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# Napier City Council Annual Plan 2008/09



Adopted 23 June 2008



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

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## Explaining the Plan

This Annual Plan has been 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 2008/09
- variations from the financial statements and funding impact statement included in the LTCCP related to 2008/09
- performance targets for Council Activities for 2008/09

This Annual Plan must be read in conjunction with the 2006/07 to 2015/16 LTCCP which is available from Council and the Council Website [www.napier.govt.nz](http://www.napier.govt.nz).

## Consultation Process

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

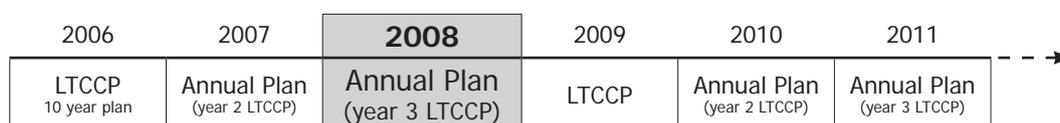
- Draft Annual Plan adopted Wednesday 9 April 2008, available to public Monday 14 April 2008
- Draft Annual Plan Summary published as a special edition of "Proudly Napier" and distributed to households as an insert in the Napier Mail on Wednesday 23 April 2008
- An invitation was extended to any groups of citizens or individual citizens if they wished to meet with the members of Council to discuss issues contained in the Draft Annual Plan.
- Submissions closed **NOON FRIDAY 23 MAY 2008**
- The LTCCP and Annual Plan Committee heard and considered submissions on Thursday 5th and Friday 6th June 2008.
- Annual Plan adopted Monday 23 June 2008

The proposed amendment to the 2006/07 to 2015/16 LTCCP has been withdrawn. The separate consultation carried out for the application of the extension to the CBD promotion levy showed there was insufficient support for this change. The increase in the levy of \$30,000 has been removed from the financial statements.

The consultation process for the Draft Annual Plan did not result in any financial changes to the Draft Annual Plan. Council will grant \$20,000 to Napier Community Patrol funded from the 2007/08 Out-turn Surplus. The funding was originally allocated for the Maraenui Night Patrol.

## Planning Process

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



## Mayor and Chief Executive's Message

Planning for Napier's future is crucial. You need to have the assurance that open green space will match our continuing residential and commercial growth, that the level of service the Council delivers is what you expect and that the facilities and amenities in the city are the right ones for our residents and visitors, and that we have enough of them. Sound infrastructure (water, sewerage, roads etc) has always been a priority with Napier residents and we continue to fund these works to a high level.

Napier is in good shape. This is matched by excellent financial results. We are in year 3 of our Plan. I am delighted that we are following without major change, the robust 10 Year Plan that our community worked on with commitment. No surprises this year, but we will revise our long term plan in 2009. This means in addition to the street and neighbourhood meetings and our focused consultation for projects, we will be looking for your input into the next 10 years of the city's life. Look out for information about the ways you can do this later this year.

Some items of note this year are:

- New Bay View footpath – asked for by the community
- Treasures in the collection at the HB Museum and Art Gallery - additional funding for maintenance & security
- World Heritage Site – the Council will be leading the process to advance this major initiative
- Westshore Beach Profiling & Groyne – long awaited construction to contain the erosion & produce a better beach profile
- Rates increase of 4.54% (lower than expected by 3.25%) – because the Council stepped back from the first Wastewater Treatment concept & moved to a second plan which will give the best results for the city.

The submissions received on this plan resulted in changes which are included here but did not have a financial impact for ratepayers. We appreciate that our community is mindful that additional services can only be achieved by increasing rates or cutting other services. The Council is confident that we can provide excellent value for money.

Thanks to the Councillors for their good decisions and teamwork. Thanks to our dedicated staff. Their hard work in all fields, means we have a city we are proud to call home. And thanks to you all, you who with your vitality and positivity, make Napier a wonderful city to be part of.

We look forward to the year and seeing, talking with or hearing from as many of you as possible.



Barbara Arnott  
**MAYOR**



Neil Taylor  
**CHIEF EXECUTIVE**

## Mayor



Barbara Arnott

## Councillors



Maxine Boag



John Cocking



Bill Dalton



Kathie Furlong



Mark Herbert



Tony Jeffery JP



Harry Lawson



Rob Lutter



Dave Pipe



Keith Price



Faye White



Tania Wright

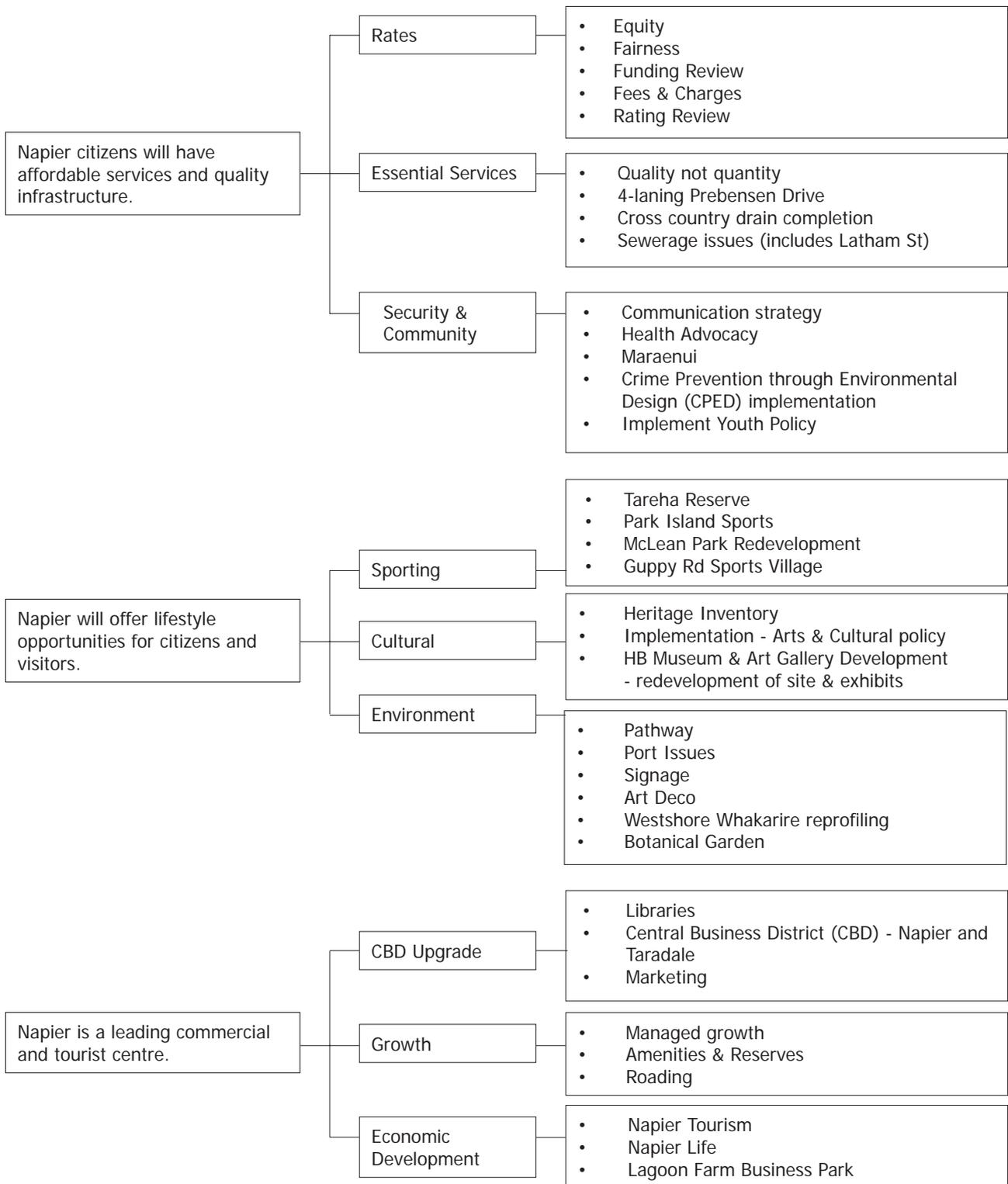
### MISSION STATEMENT

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 satisfying life.

# Strategic Plan

The Strategic Plan has been continually reviewed since 2001, and revised as at 31 January 2008.



## Economic Development and Growth

We will continue our successful Napier Life campaign aimed at attracting business and skilled migrants to Napier and Hawke's Bay. Inner City Marketing has the task of attracting people to the CBD, and the Council supports its work and adds to the levy businesses pay.

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.

The number of apartments constructed in the last financial year combined with robust growth in residential and commercial properties contributed to 1.2% lower rate increase across Napier than that signalled in the 2007/08 Annual Plan.

Resource consent has been granted for Te Awa Estates Residential Development in the South East of the City. Napier City Council has developed a structure plan for this large development area. The plan is currently in the consultation process. 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.

The development of part of Lagoon Farm into a business park, including a feasibility study and 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 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. In this financial year the upgrading of upper Dickens Street will be completed. 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. Consultation on this is almost completed and will lead to changes in the District Plan and an improvement in the aesthetics of the CBD. The City has a new expanded carpark on the old Hawke's Bay Regional Council site and the Dickens South carpark has been enlarged. There has been a net gain in carparking over the last two years. Car parking in the inner city continues to improve 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. You will see more trees, more facilities such as seating, lighting and amenity in the CBD.

The Taradale Redevelopment project will continue the consultation process when several concepts are presented to the public in the 2008 year. The Gloucester Street/Lee Road walkway has been enlarged and redeveloped with quality materials and a major art work. This is an example of what the whole project might look like. The Council has 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 is taking a new look at wastewater treatment. Investigations are underway into new information and technology that Hastings District Council will use to implement its 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. Working drawings will be completed in this financial year and fundraising started for the HB Museum and Art Gallery which has been costed at \$15 million plus inflation.

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. Work commences this year and the Council has additional funds of \$53,100 allocated to libraries for this year.

World Heritage Site – Napier's Art Deco Quarter is on a tentative list of 10 sites designated within New Zealand for potential World Heritage Status. The Council will be leading the process to advance this and this year consultation will take place with stakeholders and the city.

### **Sporting**

McLean Park, as the regional outdoor stadium, is undergoing major redevelopment in two stages due to the rising expectation of facilities and user 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 nearly completed with a grant from the Government of \$2.9 million giving the city a huge boost. Resource Consent has been granted.

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. The outdoor pool has been closed indefinitely and disposal of the asset (investigation has shown that a 50 metre pool is not the optimum facility for Hawke's Bay) to create a passive reserve area for pool users will occur in this year.

### **Security and Community**

The Napier community rates safety, alcohol control and security as important, and services to support this are delivered throughout the city. 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 Community House is now almost in full use and we are working to make this asset sustainable into the future. 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. Meetings and advocacy on behalf of the Napier community will continue until our community has confidence in the ability to access needed services.

### **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.

Cycleways throughout the City are constructed where appropriate and when possible.

The Meeanee Overbridge is now almost complete. 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 the city.

## Prospective Rates Increase for 2008/09

The Annual Plan for 2008/09 provides for a total rate increase of 4.54% over the level of the 2007/08 Annual Plan. The table below details the increase.

