levy businesses pay.

To support residential growth, up to 800 residential sections are being developed at Parklands on former Lagoon Farm land along Westminster Avenue. The Parklands Residential Development has exceeded expectations in terms of its timeline and signals some reduction of City debt within the ten years of the long term plan. A large linear reserve is planned for Parklands to balance the built environment with green space.

Resource consent has been granted for Te Awa Estates Residential Development in the South East of the City. Napier City Council will be developing a structure plan for this large development area. The infrastructural needs associated with this development are included in the Ten Year Capital Plan as multi purpose projects such as the stormwater Cross Country Drain, the water supply Awatoto Trunk Main on the same alignment, and the wastewater Taradale Road Pumping Main and Station.

A feasibility study into developing part of Lagoon Farm into a business park, including consultation with key stakeholders, will address the issue of lack of available commercial and industrial land, which may limit growth in new, expanding or relocating businesses.

City Upgrades

The CBD redevelopment is a mixture of works for transportation capacity reasons and environmental improvements. The aim is to enlarge the core CBD area to encourage a wider pedestrian, shopper and business friendly environment.

Through traffic will be encouraged to travel around the area on a well developed perimeter route and additional streets will be developed as pedestrian and parking precincts.

This project has been ongoing since the adoption of the 1999 Napier Central Area Review and upgrading of Dickens Street started in April 2007. Further development is not yet funded.

Our point of difference in New Zealand and the world is our wonderful Art Deco Heritage. The Council supports the Art Deco Trust and uses education and incentives to encourage owners to restore and upgrade their buildings in the Art Deco style. This year we are applying funding to the redevelopment of signage in the Art Deco quarter (both Council and private) to ensure Napier offers a complete Art Deco experience. Napier is currently being considered by the relevant authorities as a prospect for World Heritage Site status.

The City has a new expanded carpark on the old Hawke's Bay Regional Council site and expansion of the Dickens South carpark is underway. Car parking in the inner city is improving but Napier's position as the leading commercial and tourism centre on the East Coast means there will always be pressure. The city will benefit from the balancing of parking needs with those of providing an aesthetic environment in the inner city.

The Taradale Redevelopment project will continue the consultation process when several concepts are presented to the public in the 2007 year. The Council have yet to allocate a funding source for the redevelopment.

Environment

A long distance city circuit pathway is developing which incorporates the coastal Rotary Pathway and new pathways to link the existing network around the periphery of the urban area on river banks and on the Taradale Hills. This is a partnership with the Rotary Pathway Trust and is an ongoing project with a timeframe of at least ten years. The benefits to our community in increased usage of a safe and secure pathway are already evident. This also supports Council's recognition of the importance of walking and cycling as forms of transport.

The Westshore beach re-profiling and landscaping and/or the Whakarire groyne construction are planned for 2007/08 and 2008/09. As a coastal marine environment project it is funded from loans serviced from the Harbour Board Endowment Land Income Account under the Hawke's Bay Endowment Land Empowering Act 2002 (for improvement, protection, management and use of the Napier Harbour or the coastal marine areas).

Napier City Council are taking a new look at wastewater treatment. Investigations are underway into new information and technology that Hastings District Council will use to implement their own consent for treatment. Napier and Hastings use the same water, the same bay and we will consider making an application to change our discharge consent to one that incorporates a modified treatment option. Resource consent has been obtained to move implementation to 2010. If the Napier community agree, this option could make considerable savings in capital and operational costs whilst still proving efficient and effective in safeguarding our environment.

Cultural

Major redevelopment of The Hawke's Bay Cultural Trust will include the Council's buildings occupied by the Trust. Council's provision of \$5m from 2005/06 to 2007/08 has been included in the Ten Year Capital Plan. The education programme is continuing. This is an important public building and space and the development needs to reflect the part the treasures have played in our heritage and provide excellence in facilities for the future.

PRIORITIES AND ISSUES ...

Retaining two libraries, the main central city library and the Taradale branch library was the preferred option by the community in two recent surveys based on options in a major library review. Funding for the Taradale extension is in the budget and this extension will add capacity to the site, which will act as a bookend to the Taradale Redevelopment Project.

The Friends of both Napier and Taradale Libraries submitted that part of this funding be used to assess excellent utilization of space and capacity in both libraries. \$50,000 has been allocated to a consultant's report to identify the optimum use of both facilities.

Sporting

McLean Park, as the regional outdoor stadium, is undergoing major redevelopment in two stages due to the rising expectation of facilities and use requirements for international and national events. This includes significant lighting upgrade, increased media and match official facilities, and the building of a new stand to replace the current McKenzie stand and increase the covered seating capacity of the venue. Fundraising is underway through the McLean Park Trust Board, who is funding the majority of this project in partnership with the council.

The expansion of Park Island Sports Complex, one of the three strategic regional recreation areas in the City, and the new Guppy Road Sports Park, will help maintain the sportsgrounds area provision per resident in the face of expected urban growth and will maintain the level of service at a quality appropriate to meet public expectations.

The active promotion of the Napier Aquatic Centre at Onekawa is aimed at encouraging users and focusing patterns of use to take best advantage of this community facility.

Security and Community

The Napier community rate safety, alcohol control and security as important, and services include funding for a Maraenui night patrol that will mirror the successful Safety Watch in the inner city, an additional liquor licensing inspector and security camera monitoring for council car parks. Community Patrols have been initiated in Napier as another tool for increased security in the city. Safety remains an ongoing priority for Napier City Council.

The Council incorporates environmental design to minimise crime throughout the city. This ranges from appropriate lighting to thoughtful use of trees and plants.

The declining numbers of volunteers and need for more sustainable efficient and effective organisations have driven the need for a Community House in Napier. The Napier City Council has taken on a lease at 62 Raffles Street for this purpose. The Council manages the lease through its Community Development Department. By January 2007 18 community organisations had taken up sub-leases in the Community House. The tenants have made savings in operational expenses by sharing outgoing costs as well as having access to common resources. Many of the tenant organisations have benefited in the sharing of information and key contacts. This has led to tenant organisations working and supporting each other on mutual projects and building better understanding and working relationships with each other and their clients. Set up and fit out costs to date have been ratepayer funded, however ongoing operation and lease costs will be on the basis of self sufficiency.

The Napier Health Advocacy Group continues to work for better health services delivered in Napier. Members of the District Health Board attend meetings and until our community has confidence in the ability to access needed services we see this as an ongoing work.

Essential Services

The large infrastructure of roads, wastewater, stormwater, water supply and solid waste serves Napier well. New developments are linked to quality and continuing good maintenance means we have a robust city to go forward to the future.

Meeanee Overbridge is a Transit New Zealand project to construct an expressway overbridge and interchange at the Meeanee Road intersection. Napier City Council is involved in widening a short section of Meeanee Road.

Feasibility studies for the construction of a Hyderabad Road overbridge, 4-laning of Prebensen Drive, and the creation of a link between Awatoto and the Expressway focussing on getting heavy traffic off Marine Parade have been completed. The Council, with Transit, will undertake the construction of the overbridge and 4-laning including Ford Road Extension.

After gaining the necessary land easements for the Cross Country Drain, major works on this project to provide sufficient stormwater pumping capacity for Napier City are expected to be completed by year end 2008.

The Taradale Road Wastewater Disposal Pumping Main and Station planned for 2007-2010 will provide emergency backup for the principal wastewater pumping station at Latham Street and cater for growth mainly in the North Western part of the City.

Omarunui Regional Landfill Site has a remaining useful life of approximately 40 years, comprising 4 stages of planned development. Stage 2 began in 2006 and will provide 12 years capacity.

Napier City has robust Works Asset plans and Napier citizens enjoy a high quality level of services throughout most of the city.

PROSPECTIVE RATES INCREASE FOR 2007/08

The Annual Plan for 2007/08 provides for a total rate increase of 3.55% over the level of 2006/07. The table below details the increase.

| | (\$000) | |
|---------------------------------------------------------------------------------------------------------------|----------------|--------------|
| Inflation adjustment to Capital Plan, Ongoing Operating and Loan Servicing Costs associated with Capital Plan | 188.6 | 0.50% |
| Loan Servicing Costs on Existing Debt | 251.6 | 0.67% |
| Other Inflation and net changes | 902.4 | 2.38% |
| Total net additional funding required from rates | 1,342.6 | 3.55% |

FINANCIAL PERFORMANCE MEASURES FOR 2007/08

| | LTCCP 2007/08 (\$000) | Prospective 2007/08 (\$000) |
|---------------------------------------------------------|-----------------------------|-----------------------------------|
| Rates Revenue | 39,032 | 39,253 |
| Net Surplus | 10,520 | 14,475 |
| Working Capital | 14,854 | 30,308 |
| Public Debt | 72,518 | 42,794 |
| Total Assets | 1,241,837 | 1,221,740 |
| % rates revenue to total revenue | 46.54% | 45.22% |
| Public Debt as a percentage of total assets | 5.84% | 3.50% |
| Proportion of rates revenue applied to service debt (%) | 14.40% | 13.51% |
| Rates increase above 2006/07 | 4.39% | 3.55% |

FINANCIAL INFORMATION

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the 2007/08 Annual Plan financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated. The financial statements include separate financial statements for Napier City Council (the Council) as an individual entity and do not include Group Consolidated accounts for the period of the plan. The Council has not presented group prospective financial statements as the Council believes that the parent prospective statements are more relevant to the users. The main purpose of prospective financial statements in the Annual Plan is to provide users with information about the 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. The level of rates funding required is not affected by subsidiaries except to the extent that the council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of the council.

1 Basis of preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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. Actual results achieved for the Annual Plan period covered are likely to vary from the information presented and the variations may be material.

The 2007/08 Annual Plan is based on financial statements for the year ended 30 June 2006 and is a revision of the financial statements presented as part of the Long Term Council Community Plan (LTCCP) for the year ended 30 June 2008.

As a forecast the 2007/08 Annual Plan has also been prepared on the basis of assumptions as to future events that Council reasonably expects to occur associated with the actions Council reasonably expects to take, as at the date the information was prepared. The Significant Forecast Assumptions are included in Volume 2 page 17 of the 2006/07 to 2015/16 LTCCP. There are minor variations:

- Assumption 1 - Inflation: the prospective financial information is based on the inflation rates as per the LTCCP but has been revised for changes in revenue from user charges and costs incurred due to the higher than forecast Producers Price Index in the 2006/07 year
- Assumption 18 - Governance: the Local Government Commission Review of Representation resulted in a change to Council representation with the new basis of representation being 6 ward Councillors and 6 Councillors elected at large. There is no change to the 2007/08 Annual Plan as a result of this decision as it is not expected to have a material impact on the financial information in the Annual Plan.

The Annual Plan was adopted and authorised for issue by the Napier City Council on 26 June 2007 following public consultation. As the authorising body the Napier City Council is responsible for the 2007/08 Annual Plan presented along with the underlying assumptions and all other required disclosures.

The forecast financial statements contained in this Annual Plan are in full compliance with Financial Reporting Standard 42 (FRS 42) Prospective Financial Statements.

Changes in Accounting Policies

The accounting policies adopted for preparation of the 2007/08 Annual Plan comply with the New Zealand equivalents to International Reporting Standards (NZ IFRS). NZ IFRS will be adopted for reporting council outcomes from 30 June 2007.

Investments in associates are carried at cost / (fair value in accordance with NZ IAS 39: Financial Instruments: Recognition and Measurement) in the Council financial statements and equity accounted in the group. Previously associates were equity accounted in the parent.

Entities Reporting

These financial statements are for the Napier City Council as a separate legal entity and are prepared in accordance with Section 95 of the Local Government Act 2002 which requires local authorities to prepare and adopt an Annual Plan for each financial year before the commencement of the year to which it relates.

The Council is designated as a public benefit entity for financial reporting purposes.

Statutory Base

The Council is a local authority registered under the Local Government Act 2002. This Act requires compliance with New Zealand generally accepted accounting practice.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment, investment property and biological assets subject to agricultural activity.

STATEMENT OF ACCOUNTING POLICIES ...

Critical Accounting Estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed as Significant Forecasting Assumptions in the LTCCP. These assumptions remain materially unchanged (see Prospective Financial Information on page 11).

2 Principles of Consolidation

Associates

Associates are all entities over which the Council has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Council financial statements using the cost method of accounting.

Dividends receivable from associates are recognised in the Council's income statement.

Joint Ventures

- Jointly controlled assets

The proportionate interests in the assets, liabilities, income and expenses of the jointly controlled assets have been incorporated into the financial statements under the appropriate headings, together with any liabilities incurred.

