

# Napier City Council 2016/17 Annual Plan

Adopted 29 June 2016



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This Annual Plan has been prepared in accordance with the requirements of the Local Government Act 2002.

*Cover image: Park Island, Napier.*

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## Mayor and Councillors as at June 2016

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Mayor  
Bill Dalton



Deputy Mayor  
Faye White



Councillor  
Mark Herbert



Councillor  
Graeme Taylor



Councillor  
Maxine Boag



Councillor  
Michelle Pyke



Councillor  
Roy Sye



Councillor  
Annette Brosnan



Councillor  
Tony Jeffery



Councillor  
Kirsten Wise



Councillor  
Keith Price



Councillor  
Mark Hamilton



Councillor  
Richard McGrath

## Strategic Direction

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### Our Mission

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

### Our Vision

Over the coming year we will continue to grow and maintain a vibrant Napier which surpasses expectations and embraces new opportunities for all aspects of the city.

## Mayor's Message

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The next year is going to be an exciting one for Napier.

Our Annual Plan outlines what we are proposing to do over the 2016/17 financial year, and what has changed from the Ten Year Plan adopted by the Napier City Council in 2015.

We're moving forward with focus, while also being aware of the challenges and issues, particularly financial restraints, which face our residents and ratepayers is what underpins what we have decided to do.

The rate increase this year for the average residential ratepayer will be 3.59%, down from the 4.2% indicated in the Long Term Plan.

With further development being added to what both we and residents regard as essential services, we do need to make sure our high level of service is maintained. It is expected by residents, ratepayers and visitors, and includes everything from making sure storm water flows away as it should, to roads being safe for vehicles, cyclists and pedestrians, to making sure our parks and gardens are able to be enjoyed by everyone.

This year we have just over \$59m, plus \$2.3m vested assets, committed to works over the coming year, which includes planned infrastructural asset renewals and other routine

capital expenditure. Some of the highlights of the Sustainable Capital Programme, which include projects we asked for feedback on in the Annual Plan Consultation Document, include:

- Old Embankment Road Bridge repairs, \$1.5 million through to 2017/18
- Anderson Park upgrade
- Destination Playground, Stage One build scheduled to be completed this financial year
- Napier Conference Centre refurbishment (formerly the Napier War Memorial Conference Centre), scheduled to re-open February 2017

I thank all 227 submitters for their feedback on the Annual Plan Consultation Document, suggestions and constructive ideas. With your continued support we can look forward to Napier becoming even more of a vibrant city than it is now.



Bill Dalton  
**Mayor**



# Consultation for the 2016/17 Annual Plan

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## Consultation and the Results:

### Consultation

The Consultation Document for the 2016/17 Annual Plan was adopted by Council on 6 April 2016.

There were four Consultation Topics the Council sought feedback on:

- Sustainable Capital Programme
- Old Embankment Road Bridge
- Anderson Park upgrade
- Taradale Stormwater upgrade

The formal submission period ran from 11 April to 13 May. During this period residents and ratepayers were encouraged to give feedback via media releases sent to all local media, information displayed on the digital screens at the Civic Building's main reception and the Napier Libraries, social media posts, newspaper advertising, and an article in our monthly publication, Proudly Napier.

The Consultation Document was also distributed to Napier households as an insert with local community paper the Napier Mail on 13 April.

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### Results

The total number of submissions was 227. People were encouraged to make their submissions online to the Council website and 92 were completed online.

Of the submitters, 88% approved of the proposed repairs to the Embankment Road Bridge, 73.7% approved for the upgrade of Anderson Park's amenities and grounds as outlined, 67.3% approved for putting the Taradale Stormwater upgrade on hold in 2016/17 as proposed, to allow for detailed modelling work to be done, and a further \$1.4m to be added to the budget for this project. For the Sustainable Capital Programme, the majority of submitters who responded to this issue (45.8%) were in favour of the proposal. 43.9% preferred to stay with the capital programme outlined in the LTP, however their comments were for Council to ensure the programme is prudent and to use local contractors. The proposed Sustainable Capital Programme achieves these requirements and addressed the comments for those proposing to stay with the Long Term Plan option.

This Annual Plan includes:

- Embankment Road Bridge upgrade
- Anderson Park upgrade
- Amended Taradale Stormwater upgrade
- Sustainable Capital Programme together with the further changes presented at the hearings meeting. These changes took into account projects planned for 2015/16 that will not be completed by 30 June 2015 and have been added back to the Capital Programme.

### Changes from the Consultation Document to Annual Plan

Council heard submissions on 9 June and 10 June. The major changes approved by Council following the hearings included:

- Up to \$150,000 funding or in-kind support for next February's Te Matatini Festival
- \$500,000 from the Capital Reserve has been earmarked for IT projects in 2016/17
- \$150,000 from the Capital Reserve to be allocated to events in 2016/17
- \$2,000 funding for the next Waitangi day celebrations for Ngā Tukemata-O-Kahungunu Charitable Trust
- \$40,000 funding for Alternative Arts Initiative to support the Sea Walls in 2017
- \$16,000 funding for Zeal Education Trust for a satellite space for the Design Box project
- Council adopted the amended capital programme of \$388,942,000 over the remaining nine years of the LTP and \$61,706,000 budgeted to be spent in 2016/17.

## The Community's Desired Outcomes

Council has reviewed and confirmed its Community Outcomes as part of the planning process for this Annual Plan. These community outcomes were originally determined from an extensive consultation process with the community in 2003/04 and have been reviewed every three years as part of the Long Term Plan process.

The community outcomes provide a long term perspective on the development of Napier City and provide the Napier City

Council with a framework for contributing to these community aspirations through Council activities. Each of Council's activities contributes to some or all of the Community Outcomes. Through the Annual Plan, Council provides a specific focus and determines priorities for the activity contribution to these outcomes.