	(\$000)	
Inflation adjustment to Capital Plan, Ongoing Operating and Loan Servicing Costs associated with Capital Plan	487.8	1.24%
Loan Servicing Costs on Existing Debt	217.7	0.56%
Other Inflation and net changes	1,076.6	2.74%
Total net additional funding required from rates	1,782.1	4.54%

## Financial Performance Measures for 2008/09

	Notes	Prospective 08/09 (\$000)	LTCCP 08/09 (\$000)
Rates Revenue		41,145	41,820
Net Surplus	1	16,720	9,749
Working Capital		22,875	16,527
Public Debt	2	24,739	74,150
Total Assets		1,259,649	1,253,426
% rates revenue to total revenue		43.40%	48.82%
Public Debt as a percentage of total assets		1.96%	5.92%
Proportion of rates revenue applied to service debt (%) (inclusive of internal and external loans)		13.63%	14.96%
Rates increase above 2007/08		4.54%	7.79%

### Notes:

[1] Refer notes 1 to 7 on pages 30 and 31

[2] Refer note 12 on page 32

# Financial Information



## Statement of Accounting Policies

The principal accounting policies adopted in the preparation of the 2008/09 Annual Plan financial statements are set out below. The financial statements comprise the financial statements for Napier City Council (the Council) as an individual entity. The main purpose of the prospective financial statements outlined 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.

### 1.1. Reporting Entity

Napier City Council is a New Zealand Council and is governed by the Local Government Act 2002. These prospective financial statements are for the 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 primary objective of the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to NZ IFRS.

### 1.2. 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.

The accounting policies set out below have been applied consistently in the preparation of these prospective financial statements.

There are no standards, interpretations and amendments that have been issued, but are not yet effective, that the Council has not yet applied.

#### *Statutory Base*

The Council is a local authority registered under the Local Government Act 2002. These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with NZ GAAP.

#### *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 2008/09 Annual Plan is based on financial statements for the year ended 30 June 2007 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 2009.

As a forecast the 2008/09 Annual Plan has also been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur associated with the actions the Council reasonably expects to take, as at the date the information was prepared. The significant forecast assumptions are included in pages 23 to 26 of this Annual Plan.

The Annual Plan will be adopted and authorised for issue by the Council after public consultation but before 30 June 2008. As the authorising body the Council is responsible for the 2008/09 Annual Plan presented along with the underlying assumptions and all other required disclosures.

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

### 1.3. Changes in Accounting Policies

The accounting policies adopted for preparation of the 2008/09 Annual Plan comply NZ IFRS and are set out below. There are no changes in accounting policy expected or planned during the Annual Plan period.

#### 1.4. 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.

#### 1.5. 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 equity method of accounting.

Dividends receivable from associates are recognised in the Council's Statement of Financial Performance.

#### 1.6. 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.

#### 1.7. Foreign Currency Translation

##### *Functional and Presentation Currency*

Items included in the financial statements 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. All values are rounded to the nearest thousand dollars (\$000).

##### *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 Statement of Financial Performance, except when deferred in equity as qualifying cash flow hedges.

#### 1.8. 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.
- *Residential developments*  
Sales of sections in residential developments are recognised when contracts for sale are unconditional.
- *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.

- *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. The Council receives the majority of grants and subsidies income from Land Transport New Zealand (LTNZ).

## 1.9. 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.

### 1.10. Goods and Services Tax (GST)

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

### 1.11. 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 Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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

#### *The Council is the Lessor*

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

### 1.12. 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).

### 1.13. Cash and Cash Equivalents

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

### 1.14. 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 150 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 uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms 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 Statement of Financial Performance.

### 1.15. 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.

#### *Inventory held for distribution*

Inventories held for distribution are measured at the lower of cost and current replacement cost. These assets are held for distribution at no charge in the ordinary course of operations.

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

### 1.17. 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 Statement of Financial Position 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 Statement of Financial Position date which are classified as non current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

#### *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 and fair value through equity*

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 Statement of Financial Position date.

Purchases and sales of investments are recognised on trade date – the date on which the Council 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 Council 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 Statement of Financial Performance 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 Statement of Financial Performance. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through the Statement of Financial Performance.

### **1.18. 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 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 Statement of Financial Performance, 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 Statement of Financial Performance.

Amounts accumulated in equity are recycled in the Statement of Financial Performance 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 Statement of Financial Performance. 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 Statement of Financial Performance.

#### ***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 Statement of Financial Performance.

### **1.19. 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 Statement of Financial Position 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.

### **1.20. 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 Statement of Financial Performance 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 Statement of Financial Performance.

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:

<b>Roading</b>	<b>Years</b>
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
<b>Water</b>	
Reticulation	56-107
Reservoirs	100
Pump stations	25-80
<b>Stormwater</b>	
Reticulation	100
Pump stations	15-75
<b>Sewerage</b>	
Reticulation	80
Pump stations	15-80
Milliscreen	10-80
Outfall	80
<b>Others</b>	
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 Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

These are included in the Statement of Financial Performance. 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.

### 1.21. Investment property

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

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

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

Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the Statement of Financial Performance as part of other gains/(losses).

### 1.22. 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.

### 1.23. 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.

### 1.24. 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 Statement of Financial Performance 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 Statement of Financial Position date.

### 1.25. Borrowing costs

Borrowing costs are expensed.

### 1.26. 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.

### 1.27. 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 scheme manager, National Provident Fund, have advised council that is no consistent and reliable basis for allocating the obligation scheme assets and cost of the multiemployer defined benefit scheme to individual participating employers. As a result the scheme is accounted for as a defined contribution plan and contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

#### *Bonus plans*

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

### 1.28. 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.

### 1.29. Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Restricted reserves
- Fair value and hedging reserves
- Asset revaluation reserves

#### ***Restricted and Council created reserves***

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

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

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

### **1.30. Cash Flow Statement**

The following definitions have been used for the preparation of the Statement of Cash Flows:

Cash:	Coins, notes, demand deposits, or highly liquid investments, for which there is a recognised ready market and which are unconditionally convertible to coins and notes at the Council's option within no more than two working days. Council regards these as part of its day to-day cash management.
Operating Activities:	Transactions and other events that are not investing or financial activities.
Investing Activities:	Activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments, such as securities, not falling within the definition of cash.
Financial Activities:	Activities which result in changes in the size and composition of the capital structure of the Council, both equity and debt, not falling within the definition of cash.

### **1.31. Critical accounting estimates and assumptions**

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

#### ***Infrastructural assets***

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

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

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

Experienced independent valuers perform the Council's infrastructural asset revaluations.

***Critical judgements in applying the Council's accounting policies***

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2007:

***Classification of property***

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

# Significant Forecasting Assumptions

## Introduction

Schedule 10 (Sec 11) of the Local Government Act 2002 requires that Council identifies the significant forecasting assumptions and risks underlying the financial estimates. Where there is a high level of uncertainty Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

Council has made a number of assumptions which apply organisation-wide. These assumptions are outlined in this section of the Annual Plan.

Broad basis upon which the financial summaries were prepared:

- Capital costs - based on the CPI inflated ten year capital plan as per 2006 – 2016 LTCCP, with re-profiling of projects to meet demand changes and availability of project resources and with rates and loans funding determined in accordance with Council's policy on Funding of Capital Expenditure in the Revenue and Financing Policy (see assumption 1. below)
- Personnel, operating and maintenance costs
  - The costs for 2008/09 are based either on actual costs and prices at 1 November 2007 or, where known, adjusted for expected cost increases except as outlined in assumption 1. below.

Loan payments have been estimated on current loans and planned new loans, with calculations based on Corporate Assumption No 12.

## Specific Corporate Assumptions

	Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
1.	<b>Inflation</b> Inflation as per Statistics New Zealand at 30 June 2007 has been added to Capital Projects in the capital plan at 2% (CPI), expenditure on contracts subject to NZS 3910 at 5.62% (PPI & LCI), ongoing maintenance costs at 2% (CPI) as an estimate for cost increases expected for the 2008/09 year.	The inflation forecasts could be incorrect, affecting the validity of the plan costs.	Moderate	

## Inflation Forecasts as per LTCCP 2008/09

Roading Activity Group	2.4
Sportsgrounds, Reserves, Cemeteries, Solid Waste Activities, and the Property Assets Activity Group	2.7
Stormwater, Wastewater and Water Supply Activities	4.0
All Other Activities	2.7

These factors exclude any provision for depreciation and loan interest costs.

	Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
2.	<b>Contracts</b> Apart from the general provision for inflation as per assumption 1. no significant variations to the terms or prices of contracts are assumed to apply when contracts are renewed.	Contract terms & prices could differ significantly, although the inclusion of inflation in the Estimates will largely mitigate any unfavourable effects.	Low	
3.	<b>Population Growth</b> The following population levels are assumed: 30 June 2008      57,210 (2001 population figure 55,200)	Actual population growth could differ.	Moderate	

## Significant Forecasting Assumptions

<p>4.</p>	<p><b>Household Growth</b></p> <p>The increase in the number of rateable properties, based on the growth in the number of households using an average of the 2001 Census based Medium &amp; High projection (2006A and 2007A are actual values and 2008E and 2009E are the estimates for those years) :</p> <p>Year to</p> <table border="1"> <thead> <tr> <th>30 June</th> <th>Total Households</th> <th>Infill</th> <th>Greenfield</th> </tr> </thead> <tbody> <tr> <td>2006A</td> <td>23,117</td> <td>67%</td> <td>33%</td> </tr> <tr> <td>2007A</td> <td>23,635</td> <td>52%</td> <td>48%</td> </tr> <tr> <td>2008E</td> <td>23,815</td> <td>40%</td> <td>60%</td> </tr> <tr> <td>2009E</td> <td>23,995</td> <td>40%</td> <td>60%</td> </tr> </tbody> </table> <p>(The 2001 household figure was 22,000.)</p> <p>The accumulating growth in the rating base resulting from the increase in the number of rateable properties has been transferred to the Subdivision and Urban Growth fund, to be used to meet the cost of servicing new loans raised to provide additional infrastructural assets resulting from urban growth, and to meet any shortfall from financial contributions funding prior to 1 December 2006.</p> <p>From the excess requirements accumulating in the Subdivision and Urban Growth Fund, transfers back to Non-targeted Rates have been provided at \$660,000 in 2008/09 Plan.</p>	30 June	Total Households	Infill	Greenfield	2006A	23,117	67%	33%	2007A	23,635	52%	48%	2008E	23,815	40%	60%	2009E	23,995	40%	60%	<p>Actual physical growth could differ, although the financial implications of this are largely mitigated by the way Council funds and accounts for growth.</p>	<p>Moderate</p>	
30 June	Total Households	Infill	Greenfield																					
2006A	23,117	67%	33%																					
2007A	23,635	52%	48%																					
2008E	23,815	40%	60%																					
2009E	23,995	40%	60%																					
<p>5.</p>	<p><b>Useful Life of Significant Assets</b></p> <p>The assumed useful lives are outlined in Accounting Policies of the Plan.</p>	<p>Any significant change in useful life could affect the validity of the Estimates, but the financial implications would not be significant.</p>	<p>Low</p>																					
<p>6.</p>	<p><b>Sources of Funds for Future Replacement of Significant Assets</b></p> <p>It is assumed that significant infrastructural assets will be subject to continual renewal, and funded in the ten year capital plan at the levels reflected in the various Asset Management Plans for infrastructural assets.</p> <p>The source of funding any replacement of other significant assets is determined and disclosed in the ten year capital plan.</p> <p>Refer also to the Funding of Capital Expenditure section of the Revenue &amp; Financing Policy on page 44 of Volume 2 of the LTCCP.</p>	<p>A future Council could change the basis and level of funding, but this should only be done through a future LTCCP or an amendment to the LTCCP, with the implications clearly outlined.</p>	<p>Low</p>																					