3 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in New Zealand dollars, which is the Council's functional and presentation currency.

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 the income statement, except when deferred in equity as qualifying cash flow hedges.

4 Revenue Recognition

Revenue comprises the fair value for the sale of goods and services, net of rebates and discounts. Revenue is recognised as follows:

- Rates
Rates are recognised when levied. Penalties and discounts relating to rates are included where applicable.
- Traffic and parking infringements
Traffic and parking infringements are recognised when tickets are issued.
- Licences and permits
Revenue derived from licences and permits are recognised on application.
- Development and financial contributions
Development contributions are recognised when invoiced and are no longer refundable.
- 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 in the period that it relates to.

STATEMENT OF ACCOUNTING POLICIES ...

- Interest income

Interest income 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 original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income 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 income

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

- Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

- Grants and subsidies

Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable.

5 Income Tax

The Council is exempt from income tax except on interest or other income received from certain trading activities.

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 profit or taxable profit or loss.

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

6 Goods and Services Tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

7 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 income statement 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 income statement on a straight line basis over the period of the lease.

STATEMENT OF ACCOUNTING POLICIES ...

The Council is the Lessor

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

8 Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows, and 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

9 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 balance sheet.

10 Trade receivables

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

Trade receivables are due for settlement no more than [120] days from the date of recognition for land development and resale debtors, and no more than [30] days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful 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 of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

11 Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, and finished goods are stated at the lower of cost and net realisable value costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

12 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. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset is recognised at the date of derecognition.

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

Non current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

STATEMENT OF ACCOUNTING POLICIES ...

13 Investments and other financial assets

Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

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. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the balance sheet.

Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Available for sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

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.

The Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. 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 profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

14 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in

STATEMENT OF ACCOUNTING POLICIES ...

hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, plant) or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

15 Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

16 Property, plant and equipment

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.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

Land and buildings (except for investment properties) 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 for buildings. 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. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revalued assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

STATEMENT OF ACCOUNTING POLICIES ...

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:

| | |
|---------------------------------------|--------------|
| Buildings and structural improvements | 2 to 10% |
| Fixed plant and equipment | 5 to 20% |
| Mobile plant and equipment | 5 to 50% |
| Motor vehicles | 10 to 33.33% |
| Furniture and fittings | 4 to 20% |
| Office equipment | 8 to 66.67% |
| Library bookstock | 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:

| Roading | years |
|------------------------------------------------|--------------|
| Base course | 70 |
| Surfacings | 12 |
| Concrete pavers | 70 |
| Footpaths and pathways /walkways | 15-80 |
| Drainage | 14-80 |
| Bridges and structures | 20-100 |
| Road lighting | 4-50 |
| Traffic services and safety | 10-25 |
| Water | |
| Reticulation | 56-107 |
| Reservoirs | 100 |
| Pump stations | 25-80 |
| Stormwater | |
| Reticulation | 100 |
| Pump stations | 15-75 |
| Sewerage | |
| Reticulation | 80 |
| Pump stations | 15-80 |
| Milliscreen | 10-80 |
| Outfall | 80 |
| Others | |
| Grandstands, community and sports halls | 50 |
| Sportsgrounds, parks and 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 balance sheet 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 (note 8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Council's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

17 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

STATEMENT OF ACCOUNTING POLICIES ...

- 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 recorded in the income statement as part of other income.

18 Intangible assets

Trademarks and licences

Trademarks and licences have a finite useful life and are 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 3 to 5 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 3 to 5 years.

Cost 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 3 years.

19 Trade and other payables

These amounts 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.

20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings 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 balance sheet date.

21 Borrowing costs

Borrowing costs are expensed.

22 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.

STATEMENT OF ACCOUNTING POLICIES ...

23 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 other payables 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 Council has insufficient information and cannot follow defined benefit accounting, so the scheme is accounted for as a defined contribution plan. 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.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus plans

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

24 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.

Forests

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the balance sheet at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the income statement together with the change in fair value for each accounting period.

The valuation of forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest from forecast tree growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows.

The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land.

PROSPECTIVE INCOME STATEMENT

for the Year Ended 30 June 2007

| | Notes | LTCCP Budget 2007/08 (\$000) | Prospective Budget 2007/08 (\$000) |
|--------------------------------|-------|---------------------------------------|---------------------------------------------|
| BUDGETED REVENUE | | | |
| Revenue from Activities | | 32,611 | 32,790 |
| Rates Revenue | 2 | 39,032 | 39,253 |
| Miscellaneous Income | 4 | 12,222 | 14,764 |
| Total Operating Revenue | | 83,865 | 86,807 |
| BUDGETED EXPENDITURE | | | |
| Direct Operating Expenditure | 2 | 51,720 | 50,988 |
| Interest | 2 | 4,804 | 4,199 |
| Depreciation | | 15,930 | 16,047 |
| Other Expenditure | | 891 | 1,098 |
| TOTAL EXPENDITURE | | 73,345 | 72,332 |
| NET SURPLUS/(DEFICIT) | | 10,520 | 14,475 |

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 June 2007

| | Notes | LTCCP Budget 2007/08 (\$000) | Prospective Budget 2007/08 (\$000) |
|--------------------------------------------------------------|-------|---------------------------------------|---------------------------------------------|
| Equity at the start of the period | 1 | 1,096,355 | 1,103,142 |
| Net surplus for the period | 2,4 | 10,520 | 14,475 |
| Increase (decreases) in revaluation reserves | 6 | 50,729 | 50,701 |
| Total recognised revenues and expenses for the period | | 61,249 | 65,176 |
| Equity at the end of the period | | 1,157,604 | 1,168,318 |

PROSPECTIVE BALANCE SHEET

for the Year Ended 30 June 2007

| | Notes | LTCCP 30 June 2008 (\$000) | Prospective 30 June 2008 (\$000) |
|----------------------------------|-------|-------------------------------------|-------------------------------------------|
| EQUITY | | | |
| Accumulated Balance | 1,4 | 388,417 | 399,383 |
| Restricted Reserves | 5 | 9,269 | 15,886 |
| Asset Revaluation Reserve | 6 | 759,918 | 753,049 |
| TOTAL PUBLIC EQUITY | | 1,157,604 | 1,168,318 |
| Represented By: | | | |
| CURRENT ASSETS | | | |
| Inventories | 3 | 497 | 5,531 |
| Accounts Receivable | 1 | 5,298 | 10,035 |
| Short Term Investments | | 18,728 | 22,231 |
| Property intended for sale | 1 | 1,490 | 3,058 |
| Cash & Bank Deposits | | 3,316 | 3,529 |
| | | 29,329 | 44,384 |
| NON-CURRENT ASSETS | | | |
| Non Current Investments | | 2,994 | 2,025 |
| Investment in Airport Authority | | 1,163 | 1,163 |
| Property, Plant and Equipment | | 1,208,351 | 1,174,168 |
| | 7 | 1,212,508 | 1,177,356 |
| TOTAL ASSETS | | 1,241,837 | 1,221,740 |
| CURRENT LIABILITIES | | | |
| Current Portion of Public Debt | 8 | 4,690 | 5,365 |
| Lease Liabilities | | 20 | 31 |
| Employee Entitlements | | 1,947 | 2,000 |
| Accounts Payable & Accruals | 1 | 7,244 | 6,080 |
| Deposit Accounts | | 574 | 600 |
| | | 14,475 | 14,076 |
| NON-CURRENT LIABILITIES | | | |
| Term Portion of Public Debt | 8 | 67,828 | 37,429 |
| Lease Liabilities | | 84 | 47 |
| Provision for Landfill Aftercare | | 260 | 360 |
| Employee Entitlements | | 1,586 | 1,510 |
| | | 69,758 | 39,346 |
| TOTAL LIABILITIES | | 84,233 | 53,422 |
| NET ASSETS | | 1,157,604 | 1,168,318 |

PROSPECTIVE CASH FLOW STATEMENT

for the Year Ended 30 June 2007

| | LTCCP Budget 2007/08 (\$000) | Prospective Budget 2007/08 (\$000) |
|-------------------------------------------------|---------------------------------------|---------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash is provided from: | | |
| Non Targeted and Targeted Rates | 39,032 | 39,253 |
| Other Receipts | 39,308 | 40,550 |
| Interest Received | 771 | 1,797 |
| | <hr/> 79,111 | <hr/> 81,600 |
| Cash Is Disbursed to: | | |
| Payments to Suppliers and Employees | 45,130 | 52,248 |
| Interest Paid on Borrowings | 4,804 | 4,199 |
| | <hr/> 49,934 | <hr/> 56,447 |
| Net Cash Flows from Operating Activities | <hr/> 29,177 | <hr/> 25,153 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash is provided from: | | |
| Sale of Fixed Assets | - | 2,170 |
| Proceeds from Withdrawals of Investments | 1,973 | 1,973 |
| | <hr/> 1,973 | <hr/> 4,143 |
| Cash is Disbursed to: | | |
| Capital Expenditure | (53,216) | (30,122) |
| Purchase of Investments | (1,639) | (1,387) |
| | <hr/> (54,855) | <hr/> (31,509) |
| Net Cash Flows from Investing Activities | <hr/> (52,882) | <hr/> (27,366) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash is provided from: | | |
| Proceeds of Long Term Borrowing | 20,883 | 9,031 |
| Cash is Disbursed to: | | |
| Repayments of Long Term Debt | (3,039) | (3,142) |
| Net Cash Flows from Financing Activities | <hr/> 17,844 | <hr/> 5,889 |
| Net Increase/(Decrease) in Cash Held | <hr/> (5,861) | <hr/> 3,676 |
| Add Opening Cash Brought Forward | 27,906 | 22,083 |
| Closing Cash Carried Forward | <hr/> 22,045 | <hr/> 25,759 |
| TOTAL CASH RESOURCES CONSIST OF: | | |
| Cash & Bank Deposits | 22,045 | 25,759 |
| | <hr/> 22,045 | <hr/> 25,759 |

EXPLANATORY NOTES OF CHANGES BETWEEN THE 2007/08 LTCCP AND THE 2007/08 ANNUAL PLAN

1. General

The opening Equity position included in the Prospective Statement of Financial Changes in Equity and expected opening balances of items included in the Prospective Balance Sheet have been updated to reflect the most accurate information available. This includes changes flowing through from the 2005/06 Annual Report results.

2. Advanced Waste Water Treatment

There have been a number of adjustments to the 2007/08 Long Term Council Community Plan arising from the deferral of upgrade of the City Waste Water Treatment Plant. These have been reflected in the Annual Plan for 2007/08 and are summarised below:

| | LTCCP Budget 2007/08 (\$000) | Prospective Budget 2007/08 (\$000) | Change | Note |
|------------------------------------------------|---------------------------------------|---------------------------------------------|---------|------|
| Prospective Income Statement | | | | |
| Budgeted Revenue | | | | |
| Rates Revenue - Advanced Sewage Treatment Levy | - | 958 | 958 | a |
| Rates Revenue - Sewerage (UAC) | 7,875 | 5,291 | (2,584) | b |
| Miscellaneous Revenue | - | 720 | 720 | c |
| Impact Total Operating Revenue | 7,875 | 6,969 | (906) | |
| Budgeted Expenditure | | | | |
| Direct Operating Expenditure | 1,561 | - | (1,561) | d |
| Interest | 375 | - | (375) | e |
| Depreciation | 640 | - | (640) | f |
| Impact Total Operating Expenditure | 2,576 | - | (2,576) | |

Notes:

- a. Advanced Sewage Treatment Levy to remain in place
- b. Sewerage UAC reduced to reflect reduction in Operating Costs
- c. Interest Earned on Advanced Waste Water Treatment Fund as funds unexpended
- d. Reduced Waste Water Operating Costs
- e. Lower Interest due to loan deferral as capital not expended
- f. Depreciation lower due to Capital Expenditure deferral

3. Inventories

| | LTCCP Budget 2007/08 (\$000) | Prospective Budget 2007/08 (\$000) |
|-----------------------------------------------------------------|---------------------------------------|---------------------------------------------|
| Inventories | 304 | 400 |
| Livestock | 193 | 200 |
| Development Costs Incurred Preparing Land Intended for Resale * | - | 4,931 |
| | 497 | 5,531 |

Note (*): Development costs of land intended for resale has been more appropriately reclassified as Inventory rather than Fixed Assets as per LTCCP