The eight Community Outcomes and details of the Council Activity's primary contributions are in the table below:

Outcome	Outcome Definition	Council Activity	Details of service provided
To provide infrastructure and services to support good health and wellbeing	All people who live in Napier will have access to those services and facilities that support them in achieving and maintaining good health and a sense of wellbeing.	Solid Waste	Council provides a kerbside refuse collection service weekly and a kerbside recycling collection service fortnightly to city. In addition this activity provides a user pays refuse disposal facility at the Transfer Station.
		Stormwater	Council provides this service which collects, transports and disposes of stormwater, with the least environmental impact to protect the health and provide safety from flooding of the city population.
		Wastewater	Council provides this service which collects, transports and disposes of household waste water, with the least environmental impact to protect the health of the city population.
		Water Supply	Council provides this service to transport clean water to protect the health of the city population.
		Community Planning	Council offers financial support through grants and service contracts for community initiatives and services to support good health and wellbeing.
		Public Toilets	Council provides adequate toilets that are accessible, available and appropriately located for use by the public through out the community.
		Environmental Health	Council works to protect community health through the monitoring of compliance with legislation.
Transport infrastructure and services that are safe, efficient and integrated	Napier's transport system is accessible, safe and affordable and meets the needs of the citizens.	Roading	Council provides a transport system that is safe and efficient and enables users to move around effectively.
		Parking	Council provides on and off street parking facilities to ease the safe movement of passenger vehicles within the transport network.
Safe and accessible recreational facilities	All people who live in Napier have access to services and facilities that support recreation opportunities in a safe environment and that encourages positive social interaction.	Sportsgrounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community.
		Napier Aquatic Centre	
		Marine Parade Pools	
		Reserves	
		Inner Harbour	Council provides a sufficient number and range of cultural and social facilities to satisfy the needs of the community.
		Libraries	
		MTG Hawke's Bay Halls	

Outcome	Outcome Definition	Council Activity	Details of service provided
An environment that is appreciated, protected and sustained for future generations	The Napier community recognises and respects the importance of the natural environment and undertakes to enhance and care for it and ensure that its resources are sustained for the wellbeing of both the current and future generations.	Solid Waste	Council actively promotes waste minimisation activities and responsible solid waste management decisions to divert waste from the landfill.
		Stormwater	Council provides this service which collects, transports and disposes of stormwater, with the least environmental impact to protect the health and provide safety from flooding of the city population.
		Wastewater	Council provides this service which collects, transports and disposes of household waste water, with the least environmental impact to protect the health of the city population.
		Water Supply	Council provides this service to transport clean water with the least environmental impact to protect the health of the city population.
		Cemeteries	Council maintains a quiet, aesthetically pleasing environment for visitors to the cemeteries.
		Reserves	Council sustainably manages the development and use of reserves as a natural resource for both locals and visitors.
		Planning Policy	Council administers and monitors the District Plan through the resource consent process in an efficient and effective manner that is fair to all parties.
		Regulatory Consents	
A strong prosperous and thriving economy	Support for Napier as a leading commercial and tourist centre with business and employment opportunities that encourage a robust and resilient economy.	Inner Harbour	Council provides 98 berths for commercial and recreational vessel owners.
		Napier Skate Park	Council provides a range of facilities that offer a value-for-money visitor experience and enables events and services to be hosted that contribute to the economic wellbeing of the City.
		MTG Hawke's Bay	Council provides a sustainable cultural destination in the City with MTG as the centre piece of the cultural precinct as a visitor attraction.
		City and Business Promotion	Council has processes in place to encourage new business enterprises to establish in the City. Council provides a range of facilities that offer a value-for-money visitor experience and enables events and services to be hosted that contribute to the economic wellbeing of the City.
		War Memorial Conference Centre	
		National Aquarium of NZ	
		Napier i-SITE Visitor Centre	
		Par 2 MiniGolf	
		Kennedy Park Resort	Council provides its property portfolio, land for residential development to meet public demand, and farming land at Lagoon Farm.
		Lagoon Farm	
Parklands Residential Development			
Property Holdings			

Outcome	Outcome Definition	Council Activity	Details of service provided
Communities that value and promote their unique culture and heritage	The Napier community recognises and respects the importance of its diverse cultural values, customs and treasures, and preserves and promotes them as an expression of community identity and pride.	Libraries	Council maintains a good level of library stock which is kept up to date to meet the expectations of the public.
		Napier Municipal Theatre	Council provides a high quality performing arts venue for local and visitor use.
		MTG Hawke's Bay	Council provides a high quality museum and art gallery experience for locals and visitors to the City.
		Planning Policy	All statutory requirements are complied with in preparing and maintaining the District Plan.
Safe and secure communities	The people of Napier work together to build an environment where everyone can live confidently in the knowledge they are safe.	Regulatory Consents	Council administers and monitors the District Plan through the resource consent processing an efficient and effective manner that is fair to all parties.
		Community Planning	Council promotes community safety with an emphasis on implementing crime prevention measures.
		Emergency Management	Council puts processes in place to ensure the Napier community is prepared and knows how to survive during and recover after an emergency.
		Retirement and Rental Housing	Providing a safe environment for tenants in council housing. Council staff are available to support / assist tenants when required.
		Planning Policy	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their health (food handling, water quality), safety (building changes, animal nuisance) and wellbeing (noise and environmental effects).
		Building Consents	
		Regulatory Consents	
Environmental Health			
Strong leadership that is connected to its community	The Napier community is guided by strong leadership focused on achieving and maintaining economic, environmental, cultural and social wellbeing for its citizens. All people have the opportunity to participate in a democratic environment and achieve a sense of belonging.	Animal Control	Democratic principles are the key structure of New Zealand society. These are effected through representatives community knowledge and the application of this knowledge in decision making processes. This is reflective of strong leadership.
		Democracy and Governance	
		Community Planning	Council regularly liaises with community groups, social services and key community organisations and agencies to share community information and advice.

## Regional Collaboration and Shared Services

Napier City Council, Hastings District Council, Hawke's Bay Regional Council, Wairoa District Council and Central Hawke's Bay District Council have been involved in "Shared Services" initiatives for many years. This was formalised in 2012 with the formation of Hawke's Bay Local Authority Shares Services Limited (HBLASS). The company is jointly owned by the five Hawke's Bay local authorities and has as its purpose to facilitate shared services, promote joint procurement and facilitate best practice and efficiencies in delivering activities and services.

In addition to the services provided by HBLASS the Hawke's Bay Councils undertake a number of joint activities with the aim of reducing the cost of performing those activities for the

community at large. For example the Councils cooperate in the areas of rating valuation services, purchase of insurance, and strategy development such as the Heretaunga Plains Urban Development Strategy (HPUDS). The Omarunui Landfill is an example where the Councils jointly operate a facility for the benefit of the collective communities at Napier and Hastings where it is unlikely that one council on its own could achieve such benefits.

The table below sets out many of the areas where the five Hawke's Bay Councils have or are currently working together to provide effective and efficient services to the people of Hawke's Bay.