## Significant Forecasting Assumptions

7.	<p><b>Asset Sales &amp; Subdivision</b></p> <p>It is assumed there will be no asset sales apart from</p> <ul style="list-style-type: none"> <li>• freeholding 5 residential leasehold properties per annum</li> </ul> <p>All proceeds from asset sales and sale of sections in the Parklands Subdivision will be applied in accordance with Council's policy on the use of proceeds from asset sales. (Refer page 51 of Volume 2 of the LTCCP.)</p>	A higher or lower level of freeholding of leasehold properties	Low	
8.	<p><b>Asset Revaluations</b></p> <p>Asset revaluations will be completed by 30 June 2008. Assumption has been made that infrastructure asset values will increase by 15% and land and building assets by 10.1%.</p>	The forecast revaluation could be incorrect, affecting the validity of the Estimates.	High	Variability in depreciation charge for plan year but no cash or rates impact.
9.	<p><b>Completion of Capital Projects</b></p> <p>Capital projects are assumed to be completed in the year budgeted, except for the following major projects, where expenditure budgeted in previous years will be incurred during the next ten years. Expected project timing is based on the best estimate available:</p> <ul style="list-style-type: none"> <li>• Advanced Sewerage Treatment</li> <li>• Cross Country Drain &amp; Pumping Station</li> <li>• Development of Cultural Trust Building</li> </ul>	Actual experience shows some projects are not completed in the year budgeted.	High	No significant effect as unutilised budgets are carried forward. Interest costs are deferred where projects are funded from loans.
10.	<p><b>Vested Assets</b></p> <p>Assets vested in the Council following subdivision have been included in the forecasts at an average annual expected value over the period of the plan. Calculation of average annual expected value is based on the Napier Urban Growth Strategy and timing of known or proposed developments over the next 2 years.</p>	Subdivisions may not proceed, or costs/timing will differ. Annual value of vested assets may fluctuate significantly between plan years and in total. Impact to both Income Statement and Balance Sheet.	Moderate	
11.	<p><b>Depreciation</b></p> <p>Depreciation rates applying to existing assets are outlined in the Accounting Policies included in this Plan. Depreciation on new major infrastructural assets is calculated on actual expected rates. The depreciation rate for other new capital is 2% for a full year (a net charge of 1.5% has been applied to recognise the reduction in book value of assets written off). Depreciation in the year of purchase is for 6 months. Depreciation is calculated on book values projected at the immediately preceding 30 June, plus new capital.</p>	The inflation forecasts could be incorrect, affecting the validity of the value of assets. Capital projects could take longer to complete than budgeted. To some extent these factors mitigate against each other.	Moderate	

## Significant Forecasting Assumptions

<p><b>12. Loans</b></p>	<p>Actual interest rates for existing loans.          Loan interest at 8.0% on new loans expected to be uplifted in 2008/09 year.          New loans raised in 2008/09 incur a half year interest in the year uplifted.          Actual sinking funds instalments &amp; principal repayments apply for 2008/09 Plan.          Actual interest on loans funded from special funds is allocated direct to the activity to which the loan relates.          Interest on Rental Housing loans allocated to Retirement &amp; Rental Housing Activity.          Interest on Aquarium loans allocated to Aquarium activity.          All other loan interest is allocated as a "capital charge" to activities based on book value of assets. To establish book value the following assumptions apply:</p> <ul style="list-style-type: none"> <li>a) Support units have been excluded.</li> <li>b) Assets funded from finance leases have been excluded.</li> <li>c) Excludes activities funded from non rating sources e.g. Parking, Transfer Station, Farm, Plant &amp; Vehicle, Omarunui, Museum, Settlement Support</li> </ul>	<p>Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. A significant change to interest rates would affect the validity of the Estimates.</p>	<p>High</p>	<p>A 1% increase in interest rates would increase total rate funded interest costs by about \$550,000 pa. The impact of this level of increase in interest costs on rates is 1.3% pa. However, such an increase will not impact in full immediately as the fixed term nature of current loans and the average spread of maturity over several years would effectively reduce the risk exposure in the short term.</p>
<p><b>13. Forecast Return on Investments</b></p>	<p>Interest rate on funds invested assumed at 8% pa.</p>	<p>Changes in market interest rates and average levels of cash on deposit or invested may differ significantly from plan.</p>	<p>Moderate</p>	
<p><b>14. Transfund</b></p>	<p>It is assumed that Transfund requirements, specifications &amp; subsidy levels will not change.</p>	<p>A change in the requirements could affect the validity of the Estimates and/or the level of service delivered. The extent of any change would influence the significance on the Estimates.</p>	<p>Low</p>	
<p><b>15. Levels of Service</b></p>	<p>No significant changes in levels of service are assumed.</p>	<p>Any significant changes to the level of future services would need to be identified in a future LTCCP or as an amendment to the LTCCP, and the cost implications outlined.</p>	<p>Low</p>	
<p><b>16. Resource Consents</b></p>	<p>Except as outlined in particular Activity Management Plans in Volume 3 of the LTCCP, it is assumed the conditions of resource consents held by Council will not be altered significantly.</p>	<p>Conditions of resource consents may be altered significantly without Council receiving sufficient warning.</p>	<p>Low</p>	

## Prospective Statement of Financial Performance for the Year Ended 30 June 2009

	Note	Prospective Budget 2008/09 (\$000)	LTCCP 2008/09 (\$000)
<b>Income</b>			
Rates revenue	2	41,145	41,820
Other revenue	2,3	52,470	43,838
Other gains/(losses)	4	1,200	-
<b>Total income</b>		<b>94,815</b>	<b>85,658</b>
<b>Expenditure</b>			
Employee benefit expenses	5	22,070	19,983
Depreciation and amortisation	2	17,680	17,132
Finance costs	2,6	1,621	5,527
Other expenses	2,7	36,864	33,267
<b>Total operating expenditure</b>		<b>78,235</b>	<b>75,909</b>
<b>Operating surplus/(deficit) before tax</b>		<b>16,580</b>	<b>9,749</b>
Share of associate surplus/(deficit)		140	-
<b>Surplus/(deficit) before tax</b>		<b>16,720</b>	<b>9,749</b>
Income tax expense		-	-
<b>Surplus/(deficit) after tax</b>		<b>16,720</b>	<b>9,749</b>

## Prospective Statement of Changes In Equity for the Year Ended 30 June 2009

	Notes	Prospective Budget 30 June 2009 (\$000)	Amended LTCCP 30 June 2009 (\$000)
Balance at 1 July	1	1,204,922	1,157,604
Surplus/(deficit) for the year		16,720	9,749
Revaluation gains/(losses) taken to equity		-	45
Total recognised income/(expense) for the year ended 30 June		16,720	9,794
Balance at 30 June		<b>1,221,642</b>	<b>1,167,398</b>

## Prospective Statement of Financial Position for the Year Ended 30 June 2009

	Notes	Prospective Budget 30 June 2009 (\$000)	LTCCP Budget 30 June 2009 (\$000)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	6,672	20,757
Trade and other receivables	1	7,500	5,298
Inventories	9	5,824	2,032
Biological assets		200	-
Other financial assets	8	14,000	-
<b>Total current assets</b>		<b>34,196</b>	<b>28,087</b>
<b>Non-current assets</b>			
Inventories	9	3,705	-
Property, plant and equipment		1,163,874	1,220,432
Intangible assets		318	-
Investment property	10	45,626	-
Investment in associates	11	3,875	1,163
Other financial assets		8,055	3,744
<b>Total non-current assets</b>		<b>1,225,453</b>	<b>1,225,339</b>
<b>Total assets</b>		<b>1,259,649</b>	<b>1,253,426</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	1	7,818	7,818
Employee benefit liabilities		2,500	1,947
Borrowings	12	1,003	1,795
<b>Total current liabilities</b>		<b>11,321</b>	<b>11,560</b>
<b>Non-current liabilities</b>			
Provisions		950	260
Employee benefit liabilities		2,000	1,586
Borrowings	12	23,736	72,622
<b>Total non-current liabilities</b>		<b>26,686</b>	<b>74,468</b>
<b>Total liabilities</b>		<b>38,007</b>	<b>86,028</b>
<b>EQUITY</b>			
Retained earnings	1	659,648	398,166
Other Reserves	13	561,994	769,232
<b>Total public equity</b>		<b>1,221,642</b>	<b>1,167,398</b>

## Prospective Statement of Cash Flows for the Year Ended 30 June 2009

	Prospective Budget 08/09 (\$000)	LTCCP Budget 08/09 (\$000)
Cash flows from operating activities		
Receipts from rates revenue	41,145	41,820
Interest received	1,882	749
Receipts from other revenue	50,588	38,333
Payments to suppliers and employees	(56,629)	(47,876)
Interest paid	(1,621)	(5,527)
<b>Net cash from operating activities</b>	<b>35,365</b>	<b>27,499</b>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,320	-
Proceeds from withdrawal of investments	1,458	1,326
Purchase of property, plant, equipment and intangibles	(40,814)	(29,509)
Acquisition of investments	(30)	(2,076)
<b>Net cash from investing activities</b>	<b>(38,066)</b>	<b>(30,259)</b>
Cash flows from financing activities		
Proceeds from borrowings	2,749	3,857
Repayment of borrowings	(4,516)	(2,385)
<b>Net cash from financing activities</b>	<b>(1,767)</b>	<b>1,472</b>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(4,468)	(1,288)
Cash, cash equivalents and bank overdrafts at the beginning of the year	11,140	22,045
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>6,672</b>	<b>20,757</b>

# Explanatory Notes of Changes between the LTCCP for 2008/09 and the Annual Plan

## 1. General

- a The opening Equity position included in the Prospective Statement of Financial Changes in Equity and expected opening balances of items included in the Prospective Statement of Financial Position have been updated to reflect the most accurate information available. This includes changes flowing through from the 2006/07 Annual Report results.
- b Hawke's Bay Museum and Art Gallery and operations were transferred from Hawke's Bay Cultural Trust management to the management of Napier City Council from 1 July 2006. These activities were not included in the 2006 - 2016 LTCCP.
- c Napier City Council's share of the Omarunui Landfill Joint Venture was included in the 2006 - 2016 LTCCP at net return from this activity only. In accordance with NZ IAS 31, Napier City Council's share of gross revenues and gross expenditure are reflected in the 2008/09 budget.
- d Revaluation reserve for Investment Properties transferred to retained earnings at 30 June 2007.
- e Revaluation reserve for land under roads transferred to retained earnings at 30 June 2007.