4. Miscellaneous Income

| | Variances (\$000) |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|
| Expected Income included 2007/08 LTCCP | 12,222 |
| Variances: | |
| Increased Funds Raised for McLean Park Development Fund (as per expected PPI based increase in Capital Plan Expenditure) | 1,012 |
| Increased Interest Revenue Advanced Waste Water Treatment Funds | 720 |
| Increased Interest Revenue Invested Funds | 320 |
| Increased Value Vested Assets for Year resulting from PPI based Increases | 452 |
| Net Other Movements | 38 |
| Expected Miscellaneous Income 2007/08 Prospective Income Statement | <u>14,764</u> |

5. Restricted Reserves

| | |
|----------------------------------------------------------------------------------|---------------|
| Balance per 2007/08 LTCCP | 9,269 |
| Variances: | |
| Advanced Wastewater Treatment Fund (HBRC) - Special Fund not Expended as Planned | 4,213 |
| Interest Earned on Advanced Waste Water Treatment Special Fund | 290 |
| Variance closing balance 2005/06 Annual Report to LTCCP | 2,081 |
| Net Other Movements | 33 |
| Closing Balance per 2007/08 Prospective Balance Sheet | <u>15,886</u> |

6. Asset Revaluation Reserve

| | |
|--------------------------------------------------------------|----------------|
| Balance per 2007/08 LTCCP | 759,918 |
| Variances: | |
| Opening Balance adjustment 2007/08 Prospective Balance Sheet | -2,803 |
| Decreases in Revaluation Reserve due to Sale of Assets | -4,066 |
| | <u>753,049</u> |

7. Fixed Assets

| | |
|--------------------------------------------------------------|------------------|
| Balance per 2007/08 LTCCP | 1,208,351 |
| Variances: | |
| Opening Balance adjustment 2007/08 Prospective Balance Sheet | -16,044 |
| Deferred Capital Expenditure advanced Waste Water Treatment | -17,823 |
| Net Other Movements | -316 |
| Closing Balance per 2007/08 Prospective Balance Sheet | <u>1,174,168</u> |

8. Public Debt

| | |
|-----------------------------------------------------------------------------------------|---------------|
| LTCCP Term Portion of Public Debt | 67,828 |
| LTCCP Current Portion of Public Debt | 4,690 |
| Closing Balance per 2007/08 LTCCP | <u>72,518</u> |
| Variances: | |
| Internal Loans (Included in 2007/08 LTCCP and eliminated from prospective plan 2007/08) | -15,021 |
| Advanced Waste Water (as per Advanced Waste Water Treatment note) | -12,342 |
| Loan Authorities Extinguished since preparation of LTCCP | -967 |
| Loan funded from Internal Loans or Deferral of Loan Raising | -1,394 |
| Closing Balance per 2007/08 Prospective Balance Sheet | <u>42,794</u> |
| Prospective Balance Sheet - Term Portion of Public Debt | 37,429 |
| Prospective Balance Sheet - Current Portion of Public Debt | 5,365 |
| Closing Balance per 2007/08 Prospective Balance Sheet | <u>42,794</u> |

PROSPECTIVE CAPITAL PLAN

The Ten Year Capital Plan is reviewed annually by Council to reflect any changes in costings and priorities. The Prospective Capital Plan for the years 2007/08 to 2016/17 is included below. The following major projects are included in the plan for 2007/08.

Prebensen Drive 4 Laning

Initial investigations for the Prebensen Drive four laning project indicate it will be necessary to extend Ford Road to meet the new Severn Street roundabout. Without the extension of Ford Road a second major roundabout will be required at Austin St / Prebensen Drive which would negate all the benefits of four laning Prebensen Drive.

While the Ford Road extension does appear in the Road Asset Activity Management Plan it was not included in the 2006 Long Term Council Community Plan as part of the Prebensen Drive Project. Because of this additional public consultation will be undertaken as part of the preparation of the "Notice of Requirement" for designation of the final alignment.

The Regional Land Transport Committee confirmed its support for this project and has ranked it at number 3.

Council is working with Transit New Zealand and our consultants for complete preliminary design work including some further consultation.

Advanced Primary Sewage Treatment

The Hawke's Bay Regional Council granted Napier City Council's application to change the implementation date for advanced primary sewage treatment from December 2007 to December 2010. This will allow Napier City Council to lodge an application for resource consent to treat sewage using a biological trickling filter process, similar to the process that will be used by Hastings District Council. It will also allow for an evaluation of the treatment process to be completed before any physical works commence.

The operating costs, including loan servicing, for the treatment plant included in the LTCCP in the 2007/08 year in the LTCCP have been deferred. The majority of budget provision for the capital expenditure has been provided in past years. The remaining budget provision for Sludge Stabilisation (\$2.564m Rates funded Loan) is still shown in 2007/08 as in the LTCCP but the expenditure will be dependent on the timing for the total project.

The environmental Levy will continue until such time that a Wastewater Treatment Plant is commissioned. The funds accumulated will be put towards the capital costs for the Treatment Plant. Any shortfall will be funded from loans.

Omarunui Regional Landfill Site Development

Stage 1 of Valley A at the Omarunui Regional Landfill has been completed and the plan provides the funding in 2007/08 for Stage 2 of this development.

Cross Country Drain

Work on the drainage channel of the Cross Country Drain is under way and during the coming year the pump station, pumping mains and beach discharge structure will be undertaken. This major project is expected to be completed by year end 2008. The drain runs from the intersection of the Napier Hastings motorway and Tannery Road to Te Awa Avenue where the stormwater will be pumped via pipe to the sea. The drain will provide increased capacity to cater for urban development and upgrade existing services to meet current drainage standards.

Taradale Road Sewage Pump Station and Main

The Taradale Road Sewage Pump Station and Main project is in the design phase. Funding for this project spans the first three years of this plan.

Roading Projects

Council is undertaking the necessary background work in preparation for a Resource Consent application.

CBD Parking

The 2006/07 - 2015/16 LTCCP included funding of \$1 million in 2010/11 for additional CBD Parking. The current project underway in Dickens Street and the newly completed Vautier Street carpark provide the necessary additional CBD parking facilities for the immediate future and the planned project has been deleted from the Ten Year Capital Plan.

Parklands Residential Estate (Lagoon Farm Residential Subdivision)

Development of the first area of 211 lots has progressed well and will be completed in the next 6 – 12 months. Council is proceeding with planning for the next development area, which comprises approximately 250 lots.

PROSPECTIVE CAPITAL PLAN 2007/08 to 2015/16 ...

| Prior to 07/08 | Description | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 (\$000) | 12/13 | 13/14 | 14/15 | 15/16 | Total | |
|------------------------------|----------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|----------------------|
| Recreation | | | | | | | | | | | | |
| Sportsgrounds | | | | | | | | | | | | |
| | - Sportsgrounds Development | - | 93 | - | 548 | 693 | - | - | - | - | 1,334 | Growth Loan Fin Cont |
| | - Park Island - Bond Field Extension | - | 138 | 1,252 | 1,253 | - | - | - | - | - | 2,643 | Growth Loan Fin Cont |
| | - Installation of Automatic Irrigation Systems | - | 150 | 150 | 150 | 150 | 150 | 150 | 150 | - | 1,050 | Rates Fin Cont |
| 4,438 | McLean Park Redevelopment | 3,496 | - | - | - | - | - | - | - | - | 7,934 | Trust Revenue |
| | - Replace Centennial Hall Floor | - | - | - | - | - | - | - | - | 316 | 316 | Rates |
| | - Guppy Road Sports Village - Stage 1 | - | - | 102 | 118 | 54 | - | - | - | - | 274 | Rates |
| | - Tareha Sportsground Construct Shower/Change Facilities | 111 | - | - | - | - | - | - | - | - | 111 | Rates |
| | - Sportsgrounds Infrastructural Asset Renewal | 139 | 163 | 187 | 211 | 234 | 260 | 283 | 283 | 283 | 2,043 | Rates |
| 4,438 | Sportsgrounds | 3,746 | 544 | 1,691 | 2,280 | 1,131 | 410 | 433 | 433 | 599 | 15,705 | |
| Napier Aquatic Centre | | | | | | | | | | | | |
| | - Napier Aquatic Centre Enclosure Building | - | - | - | - | - | - | 110 | 657 | - | 767 | Loans - Rates |
| | - Napier Aquatic Centre Asset Renewal | 38 | 38 | 38 | 110 | 110 | 110 | 137 | 137 | 137 | 855 | Rates |
| | - Napier Aquatic Centre | 38 | 38 | 38 | 110 | 110 | 110 | 247 | 794 | 137 | 1,622 | |
| Reserves | | | | | | | | | | | | |
| | - Passive Recreation Reserves | - | 251 | 251 | 334 | 69 | - | - | 199 | 564 | 1,668 | Fin Cont |
| | - Playground Equipment | - | - | 45 | - | - | - | 45 | - | - | 90 | Rates |
| | - Westshore Beach Reprofiling | 100 | 2,090 | - | - | - | - | - | - | - | 2,190 | Loan Sp Fnd |
| | - Whakarire Ave Groyne | 1,314 | - | - | - | - | - | - | - | - | 1,314 | Loan Sp Fnd |
| | - Reserves, Pathways and Linkages | - | - | - | - | - | - | - | 1,095 | 1,095 | 2,190 | Loan Rates |
| | - Tree Planting Programme | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 540 | Rates |
| | - Reserves Infrastructural Asset Renewal | 231 | 267 | 303 | 339 | 374 | 411 | 447 | 447 | 447 | 3,266 | Rates |
| | - Reserves Vested Assets | 274 | 274 | 274 | 274 | 274 | 274 | 274 | 274 | 274 | 2,466 | Vested Assts |
| | - Reserves | 1,979 | 2,942 | 933 | 1,007 | 777 | 745 | 826 | 2,075 | 2,440 | 13,724 | |
| 4,438 | Recreation Total | 5,763 | 3,524 | 2,662 | 3,397 | 2,018 | 1,265 | 1,506 | 3,302 | 3,176 | 31,051 | |
| Social and Cultural | | | | | | | | | | | | |
| Libraries | | | | | | | | | | | | |
| | - Library Bookstock | 553 | 574 | 595 | 603 | 603 | 603 | 603 | 603 | 603 | 5,340 | Rates Fin Cont* |
| 970 | Projects resulting from Review of Library Services | 939 | - | - | - | - | - | - | - | - | 1,909 | Loan Growth |
| 30 | Verna Corbett Bequest | 10 | - | - | - | - | - | - | - | - | 40 | Bequest Fnd |
| 1,000 | Libraries | 1,502 | 574 | 595 | 603 | 603 | 603 | 603 | 603 | 603 | 7,289 | |
| War Memorial Centre | | | | | | | | | | | | |
| | - WMC - Minor Capital Provision | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 144 | Rates |
| | - War Memorial Centre | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 144 | |
| Municipal Theatre | | | | | | | | | | | | |
| | - Municipal Theatre Minor Capital Provision | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 225 | Rates |
| | - Municipal Theatre | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 225 | |

PROSPECTIVE CAPITAL PLAN 2007/08 to 2015/16 ...

| Prior to 07/08 | Description | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 (\$000) | 12/13 | 13/14 | 14/15 | 15/16 | Total | |
|--------------------------------------|----------------------------------------------------------------------|--------------|------------|------------|------------|------------------|------------|------------|------------|------------|---------------|---------|
| Retirement and Rental Housing | | | | | | | | | | | | |
| - | Retirement Flats Minor Capital Projects | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 720 | Rates * |
| - | Rental Flats Minor Capital Projects | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 180 | Rates * |
| - | Retirement and Rental Flats | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 900 | |
| Cemeteries | | | | | | | | | | | | |
| - | Cemeteries Infrastructure Asset Renewal | 47 | 53 | 58 | 65 | 71 | 77 | 83 | 83 | 83 | 620 | Rates |
| - | Cemeteries | 47 | 53 | 58 | 65 | 71 | 77 | 83 | 83 | 83 | 620 | |
| Public Toilets | | | | | | | | | | | | |
| - | New Toilet Programme | - | - | 32 | 32 | - | 32 | 32 | - | 32 | 160 | Rates |
| - | Public Toilets Infrastructural Asset Renewal | 90 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 850 | Rates |
| - | Public Toilets | 90 | 95 | 127 | 127 | 95 | 127 | 127 | 95 | 127 | 1,010 | |
| 1,000 | Social and Cultural Total | 1,780 | 863 | 921 | 936 | 910 | 948 | 954 | 922 | 954 | 10,108 | |
| City Promotion | | | | | | | | | | | | |
| Marineland of NZ | | | | | | | | | | | | |
| - | Marineland Minor Capital Provision | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 54 | Rates * |
| - | Marineland of NZ | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 54 | |
| National Aquarium of NZ | | | | | | | | | | | | |
| - | Aquarium Minor Capital Provision | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 117 | Rates * |
| - | Aquarium Capital Provision | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 270 | Rates * |
| - | National Aquarium of NZ | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 387 | |
| Napier i-SITE Visitor Centre | | | | | | | | | | | | |
| - | Napier i-Site Minor Capital Provision | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 99 | Rates |
| - | Napier i-SITE Visitor Centre | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 99 | |
| Par 2 MiniGolf | | | | | | | | | | | | |
| - | Par 2 Golf Minor Capital Provision | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 54 | Rates * |
| - | Par 2 MiniGolf | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 54 | |
| Kennedy Park | | | | | | | | | | | | |
| - | Kennedy Park Minor Capital Provision | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 936 | Rates * |
| - | Kennedy Park Renewals | 77 | 88 | 110 | 110 | 110 | 110 | 164 | 164 | 164 | 1,097 | Rates * |
| - | Kennedy Park | 181 | 192 | 214 | 214 | 214 | 214 | 268 | 268 | 268 | 2,033 | |
| - | City Promotion Total | 247 | 258 | 280 | 280 | 280 | 280 | 334 | 334 | 334 | 2,627 | |
| Planning and Regulatory | | | | | | | | | | | | |
| Building Consents | | | | | | | | | | | | |
| - | GIS - Electronic Document Management System for Property Information | - | - | - | - | 78 | 54 | 68 | - | - | 200 | Rates |
| - | Building Consents | - | - | - | - | 78 | 54 | 68 | - | - | 200 | |

Note (*): Expenditure for Tourism Services and Retirement and Rental Housing offset by revenue.