Initiatives	HBRC	WDC	NCC	HDC	CHBDC
<b>Community Services</b>					
Pettigrew Green Arena			✓	✓	
Sport Hawke's Bay	✓	✓	✓	✓	✓
Shared Library Service			✓	✓	
Pathway Development	✓		✓	✓	
Hawke's Bay Museum Trust			✓	✓	
Settlement Support Service			✓	✓	
Youth Transition Service			✓	✓	
Regional Cultural Archives	✓		✓	✓	
Crematorium			✓	✓	
Road Safety Initiatives	✓	✓	✓	✓	✓
<b>Corporate Support</b>					
Joint Property Valuation Contract	✓	✓	✓	✓	✓
Joint Insurance	✓	✓	✓	✓	✓
Energy Procurement	✓	✓	✓	✓	✓
Joint Building Consents		✓	✓		
Joint Human Resources		✓	✓		
<b>Economic</b>					
Hawke's Bay Airport Ltd			✓	✓	
Business Hawke's Bay	✓	✓	✓	✓	✓
Tourism Hawke's Bay	✓	✓	✓	✓	✓
<b>Essential Infrastructure</b>					
Recreational Water Quality Monitoring	✓	✓	✓	✓	✓
Joint Recycling and Refuse Collection Contracts			✓	✓	
<b>Strategy and Planning</b>					
Omarunui Joint Landfill			✓	✓	
Waste Futures			✓	✓	
Stormwater Drainage	✓		✓	✓	
Regional Transportation Strategy	✓	✓	✓	✓	✓
HPUDS	✓		✓	✓	
Napier / Hastings Joint District Plan	✓		✓	✓	
Solid Waste Management Plan			✓	✓	
Regional Community Outcomes	✓	✓	✓	✓	✓
Community Outcome Monitoring	✓	✓	✓	✓	✓
Regional Strategic Coordination Group	✓	✓	✓	✓	✓
Civil Defence Group	✓	✓	✓	✓	✓

Initiatives	HBRC	WDC	NCC	HDC	CHBDC
Policy Sharing	✓	✓	✓	✓	✓
Joint Alcohol Strategy			✓	✓	
Joint Regulatory Training		✓	✓	✓	✓
Joint Regulatory Purchasing			✓	✓	
Local Alcohol Policy			✓	✓	
Joint Smokefree Policy			✓	✓	
HBLASS					
- IT Purchasing					
- Vehicle Policies	✓	✓	✓	✓	✓
- GIS					
- Environmental Services					
- Fuel Purchasing					

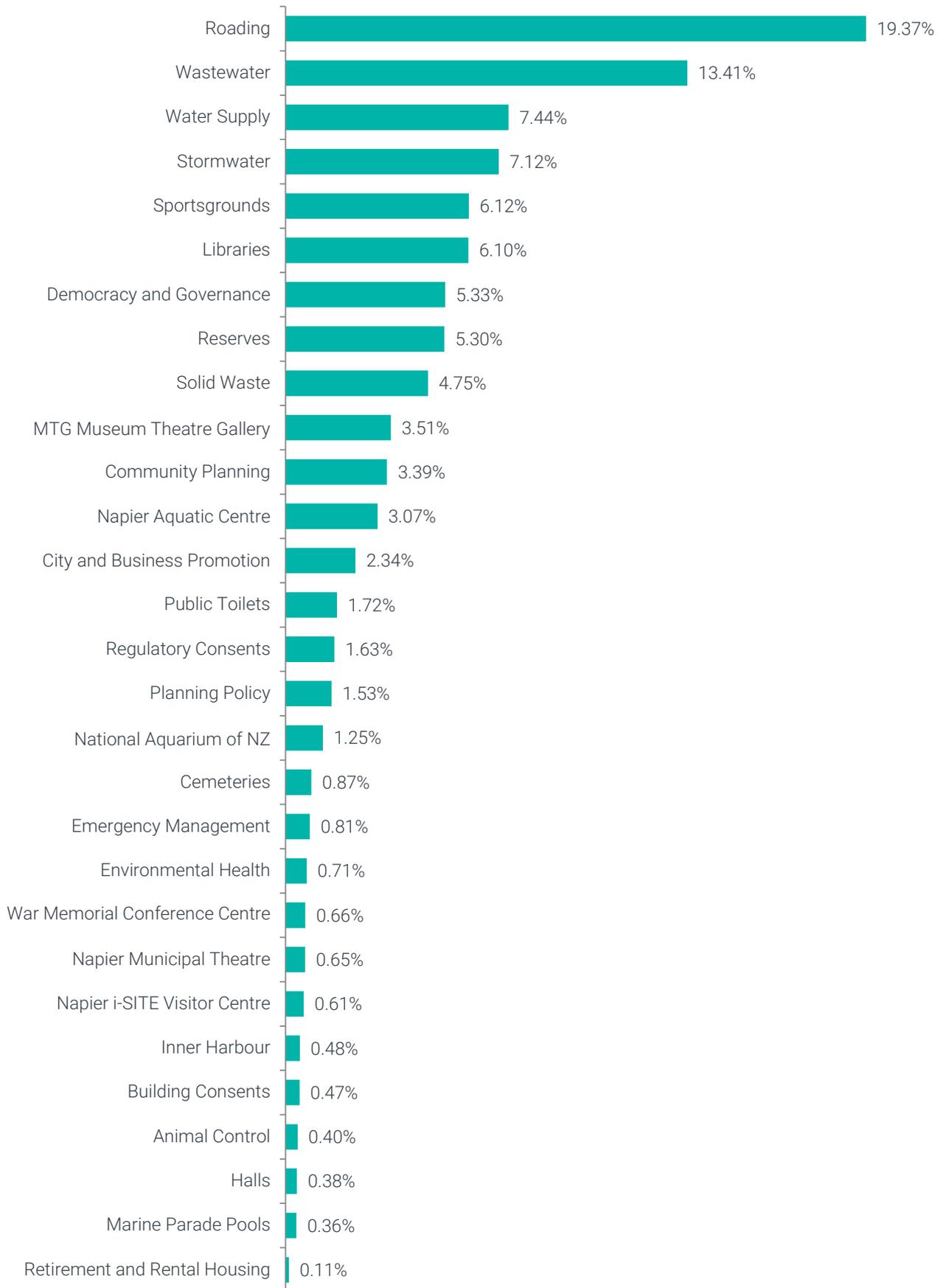
## Financial Performance Measures

LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
48,610	Rates Revenue	50,460	50,776
10,129	Net Surplus	9,880	20,233
41,413	Working Capital	60,988	18,194
	- Net Public Debt (External)	-	-
41,714	Internal Debt	51,097	47,219
1,477,278	Total Assets	1,582,469	1,547,265
51.0%	% Rates Revenue to Total Revenue	51.8%	46.9%
0.0%	Net Public Debt as a percentage of Total Assets	0.0%	0.0%
7.0%	Proportion of Rates Revenue applied to service Total Debt (%)	7.0%	8.0%
2.9%	Rates increase to existing ratepayers year on year *	3.6%	4.2%

\* Excludes expected rating revenue increase arising from growth in the rating base.