## 2. Advanced Waste Water Treatment

There have been a number of adjustments to the 2008/09 LTCCP arising from the deferral of upgrade of the City Wastewater Treatment Plant. These have been reflected in the Annual Plan for 2008/09 and are summarised below:

	Prospective Budget 2008/09 (\$000)	LTCCP 2008/09 (\$000)	Change	Note
<b>Prospective Income Statement</b>				
<b>Budgeted Revenue</b>				
Rates Revenue - Advanced Sewerage Treatment Levy	1,017	-	1,017	a
Rates Revenue - Sewerage (UAC)	5,523	9,873	(4,350)	b
Other Revenue	1,336	761	575	c
<b>Impact Total Income</b>	<b>7,876</b>	<b>10,634</b>	<b>(2,758)</b>	
<b>Budgeted Expenditure</b>				
Other Expenses	100	3,079	(2,979)	d
Finance Costs	-	750	(750)	e
Depreciation	-	708	(708)	f
<b>Impact Total Operating Expenditure</b>	<b>100</b>	<b>4,537</b>	<b>(4,437)</b>	

### Notes:

- a Advanced Sewage Treatment Levy to remain in place
- b Sewerage UAC reduced to reflect reduction in operating costs
- c Increased interest earned on Advanced Wastewater Treatment Fund as funds unexpended and lower trade waste charge income
- d Reduced wastewater operating costs
- e Lower interest charge due to loan raising deferral
- f Depreciation lower due to delay in capital expenditure

## Explanatory Notes of Changes between the LTCCP for 2008/09 and the Annual Plan ...

### 3. Other Revenue

Other Revenue included in 2008/09 LTCCP	43,838
<b>Variations:</b>	
Higher interest arising from increased interest rates earned on funds on deposit	233
Interest revenue on Advanced Wastewater Treatment project reserve fund	900
Decreased Trade Waste Revenues due to Advanced Wastewater Treatment project delay	(325)
Omarunui Landfill (Note 1c)	827
Income from Hawke's Bay Museum and Art Gallery (Note 1b)	1,609
Parklands Residential Development due to higher activity level	3,250
Fundraising income on McLean Park redevelopment	1,000
Higher roading subsidy due to higher capital project expenditure	954
Net Other Movements	184
	<u>52,470</u>

### 4. Other Gains/(Losses)

Other Gains/(Losses) included in 2008/09 LTCCP	-
<b>Variations:</b>	
Projected gain on revaluation of investment properties	1,200
	<u>1,200</u>

### 5. Employee Benefit Expenses

Employee Benefit Expenses included in 2008/09 LTCCP	19,983
<b>Variations:</b>	
Hawke's Bay Museum and Art Gallery (Note 1b)	1,018
Net Other Movements	1,069
	<u>22,070</u>

### 6. Finance Costs

Finance Costs included in 2008/09 LTCCP	5,527
<b>Variations:</b>	
External finance costs are projected to be lower due to higher level of funding from internal funds (lower external debt level)	(3,156)
Loan interest cost related to Advanced Wastewater Treatment Project	(750)
	<u>1,621</u>

### 7. Other Expenses

Other Expenses included in 2008/09 LTCCP	33,267
<b>Variations:</b>	
Advanced Sewerage Treatment project delayed	(2,979)
Hawke's Bay Museum and Art Gallery (Note 1b)	686
Omarunui Landfill (Note 1c)	780
Parklands Residential Development - higher projected activity level	2,082
Street lighting costs	140
Roading contract cost increases (cumulative variance over LTCCP years 1 - 3)	196
Net Other Movements	2,692
	<u>36,864</u>

## Explanatory Notes of Changes between the LTCCP for 2008/09 and the Annual Plan ...

<b>8. Cash and Cash Equivalents and Other Financial Assets (Current)</b>	
Balance per 2007/08 LTCCP	20,757
<b>Variations:</b>	
Classified as other financial assets 2008/09 Plan	(14,000)
Net Other Movements	(85)
	<u>6,672</u>
<b>9. Inventories (current &amp; non-current)</b>	
Balance per 2007/08 LTCCP	2,032
<b>Variations:</b>	
Residential development ahead of schedule	7,497
	<u>9,529</u>
<b>10. Investment property</b>	
Balance per 2007/08 LTCCP	-
<b>Variations:</b>	
Included in Property, Plant & Equipment in LTCCP	45,626
	<u>45,626</u>
<b>11. Investment in associates</b>	
Balance per 2007/08 LTCCP	1,163
<b>Variations:</b>	
Included in Group accounts and excluded from Napier City Council for LTCCP	2,712
	<u>3,875</u>
<b>12. Borrowings (current &amp; non-current)</b>	
Balance per 2007/08 LTCCP	74,417
<b>Variations:</b>	
Decrease in external loans and increase in internal loans	(49,678)
	<u>24,739</u>
<b>13. Other Reserves</b>	
Balance per 2007/08 LTCCP	769,232
<b>Variations:</b>	
Change in revaluation reserve (notes 1d & 1e)	(207,238)
	<u>561,994</u>

# Prospective Capital Plan

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
<b>RECREATION</b>											
<b>Sportsgrounds</b>											
Sportsgrounds Development	-	70	-	600	650	-	-	-	-	1,320	Growth Loan
	-	35	-	300	325	-	-	-	-	660	Fin Cont
	-	105	-	900	975	-	-	-	-	1,980	
McLean Park Redevelopment	7,934	1,000	-	-	-	-	-	-	-	8,934	Trust Revenue
Park Island - Bond Field Extension	-	88	790	790	-	-	-	-	-	1,668	Growth Loan
	-	58	536	536	-	-	-	-	-	1,130	Fin Cont
	-	146	1,326	1,326	-	-	-	-	-	2,798	
Install Automatic Irrigation Systems	-	92	92	112	152	152	152	152	-	904	Rates
	-	60	60	40	-	-	-	-	-	160	Fin Cont
	-	152	152	152	152	152	152	152	-	1,064	
Replace Centennial Hall Floor	-	-	-	-	-	-	-	-	250	250	Rates
Guppy Road Sports Village - Stage 1	-	-	52	112	115	-	-	-	-	279	Rates
Sportsgrounds I.A.R.	-	166	191	215	239	265	289	289	289	1,943	Rates
<b>Sportsgrounds</b>	<b>7,934</b>	<b>1,569</b>	<b>1,721</b>	<b>2,705</b>	<b>1,481</b>	<b>417</b>	<b>441</b>	<b>441</b>	<b>539</b>	<b>17,248</b>	
<b>Napier Aquatic Centre</b>											
N.A.C. Enclosure Building	-	-	-	-	-	-	110	657	-	767	Loan (Rates)
N.A.C. Asset Renewal	-	39	39	112	112	112	140	140	140	834	Rates
<b>Napier Aquatic Centre</b>	<b>-</b>	<b>39</b>	<b>39</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>250</b>	<b>797</b>	<b>140</b>	<b>1,601</b>	

## Prospective Capital Plan ...

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
Reserves		(\$000)									
Passive Recreation Reserves	-	-	440	-	440	-	-	440	-	1,320	Fin Cont
Playground Equipment	-	-	-	-	46	-	22	24	-	92	Rates
Westshore Beach Reprofilling	100	-	1,200	1,000	-	-	-	-	-	2,300	Loan (Sp Fnd)
Reserves, Pathways and Linkages	-	-	-	-	-	-	-	1,160	1,160	2,320	Loan (Rates)
Tree Planting Programme	-	61	61	61	61	61	61	61	61	488	Rates
Reserves I.A.R.	-	272	309	346	381	419	456	456	456	3,095	Rates
Reserves Vested Assets	-	290	290	290	290	290	290	290	290	2,320	Vested Assets
<b>Reserves</b>	<b>100</b>	<b>623</b>	<b>2,300</b>	<b>1,697</b>	<b>1,218</b>	<b>770</b>	<b>829</b>	<b>2,431</b>	<b>1,967</b>	<b>11,935</b>	
<b>RECREATION TOTAL</b>	<b>8,034</b>	<b>2,231</b>	<b>4,060</b>	<b>4,514</b>	<b>2,811</b>	<b>1,299</b>	<b>1,520</b>	<b>3,669</b>	<b>2,646</b>	<b>30,784</b>	

## SOCIAL AND CULTURAL

Libraries											
Library Bookstock	-	525	547	555	555	555	555	555	555	4,402	Rates
	-	63	63	63	63	63	63	63	63	504	Fin Cont
	-	588	610	618	618	618	618	618	618	4,906	
<b>Libraries</b>	<b>-</b>	<b>588</b>	<b>610</b>	<b>618</b>	<b>618</b>	<b>618</b>	<b>618</b>	<b>618</b>	<b>618</b>	<b>4,906</b>	
<b>War Memorial Centre</b>											
WMC - Minor Capital Provision	-	16	16	16	16	16	16	16	16	128	Rates *
Gene Hoist	-	18	-	-	-	-	-	-	-	18	Tourism Fund
Replace carpet in lower level	-	-	30	-	-	-	-	-	-	30	Tourism Fund
<b>War Memorial Centre</b>	<b>-</b>	<b>34</b>	<b>46</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>176</b>	
<b>Municipal Theatre</b>											
Municipal Theatre Minor Capital Provision	-	26	26	26	26	26	26	26	26	208	Rates *
<b>Municipal Theatre</b>	<b>-</b>	<b>26</b>	<b>208</b>								

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

## Prospective Capital Plan ...

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
(\$000)											
<b>Retirement and Rental Housing</b>											
Retirement Flats Minor Capital Projects	-	80	80	80	80	80	80	80	80	640	Rates *
Rental Flats Minor Capital Projects	-	20	20	20	20	20	20	20	20	160	Rates *
<b>Retirement and Rental Housing</b>	<b>-</b>	<b>100</b>	<b>800</b>								
<b>Cemeteries</b>											
Cemeteries I.A.R.	-	44	49	56	62	69	75	75	75	505	Rates
Cemeteries New beams	-	10	10	10	10	10	10	10	10	80	Rates
<b>Cemeteries</b>	<b>-</b>	<b>54</b>	<b>59</b>	<b>66</b>	<b>72</b>	<b>79</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>585</b>	
<b>Public Toilets</b>											
New Toilet Programme	-	-	-	33	33	-	33	33	-	132	Rates
Public Toilets I.A.R.	-	97	97	97	97	97	97	97	97	776	Rates
<b>Public Toilets</b>	<b>-</b>	<b>97</b>	<b>97</b>	<b>130</b>	<b>130</b>	<b>97</b>	<b>130</b>	<b>130</b>	<b>97</b>	<b>908</b>	
<b>SOCIAL AND CULTURAL TOTAL</b>	<b>-</b>	<b>899</b>	<b>938</b>	<b>956</b>	<b>962</b>	<b>936</b>	<b>975</b>	<b>975</b>	<b>942</b>	<b>7,583</b>	
<b>CITY PROMOTION</b>											
<b>Marineland of NZ</b>											
Marineland Minor Capital Provision	-	6	6	6	6	6	6	6	6	48	Rates *
<b>Marineland of NZ</b>	<b>-</b>	<b>6</b>	<b>48</b>								
<b>National Aquarium of NZ</b>											
Aquarium Minor Capital Provision	-	13	13	13	13	13	13	13	13	104	Rates *
Aquarium Capital Provision	-	31	31	31	31	31	31	31	31	248	Rates *
<b>National Aquarium of NZ</b>	<b>-</b>	<b>44</b>	<b>352</b>								

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

## Prospective Capital Plan ...

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
(\$000)											
<b>Napier i-SITE Visitor Centre</b>											
Napier i-Site Minor Capital Provision	-	11	11	11	11	11	11	11	11	88	Rates *
Napier i-SITE new front counter	-	20	-	-	-	-	-	-	-	20	Tourism Fund
<b>Napier i-SITE Visitor Centre</b>	<b>-</b>	<b>31</b>	<b>11</b>	<b>108</b>							
<b>Par 2 MiniGolf</b>											
Par 2 Golf Minor Capital Provision	-	6	6	6	6	6	6	6	6	48	Rates *
Continuation of Par 2 MiniGolf upgrade	-	20	-	-	-	-	-	-	-	20	Tourism Fund
<b>Par 2 MiniGolf</b>	<b>-</b>	<b>26</b>	<b>6</b>	<b>68</b>							
<b>Kennedy Park</b>											
Kennedy Park Minor Capital Provision	-	106	106	106	106	106	106	106	106	848	Rates *
Kennedy Park Renewals	-	90	112	112	112	112	167	167	167	1,039	Rates *
<b>Kennedy Park</b>	<b>-</b>	<b>196</b>	<b>218</b>	<b>218</b>	<b>218</b>	<b>218</b>	<b>273</b>	<b>273</b>	<b>273</b>	<b>1,887</b>	
<b>CITY PROMOTION TOTAL</b>	<b>-</b>	<b>303</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>340</b>	<b>340</b>	<b>340</b>	<b>2,463</b>	