PROSPECTIVE CAPITAL PLAN 2007/08 to 2015/16 ...

| Prior to 07/08 | Description | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 (\$000) | 12/13 | 13/14 | 14/15 | 15/16 | Total | |
|-------------------------|------------------------------------------------------|---------------|---------------|--------------|---------------|------------------|---------------|---------------|---------------|---------------|----------------|---------------------------|
| Parking | | | | | | | | | | | | |
| - | Parking Equipment Replacement | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 900 | Pk Equip |
| - | Minor Capital Items - Parking | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 180 | Parking A/C |
| - | Develop Napier Senior Citizens Site | - | 400 | - | - | - | - | - | - | - | 400 | Pk Cont |
| 750 | New Offstreet Carpark Taradale | 500 | - | - | - | - | - | - | - | - | 1,250 | Tdle Pk Cont |
| - | CBD Parking Building | - | - | - | - | 4,500 | - | - | - | - | 4,500 | Parking A/C |
| - | Suburban Parking | - | - | - | - | - | - | 500 | - | - | 500 | Pk Cont |
| 750 | Parking | 620 | 520 | 120 | 120 | 4,620 | 120 | 620 | 120 | 120 | 7,730 | |
| 750 | Planning & Regulatory Total | 620 | 520 | 120 | 120 | 4,698 | 174 | 688 | 120 | 120 | 7,930 | |
| Roading | | | | | | | | | | | | |
| - | Transportation Proposals | 425 | 425 | 425 | 1,928 | 1,928 | 1,928 | 1,928 | 1,928 | 1,928 | 12,843 | Fin Cont |
| - | Roading Capital Projects (Bulk Funded) | 1,598 | 1,598 | 1,598 | 1,598 | 1,598 | 1,598 | 1,598 | 1,598 | 1,598 | 14,382 | Rates |
| 1,150 | Taradale Redevelopment | 1,150 | - | - | - | - | - | - | - | - | 2,300 | Loan Sp Fnd Loan Rates |
| 623 | Prebensen Drive Project | 600 | 6,400 | - | - | - | - | - | - | - | 7,623 | Loan Rates Subsidy |
| 200 | Awatoto to Expressway Link | - | - | - | 349 | 349 | 3,618 | 3,618 | - | - | 8,134 | Loan Rates/ Rates/Sub |
| - | Roading I.A.R. | 3,575 | 3,619 | 3,663 | 3,707 | 3,752 | 3,797 | 3,843 | 3,890 | 3,937 | 33,783 | Rates |
| - | Vested Assets | 3,672 | 3,672 | 3,672 | 3,672 | 3,672 | 3,672 | 3,672 | 3,672 | 3,672 | 33,048 | Vested Assts |
| 1,973 | Roading | 11,020 | 15,714 | 9,358 | 11,254 | 11,299 | 14,613 | 14,659 | 11,088 | 11,135 | 112,113 | |
| Water and Wastes | | | | | | | | | | | | |
| Solid Waste | | | | | | | | | | | | |
| - | Omarunui Regional Landfill Site Development Valley B | 59 | - | - | 59 | 80 | - | - | - | - | 198 | Loan Sp Fnd |
| - | Omarunui Valley D | 1,304 | 24 | 24 | 967 | 24 | 24 | 967 | 24 | 32 | 3,390 | Loan Sp Fnd |
| - | Omarunui Gas to Energy | 319 | 397 | - | - | - | - | - | - | - | 716 | Loan Sp Fnd |
| - | Solid Waste Renewals | 66 | 71 | 104 | 104 | 110 | 110 | 110 | 110 | 110 | 895 | Rates |
| - | Solid Waste | 1,748 | 492 | 128 | 1,130 | 214 | 134 | 1,077 | 134 | 142 | 5,199 | |
| Stormwater | | | | | | | | | | | | |
| 12,108 | Cross Country Drain and Pumping Station | 2,820 | - | - | - | - | - | - | - | - | 14,928 | Loan Rates Fin Cont |
| - | Upgrade Taipo Stream | - | - | - | - | - | - | - | 494 | 30 | 524 | Rates Fin Cont |
| 105 | Bay View Upgrade Stormwater | - | - | 30 | 316 | 262 | - | - | - | - | 713 | Loans - Rates |
| - | Plantation Drain Widening | - | - | - | 118 | 60 | - | - | - | - | 178 | Rates Fin Cont |
| - | Lagoon Farm Concrete Channel | - | - | - | - | - | 381 | - | - | - | 381 | Fin Cont |
| - | Upgrading Stormwater Catchments | 770 | 742 | 717 | 685 | 685 | 685 | 685 | 685 | 685 | 6,339 | Rates Fin Cont |
| 48 | Dalton St Pump Replacement | 62 | - | - | - | - | - | - | - | - | 110 | Rates |
| - | Drain Improvements | - | - | - | - | - | - | - | - | 138 | 138 | Rates |
| - | Saltwater Creek Culvert Duplication | 119 | 122 | - | - | - | - | - | - | - | 241 | Rates |
| - | Extend Outfalls Marine Pde | - | - | 46 | - | - | - | 46 | - | - | 92 | Rates |
| - | Georges Drive Drain | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 108 | Rates |
| - | Stormwater I.A.R. | 336 | 365 | 393 | 396 | 396 | 396 | 396 | 396 | 396 | 3,470 | Rates |
| - | Stormwater Vested Assets | 453 | 453 | 453 | 453 | 453 | 453 | 453 | 453 | 453 | 4,077 | Vested Assts |
| 12,261 | Stormwater | 4,572 | 1,694 | 1,651 | 1,980 | 1,868 | 1,927 | 1,592 | 2,040 | 1,714 | 31,299 | |

PROSPECTIVE CAPITAL PLAN 2007/08 to 2015/16 ...

| Prior to 07/08 | Description | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 (\$000) | 12/13 | 13/14 | 14/15 | 15/16 | Total | |
|--------------------------|-----------------------------------------------------------|---------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|--------------|---------------|---------------------------|
| Wastewater | | | | | | | | | | | | |
| 72 | Western Pumping Main | 58 | 700 | - | - | - | - | - | - | - | 830 | Fin Cont |
| 102 | Taradale Rd Pump Station and Main | 1,181 | 1,666 | 2,204 | - | - | - | - | - | - | 5,153 | Loan Rates Fin Cont |
| - | Riverbend Rd Trunk Main | - | - | - | - | 353 | 223 | - | - | - | 576 | Loans - Rates |
| 23,780 | Advanced Primary Sewage Treatment | 2,564 | - | - | - | - | - | - | - | - | 2,564 | Loans/Rates/ Sp Fund * |
| - | Sewerage I.A.R. | 857 | 879 | 901 | 923 | 946 | 946 | 946 | 946 | 946 | 8,290 | Rates |
| - | I.A.R. - Pumping Equipment | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 1,782 | Rates |
| - | Treatment Plant Renewal Programme | - | - | - | - | 59 | 90 | 90 | 120 | 120 | 479 | Rates |
| - | Milliscreen Replacement Programme | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 1,971 | Rates |
| - | Wastewater Vested Assets | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 5,274 | Vested Assts |
| 23,954 | Wastewater | 5,663 | 4,248 | 4,108 | 1,926 | 2,361 | 2,262 | 2,039 | 2,069 | 2,069 | 26,919 | |
| Water Supply | | | | | | | | | | | | |
| - | New Reservoir Taradale | - | - | 1,011 | - | - | - | - | - | - | 1,011 | Fin Cont |
| - | Awatoto Water Trunk Main | - | - | 44 | - | 2,159 | - | - | - | - | 2,203 | Fin Cont |
| - | New Well - Awatoto | - | - | - | 332 | - | - | - | - | - | 332 | Fin Cont |
| - | Replace Water Supply Control System | - | 87 | 40 | - | - | - | - | - | - | 127 | Rates |
| - | I.A.R. - Water Pump Stations | 69 | 74 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 682 | Rates |
| - | I.A.R. - Water Meters | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 171 | Rates |
| - | I.A.R. - Water Pipes | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 4,680 | Rates |
| - | Capital Upgrade associated with Water Pipe I.A.R. | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 945 | Rates |
| - | Water Supply Vested Assets | 222 | 222 | 222 | 222 | 222 | 222 | 222 | 222 | 222 | 1,998 | Vested Assts |
| - | Water Supply | 935 | 1,027 | 2,038 | 1,275 | 3,102 | 943 | 943 | 943 | 943 | 12,149 | |
| 36,215 | Water and Wastes Total | 12,918 | 7,461 | 7,925 | 6,311 | 7,545 | 5,266 | 5,651 | 5,186 | 4,868 | 75,566 | |
| Property Assets | | | | | | | | | | | | |
| Property Holdings | | | | | | | | | | | | |
| 600 | Civic Building and Library Air Conditioning | 100 | 100 | - | - | - | - | - | - | - | 800 | Rates |
| 4,000 | Redevelopment of Cultural Trust Buildings | 1,000 | - | - | - | - | - | - | - | - | 5,000 | Loan Rates |
| 4,600 | Property Holdings | 1,100 | 100 | - | - | - | - | - | - | - | 5,800 | |
| 4,600 | Property Assets Total | 6,100 | 5,100 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 50,800 | |
| Support Units | | | | | | | | | | | | |
| - | Minor New and Replacement Capital Items General Provision | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 567 | Rates |
| - | New Capital Item Provision | - | - | - | - | - | - | - | - | 26 | 26 | Rates |
| - | Technology Equipment Renewals | 410 | 493 | 631 | 511 | 511 | 511 | 511 | 511 | 511 | 4,600 | Tech Equip Ren Res |
| - | Replacement of Mobile Plant and Vehicle | 406 | 458 | 537 | 607 | 511 | 397 | 624 | 657 | 639 | 4,836 | Plnt Prch A/C |
| - | Establish Security on Depot Gates and CCTV | 18 | - | - | - | - | - | - | - | - | 18 | Rates |
| - | Software Replacement and Upgrades | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 324 | Rates |
| - | PC and Printer Replacement | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 558 | Rates |
| - | Corporate I.T. Network | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 108 | Rates |
| - | Electronic Document Management | - | - | - | - | 40 | 160 | 32 | 68 | - | 300 | Rates |
| - | Support Units | 1,007 | 1,124 | 1,341 | 1,291 | 1,235 | 1,241 | 1,340 | 1,409 | 1,349 | 11,337 | |

Note (*): Timing of Advanced Primary Sewage Treatment project see notes on page 25.