## Where your Rates Dollars go

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# Annual Plan Disclosure Statement for year end 30 June 2017

The Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations 2014) were developed to assist in identifying local authorities where further enquiry is warranted in relation to their financial management, and promote prudent financial management by local authorities.

Section 101A of the LGA requires local authorities, to prepare and adopt a financial strategy that includes a statement that quantifies limits on rates, rate increase and borrowings. These limits are then used as the basis of the Rates and Debt Affordability benchmarks. Council's planned performance in this Annual Plan against these specified benchmarks is shown below.

	LTP 2016/17	Annual Plan 2016/17	Policy Limit	Met
<b>Rates Affordability Benchmarks</b>				
Rates Revenue less annual growth (\$000)	\$50,671	\$50,355	\$50,914 maximum	Yes
Percentage Rates Increase	4.2%	3.6%	4.7% maximum	Yes
<b>Debt Affordability Benchmarks</b>				
Cost of Servicing Rate Funded Internal and External Debt	8.0%	6.9%	16% maximum	Yes
Liquidity to External Debt	No external debt	No external debt	110% minimum	Yes
Net External Debt as a percentage of Total Revenue	0.0%	0.0%	10% maximum	Yes
Net Rate Funded Debt \$ per Capita	\$583	\$590	\$1,500 maximum	Yes
Net Interest to Total Income	-0.9%	-0.9%	12% maximum	Yes
<b>Balanced Budget Benchmark</b>				
Operating Revenue to Operating Expenses	116%	126%	100% minimum	Yes
<b>Essential Services Benchmark</b>				
Capital Expenditure to Depreciation	177%	183%	100% minimum	Yes
<b>Debt Servicing Benchmark</b>				
Borrowing costs to operating revenue	0%	0%	10% maximum	Yes

## Notes:

### Rates Affordability Benchmarks

Under Section 17 of the Regulations 2014, Council must disclose planned rates revenue compared to quantified limit on rates revenue, and planned rates revenue increases compared to the quantified limit on rates revenue increases; a local authority meets the rates affordability benchmarks if planned rates revenue and percentage increases are equal or less than the Council's quantified limit on rates revenue and percentage increases.

As per the table above, Council plans to meet its rates affordability benchmarks in 2016/17.

### Debt Affordability Benchmarks

Under Section 18 of the Regulations 2014 Council must disclose its planned performance in relation to debt affordability by comparing planned borrowing with each quantified limit on borrowing; a local authority meets its debt affordability benchmarks if planned borrowing is within each of the Council's quantified limits of borrowing.

Council has set five limits in its Liability Management Policy adopted 26 February 2015. These are:

- The cost of servicing rate-funded borrowing should not exceed 16% of annual rating income.
- Liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%
- Net external debt as a percentage of total income will not exceed 100%
- Net rate-funded debt per capita will not exceed \$1,500
- Net interest expense as a percentage of total income will not exceed 12%

The Council plans to meet each of these debt affordability benchmarks in 2016/17. Council plans to have no external debt, and interest income is expected to exceed interest expense, resulting in a negative net interest to total income percentage.

### Balanced Budget Benchmark

Under Section 19 of the Regulations 2014 Council must disclose its planned performance in relation to the balanced budget benchmark. Performance is portrayed as the percentage of operating revenue to operating expenses; a local authority meets the balanced budget benchmark if its operating revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) exceeds its operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

The Council plans to meet the balanced budget benchmark in 2016/17.

### Essential Services Benchmark

Under Section 20 of the Regulations 2014, Council must disclose its planned performance in relation to the essential services benchmark. Performance is portrayed as a percentage of capital expenditure to depreciation costs; a local authority meets the essential services benchmark if its capital expenditure on network services for the year equals or is more than depreciation of network services for the year.

The Council plans to meet the essential services benchmark in 2016/17.

## **Debt Servicing Benchmark**

Under Section 21 of the Regulations 2014, Council must disclose its planned performance in relation to the debt servicing benchmark. Performance is portrayed as a percentage of borrowing costs to operating revenue; a local authority meets the debt servicing benchmark if borrowing costs for the year are equal or less than 10% of

operating revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment).

The Council plans to meet this benchmark in 2016/17.



# Financial Information



# Statement of Accounting Policies

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In accordance with the Local Government Act 2002 Section 95a, Napier City Council (the Council) adopted for consultation the Consultation for Napier's 2016/17 Annual Plan document on 11 April 2016. The final 2016/17 Annual Plan (AP) was authorised and adopted by the Council on 29 June 2016 following public consultation. As the authorising body, the Council is responsible for the Annual Plan presented along with the underlying assumptions and all other required disclosures.

The principal accounting policies adopted in the preparation of the Annual Plan's financial statements are set out below. The financial statements comprise the financial statements for the Council as an individual entity. The main purpose of the prospective financial statements outlined in the Annual Plan is to provide users with information about core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service.

## Reporting Entity

The Council is a New Zealand territorial local authority and is governed by the Local Government Act 2002 (the Act).

The reporting entity consists of the Council and its Council Controlled Organisations (CCO). The Council's CCO include:

- Hawke's Bay Museum Trust, Omarunui Landfill Joint Venture (36.32% share of control) and Hawke's Bay Local Authority Shared Services Limited (HBLASS) classified as investment in CCO; and
- Hawke's Bay Airport Limited (26% share equity accounted).

HB LASS Limited is a limited liability company with Central Hawke's Bay, Wairoa and Hastings District Councils, HB Regional Council and Napier City Council.

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, designated ourselves as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards for Public Benefit Entities (NZ IFRS PBE). Although associate company (Hawke's Bay Airport Limited) is not classified as a public benefit entity, the Council is considered a public benefit entity for the purposes of NZ IFRS PBE.

## Basis of Preparation

### Statement of Compliance

The prospective financial statements are for the Council as a separate legal entity and have been prepared in accordance with Section 95 of the Act and Part 2 of Schedule 10.

Under the Financial Reporting Act 1993 (FRA), the External Reporting Board (XRB) was established to issue financial reporting standards under a new multi-standards and multi-tiered Accounting Standards Framework. Under this framework, the Council is classified as a Tier 1 public benefit entity (PBE) that is required to apply full public sector Public Benefit Entity Accounting Standards (PAS). These standards are being developed progressively by the XRB and are primarily based on International Public Sector Accounting Standards (IPSAS).

These prospective financial statements have been prepared in accordance with the requirements of the Act, Section 95.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

## Measurement Base

These financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain assets and liabilities as specifically stated in these accounting policies.

## Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council and its associates is New Zealand dollars.

## Prospective Financial Information

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

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

The Annual Plan is based on the Long Term Plan results reported in the financial statements for the year ended 30 June 2016. The prospective financial statements have been prepared by using the best information available at the time for the Annual Plan. The final adopted Annual Plan will be updated no later than 30 June 2017.

In accordance with the Local Government Act 2002 Section 95, the Council adopted and authorised for issue the Consultation Document on 11 April 2016. As the authorising body, the Council is responsible for the 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 Public Benefit Entity Financial Reporting Standard (PBE FRS) 42 Prospective Financial Statements.

## Principles of Consolidation

Consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. Council has not prepared group prospective financial statements as it believes that parent prospective financial statements are more relevant for stakeholders.

### Investment in Associates

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

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

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

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

Entities are required to disclose all accounting policies that are relevant to an understanding of the financial statements. The investment in the associate is carried at cost in the Council's financial statements.

### Subsidiaries

The Council has no subsidiaries.

### Joint Ventures

- Jointly Controlled Assets

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

## Foreign Currency Translation

### Functional and Presentation Currency

Items included in the financial statements of each of the Council's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in New Zealand dollars, which is the Council's functional and presentation currency. 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 Prospective Statement of Comprehensive Revenue and Expenses, except when deferred in equity as qualifying cash flow hedges.

## 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 the work is carried out 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 Revenue

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

## Dividend Revenue

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

## 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 revenue from New Zealand Transport Agency (NZTA) which subsidises part of the Council's costs in maintaining the local road infrastructure.

## Income Tax

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

The income tax expense on 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 controlling entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## Goods and Services Tax (GST)

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

Commitments and contingencies are disclosed exclusive of GST.

## Leases

### The Council is the Lessee

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

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

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

### The Council is the Lessor

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

## Cash and Cash Equivalents

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

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

## 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms 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 Prospective Statement of Comprehensive Revenue and Expenses.

## **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 either at cost or at cost adjusted where applicable for any loss of service potential. These assets are held for distribution at no charge in the ordinary course of the Council's operations.

### **Non-Current Assets Held for Sale**

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

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

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

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

## **Investments and other Financial Assets**

### **Financial Assets at Fair Value through Surplus or Deficit**

This category has two sub categories: financial assets held for trading, and those designated at fair value through the surplus or deficit on initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if so designated by those responsible for preparing the financial statements. The policy of those responsible for preparing the financial statements 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 Prospective 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. Those with maturities greater than 12 months after the balance date are classified as non-current assets.

### **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.

They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

### **Financial Assets at Fair Value through Comprehensive Revenue and Expenses**

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category at initial recognition, or not classified in any of the other categories above. They are included in non-current assets unless the Council intends to dispose of the investment within 12 months of the Prospective 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 in the surplus or deficit. 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.

### **Measurement of Investments and Other Financial Assets**

Available for sale financial assets and financial assets at fair value through surplus or deficit 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 are taken through Other gains/(losses) category in the statement of comprehensive revenue and expenses in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as fair value are taken through the statement of comprehensive revenue and expenses are recognised as Valuation gains/(losses) in the fair value investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Prospective Statement of Comprehensive Revenue and Expenses as gains and losses from investment securities.

### **Fair Value Changes**

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

## Impairment of Financial Assets

The Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets 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 surplus or deficit is removed from equity and recognised in the Prospective Statement of Comprehensive Revenue and Expenses. Impairment losses recognised in the Prospective Statement of Comprehensive Revenue and Expenses on equity instruments are not reversed through the Prospective Statement of Comprehensive Revenue and Expenses.

## Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. 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 surplus or deficit, 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 Prospective Statement of Comprehensive Revenue and Expenses.

Amounts accumulated in equity are recycled in the Prospective Statement of Comprehensive Revenue and Expenses in the periods when the hedged item will affect surplus or deficit (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 Prospective Statement of Comprehensive Revenue and Expenses. 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 Prospective Statement of Comprehensive Revenue and Expenses.

## 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 Prospective Statement of Comprehensive Revenue and Expenses.

## 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 Prospective 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.

## 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.

Assets which are revalued are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation. 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. Road infrastructure assets are valued at depreciated replacement cost and revalued annually. Investment properties are revalued annually and shown at fair value. Land and Buildings are revalued three yearly are shown at fair value. Library Books are revalued annually and shown at fair value. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. 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 Prospective Statement of Comprehensive

Revenue and Expenses 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 the surplus or deficit, the increase is first recognised in the surplus or deficit. 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 revaluation reserve directly in equity to the extent of the Prospective Statement of Comprehensive Revenue and Expenses.

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

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

	Years
<b>Roading</b>	
Base Course	60-120
Surfacings	20-25
Concrete Pavers	80
Footpaths & Pathways/Walkways	15-80
Drainage	25-90
Bridges & Structures	20-100
Road Lighting	4-50
Traffic Services & Safety	10-25
<b>Water</b>	
Reticulation	56-200
Reservoirs	100
Pump Stations	15-80
<b>Stormwater</b>	
Reticulation	80-100
Pump Stations	15-80
<b>Sewerage</b>	
Reticulation	80-100
Pump Stations	15-80
Milliscreen	10-80
Outfall	60
<b>Others</b>	
Grandstands, Community & Sports Halls	50
Sportsgrounds, Parks & Reserves Improvements	10-50
Buildings on Reserves	10-50
Pools	10-50
Inner Harbour	20-50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Prospective 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 recognised in the surplus or deficit. When revalued assets are sold, it is Council's policy to transfer the amounts included in other reserves in respect of those assets to accumulated comprehensive revenue and expense.

## Investment Property

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

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

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

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

## 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 three to five years.

### Computer Software

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

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 expenses and an appropriate portion of relevant overheads. Computer software development expenses recognised as assets are amortised over their estimated useful lives not exceeding three years.

## 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 expenses 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). Once this assessment is made, this is adjusted through the revaluation reserve for revalued assets (where there is a positive reserve), or in the Prospective Statement of Comprehensive Revenue and Expenses where revaluation does not occur.

## Trade and other Payables

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

## Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method.

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

## Borrowing Costs

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

## Provisions

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

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

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

## Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

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

## Employee Benefits

### Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in 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.

## Post-employment 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 there is no consistent and reliable basis for allocating the obligation scheme assets and cost of the multi-employer defined benefit scheme to individual participating employers. As a result, the scheme is accounted for as a defined contribution plan and contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

## Bonus Plans

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

## 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.

## Prospective Statement of changes in Net Assets/Equity

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

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

### Restricted Reserves 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.

## Capital Management

The Council's capital is its equity (Ratepayers' Funds), which comprise accumulated comprehensive revenue and expenses and reserves. Equity is represented by net assets.