## PLANNING AND REGULATORY

<b>City Development Planning</b>											
GIS: Electronic Document Management for Property Information	-	61	139	-	-	-	-	-	-	200	Rates
<b>City Development Planning</b>	<b>-</b>	<b>61</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	
<b>Animal Control</b>											
Dog Pound Compliance Requirements	-	75	-	-	-	-	-	-	-	75	Loan (Sp Fnd)
<b>Animal Control</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	

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

## Prospective Capital Plan ...

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
Parking											
(\$'000)											
Parking Equipment Replacement	-	100	100	100	100	100	100	100	100	800	Pk Equip
Minor Capital Items - Parking Services	-	20	20	20	20	20	20	20	20	160	Parking A/C
Develop Napier Senior Citizens Site	-	400	-	-	-	-	-	-	-	400	Pk Cont
CBD Parking Building	-	-	-	-	4,500	-	-	-	-	4,500	Parking A/C
Suburban Parking	-	-	-	-	-	-	500	-	-	500	Pk Cont
<b>Parking</b>	<b>-</b>	<b>520</b>	<b>120</b>	<b>120</b>	<b>4,620</b>	<b>120</b>	<b>620</b>	<b>120</b>	<b>120</b>	<b>6,360</b>	
<b>PLANNING AND REGULATORY TOTAL</b>	<b>-</b>	<b>656</b>	<b>259</b>	<b>120</b>	<b>4,620</b>	<b>120</b>	<b>620</b>	<b>120</b>	<b>120</b>	<b>6,560</b>	

## ROADING

Roading											
Transportation Proposals	-	451	451	2,044	2,044	2,044	2,044	2,044	2,044	13,166	Fin Cont
Roading Capital Projects (Bulk Funded)	-	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	13,040	Rates
Prebensen Drive Project	545	2,924	-	-	-	-	-	-	-	3,469	Loan (Rates)
	678	4,039	-	-	-	-	-	-	-	4,717	Subsidy
	1,223	6,963	-	-	-	-	-	-	-	8,186	
Bay View Footpath	-	90	90	-	-	-	-	-	-	180	Rates
Awatoto to Expressway Link	94	-	-	-	-	-	-	-	-	94	Rates
	-	-	-	174	174	1,803	1,803	-	-	3,954	Loan (Rates)
	106	-	-	196	196	2,032	2,032	-	-	4,562	Subsidy
	200	-	-	370	370	3,835	3,835	-	-	8,610	
Roading I.A.R.	-	3,691	3,736	3,781	3,827	3,873	3,920	3,968	4,016	30,812	Rates
Vested Assets	-	3,892	3,892	3,892	3,892	3,892	3,892	3,892	3,892	31,136	Vested Assets
<b>Roading</b>	<b>1,423</b>	<b>16,717</b>	<b>9,799</b>	<b>11,717</b>	<b>11,763</b>	<b>15,274</b>	<b>15,321</b>	<b>11,534</b>	<b>11,582</b>	<b>105,130</b>	

**Prospective Capital Plan ...**

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding	
											(\$000)	
<b>WATER AND WASTES</b>												
<b>Solid Waste</b>												
Omarunui Development - Valley B	-	-	-	63	85	-	-	-	-	148	Loan (Sp Fnd)	
Omarunui Development - Valley D	-	577	25	1,025	25	25	1,025	25	34	2,761	Loan (Sp Fnd)	
Omarunui - Gas to Energy	-	-	204	-	-	-	-	-	-	204	Loan (Sp Fnd)	
Omarunui Development - Plant	-	344	-	-	-	-	-	-	-	344	Loan (Sp Fnd)	
Omarunui Development - Forestry	-	5	-	-	-	-	-	-	-	5	Loan (Sp Fnd)	
Solid Waste I.A.R.	-	72	106	106	112	112	112	112	112	844	Rates	
<b>Solid Waste</b>	<b>-</b>	<b>998</b>	<b>335</b>	<b>1,194</b>	<b>222</b>	<b>137</b>	<b>1,137</b>	<b>137</b>	<b>146</b>	<b>4,306</b>		
<b>Stormwater</b>												
Cross Country Drain & Pumping Station	7,901	670	-	-	-	-	-	-	-	8,571	Loan (Rates)	
	7,027	530	-	-	-	-	-	-	-	7,557	Fin Cont	
	14,928	1,200	-	-	-	-	-	-	-	16,128		
Dalton Street Pump Replacement	110	100	40	-	-	50	100	-	-	400	Rates	
Upgrade Taipo Stream	-	-	-	-	-	-	-	37	230	267	Rates	
	-	-	-	-	-	-	-	267	-	267	Fin Cont	
	-	-	-	-	-	-	-	304	230	534		
Bay View - Upgrade Stormwater	105	-	30	615	-	-	-	-	-	750	Loan (Rates)	
Plantation Drain Widening	-	-	-	-	48	105	-	-	-	153	Rates	
	-	-	-	-	29	-	-	-	-	29	Fin Cont	
	-	-	-	-	77	105	-	-	-	182		
Lagoon Farm Concrete Channel	-	-	-	-	-	404	-	-	-	404	Fin Cont	
Upgrading Stormwater Catchments	-	613	588	555	555	555	555	555	555	4,531	Rates	
	-	149	149	149	149	149	149	149	149	1,192	Fin Cont	
	-	762	737	704	704	704	704	704	704	5,723		
Drain Improvements	-	-	-	-	-	-	-	-	141	141	Rates	
Saltwater Creek Culvert Duplication	119	-	33	128	-	-	-	-	-	280	Rates	

## Prospective Capital Plan ...

Description	Past	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
	Years	(\$000)									
Extend Outfalls - Marine Parade	-	-	-	47	-	-	47	-	-	94	Rates
Georges Drive Drain	-	12	12	12	12	12	12	12	12	96	Rates
Stormwater I.A.R.	-	372	401	404	404	404	404	404	404	3,197	Rates
Stormwater Vested Assets	-	480	480	480	480	480	480	480	480	3,840	Vested Assets
<b>Stormwater</b>	<b>15,262</b>	<b>2,926</b>	<b>1,733</b>	<b>2,390</b>	<b>1,677</b>	<b>2,159</b>	<b>1,747</b>	<b>1,904</b>	<b>1,971</b>	<b>31,769</b>	
<b>Wastewater</b>											
Western Pumping Main	130	-	-	740	-	-	-	-	-	870	Fin Cont
Taradale Rd Pump Station and Main	319	500	525	-	-	-	-	-	-	1,344	Loan (Rates)
	964	1,500	1,575	-	-	-	-	-	-	4,039	Fin Cont
	1,283	2,000	2,100	-	-	-	-	-	-	5,383	
Riverbend Rd Trunk Main	-	-	-	-	610	-	-	-	-	610	Loan (Rates)
Sewerage I.A.R.	-	897	919	941	965	965	965	965	965	7,582	Rates
Sewage Pumping Equipment I.A.R.	-	202	202	202	202	202	202	202	202	1,616	Rates
Treatment Plant Renewal Programme	-	-	-	-	60	92	92	122	122	488	Rates
Milliscreen Renewal Programme	-	223	223	223	223	223	223	223	223	1,784	Rates
Wastewater Vested Assets	-	620	620	620	620	620	620	620	620	4,960	Vested Assets
<b>Wastewater</b>	<b>1,413</b>	<b>3,942</b>	<b>4,064</b>	<b>2,726</b>	<b>2,680</b>	<b>2,102</b>	<b>2,102</b>	<b>2,132</b>	<b>2,132</b>	<b>23,293</b>	
<b>Water Supply</b>											
New Reservoir Taradale	-	-	1,070	-	-	-	-	-	-	1,070	Fin Cont
Awatoto Water Trunk Main	-	-	47	-	2,300	-	-	-	-	2,347	Fin Cont
New Well - Awatoto	-	-	-	720	-	-	-	-	-	720	Fin Cont
Replace Water Supply Control System	-	-	-	-	10	120	-	-	-	130	Rates
Bay View Reservoir	58	51	-	-	-	-	-	-	-	109	Rates
	114	75	-	-	-	-	-	-	-	189	Fin Cont
	-	75	-	-	-	-	-	-	-	75	B.V. Cap Cont
	172	201	-	-	-	-	-	-	-	373	

## Prospective Capital Plan ...

Description	Past	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
	Years	(\$000)									
I.A.R. - Water Pump Stations	-	75	79	79	79	79	79	79	79	628	Rates
I.A.R. - Water Meters	-	19	19	19	19	19	19	19	19	152	Rates
I.A.R. - Water Pipes	-	530	530	530	530	530	530	530	530	4,240	Rates
Capital Upgrade associated with I.A.R.	-	107	107	107	107	107	107	107	107	856	Rates
Water Supply Vested Assets	-	235	235	235	235	235	235	235	235	1,880	Vested Assets
<b>Water Supply</b>	<b>172</b>	<b>1,167</b>	<b>2,087</b>	<b>1,690</b>	<b>3,280</b>	<b>1,090</b>	<b>970</b>	<b>970</b>	<b>970</b>	<b>12,396</b>	
<b>WATER AND WASTES TOTAL</b>	<b>16,847</b>	<b>9,033</b>	<b>8,219</b>	<b>8,000</b>	<b>7,859</b>	<b>5,488</b>	<b>5,956</b>	<b>5,143</b>	<b>5,219</b>	<b>71,764</b>	

## PROPERTY ASSETS

Property Holdings											
Civic Building & Library Air Conditioning	700	100	-	-	-	-	-	-	-	800	Rates
<b>Property Holdings</b>	<b>700</b>	<b>100</b>	<b>-</b>	<b>800</b>							

## SUPPORT UNITS

Support Units											
General Provision - Minor Capital Items	-	63	63	63	63	63	63	63	63	504	Rates
Technology Equipment Renewals	-	500	631	511	511	511	511	511	511	4,197	Tech Eq Ren
Replacement of Mobile Plant and Vehicle	-	702	408	535	434	452	479	611	533	4,154	Plnt Purch A/C
Software Replacement and Upgrades	-	36	36	36	36	36	36	36	36	288	Rates
PC and Printer Replacement	-	62	62	62	62	62	62	62	62	496	Rates
Corporate I.T. Network	-	12	12	12	12	12	12	12	12	96	Rates
Electronic Document Management	-	-	-	-	-	-	49	251	-	300	Rates
<b>Support Units</b>	<b>-</b>	<b>1,375</b>	<b>1,212</b>	<b>1,219</b>	<b>1,118</b>	<b>1,136</b>	<b>1,212</b>	<b>1,546</b>	<b>1,217</b>	<b>10,035</b>	
<b>TOTAL</b>	<b>27,004</b>	<b>31,314</b>	<b>24,772</b>	<b>26,811</b>	<b>29,418</b>	<b>24,538</b>	<b>25,944</b>	<b>23,327</b>	<b>22,066</b>	<b>235,194</b>	