PROSPECTIVE CAPITAL PLAN 2007/08 to 2015/16 ...

| Prior to 07/08 | Description | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 (\$000) | 12/13 | 13/14 | 14/15 | 15/16 | Total |
|-------------------|---------------------------|---------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|----------------|
| 48,976 | TOTAL CAPITAL PLAN | 34,455 | 29,564 | 22,607 | 23,589 | 27,985 | 23,787 | 25,132 | 22,361 | 21,936 | 256,612 |

SUMMARY OF FUNDING

| | | | | | | | | | | | |
|--------|----------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| 1,347 | Rates - Depreciation | 10,273 | 10,442 | 10,611 | 10,780 | 10,949 | 11,118 | 11,287 | 11,456 | 11,625 | 99,388 |
| - | Less Loans - Rate Funded | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 3,240 |
| 1,347 | | 9,913 | 10,082 | 10,251 | 10,420 | 10,589 | 10,758 | 10,927 | 11,096 | 11,265 | 96,148 |
| 19,468 | Loans - Rates | 4,721 | 3,464 | 941 | 840 | 1,139 | 2,284 | 2,171 | 2,112 | 1,455 | 31,595 |
| 970 | Loans - Growth | 939 | 145 | 746 | 1,113 | 464 | - | - | - | - | 4,377 |
| 3,900 | Loans - Non Rates | 3,996 | 2,511 | 24 | 1,026 | 104 | 24 | 967 | 24 | 32 | 9,680 |
| 4,357 | Financial Contributions | 4,389 | 2,972 | 4,150 | 3,560 | 4,655 | 2,569 | 2,188 | 2,634 | 2,707 | 34,181 |
| - | Parking Account | 20 | 20 | 20 | 20 | 4,520 | 20 | 20 | 20 | 20 | 4,608 |
| - | Parking Contributions Account | - | 400 | - | - | - | - | 500 | - | - | 900 |
| 750 | Taradale Parking Contributions Account | 500 | - | - | - | - | - | - | - | - | 1,250 |
| - | Parking Equipment Reserve | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 900 |
| - | Plant Purchase and Renewals Account | 406 | 458 | 537 | 607 | 511 | 397 | 624 | 657 | 639 | 4,836 |
| - | Technology Equipment Renewal Reserve | 410 | 493 | 631 | 511 | 511 | 511 | 511 | 511 | 511 | 4,600 |
| 13,280 | Advanced Wastewater Treatment Fund | - | - | - | - | - | - | - | - | - | 13,280 |
| 436 | TNZ Subsidy | 348 | 3,712 | - | 185 | 185 | 1,917 | 1,917 | - | - | 8,700 |
| 4,438 | Trust Revenue | 3,496 | - | - | - | - | - | - | - | - | 7,934 |
| 30 | Bequest Fund | 10 | - | - | - | - | - | - | - | - | 40 |
| - | Vested Assets | 5,207 | 5,207 | 5,207 | 5,207 | 5,207 | 5,207 | 5,207 | 5,207 | 5,207 | 46,863 |

FUNDING IMPACT STATEMENT

The following Funding Impact Statement is provided in accordance with Section 95 and Schedule 10 of the Local Government Act 2002 (The Act).

FINANCIAL OVERVIEW

Summary of Revenue and Financing Mechanisms

| | Notes | LTCCP 2007/08 \$000 | Annual Plan 2007/08 \$000 |
|-----------------------------------------|-------|---------------------------|---------------------------------|
| OPERATING REVENUE | | | |
| Non Targeted Rates: | | | |
| General Rate | | 20,135 | 22,850 |
| Uniform Annual General Charge (UAGC) | | 6,474 | 5,561 |
| | 3 | 26,609 | 28,411 |
| Targeted Rates | | | |
| Fire Protection Rate | | 439 | 446 |
| Water Supply (UAC) | | 2,450 | 2,492 |
| Refuse Collection & Disposal (UAC) | | 1,010 | 996 |
| Kerbside Recycling (UAC) | | 280 | 299 |
| Sewerage (UAC) | 1 | 7,875 | 5,291 |
| Advanced Sewage Treatment (UAC) | 2 | 0 | 958 |
| Bay View Sewerage Connection Rate (UAC) | | 35 | 33 |
| Car Parking Rate | | 149 | 149 |
| Ahuriri Beautification Rate | | 16 | 15 |
| Onekawa Suburban Beautification Rate | | 17 | 11 |
| CBD Promotion Rate | | 122 | 122 |
| Taradale Promotion Rate | | 30 | 30 |
| | | 12,423 | 10,842 |
| Total Rates | | 39,032 | 39,253 |
| User Charges | | 17,232 | 16,485 |
| Financial Contributions | | 3,157 | 3,157 |
| Subsidies and Grants | | 3,155 | 3,537 |
| Other Income | 4 | 21,289 | 24,375 |
| | | 44,833 | 47,554 |
| Total Operating Revenue | | 83,865 | 86,807 |
| Less Operating Expenditure | | 73,345 | 72,332 |
| Operating Surplus/(Deficit) | | 10,520 | 14,475 |
| Plus Other Funding | | | |
| Borrowing | 5 | 20,883 | 7,092 |
| Net Funding | | 31,403 | 21,567 |

DEPARTURES FROM LTCCP

The following are noted as departures from the funding impact statement for 2007/08 as included in the Long-Term Council Community Plan (LTCCP).

1 Sewerage UAC

A part year's operating costs for the advanced treatment plant and sludge plant were projected in the LTCCP for 2007/08. With the delay in commissioning the plant, no operating costs have been provided in the annual plan for 2007/08. This has resulted in a significant reduction from the level of sewerage (UAC) revenue as projected in the LTCCP for 2007/08.

2 Advanced Sewage Treatment Levy

The LTCCP provided for the levy to cease from 30 June 2007 to coincide with the commissioning of the treatment plant. The levy has been extended for 2007/08 due to the deferral of the plant.

3 Non Targeted Rates

A consequence of the Advance Sewage Treatment Levy being extended to 2007/08 is a shift in the level of rates revenue projected between General Rates and the Uniform Annual General Charge. This arises as the Sewage Levy is one of the uniform charges taken into account in meeting Council's policy for the UAGC and other targeted rates set on a uniform basis not to exceed 20% of total rates revenue. The affect is a reduction of \$958,000 from the LTCCP level of UAGC revenue, and a corresponding increase in General Rates.

In addition, the General Rate has also increased by \$300,000 from the LTCCP projection as a result of a slower phase out of the transfer between the Urban Growth Fund and the Financial Contributions Fund than originally projected. This is due to a delay in the review of the Development Contributions Policy.

Other factors impacting on the level of general rates are net cost increases in Operating and Capital Expenditure.

4 Other Income

The main reasons for the increases are outlined in Note 4 on page 24.

5 Borrowing

Projected borrowing for 2007/08 is \$13.791 million below the level projected in the LTCCP.

This reduction arises mainly from the deferral of the Wastewater treatment plant for which \$12.342 million of loan funding was projected, but has been deferred beyond 2007/08.

RATING

The following describes in full the rating system to apply from 1 July 2007:

1 General Rate

- Based on land value of all rating units.
- Differentially applied. The differentials are set to enable:
 - 63% of the total general rate together with the Uniform Annual General Charge to be collected from residential properties and 37% 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 services supplied to Bay View for roading, stormwater, and reserves activities.
 - The application of the same rate for miscellaneous non residential properties as for residential properties.

| Differentials | Group/Code | 2007/08 |
|---------------------------|------------|---------|
| City Residential | 1 | 100% |
| Commercial and Industrial | 2 | 336.4% |
| Miscellaneous | 3 | 100% |
| Ex-City Rural | 4 | 55.1% |
| Other Rural | 5 | 55.1% |
| Bay View | 6 | 46.7% |

- 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.

2 Uniform Annual General Charge

Council's Uniform Annual General Charge is set at a level to enable the total amount of Uniform Annual Charges, 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.

Uniform Annual General Charges in excess of the first such charge were remitted for each multi-unit residential dwelling (under Council's policy for the remission of UAGCs on multi-unit residential dwellings) for 2003/04 and 2004/05. Following a review of UAGC remissions for Multi-Unit Residential Dwellings, this remission is being phased out over 5 years commencing from 2005/06. As 2007/08 represents year 3 of the 5 year period, a remission of 40% on all units beyond the first unit will apply on multi-unit residential dwellings.

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

3 Water Rates (apply to both the City and Bay View water supply systems)

3.1 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:

| | |
|-------------------------------------------------------------------------------------------|------|
| Central Business District and Fringe Area | 400% |
| Suburban Shopping Centres, & Hotels & 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.

3.2 Uniform Annual Charge

- A targeted rate set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the systems.
- This charge recovers the balance of the total net cost of the water supply systems.
- 50% of the charge applies for each rating unit not connected but located within 100 metres of the systems.

4 Refuse Collection and Disposal Uniform Annual Charge

- A targeted rate 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 charge is 2 or 3 times the weekly charge respectively.
- This charge recovers the net cost of the Refuse Activity, excluding costs related to litter control and the kerbside recycling collection service.

5 Kerbside Recycling Uniform Annual Charge

- A targeted rate 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 charge recovers the full cost of the kerbside recycling collection service.

6 Sewerage Uniform Annual Charge

- A targeted rate 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 charge 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 charge is being phased in evenly over a 5 year period commencing from 2004/05 for each rating unit not connected but located within 30 metres of the system. As 2007/08 represents year 4 of the 5 year period, 40% of the charge will apply to these properties.
- This rate recovers the net cost of the Wastewater Management Activity.

7 Advanced Sewage Treatment Levy

- A targeted rate 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 charge 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, 40% of the charge applies to each rating unit not connected but located within 30 metres of the system.
- Except for the industries' share of the project cost which will be funded by loan, raised at the time of construction, and recovered from wet industries through trade waste charges, the levy will contribute to the capital cost of the treatment plant, and will cease once the plant is commissioned.

8 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 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.

9 Off Street Carparking Rates

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

9.1 CBD Offstreet Carparking Rate

- Differentially applied.
- Relates to all 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:

| | |
|-------------------------------------------|------|
| Properties with full parking dispensation | 100% |
| Properties with half parking dispensation | 50% |
| Properties with no parking dispensation | NIL |

- The rate is used to provide additional offstreet carparking in the Central Business District.

9.2 Taradale Offstreet Carparking Rate

- Uniformly applied.
- Relates to properties in the Taradale Suburban Commercial area only.
- The rate is used to provide additional offstreet carparking in the Taradale Suburban Commercial area.

9.3 Suburban Shopping Centre Offstreet Carparking Rate

- Uniformly applied.
- Relates to properties in suburban shopping centres and to commercial properties located in residential areas which are served by Council supplied offstreet parking.
- The rate is used to provide additional offstreet parking at each of these areas served by Council supplied offstreet parking, and to maintain the existing offstreet parking areas.

10 Onekawa Suburban Beautification Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to commercial rating units located at the Onekawa Shopping Centre.
- The rate is used to recover loan servicing costs on loans raised to meet the Onekawa Commercial ratepayers share of beautification carried out at the Onekawa Shopping Centre in 1998.

11 Ahuriri Beautification Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to commercial rating units located at the Ahuriri Shopping Centre.
- The rate is used to recover loan servicing costs on loans raised to meet the Ahuriri Commercial ratepayers share of beautification carried out at the Ahuriri Shopping Centre.

FUNDING IMPACT STATEMENT ...

12 CBD Promotion Levy

- Targeted rate based on land value.
- Uniformly applied.
- Applies to each commercial and industrial rating unit situated within the area bounded by the Marine Parade / Tennyson Street intersection, along Tennyson Street to Herschell Street to Browning Street to Cathedral Lane to the Cathedral Lane / Tennyson Street intersection, then west along Tennyson Street to the intersection with Milton Road and including properties on the northern side of Tennyson Street, then along Clive Square West to Dickens Street, then from Dickens Street to Dalton Street and including properties on the southern side of Dickens Street, from Dalton Street to Station Street, Station Street to Hastings Street, Hastings Street to Faulknor Lane, Faulknor Lane to Marine Parade, and north along Marine Parade to the intersection with Tennyson Street.
- This rate recovers 70% of the cost of the promotional activities run by Napier Inner City Marketing. The remaining 30% is met from non-targeted rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

13 Taradale Promotion Levy

- 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 Shopping Centre Association's promotional activities.

14 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 domestic supplies outside the Napier Water Supply Area.

SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

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.