The Act requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' Funds are managed largely as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The purpose of the Act is to enable democratic local decision-making and action by, and on behalf of, communities. In addition, a second purpose is to meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and business. For this purpose, the Council has Asset Management Plans in place for major classes of assets, detailing renewals and maintenance programmes to ensure that future generations of ratepayers are not required to meet costs of deferred renewals and maintenance.

The sources and levels of funding are set out in the Revenue and Financing Policy

The Council has the following Council Created Reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surpluses or deficits relating to these separate areas of benefit are applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by Council.

Trust and bequest reserves are set up where the Council is donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purposes for which they were donated.

## Budget Figures

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

## Cost Allocation

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

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

## Critical Accounting Estimates and Assumptions

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

### 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 Prospective Statement of Comprehensive Revenue and Expenses. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections and deterioration and condition modeling are also carried out regularly as part of the Council asset management planning activities, which gives the Council further assurance over its useful life estimates.

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

### Landfill Aftercare Provision

The Omarunui Landfill is owned jointly by the Hastings District Council (63.68%) and Napier City Council (36.32%). The landfill is operated by the Hastings District Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a Resource Consent in 1985 to operate the Omarunui Landfill. The Councils have responsibility under the Resource Consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The cash outflows for landfill post-closure are expected to occur in 2024 for Valley D and began in 2007 for Valley A. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.5%.

The following major assumptions have been made in the calculation of the provision:

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

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

### Provision for Financial Guarantees

The Council is listed as sole guarantor to a number of related authorities and locally incorporated societies for bank facilities.

The Council is obligated under the guarantees to make payments in the event the authority or society defaults on a financial arrangement. The exercising of guarantees will be dependent on the financial stability of the authorities and societies, which will vary over time.

The Annual Plan assumes the Council will not be called on as guarantor of any bank facilities during the period of the plan and that no additional facilities will be added.

## 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 Planning Assumptions

In order to plan for the annual plan it is imperative to make assumptions about various aspects in the future. The significant assumptions made about the future form an important part of the planning framework.

It is also important to assess the estimated levels of uncertainty represented by the factors identified in the assumptions, so that risk mitigation and planning can be appropriately carried out.

The significant forecasting assumptions are discussed more fully in the pages that follow. The main contributions of risk are identified as arising from:

- Central Government changes to legislation and policy impacting on the role and compliance costs of local government.
- The rate, location and funding of growth within the District.
- Currency and interest rate movements.

## 1. Inflation

**Assumption:** Inflation rates will be based on the cost adjustor forecasts procured by SOLGM from BERL. These rates are applied to capital expenditure.

Table 1: Adjustor Forecasts

	2017/18	3018/19	3019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Annual Cost Adjustors</b>								
Roading & Transport	1.4	2.2	2.4	2.5	2.7	2.8	3.0	3.1
Property, Reserves & Parks	2.4	2.5	2.6	2.8	2.9	3.0	3.2	3.3
Water, Stormwater & Sewerage	3.8	3.0	3.2	3.3	3.5	3.7	3.8	4.0
Energy	3.8	3.9	4.1	4.3	4.5	4.7	4.9	5.1
Staff costs	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Other	2.3	2.4	2.6	2.7	2.9	3.0	3.1	3.3
LGCI Operating	2.4	2.5	2.6	2.8	2.9	3.0	3.2	3.3
LGCI Capital	2.6	2.6	2.7	2.8	3.0	3.1	3.3	3.5
<b>Cumulative Adjustor Forecasts</b>								
Roading & Transport	1.4	3.6	6.1	8.8	11.7	14.8	18.3	21.9
Property, Reserves & Parks	2.4	5.0	7.7	10.7	13.9	17.3	21.1	25.1
Water, Stormwater & Sewerage	3.8	6.9	10.3	14.0	18.0	22.3	27.0	32.1
Energy	3.8	7.8	12.3	17.1	22.4	28.1	34.4	41.3
Staff costs	1.9	3.9	6.1	8.5	10.9	13.6	16.5	19.5
Other	2.3	4.8	7.5	10.4	13.6	17.0	20.6	24.6
LGCI Operating	2.4	5.0	7.7	10.7	13.9	17.3	21.1	25.1
LGCI Capital	2.6	5.3	8.1	11.1	14.5	18.0	21.9	26.2

These factors are not applied to loan interest costs.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Moderate:</b> Incorrect adjustor forecasts could result in Council over or underfunding operational and capital costs. Preparing an annual budget and resetting rates combined with a triennial review of the Annual Plan mitigates this risk and effect.

## 2. Local Economy

**Assumption:** That the Hawke's Bay economic outlook will remain positive over the life of the 2016/17 Annual Plan with annual GDP growth of 1.5 - 2.5% over the period of the Long Term Plan.

(Source: Sean Bevin, Economic Solutions Limited)

**Risk:** There is a risk that the local economy growth rate could fall below or rise above the assumed level.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> While important, economic growth does not have a material bearing on the quantum and quality of the majority of services (infrastructural) provided by Council. Other services (e.g. tourism related) are relatively elastic and can respond to changes in demand as and when required.

### 3. Population Growth

**Assumption:** Projected total City population growth over the next 9 years is 3,660 or 5.7%. This is higher than the projected population growth in the Heretaunga Plains Urban Development Study of 3.26%.

The population projections are based on the midpoint of the medium to high projection growth scenario from the 2013-base subnational population projections.

Table 2: Projected population growth for Napier City

Year (ending 30 June)	Total Napier City
2016 (Year 1)	59,150
2017	59,400
2018	59,650
2019	59,900
2020	60,150
2021	60,400
2022	60,610
2023	60,820
2024	61,030
2025	61,240

(Source: Sean Bevin, Economic Solutions Limited)

**Risk:** Actual population growth could differ.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> Variations in growth of population will impact Council to the extent that such changes impact the growth of households and the demand for community facilities over time. Changes may require acceleration or slow-down of growth related projects. Council's Financial Strategy outlines how such projects are to be funded. Impacts on individual ratepayers will not be significant unless growth is significantly above that forecast.

### 4. Household Growth

**Assumption:** The projected total City household growth over the life of the 2015-25 Long Term Plan is 1,580 or 6.38%. This is slightly lower than the 10 year household growth projected in the Heretaunga Plains Urban Development Study of 6.51%.

The household projections are based on the midpoint of the medium to high projection growth scenario from the latest Statistics NZ 2013-base household 5. projections. This scenario has been used based on the historical trends for the number of consents issued for new dwellings, population growth projections and the historical trend in the average household occupancy rate.