## Prospective Capital Plan ...

Description	Past Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL	Funding
<b>Funding of Capital Plan 2008/09 to 2016/17</b>											
Rates - Depreciation	1,081	10,729	10,901	11,073	11,246	11,418	11,591	11,763	11,935	91,737	
Less Loans - Rate Funded	-	360	360	360	360	360	360	360	360	2,880	
	1,081	10,369	10,541	10,713	10,886	11,058	11,231	11,403	11,575	88,857	
Loans - Rates	8,870	4,454	915	1,149	1,144	2,163	2,273	2,177	1,520	24,665	
Loans - Growth	-	158	790	1,390	650	-	-	-	-	2,988	
Loans - Non Rates	100	1,001	1,429	2,088	110	25	1,025	25	34	5,837	
Financial Contributions	8,235	2,921	4,391	4,592	5,350	2,660	2,256	2,963	2,256	35,624	
Bay View Capital Contributions	-	75	-	-	-	-	-	-	-	75	
Parking Account	-	20	20	20	4,520	20	20	20	20	4,660	
Parking Contributions Account	-	400	-	-	-	-	500	-	-	900	
Parking Equipment Reserve	-	100	100	100	100	100	100	100	100	800	
Plant Purchase and Renewals Account	-	702	408	535	434	452	479	611	533	4,154	
Trust Revenue	7,934	1,000	-	-	-	-	-	-	-	8,934	
TNZ Subsidy	784	4,039	-	196	196	2,032	2,032	-	-	9,279	
Tourism Ring Fence Fund	-	58	30	-	-	-	-	-	-	88	
Technology Equipment Renewal Reserve	-	500	631	511	511	511	511	511	511	4,197	
Vested Assets	-	5,517	5,517	5,517	5,517	5,517	5,517	5,517	5,517	44,136	
	<b>27,004</b>	<b>31,314</b>	<b>24,772</b>	<b>26,811</b>	<b>29,418</b>	<b>24,538</b>	<b>25,944</b>	<b>23,327</b>	<b>22,066</b>	<b>235,194</b>	

# 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	Annual Plan 2008/09 \$000	LTCCP 2008/09 \$000
<b>OPERATING REVENUE</b>			
<b>Non Targeted Rates:</b>			
General Rate		23,644	20,155
Uniform Annual General Charge (UAGC)		5,962	6,980
	3	29,606	27,135
<b>Targeted Rates</b>			
Fire Protection Rate		482	472
Water Supply (UAC)		2,723	2,647
Refuse Collection & Disposal (UAC)		1,129	1,054
Kerbside Recycling (UAC)		318	287
Sewerage (UAC)	1	5,523	9,873
Advanced Sewage Treatment (UAC)	2	1,017	0
Bay View Sewerage Connection Rate (UAC)		31	35
Car Parking Rate		149	149
Ahuriri Beautification Rate		15	16
CBD Promotion Rate		122	122
Taradale Promotion Rate		30	30
		11,539	14,685
<b>Total Rates</b>		41,145	41,820
User Charges		19,280	18,382
Financial Contributions		2,018	3,157
Subsidies and Grants		8,284	6,081
Other Income	4	24,088	16,218
		53,670	43,838
<b>Total Operating Revenue</b>		94,815	85,658
<b>Less Operating Expenditure</b>		78,235	75,909
<b>Operating Surplus/(Deficit)</b>		16,580	9,749
<b>Plus Other Funding</b>			
Borrowing		5,613	3,857
<b>Net Funding</b>		22,193	13,606

### DEPARTURES FROM LTCCP

The following are noted as departures from the funding impact statement for 2008/09 as included in the Long-Term Council Community Plan (LTCCP).

### 1. Sewerage UAC

Operating costs for the advanced treatment plant and sludge plant were projected in the LTCCP for 2008/09. With the delay in commissioning the plant, no operating costs have been provided in the Annual Plan for 2008/09. This has resulted in a significant reduction from the level of sewerage (UAC) revenue as projected in the LTCCP for 2008/09.

### 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 2008/09 due to the deferral of the plant.

### 3. Non Targeted Rates

A consequence of the Advance Sewage Treatment Levy being extended to 2008/09 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 about \$1m from the LTCCP level of UAGC revenue, and a corresponding increase in General Rates.

In addition, the General Rate has also increased by \$400,000 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.

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 3 on page 31.

## RATING

The following describes in full the rating system to apply from 1 July 2008:

### 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	2008/09
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 2008/09 represents year 4 of the 5 year period, a remission of 20% 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 applies to each rating unit not connected but located within 30 metres of the system.
- 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, 50% 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. 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.

### **11. 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.

### **12. 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.

### **13. Water by Meter Charges**

- Targeted rate based on actual water use after the first 300m<sup>3</sup> per annum
- Applies to all non-domestic water supplies in the Napier Water Supply Area, and 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

#### 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:

**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 1500m<sup>2</sup>) 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.

**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

**INDICATIVE RATES**

<b>Rates and Charges (incl. GST)</b>	<b>2008/09</b>
General Rate (cents per \$ LV)	
Diff 1 City Residential	0.4986
Diff 2 Commercial and Industrial	1.6773
Diff 3 Miscellaneous	0.4986
Diff 4 Ex-City Rural	0.2747
Diff 5 Other Rural	0.2747
Diff 6 Bay View	0.2328
Uniform Annual General Charge (UAGC)	\$270
<b>Targeted Rates</b>	
Fire Protection Rate (cents per \$ CV)	
Diff 1, 2.5, 3, 4, 5, 6	0.0055
Diff 2.1 & 2.2	0.0220
Diff 2.3, 2.4, 2.6, 2.7	0.0110
Water Supply Uniform Annual Charge - City	\$125
Water Supply Uniform Annual Charge - Bay View	\$125
Refuse Collection & Disposal Uniform Annual Charge	
1 collection per week	\$48
2 collections per week	\$96
3 collections per week	\$144
Kerbside Recycling Uniform Annual Charge	\$16
Sewerage Uniform Annual Charge	\$258
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	0.1482
Diff 2.1.2	0.0741
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)	0.3499
Promotion Rate - CBD (cents per \$ LV)	0.1876
Promotion Rate - Taradale (cents per \$ LV)	0.1166
Water By Meter Charges	
Non-Domestic Supplies (\$/m <sup>3</sup> )	0.348
Metered domestic supplies outside Napier Water Supply Area (\$/m <sup>3</sup> )	0.646

*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 2008.***

## Other Rating Issues

### 1. Instalment Rating

Rates for 2008/09 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 20 August 2008
- Second Instalment due 19 November 2008
- Third Instalment due 18 February 2009
- Fourth Instalment due 20 May 2009

### 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



# Democracy and Governance

## Performance Targets

Democracy and Governance	Prospective 08/09 Targets	LTCCP 08/09 Targets
1. Number of Council Meeting Cycles	8 cycles	8 cycles
2. Percentage of residents satisfied with the Sufficiency of Public Information in the NRB Public Opinion Survey	65%	65%

## Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09		
		Capital	Income	Funding Required	Capital	Income	Funding Required
<b>Democracy and Governance</b>							
Democracy and Governance		1,920	-	1,920	1,905	-	1,905
		<b>1,920</b>	<b>-</b>	<b>1,920</b>	<b>1,905</b>	<b>-</b>	<b>1,905</b>
<b>Funded By</b>							
Non Targeted Rates				1,920			1,905

# Recreation

## Key Issues

### Napier Aquatic Centre

The outdoor 50 m Olympic Pool has been closed indefinitely awaiting either disposal or replacement. Disposal of the asset is estimated to be \$300,000. No decision to replace the facility has been made at present. The likely cost of replacement is in the range of \$8 - \$12 million.

The Enclosure Building for the 25 metre lap pool built in 1972 is due for replacement by 2014/15. The budget provision in the capital plan is \$767,000 funded from loan, however the current estimate is a cost of \$1.95 million.

### McLean Park Redevelopment

The redevelopment encompasses an upgrade of the lighting, the construction of the Graeme Lowe Stand, which is to replace the existing McKenzie Stand, and the upgrading of user requirements. The Council is working with the McLean Park Regional Trust fundraising committee to raise funding for the redevelopment of McLean Park. Fundraising had a recent boost with a grant of \$2.9 million from the Significant Community Based Projects Fund. This is on top of all the generous funding already received. Work completed on redevelopment last year is as follows:

#### Lighting

- The first stage of the lighting upgrade was completed for use in the 2006 Air New Zealand Cup competition by the Hawke's Bay Rugby Football Union and achieved the required 1,200 lux across the rugby playing surface

#### User Requirements

- Enclosing of one set of media benches for use as Coaches Boxes for Rugby and enclosed Media seating for Cricket
- Construction of Players Lounges underneath the Harris Stand

Work on the stand will commence in 2008/09 and Stage 2 of the lighting.

Resource consent has been granted to construct the Graeme Lowe Stand, subject to the appeal process.

### Botanical Gardens

Council carried out a public consultation process for the restoration of the Botanical Gardens. As a result a independent archeological assessment of the Botanical Gardens is due to be completed before pursuing any further work on the restoration programme. Restoration of the Botanical Garden will recommence as soon as the impacts of the archeological assessment have been taken into account.

### Whakarire Ave Groyne and Westshore Beach Reprofiling

The projects of reprofiling Westshore Beach and the Whakarire Ave Groyne were included in the LTCCP in the 2006/07 and 2007/08 years with a budget of \$3.2 million funded by loan. Council is currently preparing a Resource Consent application for the replacement of the Whakarire Ave breakwater.

## Performance Targets

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Sportsgrounds</b>		
1. Residents satisfied with 'Sportsgrounds/fields' in the NRB Public Opinion Survey	90%	90%
2. Sportsground area per 1,000 residents	3.129 Ha	3.129 Ha
3. International Events	4	4
4. National/Inter-regional Events	75	75

## Recreation ...

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Napier Aquatic Centre</b>		
1. Users per Year	230,000	230,000
2. Percentage of Facilities 'Poolsafe'	100%	100%
3. Customer Satisfaction in the NRB Public Opinion Survey	80%	80%
4. Programmes Operating Per Year	8	8
5. Adherence rate to Water Quality Meeting NZ Standards	85%	85%
6. Number of LTS Users per Year	25,000	25,000
<b>Reserves</b>		
1. Residents Satisfied with 'Public Gardens and Street Beds' in the NRB Public Opinion Survey	90%	90%
2. Number of annuals propagated and planted throughout the city	180,000	180,000
3. Area of Recreational Land Per Residential Lot	75m <sup>2</sup>	75m <sup>2</sup>
<b>Inner Harbour</b>		
1. Percentage of vessels berthed that are Commercial	30%	30%
2. Time between Dredges of the Inner Harbour (Dredging due to be undertaken during the 2008 calendar year)	3 years	3 years
3. Number of Permanent Berths	95	95

## Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09				
		Capital	Income	Funding Required	Capital	Income	Funding Required		
<b>Recreation</b>									
Sportsgrounds		3,150	1,569	1,378	3,341	2,955	754	310	3,399
Napier Aquatic Centre		1,847	39	680	1,206	1,868	35	723	1,180
Marine Parade Pools		190	-	50	140	189	-	53	136
Reserves		3,203	623	92	3,734	3,406	778	92	4,092
Inner Harbour		390	-	167	223	394	-	151	243
		<b>8,780</b>	<b>2,231</b>	<b>2,367</b>	<b>8,644</b>	<b>8,812</b>	<b>1,567</b>	<b>1,329</b>	<b>9,050</b>
<b>Funded By</b>									
Non Targeted Rates					6,098				6,189
Loans					158				127
Special Funds					1,583				2,096
Depn (non funded)					515				388
Vested Assets					290				250

# Social and Cultural

## Key Issues

### Napier and Taradale Library Facilities

The Napier and Taradale Libraries are close to or at capacity and an investigation into enhancing the future delivery of library services was completed by OCTA Associates Ltd and adopted by Council in August 2007. Budget of \$1.7 million for the Taradale Library extension (by up to 1400m2) due to commence in 2008 was included in the plan over the 2005/06 to 2007/08 years funded by loan. Residual budget from this project is to be used to be some short-term redevelopment in the City Library. Funding for the long-term redevelopment of the City Library (\$4 - \$6 million) is to be considered through the Council's 2009/10-2009/20 LTCCP.