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 Diff 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 Diff 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, west 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 bounded by the corner of Clive Square East and Emerson Street, south to Dickens Street excluding Lot 1 DP 18592 then along Dickens Street east at the rear of the sites on the southern side including Pt Lot 14 DP 2015, then south at Dalton Street, then east along Station Street, excluding the corner site on Station Street (being Lot 1 DP 11954) across to Albion Street to the Marine Parade, then north along Marine Parade to Emerson Street, then north along the rear of Pt Town Sec 173, Lot 1 DP 4833, Pt Town Sec 173, then east to include the site on the corner of Tennyson Street and Herschell Street being Pt Town Sec 172 as well as the site opposite being Lot 1 DP 19183, then continuing north along the rear of properties that front Hastings Street across Browning Street to include the property on the corner of Browning Street and Shakespeare Road, then across Shakespeare Road to include the corner of the property on the western corner of Shakespeare Road and Browning Street, then south down Hastings Street excluding the Cathedral along the rear of properties down Hastings Street, then west along the rear of the properties fronting Tennyson Street to Dalton Street then across Tennyson Street south to include the property on the corner of Tennyson Street and Dalton Street (Public Trust), and Pt Town Sec 162, Pt Town Sec 162, Lot 2 DP 6176 west along the rear of properties fronting Emerson Street to Clive Square East.

2.1.2 Properties Receiving 50% Parking Dispensation

Every separately assessed commercial property in part of the Commercial Fringe Retail Zone bounded by the corner of Dickens and Munroe Streets, south down Munroe Street, east along Edwardes Street, south along Hastings Street, east along Sale Street, north along Marine Parade, west along Albion Street, south west along the rear of the property on the corner of Station Street, and Hastings Street, excluding the next three sites fronting Station Street to the corner at Dalton Street, north along Dalton Street, then west along the rear of the properties fronting Station Street including Pt Lot 1 DP 2029.

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 the Marine Parade, excluding the properties included in Sub Group 2.1 above, and also 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

FUNDING IMPACT STATEMENT ...

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 Holdings 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 carparking provided
- 2.4.3 Suburban commercial – served by Council supplied off-street carparking 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 carparking.

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

Motels and hotels 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 industrially 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 Diff 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 sub-standard sections

Sub Group 3.2: Other Miscellaneous Rateable Properties

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

FUNDING IMPACT STATEMENT ...

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 NCC)
- 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 NCC)
- 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 sub section 4 of part 1 of schedule 1 - 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 formally 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 in the following three schedules:

Schedule 1

All of those properties in the Bay View Township contained in the area west of State Highway 2, Main North Road, and on the north side of and fronting onto Hill Road from Terrace Road up to and including number 36 Hill Road to and along the rear boundaries of 25 Hill Road and the Bay View Hotel to Petane Road and along the rear boundary of number 23 Petane Road and adjacent properties to 38 Grey Street and including 6 Sheehan Street then along the south eastern side of Sheehan Street and the eastern side of Buchanan Street to and along the northern side of Villers Street to Grey Street then 40.23m along the south western boundary of Lot 2 DP 17781 and then easterly along the alignments of the rear boundaries of numbers 3 and 1 Villers Street to State Highway 2, Main North Road.

FUNDING IMPACT STATEMENT ...

Schedule 2

All of those properties contained in the area north of 66 Ferguson Street south on the eastern side of State Highway 2, Main North Road, up to number 500 Main North Road and across the State Highway and along the rear boundaries of numbers 511 to 535 Main North Road then back across the State Highway to Rogers Road and along the eastern side of the Petane Stream continuing along the rear boundaries of numbers 15 to 31 Rogers Road and along Rogers Road to and along the rear boundary of numbers 65 to 117 Rogers Road in the north and then to Rogers Road and southerly along its eastern side to number 72 Rogers Road then along the rear boundaries of numbers 72 to 22 Rogers Road then easterly across the Railway line to and along the northern boundary of Pt Lot 1 DP 7911 to the coast then southerly along the coastal boundary to 66 Ferguson Street south.

Schedule 3

All of those properties in the vicinity of Le Quesne Road contained in the area north of Franklin Road including numbers 49 to 64 Franklin Road and those properties east of the Railway line up to Thurley Place then northerly along the alignment of the rear boundaries of the properties extending from 15 Thurley Place up to 86 Le Quesne Road including the access legs to Pt Lot 5 and Pt Lot 7 DP 11888, then easterly across the boundaries of 86 and 87 Le Quesne Road then southerly along the eastern side of Le Quesne Road to Franklin Road.

Code

- 6.1.1 Bay View residential properties
- 6.1.2 Bay View non residential properties

FUNDING IMPACT STATEMENT ...

INDICATIVE RATES

| Rates and Charges (incl. GST) | 2007/08 |
|---------------------------------------------------------------------------------|----------------|
| General Rate (cents per \$ LV) | |
| Diff 1 City Residential | 0.4835 |
| Diff 2 Commercial and Industrial | 1.6265 |
| Diff 3 Miscellaneous | 0.4835 |
| Diff 4 Ex-City Rural | 0.2664 |
| Diff 5 Other Rural | 0.2664 |
| Diff 6 Bay View | 0.2258 |
| Uniform Annual General Charge (UAGC) | \$262 |
| Targeted Rates | |
| Fire Protection Rate (cents per \$ CV) | |
| Diff 1, 2.5, 3, 4, 5, 6 | 0.0052 |
| Diff 2.1 & 2.2 | 0.0208 |
| Diff 2.3, 2.4, 2.6, 2.7 | 0.0104 |
| Water Supply Uniform Annual Charge - City | \$116 |
| Water Supply Uniform Annual Charge - Bay View | \$116 |
| Refuse Collection & Disposal Uniform Annual Charge | |
| 1 collection per week | \$44 |
| 2 collections per week | \$88 |
| 3 collections per week | \$132 |
| Kerbside Recycling Uniform Annual Charge | \$16 |
| Sewerage Uniform Annual Charge | \$253 |
| Advanced Sewage Treatment Levy (UAC) | \$48 |
| Bay View Sewerage Connection Rate (UAC) | \$921 |
| Off Street Car Parking Rate (cents per \$ LV) | |
| Diff 2.1.1 | 0.1463 |
| Diff 2.1.2 | 0.0731 |
| Diff 2.3.2, 2.4.3, 2.4.4, 2.4.5, 2.5.2 | 0.1103 |
| Suburban Beautification Rate - Ahuriri (cents per \$ LV) | 0.3428 |
| Suburban Beautification Rate - Onekawa (cents per \$ LV) | 0.6914 |
| Promotion Rate - CBD (cents per \$ LV) | 0.1844 |
| Promotion Rate - Taradale (cents per \$ LV) | 0.1166 |
| Water By Meter Charges | |
| Non-Domestic Supplies (\$/m ³) | 0.323 |
| Metered domestic supplies outside Napier Water Supply Area (\$/m ³) | 0.60 |

Note: For Council properties under differential codes 3.3.8 and 3.3.7, a nil rate will apply.

The above rates and charges are provisional only and are subject to Council setting and assessing its rates during July 2007.

FUNDING IMPACT STATEMENT ...

Other Rating Issues

1 Instalment Rating

Rates for 2007/08 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 22 August 2007
- Second Instalment due 21 November 2007
- Third Instalment due 20 February 2008
- Fourth Instalment due 21 May 2008

2 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 2 full working days after the due date for payment. Previous years rates which remain unpaid will have a further 10 per cent added 2 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. Many of the fees and charges are set to achieve levels of recovery of private benefits as indicated in the Revenue & Financing Policy, contained in Volume 2 of the 2006 - 2016 Long Term Council Community Plan (LTCCP)

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.

ACTIVITY GROUPS

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Democracy and Governance</p> <p>Democracy and Governance</p> |  | <p>Social and Cultural</p> <ul style="list-style-type: none"> Libraries War Memorial Centre Municipal Theatre Cultural Services Community Development Safer Community Safety Watch Halls Retirement and Rental Housing Cemeteries Public Toilets Emergency Management |  |
|  | <p>Recreation</p> <ul style="list-style-type: none"> Sportsgrounds Napier Aquatic Centre Marine Parade Pools Reserves Inner Harbour |  | <p>City Promotion</p> <ul style="list-style-type: none"> City and Business Promotion City Promotion Grants Marineland of NZ National Aquarium of NZ Napier i-SITE Visitor Centre Par 2 MiniGolf Kennedy Park |
| <p>Planning and Regulatory</p> <ul style="list-style-type: none"> City Development Planning Regulatory Consents Building Consents Environmental Health Animal Control Parking |  | <p>Water and Wastes</p> <ul style="list-style-type: none"> Solid Waste Transfer Station Stormwater Wastewater Water Supply |  |
|  | <p>Roading</p> <p>Roading</p> |  | <p>Property Assets</p> <ul style="list-style-type: none"> Lagoon Farm Lagoon Farm Residential Development Property Holdings |

DEMOCRACY AND GOVERNANCE

Performance Targets

Democracy and Governance

- Number of Council Meetings Cycles
- Percentage of residents satisfied with the Sufficiency of Public Information in the NRB Public Opinion Survey
- Carry out all processes for Council Elections

2007/08 Targets

7 cycles
(election year)

65%

There is no specific target required for 2007/08 for this measure

Financial Summary

| Expenditure by Activity (\$'000) | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|----------------------------------|---------------|----------|----------|------------------|---------------------|----------|----------|------------------|
| | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| Democracy and Governance | 1,855 | - | - | 1,855 | 1,919 | - | - | 1,919 |
| | 1,855 | - | - | 1,855 | 1,919 | - | - | 1,919 |
| Funded By | | | | | | | | |
| Non Targeted Rates | | | | | 1,855 | | | 1,919 |

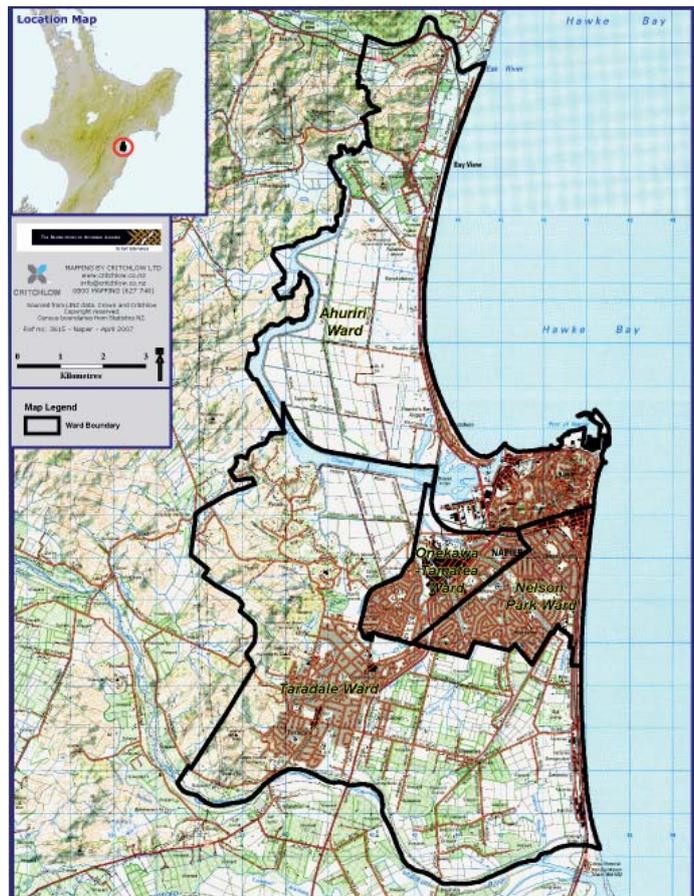
Changes to the Election Process

The Local Government Commission made their representation Determination public on 10th April 2007.

Significant changes to Napier City's electoral arrangement will take effect at the next election on the 13th October 2007.

- Napier City will be divided into four wards – Ahuriri, Onekawa-Tamatea, Nelson Park, Taradale.
- The Council will comprise the Mayor and 12 Councillors elected as follows:

- One Councillor elected by the Ahuriri Ward
- One Councillor elected by the Onekawa-Tamatea Ward
- Two Councillors elected by the Nelson Park Ward
- Two Councillors elected by the Taradale Ward
- Six Councillors elected by the city as a whole.