Table 3: Projected Household Growth

Year	Total household numbers	Development split		
		Infill	Greenfield	Rural
2016/2017	24,930	43%	54%	3%
2017/2018	25,110	43%	54%	3%
2018/2019	25,290	43%	54%	3%
2019/2020	25,470	43%	54%	3%
2020/2021	25,650	43%	54%	3%
2021/2022	25,820	43%	54%	3%
2022/2023	25,990	43%	54%	3%
2023/2024	26,160	43%	54%	3%
2024/2025	26,330	43%	54%	3%

(Source: Sean Bevin, Economic Solutions Limited)

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.

**Risk:** Actual physical growth could differ, although the financial implications of this are largely mitigated by the way Council funds and accounts for growth, and by altering the timing of projects in the Annual Plan to coincide with actual trigger points or demand.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Moderate:</b> Slower growth than that assumed could result in lower revenue from Development Levies/ Financial Contributions and Consents. The financial implications of this can, however, be managed. Council will carefully monitor growth and adjust the timing of growth related projects based on revised market demand and revenue timing. Timing adjustments would be made in future annual plans.

## 5. Demographic Profile

**Assumption:** That Napier's population will continue to age and ethnic diversity will increase. At the 2013 Census, 18.6% of people in Napier City were aged 65 years and over, compared with 15.6% in 2006. Age group population projections show an increase in the 65+ population of 2,525 people or 22.2% from 2015 - 2025 and a 65% growth over 30 years from 2015 - 2046. An ageing population means more people living on fixed incomes with less ability to pay. Between 2013 and 2016, the number of people of Maori, Pacific Island and Asian ethnicity increased slightly. It is assumed that this trend will continue.

**Risk:** An ageing population means more people living on fixed incomes with less ability to meet the cost of increased levels of service.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Low</b>	<b>Low:</b> A changing demographic profile does not have a major impact on the core infrastructural services delivered by Council. It can impact on other facilities and services but such impact is not considered significant and is monitored through the triennial LTP review process.

## 6. Land Use Change

**Assumption:** Napier City is largely urban with a total land area of 10,364 (ha). Land use is informed by the Napier District Plan and the Heretaunga Plains Urban Development Study. Any proposals for changes to either plan for Napier City will require local and regional consultation prior to any change being implemented.

Impacts from land use change which place a higher demand on existing Napier City infrastructure are more likely to arise from outside the city and are likely to impact the Napier City Roading network.

**Risk:** Changes to land use may require increased expenditure to meet the infrastructure needs arising from development.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> Changing land use can impact on the timing and demand for new infrastructure and the funding thereof. Regular reviews of the proposed Infrastructure Strategy and the LTP enable the close monitoring of land use patterns.

## 7. Resource Consents

**Assumption:** It is assumed there will be no significant changes to resource consent conditions of consents held by Council.

**Risk:** Conditions of Resource Consents may be altered significantly without Council receiving sufficient warning.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Low</b>	<b>Moderate:</b> Material changes to resource consent conditions can result in a need for upgrade to assets and changes to the manner in which they are operated. Constant monitoring of the regulatory environment, performance against existing conditions and a good relationship with the Hawke's Bay Regional Council assist in mitigation.

## 8. Visitor numbers

**Assumption:** projected growth in visitor numbers over the life of the 2015-25 Long Term Plan is 180,000 or 33%. These visitor numbers are for arrivals staying at least one night (excludes cruise ships).

Table 4: Projected Visitor Numbers

Year (ended 30 June)	Total Arrivals	Annual Growth Rate %
2016 (Year 1)	558,500	2%
2017	572,400	2%
2018	589,500	3%
2019	607,185	3%
2020	625,400	3%
2021	644,160	3%
2022	663,485	3%
2023	683,390	3%
2024	703,890	3%
2025	725,010	3%

The growth forecasts above are based on economic analysis rather than a sales target. The NZ Tourism 2025 Strategy (target is 6% annual growth compounding) and HB Tourism (target is 6% international growth and 4% domestic growth subject to securing additional funding for promotion).

**Risk:** Actual visitor numbers could differ.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Medium:</b> Visitor numbers can impact on the demand for tourism related services. However such services are relatively elastic and can respond to changes in demand as and when required.

## 9. Contracts

**Assumption:** Apart from the general provision for inflation, as per Assumption 1. Inflation, no significant variations to the terms or prices of contracts are assumed to apply when contracts are renewed.

**Risk:** Contract terms and prices could differ significantly, although the inclusion of inflation in the estimates will largely mitigate any unfavourable effects.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Low</b>	<b>Low:</b> Material changes in contract prices can impact on actual costs when compared to those forecasts. This impact is mitigated by adjusting financial forecasts with the Local Government Cost Index (LGCI) and also by the Annual Budgeting process which takes into consideration such unforeseen exceptions.

## 10. Levels of Service

**Assumption:** There are no significant changes to the level of core or essential services within the Plan. However the Plan's investment programme in support of growth will potentially increase certain service levels incrementally over time.

**Risk:** Low risk. No changes to service levels without consultation with the community.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Low</b>	<b>Low:</b> Service levels usually have a direct impact on Council's rate requirement. Any future changes to service levels are subject to consultation with the community

## 11. Service Delivery

**Assumption:** Under the amendments to the LGA in 2014 Council is required to review the cost effectiveness of current arrangements for meeting the needs of the community for good quality local infrastructure, local public services and performance of regulatory functions at least every six years. For the purposes of the 2016/17 Annual Plan it is assumed that there will be no changes to the delivery of services arising from these reviews.

**Risk:** That reviews as above will result in a change of method of delivery of good-quality local infrastructure, local public services and performance of regulatory functions.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Low:</b> Reviews of costs structures to date have not indicated that cost effectiveness will be improved through changes in current delivery arrangements, however if such reviews did show increased cost-effectiveness this would potentially lower projected rates increases for ensuing years.

## 12. Useful Life of Significant Assets

**Assumption:** The assumed useful life of significant assets is outlined in the Statement of Accounting Policies.

**Risk:** Useful lives may be shorter/longer than expected.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Low:</b> Assets may have to be replaced sooner or later than forecast which may impact on Council cashflows.

## 13. Depreciation

**Assumption:** Depreciation rates applying to existing assets are outlined in the Statement of Accounting Policies. Depreciation on new major infrastructural assets is calculated on actual expected rates commencing from expected time of completion of the project.

The depreciation of other items is based on actual expected depreciation rates with a half year applied in the year of purchase.

Depreciation is calculated on book values projected at the immediately preceding 30 June, plus new capital.