### Community Development

Ongoing support for the Maraenui community is a priority for the Napier City Council. After consultation with the community the Maraenui Urban Renewal Trust has formulated a proposal for the redevelopment of the Maraenui Shopping Centre.

### War Memorial Conference Centre

The project to increase the War Memorial Centre capacity, through building extension, to cater for "full service" conference and function capability has not been included in the Ten Year Capital Plan. The project is subject to a feasibility study and business plan before progressing further.

## Performance Targets

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Libraries</b>		
1. Number of issues of Specialist Collections	2,500	1,500
2. Number of Users (Door and Virtual)	500,000 (door and web) 415,000 (door only)	465,936 (door and web) 461,230 (door only)
3. Bookstock Refreshment Rate	254	257
4. Number of Items issued	745,000	705,700
5. Number of members	35,000	31,625
6. Users of Community Information Database	2,000	160
7. Books on Wheels users	110	124
8. Number of children's programmes	200	150
<i>Note: The measure "Number of users of Indexes" included in the LTCCP is not included in the 2008/09 Annual Plan as the statistic is not able to be measured accurately with current systems</i>		
<b>War Memorial Centre</b>		
1. Days Eternal Flame Memorial maintained	365	365
2. Usage Rate	270 days	262 days
3. Customer Satisfaction	90%	90%
4. Number of "Full Service" Conferences	Numbers for year: Total Delegates 2,700 Conferences 18 Average delegates 150	Numbers for year: Total Delegates 2,700 Conferences 18 Average delegates 150

## Social and Cultural ...

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Municipal Theatre</b>		
1. Number of Performance Days	154	154
2. Reviews of Building Maintenance & Standard of Art Deco Presentation	1 per year	1 per year
3. Number of 'Other' Hire Days	72	72
4. Number of Tickets sold	60,000	74,000
<p><b>Note:</b> The trend of more tickets sold over the internet, quality of touring shows available in the regions and regional competition has seen ticketing levels drop. The target is reduced accordingly.</p>		
<b>Community Development</b>		
1. Community Services Grants Allocated By the Designated Process and Time Frame	100%	100%
2. Community Services Property Grants Allocated By the Designated Process and Time Frame	100%	100%
3. Percent of Community Development Funding Distributed to Support Community Development Initiatives Each Year	100%	100%
4. Percent of Service Agreements and Purchase Contracts Meeting Reporting Requirements	90%	90%
5. Number of Napier Community Network Meetings Coordinated Each Year	6	6
6. Number of Community Organisations receiving information by way of mail-out and E-mail four times per year	90	90
<b>Youth Development</b>		
1. Number of Youth Forums Coordinated Per Year	6	6
2. Number of Scholarships Awarded For the Youth Development Fund	16	16
3. Number of Youth Service Providers Receiving Information Mail-outs Quarterly	25	23
4. Number of Alcohol and Drug Free Events and Activities	7	7
<b>Safer Community</b>		
1. Crime Reduction Strategies	3	3
<b>Safety Watch</b>		
1. Nights Safety Watch Patrol Inner City Per Year	260	260
<p><b>Note:</b> The measures "Total Incidents Recorded" and " Total Recorded Crime in CBD" included in the LTCCP will not be included in the 2008/09 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.</p>		

## Social and Cultural ...

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Halls</b>		
1. Total Proportion of Users That Are Community and Rehabilitation Hires	75%	75%
2. Total Hours Hired in Greenmeadows East, Memorial Square & Library Seminar Room	Greenmeadows 1,250 Memorial Square 1,600 Library Seminar 700	Greenmeadows 1,250 Memorial Square 1,600 Library Seminar 700
3. Customer Satisfaction Rate	80%	80%
<b>Retirement and Rental Housing</b>		
1. Number of flats inspected	100%	100%
2. Occupancy Rate - Rental Flats	97.0%	97.0%
3. Occupancy Rate - Retirement Flats	97.0%	97.0%
4. Maximum Rent Arrears - Rental Flats	0.16% of rentals	0.16% of rentals
5. Maximum Rent Arrears - Retirement Flats	0.16% of rentals	0.16% of rentals
<b>Cemeteries</b>		
1. Number of burials and ash interments		Due to sensitivity there is no target
<b>Public Toilets</b>		
1. Public satisfaction rate in the NRB Public Opinion Survey	80%	80%
2. Daily inspections and cleaning of all Toilets	100%	100%
<b>Emergency Management</b>		
1. Radio Communications operative during weekly checks	95%	95%
2. Emergency Operations Centre training activities (Includes Volunteers)	30	30
3. Number of Civil Defence Centres	9	9
4. Number of Civil Defence Community Networks (volunteers)	59	59
5. Percentage of residents satisfied with Civil Defence Activity in the NRB Public Opinion Survey	60%	60%
6. National Warnings responded to within 30 minutes	95%	95%

## Social and Cultural ...

### Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09				
		Capital	Income	Funding Required	Capital	Income	Funding Required		
<b>Social and Cultural</b>									
Libraries		3,026	588	192	3,422	3,006	549	213	3,342
War Memorial Centre		1,415	34	1,163	286	1,477	15	1,232	260
Municipal Theatre		912	26	470	468	918	24	495	447
Cultural Services		2,717	-	1,609	1,108	773	-	-	773
Community Development		1,074	-	243	831	770	-	52	718
Safer Community		167	-	53	114	169	-	56	113
Safety Watch		344	-	-	344	358	-	-	358
Halls		298	-	34	264	285	-	33	252
Retirement and Rental Housing		1,871	100	1,805	166	1,627	100	1,777	(50)
Cemeteries		506	54	207	353	473	48	200	321
Public Toilets		637	97	14	720	584	116	13	687
Emergency Management		309	-	-	309	290	-	12	278
		<b>13,276</b>	<b>899</b>	<b>5,790</b>	<b>8,385</b>	<b>10,730</b>	<b>852</b>	<b>4,083</b>	<b>7,499</b>
<b>Funded By</b>									
Non Targeted Rates					6,962				6,224
Special Funds					909				869
Deprn (non funded)					514				406

# City Promotion

## Key Issues

### Marineland

Council is investigating options available for Marineland beyond the life of the remaining dolphin.

### Kennedy Park

Although the Capital Plan includes a Infrastructural Asset Renewal for Kennedy Park, the proposed upgrade of cabins (\$1.1 million) is not included in the plan. The project is subject to a feasibility study and must be self funding.

## Performance Targets

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>City and Business Promotion</b>		
1. Number of Economic Monitoring Reports produced	4	4
2. 'Be Your Own Boss' clients served	100	100
3. Public Satisfaction rating in the NRB Public Opinion Survey	70% (excluding "don't know")	70% (excluding "don't know")
<b>Marineland of NZ</b>		
1. Attendances	46,000	65,900
<i>Note: The death of Shona the Dolphin has resulted in lower attendance levels. The 2008/09 target is reduced accordingly.</i>		
2. Range of visitor experience options	7	7
3. Number of educational programme attendees	4,400	4,350
4. Number of rehabilitated animals and birds	30	30
5. Work experience and skill enhancement volunteers	25	25
<b>National Aquarium of NZ</b>		
1. Number of schools	50	50
2. Number of school children	7,322	7,322
3. Number of environmental exhibitions	2	2
4. Number of environmental projects	2	2
5. Number of visitors	116,377	116,377
6. Number of function attendees	1,630	1,630
7. Number of sleepover attendees	880	880
8. Number of major cultural exhibits	1	1
9. Number of Friends of the Aquarium	1,000	850

## City Promotion ...

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Napier i-Site</b>		
1. Visitor numbers through Centre <i>Note: Projected growth in visitor numbers through the centre has eventuated. The target is reduced accordingly</i>	350,000	436,000
2. New and renewal paid operator displays	120	120
3. Number of information packs distributed <i>Note: The number of information packs target has been reduced to reflect the greater levels of information now available on line and able to be printed by consumers on demand at home.</i>	1,200	1,600
<b>Par 2 Mini Golf</b>		
1. Admission numbers	50,280	50,280
2. Customer satisfaction ratings	80%	75%
<b>Kennedy Park</b>		
1. Overall Room Nights Booked	36,467	36,467
2. Room nights booked for sport groups	1,540	1,540
3. Percentage of users who have young children in family groups <i>Note: The target has been revised 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.</i>	21%	63%

## Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09				
		Capital	Income	Funding Required	Capital	Income	Funding Required		
<b>City Promotion</b>									
City and Business Promotion		566	-	36	530	452	-	38	414
City Promotion Grants		769	-	-	769	887	-	-	887
Marineland of NZ		870	6	495	381	820	5	642	183
National Aquarium of NZ		2,192	44	1,542	694	2,015	39	1,489	565
Par 2 MiniGolf		284	26	343	(33)	283	5	332	(44)
Napier i-SITE Visitor Centre		983	31	653	361	915	10	636	289
Kennedy Park		2,366	196	2,904	(342)	2,359	175	2,904	(370)
		<b>8,030</b>	<b>303</b>	<b>5,973</b>	<b>2,360</b>	<b>7,731</b>	<b>234</b>	<b>6,041</b>	<b>1,924</b>
<b>Funded By</b>									
Non Targeted Rates					1,250				892
Special Funds					455				394
Depn (non funded)					655				638

# Planning and Regulatory

## Key Issues

### World Heritage Site

Napier City Council is currently seeking World Heritage status for the Napier Art Deco Historic Precinct. In the first instance the Council has established a partnership with the Department of Conservation who are undertaking a research project into the relative international value of Art Deco as a cultural style and the importance of Napier as an historic site that reflects this.

### Parking

The upgrading of Dickens Street has included the expansion of the Dickens West carpark which will meet much of the increasing demand for CBD parking for the immediate future.