RECREATION

Performance Targets

Sportsgrounds

| | 2007/08 Targets |
|------------------------------------------------------------------------------------|-----------------|
| • Residents satisfied with 'Sportsgrounds/fields' in the NRB Public Opinion Survey | 90% |
| • Sportsground area per 1,000 residents | 3.129 Ha |
| • International Events | 4 |
| • National/Inter-regional Events | 75 |

Napier Aquatic Centre

| | |
|----------------------------------------------------------|---------|
| • Users per Year | 230,000 |
| • Percentage of Facilities 'Poolsafe' | 100% |
| • Customer Satisfaction in the NRB Public Opinion Survey | 80% |
| • Programmes Operating Per Year | 6 |
| • Adherence rate to Water Quality Meeting NZ Standards | 85% |
| • Number of LTS Users per Year | 25,000 |

Reserves

| | |
|----------------------------------------------------------------------------------------------|------------------|
| • Residents Satisfied with 'Public Gardens and Street Beds' in the NRB Public Opinion Survey | 90% |
| • Number of annuals propagated and planted throughout the city | 180,000 |
| • Area of Recreational Land Per Residential Lot | 75m ² |

Inner Harbour

| | |
|--------------------------------------------------------------------------------------------------------------|---------|
| • Percentage of vessels berthed that are Commercial | 30% |
| • Time between Dredges of the Inner Harbour (Dredging due to be undertaken during the 2007 calendar year) | 3 years |
| • Number of Permanent Berths | 95 |

Financial Summary

| Expenditure by Activity (\$000) | Notes | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|------------------------------------|-------|---------------|--------------|--------------|---------------------|---------------------|--------------|--------------|---------------------|
| | | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| Sportsgrounds | 1 | 2,840 | 2,932 | 302 | 5,470 | 2,936 | 3,746 | 305 | 6,377 |
| Napier Aquatic Centre | | 1,824 | 35 | 704 | 1,155 | 1,795 | 38 | 683 | 1,151 |
| Marine Parade Pools | | 187 | - | 51 | 136 | 190 | - | 50 | 140 |
| Reserves | 2 | 3,104 | 3,945 | 90 | 6,959 | 2,990 | 1,979 | 90 | 4,879 |
| Inner Harbour | | 384 | - | 147 | 237 | 378 | - | 157 | 220 |
| | | 8,338 | 6,912 | 1,294 | 13,956 | 8,288 | 5,763 | 1,285 | 12,766 |
| Funded By | | | | | | | | | |
| Non Targeted Rates | | | | | 5,905 | | | | 5,849 |
| Loans | | | | | 3,200 | | | | 1,414 |
| Special Funds | | | | | 4,231 | | | | 4,802 |
| Depreciation (non funded) | | | | | 370 | | | | 427 |
| Vested Assets | | | | | 250 | | | | 274 |

Variations between the LTCCP and the Prospective Plan:

1. Construction Price Index increase added to McLean Park Redevelopment project.
2. Westshore Beach reprofiling re-scheduled to 2008/09 financial year in the Capital Plan.

SOCIAL AND CULTURAL

Performance Targets

Libraries

| | 2007/08 Targets |
|----------------------------------------------|-----------------------------------------------|
| • Number of issues of Specialist Collections | 1,500 |
| • Number of Users (Door and Virtual) | 500,000 (door and web) 420,000 (door only) |
| • Bookstock Refreshment Rate | 250 |
| • Number of Items issued | 740,000 |
| • Number of members | 33,000 |
| • Users of Community Information Database | 160 |
| • Books on Wheels users | 100 |
| • Number of children's programmes | 150 |

Note: The measure "Number of users of Indexes" included in the LTCCP is not included in the 2007/08 Annual Plan as this statistic is not able to be measured accurately with the current systems.

War Memorial Centre

| | |
|------------------------------------------|---------------------------------------------------------------------------------------|
| • Days Eternal Flame Memorial maintained | 365 |
| • Usage Rate | 252 days |
| • Customer Satisfaction | 90% |
| • Number of "Full Service" Conferences | Numbers for year: Total Delegates 2,700 Conferences 18 Average delegates 150 |

Municipal Theatre

| | |
|-----------------------------------------------------------------------|------------|
| • Number of Performance Days | 154 |
| • Reviews of Building Maintenance & Standard of Art Deco Presentation | 1 per year |
| • Number of 'Other' Hire Days | 60 |
| • Number of Tickets sold | 56,000 |

Note: The trend of more tickets being sold over the internet, quality of touring shows available in the regions and regional competition has seen ticketing levels drop. The 2007/08 target reduced from 74,000 shown in the LTCCP reflects this situation.

Community Development

| | |
|---------------------------------------------------------------------------------------------------------------|------|
| • Community Services Grants Allocated By the Designated Process and Time Frame | 100% |
| • Community Services Property Grants Allocated By the Designated Process and Time Frame | 100% |
| • Percent of Community Development Funding Distributed to Support Community Development Initiatives Each Year | 100% |
| • Percent of Service Agreements and Purchase Contracts Meeting Reporting Requirements | 90% |
| • Number of Napier Community Network Meetings Coordinated Each Year | 4 |
| • Number of Community Organisations receiving information by way of mail-out and E-mail four times per year | 100 |

Youth Development

| | |
|-------------------------------------------------------------------------------|----|
| • Number of Youth Forums Coordinated Per Year | 6 |
| • Number of Scholarships Awarded For the Youth Development Fund | 10 |
| • Number of Youth Service Providers Receiving Information Mail-outs Quarterly | 25 |
| • Number of Alcohol and Drug Free Events and Activities | 6 |

Safer Community

| | |
|------------------------------|---|
| • Crime Reduction Strategies | 3 |
|------------------------------|---|

SOCIAL AND CULTURAL ...

Safety Watch

- Nights Safety Watch Patrol Inner City Per Year 260

Note: The measures "Total Incidents Recorded" and " Total Recorded Crime in CBD" included in the LTCCP are not included in the 2007/08 Annual Plan as they do not reflect the actual performance of the Safety Watch Patrol. They are primarily influenced by variables beyond the control of Council.

Halls

2007/08 Targets

- Total Proportion of Users That Are Community and Rehabilitation Hires 75%
- Total Hours Hired in Greenmeadows East, Memorial Square & Library Seminar Room
 - Greenmeadows 1,250
 - Memorial Square 1,600
 - Library Seminar 700
- Customer Satisfaction Rate 80%

Retirement and Rental Housing

- Number of flats inspected 100%
- Occupancy Rate - Rental Flats 96.7%
- Occupancy Rate - Retirement Flats 96.7%
- Maximum Rent Arrears - Rental Flats 0.16% of rentals
- Maximum Rent Arrears - Retirement Flats 0.16% of rentals

Cemeteries

- Number of burials and ash interments

Public Toilets

- Public satisfaction rate in the NRB Public Opinion Survey 80%
- Daily inspections and cleaning of all Toilets 100%

Emergency Management

- Radio Communications operative during weekly checks 95%
- Emergency Operations Centre training activities (Includes Volunteers) 30
- Number of Civil Defence Centres 9
- Number of Civil Defence Community Networks (volunteers) 45
- Percentage of residents satisfied with Civil Defence Activity in the NRB Public Opinion Survey 58%
- National Warnings responded to within 30 minutes 95%

Financial Summary

| Expenditure by Activity (\$000) | Notes | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|------------------------------------|-------|---------------|--------------|--------------|---------------------|---------------------|--------------|--------------|---------------------|
| | | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| Library Services | 1 | 2,917 | 1,314 | 205 | 4,026 | 2,812 | 1,502 | 214 | 4,100 |
| War Memorial Centre | | 1,440 | 15 | 1,199 | 255 | 1,411 | 16 | 1,176 | 251 |
| Municipal Theatre | 2 | 899 | 24 | 482 | 441 | 850 | 25 | 364 | 511 |
| Cultural Services | | 752 | - | - | 752 | 781 | - | - | 781 |
| Community Development | 3 | 810 | - | 50 | 760 | 1,064 | - | 243 | 821 |
| Safer Community | | 165 | - | 55 | 110 | 158 | - | 53 | 105 |
| Safety Watch | | 349 | - | - | 349 | 337 | - | - | 337 |
| Halls | | 278 | - | 32 | 246 | 240 | - | 32 | 208 |
| Retirement and Rental Housing | | 1,606 | 100 | 1,730 | (24) | 1,682 | 100 | 1,720 | 61 |
| Cemeteries | | 460 | 43 | 194 | 309 | 487 | 47 | 197 | 338 |
| Public Toilets | 4 | 556 | 111 | 12 | 655 | 620 | 90 | 13 | 697 |
| Civil Defence | | 284 | - | 12 | 271 | 302 | - | 11 | 291 |
| | | 10,515 | 1,607 | 3,972 | 8,150 | 10,745 | 1,780 | 4,024 | 8,501 |
| Funded By | | | | | | | | | |
| Non Targeted Rates | | | | | 6,062 | | | | 6,245 |
| Loans | | | | | 775 | | | | 939 |
| Special Funds | | | | | 908 | | | | 921 |
| Depreciation (non funded) | | | | | 406 | | | | 397 |

Variations between the LTCCP and the Prospective Plan:

1. Expected cost increases in building upgrade project due to Construction Price Index increase above CPI on total project.
2. Prospective expenditure and prospective revenue re-forecast based on current operating environment and expected results for 2006/07.
3. Increased prospective expenditure and prospective revenue associated with the Community House and Settlement Support. These services were not included in the LTCCP.
4. Prospective expenditure increase of \$50,900 to reflect costs of current level of vandalism.

Performance Targets

City and Business Promotion

2007/08 Targets

- Number of Economic Monitoring Reports produced 4
- 'Be Your Own Boss' clients served 100
- Public Satisfaction rating in the NRB Public Opinion Survey 70% excluding "don't know"

Marineland of NZ

- Attendances 46,550

Note: The death of Shona the Dolphin has resulted in lower attendance levels. The 2007/08 target has been reduced from 66,200 shown in the LTCCP to reflect this change.

- Range of visitor experience options 7
- Number of educational programme attendees 4,400
- Number of rehabilitated animals and birds 30
- Work experience and skill enhancement volunteers 25

National Aquarium of NZ

- Number of schools 50
- Number of school children 7,322
- Number of environmental exhibitions 2
- Number of environmental projects 2
- Number of visitors 113,147
- Number of function attendees 1,620
- Number of sleepover attendees 860
- Number of major cultural exhibits 1
- Number of Friends of the Aquarium 850

Napier i-Site

- Visitor numbers through Centre 350,000

Note: Projected growth in visitor numbers through the centre has not materialized in this past year. The 2007/08 target has been reduced from 415,000 shown in the LTCCP to reflect lower visitor counts.

- New and renewal paid operator displays 120
- Number of information packs distributed 1,200

Note: The number of information packs target has been reduced from 1,600 shown in the LTCCP to reflect the greater levels of information now available on line and able to be printed by consumers on demand at home.

Par 2 Mini Golf

- Admission numbers 50,280
- Customer satisfaction ratings 80%

Kennedy Park

- Overall Room Nights Booked 36,141
- Room nights booked for sport groups 1,527
- Percentage of users who have young children in family groups 21%

Note: The target has been revised from 61% shown in the LTCCP as new computer software has enabled more accurate recording of families with young children staying at the Park. Previously it was total children numbers as a percentage of total guests.

Financial Summary

| Expenditure by Activity (\$000) | Note | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|------------------------------------|------|---------------|------------|--------------|---------------------|---------------------|------------|--------------|---------------------|
| | | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| City and Business Promotion | | 440 | - | 37 | 403 | 513 | - | 36 | 477 |
| City Promotion Grants | | 864 | - | - | 864 | 769 | - | - | 769 |
| Marineland of NZ | 1 | 810 | 5 | 623 | 191 | 799 | 6 | 429 | 376 |
| National Aquarium of NZ | | 1,975 | 39 | 1,449 | 564 | 2,081 | 43 | 1,438 | 686 |
| Napier i-SITE Visitor Centre | | 891 | 10 | 619 | 282 | 915 | 11 | 627 | 300 |
| Par 2 MiniGolf | | 275 | 5 | 323 | (43) | 287 | 6 | 327 | (35) |
| Kennedy Park | | 2,294 | 165 | 2,784 | (325) | 2,256 | 181 | 2,715 | (278) |
| | | 7,550 | 224 | 5,836 | 1,937 | 7,620 | 247 | 5,572 | 2,295 |
| Funded By | | | | | | | | | |
| Non Targeted Rates | | | | | 923 | | | | 1,259 |
| Special Funds | | | | | 381 | | | | 399 |
| Depreciation (non funded) | | | | | 634 | | | | 636 |

Variations between the LTCCP and the Prospective Plan:

1. Prospective revenue re-forecast based on 2006/07 estimated outcome. Reflects admission sales reductions since the loss of dolphin Shona.