## Performance Targets

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>City Development Planning</b>		
1. Review Council's Strategic Policy Documents	report as required	report as required
2. Process any District Plan modifications within legislative requirements	100% within 2 years	100% within 2 years
3. Residents Satisfaction rating in the NRB Public Opinion Survey	60%	60%
4. Report any additions to heritage inventory of heritage studies completed	report as required	report as required
5. Report on consultation for District Plan modifications - who was consulted and on what issues prior to formal notification	report as required	report as required
6. Positive Outcomes in the state of the Environment report for Napier City	report as required	report as required
7. Consistency with other regional/territorial plans	report as required	report as required
<i>Note: The measure "Reduce the number of resource consent applications" included in the LTCCP is not included in the 2008/09 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.</i>		
<b>Regulatory Consents</b>		
1. Percentage of Non-notified and Subdivision Consents processed within 20 working days	100%	100%
2. Percentage of Notified Consents processed within 70 working days	100%	100%
3. Percentage of Land Information Memoranda processed within 10 working days	100%	100%
4. Residents Satisfaction rating in the Planning Customer Satisfaction Survey	60%	60%
<b>Building Consents</b>		
1. Percentage of Building Consents processed within 20 working days	100%	100%
2. Number of Building WOFs audited	20%	20%
<i>Note: The measure "Percentage of Building Consents processed within 10 working days" included in the LTCCP will not be included in the 2008/09 Annual Plan as it is no longer applicable.</i>		
<b>Environmental Health Services</b>		

## Planning and Regulatory ...

	Prospective 08/09 Targets	LTCCP 08/09 Targets
1. Food and Non-Food Premises inspected	100%	100%
2. Water samples taken (national standard 100%)	165%	165%
3. Residents Satisfaction with Noise Control in the NRB Public Opinion Survey	77%	77%
<b>Animal Control</b>		
1. Number of registered dogs	6,000	6270
2. Complaints actioned within 5 working days	100%	100%
3. Residents Satisfaction with Dog Control in the NRB Public Opinion Survey	65%	65%
<b>Parking Services</b>		
1. Occupancy of CBD Off street parking areas	85%	85%
2. Occupancy of Taradale Off street parking areas	85%	85%
3. Occupancy of CBD On street parking areas	85%	85%
4. Occupancy of Taradale On street parking areas	85%	85%
5. Residents Satisfaction with Parking in the Inner City in the NRB Public Opinion Survey	60%	60%
6. Residents Satisfaction with Parking in the Suburbs in the NRB Public Opinion Survey	75%	75%

## Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09				
		Capital	Income	Funding Required	Capital	Income	Funding Required		
<b>Planning and Regulatory</b>									
City Development Planning		587	61	5	643	589	-	5	584
Regulatory Consents		907	-	333	574	859	-	305	554
Building Consents		1,150	-	804	346	1,034	-	704	330
Environmental Health		484	-	195	289	501	-	194	307
Animal Control		568	75	413	230	537	-	368	169
Parking		1,254	520	2,202	(428)	1,237	120	2,397	(1,040)
		<b>4,950</b>	<b>656</b>	<b>3,952</b>	<b>1,654</b>	<b>4,757</b>	<b>120</b>	<b>3,973</b>	<b>904</b>
<b>Funded By</b>									
Non Targeted Rates					1,959				1,917
Loans					75				-
Special Funds					(529)				(1,013)
Depn (non funded)					149				-

# Roading

## Key Issues

Future developments for Roading have been identified in the recommendations of the Napier Road Network Study 1999, Heretaunga Plains Transportation Study 2004 and other reviews. Major projects identified:

- the Hyderabad Road overbridge and four-laning of Prebensen Drive including side connections (\$6.7 million - loan and Land Transport New Zealand (LTNZ) subsidy)
- the creation of a link between Awatoto and the Expressway (\$7.5 million - rates, loan and LTNZ subsidy)

\$42 million of deferred capital works have been identified throughout the City. While some projects have been completed, the cost of construction has inflated the remainder. These are road upgrading projects in the existing network not constructed to the required standards, or when links in the network are operating over their traffic carrying capacity, or in need of upgrading for other reasons such as safety, environmental or commercial improvements. The capital plan allows for an annual expenditure on deferred capital works of \$1,630,000 funded from rates.

A ten year programme to upgrade Napier CBD is identified in a comprehensive report. In total funding for this project has been identified as \$10 million. Ongoing redevelopments for this project have been funded as the Council has identified need and include:

- Upgrade of Dickens Street West and the planned upgrade of Dickens Street East in the 2008/09 year.
- Roundabout at Marine Parade and Tennyson Street intersection
- Improvements in the roading network around the CBD (eg one laning)

Resulting from public submissions to a past Annual Plan the Bay View Footpath project has been included in the 2008/09 and 2009/10 years at a cost to Council of \$180,000. The footpath alongside State Highway 2 between Rogers Rd and Petane Rd will be installed in conjunction with Transit NZ.

Due to funding constraints following major projects identified in the LTCCP are still not included in the Capital Plan:

- Cycle Strategy Projects (\$3.2 million). Although the Rotary Pathway links project is included, funding for the full 20 year programme to implement the Cycle Strategy Recommendations has not been included in the plan. Where possible cycle strategy projects will continue to be funded as part of new roads and roading upgrades.
- Emerson St Pavement Renewal (\$1.5 million). Replacing the concrete pavers with clay pavers.

## Performance Targets

Roading	Prospective 08/09 Targets	LTCCP 08/09 Targets
1. Residents Satisfaction with 'Footpaths' in the NRB Public Opinion Survey	75%	75%
2. Residents Satisfaction with 'Roads' in the NRB Public Opinion Survey	85%	85%
3. Number of Injury Crashes in Napier City	Reduce by 4% on previous year	140
4. Average Roughness of Sealed Urban Roads	100	100
5. Maximum deferred capital works	\$42 million	\$42 million

## Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09				
		Capital	Income	Funding Required	Capital	Income	Funding Required		
<b>Roading</b>									
Roading		14,442	16,717	7,254	23,905	13,741	14,151	6,002	21,890
		<b>14,442</b>	<b>16,717</b>	<b>7,254</b>	<b>23,905</b>	<b>13,741</b>	<b>14,151</b>	<b>6,002</b>	<b>21,890</b>
<b>Funded By</b>									
Non Targeted Rates				9,584					9,211
Loans				2,924					2,605
Special Funds				5,967					5,354
Depn (non funded)				1,538					1,367
Vested Assets				3,892					3,353

# Water and Wastes

## Key Issues

### Omarunui Regional Landfill Site Development

Stage 1 of Valley D of the Omarunui Regional Landfill is operational and Stage 2 is under construction. The work includes the installation of a gas collection system. This system needs to be commissioned before a final feasibility study on a gas to energy scheme can be undertaken.

### Wastewater Treatment

Funding of \$26.3 million for this major project has been provided in previous years. Investigations for a new Biological Trickling Filter Treatment (BTF) process are under way and commissioning of a wastewater treatment plant is programmed for December 2010.

The Hawke's Bay Regional Council has granted a change to the existing discharge consent conditions, delaying the implementation date for Advanced Primary Treatment to 31 December 2010. This allows for a resource consent application for a BTF plant to be prepared and heard and for any operational concerns associated with a BTF plant to be addressed.

### Cross County Drain

Funding of \$14.9 million was included in previous years and an additional \$1.2 million funded from loan and financial contribution has been included this year for the completion of the project. Excavation of the drain is substantially complete. Construction of the discharge pipelines has started.

### Other Projects

Major Wastewater projects are the Taradale Pumping station and main (\$5.4 million) funded from loan and financial contributions and the Western pumping main (\$0.9 million) funded from financial contributions.

Additional funding has been provided for the completion of the Dalton Street Stormwater Pump Replacement project (total project \$400,000 funded from rates).

Additional funding for a new storage tank at Bay View reservoir has been included in the capital plan for 2008/09, funded from rates, financial contributions and Bay View Capital Contributions, to take account of geotechnical issues. The tank will be larger than that originally planned.

## Performance Targets

	Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Solid Waste</b>		
1. Total waste to landfill	30,000 tonnes	33,000 tonnes
2. Waste to landfill per capita	524 kg	574 kg
3. Refuse diversion rate	19 %	15 %
4. Compliance with requirements of resource consents	100 %	100 %
5. Number of recycling stations	2	2
<b>Stormwater</b>		
1. Residents Satisfaction with 'Stormwater' in the NRB Public Opinion Survey	85%	85%
2. Compliance with requirements of resource consents	100%	100%
3. Pumping capacity available	95%	95%
<b>Wastewater</b>		
1. Percentage of urban main residential and rural settlement population served by reticulated system	Reticulated system - 93.3% Main Res and Rural - 96.9%	Reticulated system - 93.3% Main Res and Rural - 96.9%
2. Residents Satisfaction with 'Wastewater' in the NRB Public Opinion Survey	75%	75%
3. Compliance with requirements of resource consents	100%	100%

## Water and Wastes ...

		Prospective 08/09 Targets	LTCCP 08/09 Targets
<b>Water Supply</b>			
1.	Residents Satisfaction with 'Water Supply' in the NRB Public Opinion Survey	90%	90%
2.	Compliance with Resource Consent requirements	100%	100%
3.	Compliance with Drinking Water standards	100%	100%
4.	Percentage Distribution Mains Cleaned	20%	20%

## Financial Summary

Expenditure by Activity		Prospective 2008/09				LTCCP 2008/09			
(\$000)	Notes	Capital	Income	Funding Required		Capital	Income	Funding Required	
<b>Water and Wastes</b>									
Solid Waste		4,911	998	2,725	3,184	3,856	450	1,914	2,392
Stormwater		2,981	2,926	7	5,900	2,911	1,626	7	4,530
Wastewater		5,982	3,942	436	9,488	10,591	3,295	761	13,125
Water Supply		3,647	1,167	441	4,373	3,571	975	452	4,094
		<b>17,521</b>	<b>9,033</b>	<b>3,609</b>	<b>22,945</b>	<b>20,929</b>	<b>6,346</b>	<b>3,134</b>	<b>24,141</b>
<b>Funded By</b>									
Non Targeted Rates				3,343					3,281
Targeted Rates				10,175					14,333
Loans				2,096					765
Special Funds				5,520					4,610
Depn (non funded)				476					-
Vested Assets				1,335					1,152

# Property Assets

## Key Issues

### Parklands Residential Estate

The development of Parklands Residential Estate is staged to meet current demand. Should a future significant reduction in demand for new sections result from an economic downturn, future stages of development will be deferred. In this way risk to ratepayers is minimised.

Council is proceeding with the next development areas and a Resource Consent has been approved for the next 250 lots.

### Redevelopment of HB Museum and Art Gallery Buildings

Major redevelopment of the Hawke's Bay Museum and Art Gallery is proposed. This includes:

- Demolition of the Lilliput and Discovery Centre Buildings
- Creation of a new HB Museum and Art Gallery building which links through to the existing Century Theatre and Museum buildings
- Restoration of the Louis Hay Museum building to its original Art Deco character

Council has provided \$5 million from its ten year capital plan over the years 2005 to 2008. Plans are currently being prepared and the project is intended to be commenced in the 2008/09 year subject to the raising of the required funds for the project.

## Performance Targets

Parklands Residential Development	Prospective 08/09 Targets	LTCCP 08/09 Targets
1. Number of new lots created	67	Target not specified
<b>Property Holdings</b>		
1. Leases renewed within the statutory time frame as specified in the individual registered lease documents	100%	100%
2. Occupancy rate of Council owned commercial buildings subject to availability of lettable space and market demand and conditions	100%	100%
3. Buildings maintained to a satisfactory level and complying with the Building Act and Health and Safety Act	100%	100%
4. Freeholding of leasehold properties facilitated in accordance with Council's freeholding policy	100%	100%

## Financial Summary

Expenditure by Activity (\$000)	Notes	Prospective 2008/09			LTCCP 2008/09				
		Capital	Income	Funding Required	Capital	Income	Funding Required		
<b>Property Assets</b>									
Lagoon Farm		461	-	411	50	404	-	350	54
Parklands Residential Development		7,456	-	10,050	(2,594)	5,374	5,000	6,800	3,574
Property Holdings		286	100	3,367	(2,981)	708	100	2,408	(1,600)
		<b>8,203</b>	<b>100</b>	<b>13,828</b>	<b>(5,525)</b>	<b>6,486</b>	<b>5,100</b>	<b>9,558</b>	<b>2,028</b>
<b>Funded By</b>									
Non Targeted Rates				(1,035)					(746)
Special Funds				(4,713)					2,608
Depn (non funded)				223					166

## 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 2008/09.

### 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 derecognised e.g. when an asset is sold it is no longer recorded on the balance sheet as from the date of the sale.

### Derivative

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

### Financial 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.