PLANNING AND REGULATORY

Performance Targets

City Development Planning

| | 2007/08 Targets |
|------------------------------------------------------------------------------------------------------------------------------|---------------------|
| • Review Council's Strategic Policy Documents | report as required |
| • Process any District Plan modifications within legislative requirements | 100% within 2 years |
| • Residents Satisfaction rating in the NRB Public Opinion Survey | 60% |
| • Report any additions to heritage inventory of heritage studies completed | report as required |
| • Report on consultation for District Plan modifications - who was consulted and on what issues prior to formal notification | report as required |
| • Positive Outcomes in the state of the Environment report for Napier City | report as required |
| • Consistency with other regional/territorial plans | report as required |

Note: The measure "Reduce the number of resource consent applications" included in the LTCCP is not included in the 2007/08 Annual Plan as it does not reflect the actual performance of Council. The number of consents is primarily influenced by variables beyond the control of Council.

Regulatory Consents

| | |
|----------------------------------------------------------------------------------------|------|
| • Percentage of Non-notified and Subdivision Consents processed within 20 working days | 100% |
| • Percentage of Notified Consents processed within 70 working days | 100% |
| • Percentage of Land Information Memoranda processed within 10 working days | 100% |
| • Residents Satisfaction rating in the Planning Customer Satisfaction Survey | 60% |

Building Consents

| | |
|--------------------------------------------------------------------|------|
| • Percentage of Building Consents processed within 20 working days | 100% |
| • Number of Building WOFs audited | 20% |

Note: The measure "Percentage of Building Consents processed within 10 working days" included in the LTCCP is not included in the 2007/08 Annual Plan as it is no longer applicable.

Environmental Health Services

| | |
|------------------------------------------------------------------------------|------|
| • Food and Non-Food Premises inspected | 100% |
| • Water samples taken (national standard 100%) | 165% |
| • Residents Satisfaction with Noise Control in the NRB Public Opinion Survey | 75% |

Animal Control

| | |
|----------------------------------------------------------------------------|-------|
| • Number of registered dogs | 6,090 |
| • Complaints actioned within 5 working days | 100% |
| • Residents Satisfaction with Dog Control in the NRB Public Opinion Survey | 60% |

Parking Services

| | |
|------------------------------------------------------------------------------------------|-----|
| • Occupancy of CBD Off street parking areas | 85% |
| • Occupancy of Taradale Off street parking areas | 85% |
| • Occupancy of CBD On street parking areas | 85% |
| • Occupancy of Taradale On street parking areas | 85% |
| • Residents Satisfaction with Parking in the Inner City in the NRB Public Opinion Survey | 60% |
| • Residents Satisfaction with Parking in the Suburbs in the NRB Public Opinion Survey | 75% |

PLANNING AND REGULATORY ...

Financial Summary

| Expenditure by Activity (\$000) | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|------------------------------------|---------------|------------|--------------|---------------------|---------------------|------------|--------------|---------------------|
| | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| City Development Planning | 575 | - | 5 | 569 | 597 | - | 5 | 592 |
| Regulatory Consents | 837 | - | 297 | 541 | 859 | - | 303 | 556 |
| Building Consents | 1,008 | - | 685 | 322 | 1,081 | - | 731 | 349 |
| Environmental Health | 488 | - | 189 | 299 | 466 | - | 179 | 287 |
| Animal Control | 523 | - | 358 | 165 | 543 | - | 385 | 158 |
| Parking | 1,202 | 620 | 2,282 | (460) | 1,201 | 620 | 2,100 | (279) |
| | 4,633 | 620 | 3,816 | 1,437 | 4,747 | 620 | 3,703 | 1,663 |
| Funded By | | | | | | | | |
| Non Targeted Rates | | | | 1,871 | | | | 1,946 |
| Special Funds | | | | (434) | | | | (434) |
| Depreciation (non funded) | | | | - | | | | 152 |

ROADING

Performance Targets

Roading

| | 2007/08 Targets |
|----------------------------------------------------------------------------|-----------------|
| • Residents Satisfaction with 'Footpaths' in the NRB Public Opinion Survey | 75% |
| • Residents Satisfaction with 'Roads' in the NRB Public Opinion Survey | 85% |
| • Number of Injury Crashes in Napier City | 140 |
| • Average Roughness of Sealed Urban Roads | 100 |
| • Maximum deferred capital works | \$42 million |

Financial Summary

| Expenditure by Activity (\$000) | Note | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|------------------------------------|------|---------------|---------------|--------------|---------------------|---------------------|---------------|--------------|---------------------|
| | | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| Roading | 1 | 12,871 | 10,187 | 3,078 | 19,979 | 13,288 | 11,020 | 3,366 | 20,942 |
| | | 12,871 | 10,187 | 3,078 | 19,979 | 13,288 | 11,020 | 3,366 | 20,942 |
| Funded By | | | | | | | | | |
| Non Targeted Rates | | | | | 8,551 | | | | 8,668 |
| Loans | | | | | 1,401 | | | | 1,402 |
| Special Funds | | | | | 5,356 | | | | 5,775 |
| Depreciation (non funded) | | | | | 1,318 | | | | 1,426 |
| Vested Assets | | | | | 3,353 | | | | 3,672 |

Variations between the LTCCP and the Prospective Plan:

1. Increased prospective Rooding operating costs partially offset by increased prospective Rooding subsidies.

WATER AND WASTES

Performance Targets

| | 2007/08 Targets |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Solid Waste | |
| • Total waste to landfill | 30,000 tonnes |
| • Waste to landfill per capita | 523 kg |
| • Refuse diversion rate | 17 % |
| • Compliance with requirements of resource consents | 100 % |
| • Number of recycling stations | 2 |
| Stormwater | |
| • Residents Satisfaction with 'Stormwater' in the NRB Public Opinion Survey | 85% |
| • Compliance with requirements of resource consents | 100% |
| • Pumping capacity available | 95% |
| Wastewater | |
| • Percentage of urban main residential and rural settlement population served by reticulated system | Reticulated system - 93.3% Main Res and Rural - 96.9% |
| • Residents Satisfaction with 'Wastewater' in the NRB Public Opinion Survey | 75% |
| • Compliance with requirements of resource consents | 100% |
| Water Supply | |
| • Residents Satisfaction with 'Water Supply' in the NRB Public Opinion Survey | 90% |
| • Compliance with Resource Consent requirements | 100% |
| • Compliance with Drinking Water standards | 100% |
| • Percentage Distribution Mains Cleaned | 20% |

Financial Summary

| Expenditure by Activity (\$000) | Notes | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|------------------------------------|-------|---------------|---------------|--------------|---------------------|---------------------|---------------|--------------|---------------------|
| | | Operating | Capital | Income | Funding Required | Operating | Capital | Income | Funding Required |
| Solid Waste | 1 | 3,677 | 1,596 | 1,864 | 3,410 | 3,583 | 1,748 | 1,540 | 3,792 |
| Stormwater | 2 | 2,674 | 3,712 | 7 | 6,379 | 2,859 | 4,572 | 7 | 7,425 |
| Wastewater | 3 | 8,467 | 5,811 | 569 | 13,710 | 5,808 | 5,663 | 442 | 11,029 |
| Water Supply | | 3,324 | 854 | 435 | 3,743 | 3,371 | 935 | 434 | 3,873 |
| | | 18,143 | 11,973 | 2,873 | 27,243 | 15,622 | 12,918 | 2,422 | 26,118 |
| Funded By | | | | | | | | | |
| Non Targeted Rates | | | | | 3,036 | | | | 3,227 |
| Targeted Rates | | | | | 12,054 | | | | 9,523 |
| Loans | | | | | 4,147 | | | | 4,541 |
| Special Funds | | | | | 6,853 | | | | 7,371 |
| Depreciation (non funded) | | | | | - | | | | 195 |
| Vested Assets | | | | | 1,152 | | | | 1,261 |

Variations between the LTCCP and the Prospective Plan:

1. Decreased prospective revenue due to lower trade waste cost recoveries and increased Capital Expenditure requirement Omarunui Landfill Joint Venture.
2. Increased prospective capital expenditure reflects Construction Price Index cost increases above CPI index cost inflation.
3. Reduced prospective operating expenses, depreciation and interest costs as a result of the deferral of Advanced Wastewater Treatment project also outlined in the explanatory notes of changes between the 2007/08 LTCCP and the 2007/08 Annual Plan. (Note: The majority of capital expenditure for this project was approved in years prior to 2007/08 Annual Plan.)

PROPERTY ASSETS

Performance Targets

Parklands Residential Development

- Number of new lots created

2007/08 Targets

90

Property Holdings

- Leases renewed within the statutory time frame as specified in the individual registered lease documents
- Occupancy rate of Council owned commercial buildings subject to availability of lettable space and market demand and conditions
- Buildings maintained to a satisfactory level and complying with the Building Act and Health and Safety Act
- Freeholding of leasehold properties facilitated in accordance with Council's freeholding policy

2007/08 Targets

100%

100%

100%

100%

Financial Summary

| Expenditure by Activity (\$000) | Note | LTCCP 2007/08 | | | | Prospective 2007/08 | | | |
|----------------------------------------|------|---------------|--------------|---------------|---------------------|---------------------|--------------|---------------------|----------------|
| | | Operating | Capital | Income | Funding Required | Capital | Income | Funding Required | |
| Lagoon Farm | | 395 | - | 341 | 54 | 443 | - | 368 | 75 |
| Lagoon Farm Residential Development | 1 | 7,482 | 5,000 | 9,467 | 3,015 | 7,853 | - | 10,150 | (2,297) |
| Property Holdings | | 673 | 1,100 | 1,934 | (161) | 708 | 1,100 | 1,902 | (94) |
| | | 8,550 | 6,100 | 11,742 | 2,908 | 9,004 | 1,100 | 12,420 | (2,315) |
| Funded By | | | | | | | | | |
| Non Targeted Rates | | | | | (546) | | | | (770) |
| Loans | | | | | 1,000 | | | | 1,000 |
| Special Funds | | | | | 2,296 | | | | (2,653) |
| Depreciation (non funded) | | | | | 158 | | | | 108 |

Variations between the LTCCP and the Prospective Plan:

1. Development costs of land intended for resale re-classified as Inventory rather than capital expenditure.

GLOSSARY OF TERMS

Activities and Activity Groups

The main elements of the Council's services offered to the Napier community are divided into Activities. These Activities are described in detail in the Activity Groups section of the Plan including the performance measures and targets and the financial budgets for 2007/08.

Allocation of Overheads

The Council's support units provide "internal" or "support" services to the service delivery business units. The costs of these internal services are allocated across the other business units either as "overheads" based on the support each output receives or recharged directly on a usage basis. This ensures that the true cost of providing specific services to the public is reflected in all budget figures.

Carrying Amount

The net amount at which an asset or liability is recognised in the balance sheet.

Community Outcomes

These are goals determined by the community that it believes are important for its present and future economic, social, cultural and environmental well-being.

Derecognition

When an asset value is no longer recorded in the balance sheet it has been derecognized e.g. when an asset is sold it is no longer recorded on the balance sheet as from the date of the sale.

Derivative

A financial instrument that has the effect of transferring between two or more parties to the instrument one or more risks inherent in an underlying asset. The value of the derivative is determined by fluctuations in the underlying asset. The most common underlying assets include currencies, interest rates, shares, bonds, commodities and market indexes.

Financial Contributions

The share of the cost of new developments and subdivisions met by developers.

Impairment

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructural Assets

Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components. These include roads, water, sewerage and stormwater systems.

Infrastructural Asset Renewal

A statutory requirement to provide for maintenance of infrastructural assets in serviceable condition in perpetuity. The amount required is calculated from asset management plans, and "smoothed" to provide a relatively even flow of funds from year to year.

Levels of Service

A measure of the quality and quantity of services delivered. They are determined by customer expectations, legislative requirements and affordability.

Non Targeted Rate

Rates other than targeted rates. These are general rates and Uniform Annual General Charges. These fund a wide range of activities that are considered to be of general benefit to the community.

NRB Customer Satisfaction Survey (Communitrak™)

A wide ranging customer satisfaction survey prepared for the Napier City Council by the National Research Bureau Ltd. The survey is of public perceptions and interpretations of Council services and representation with comparisons to National and Peer Group averages.

Prospective Financial Statements

Refers to future-oriented financial statements.

Targeted Rate

A rate set under section 16 or 19 of the Local Government (Rating) Act 2002 to fund a specific function or service provided. It may be charged as a fixed dollar amount per rating unit, a fixed charge per factor, such as property value, or a differential charge per factor.