**Risk:** The cost adjustor forecasts could be incorrect. Capital projects could take longer to complete than budgeted. To some extent these factors mitigate against each other.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Low:</b> The impact of applying incorrect depreciation rates is not considered material in the context of the annual plan.

## 14. Sources of Funds for Future Replacement of Significant Assets

**Assumption:** It is assumed that significant infrastructural assets will be subject to continual renewal, and funded in the 2016/17 Annual Plan. The source of funding any replacement of other significant assets is determined and disclosed. Refer also to the Funding of Capital Expenditure in the Revenue and Financing Policy, the Financial Strategy and the 30 year Infrastructure Strategy in the 2015-25 Long Term Plan.

**Risk:** Source of funding not available for asset renewal

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Moderate:</b> If funds are not available for asset renewal alternative funding sources would need to be found, e.g. a further call on rates or loan funding. Effect mitigated by good asset management and financial planning.

## 15. Asset Revaluations

**Assumption:** Annual revaluations of Roading and Library assets have been assumed with all other assets assumed to be revalued three yearly by using the appropriate inflation rates outlined in Assumption 1. Inflation

**Risk:** The forecast revaluation could be incorrect, affecting the validity of the estimates

Level of uncertainty	Impact on Integrity of Annual Plan
High	<b>Low:</b> Variability in depreciation charge following revaluation could result but would not impact on cash or rates. Triennial reviews of the LTP provide for regular opportunities to update forecasts.

## 16. Vested Assets

**Assumption:** 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 two years.

**Risk:** Subdivisions may not proceed, or costs/timing will differ.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Moderate:</b> Annual value of vested assets may fluctuate significantly between plan years and in total. Impact to both Statement of Comprehensive Revenue and Expenses and Statement of Financial Position possible but mitigated by triennial review of LTP and related financial forecasts.

## 17. Completion of Capital Projects

**Assumption:** Capital projects are assumed to be completed in the year budgeted with the exception of multi-year projects.

**Risk:** Projects are not completed in the year budgeted.

Level of uncertainty	Impact on Integrity of Annual Plan
High	<b>Low:</b> No material financial effect as funds are carried forward. Any resulting service level changes may be delayed.

## 18. Investments

**Assumption:**

1. The interest rate on funds invested is assumed at 3.5% per annum. This is based on an assessment of market interest rates.
2. The gross return on the commercial and industrial land portfolio is assumed at 6% per annum.
3. The Investment Property Portfolio is expected to increase in value by 1% per year over the life of the 2015-25 Long Term Plan.

**Risk:**

1. Changes in market interest rates and average levels of cash on deposit or invested may differ significantly from the plan.
2. The valuation of the commercial and industrial land portfolio may differ from the values assumed in the plan.

Level of uncertainty	Impact on Integrity of Annual Plan
Moderate	<b>Moderate:</b> Lower than assumed rates of return could result in Council receiving less than forecast investment income. The possible effect is mitigated by Council taking a conservative approach to rates of return.

## 19. Loans

**Assumption:** Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. The following interest rates, applying to internal and external loans have been assumed:

1. Actual interest rates for existing external loans (if any)
2. Loan interest at 4.5% on new loans in 2016/17
3. For existing and new loans, principal repayments are calculated on a table loan basis
4. Actual interest on loans funded from special funds is allocated direct to the activity to which the loan relates
5. Interest on Rental Housing loans allocated to Retirement and Rental Housing Activity
6. Interest on National Aquarium of NZ loans allocated to National Aquarium of NZ Activity
7. Interest on Museum building loan allocated to MTG Admin & Marketing Collection Activity
8. Interest on Kennedy Park Cabins upgrade allocated to Kennedy Park Activity
9. Interest on sewage treatment loans allocated to Wastewater activity
10. 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:
  - a. Support units have been excluded
  - b. Assets funded from finance leases have been excluded
  - c. Excludes activities funded from non-rating sources e.g. Parking, Transfer Station, Lagoon Farm, Plant, Vehicle
  - d. Book values for Omarunui Landfill, MTG Hawke's Bay, Rental Housing, National Aquarium of NZ, Kennedy Park Cabins have been excluded

### Risk:

1. 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.
2. The financial statements assume reserves and special funds revenues received are sufficient to provide internal funding for loan funded capital items.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<p>1. <b>Moderate:</b> A 1% increase in interest rates would increase total rate funded interest costs (for both internal and external debt) by about \$350,000.</p> <p>The impact of this level of increase in interest costs on rates is 0.7%. Such increases are mitigated in terms of Council's overall rating requirement as exposure to external rates of interest is reduced via the use of internal loans.</p> <p>2. <b>N/A.</b></p>

## 20. Council Policy

**Assumption:** No significant changes in Council policy are assumed.

**Risk:** Council could change its policy on any matter in a way that would significantly affect the estimates.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Low</b>	<b>Low:</b> Any such change should be identified in a future LTP or as an amendment to the LTP and the financial implications outlined.

## 21. Governance

**Assumption:** No change in representation is assumed. A change in the current basis of representation could result from the next representation review. The impact on financial estimates would not be significant.

**Risk:** A change to the current basis of representation could result from the next review.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> The effect of any change in the basis of representation on financial estimates would not be significant.

## 22. New Zealand Transport Agency (NZTA)

**Assumption:** Council has made assumptions on the level of subsidies it expects to receive from central government through the NZTA. The NZTA has advised that Council will receive the following subsidy levels for 2015/16 to 2017/18.

- 51 % for maintenance works
- 51 % for new construction and renewal works

**Risk:** That NZTA subsidies post 2017/18 are below 51%. The extent of any change would influence the significance on the estimates.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Moderate:</b> A change in subsidy level could affect the validity of the estimates by way of funding available for subsidised work and potentially the level of service delivered.

## 23. Legislation

**Assumption:** It is assumed there will be no material changes to existing legislation and other national standards applicable to Napier City Council.

**Risk:** Unforeseen legislative changes could arise that affect the services delivered by Council.

Level of uncertainty	Impact on Integrity of Annual Plan
High	<b>Moderate:</b> Significant changes to Local Government Legislation have become the norm. It is expected that this will continue.

## 24. Emissions Trading Scheme (ETS)

**Assumption:** Current ETS charges are met by the Omarunui Landfill. Known and expected charges have been incorporated into the landfill refuse charges in this plan.

**Risk:** Additional charges may be levied on fuel, power etc. which increase Councils' operating costs.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>Low:</b> Additional ETS charges would impact on financial forecasts. Mitigated by inclusion of LGCI adjusters, annual planning process and triennial review of LTP.

## 25. Natural Disasters

**Assumption:** There will be no major natural disaster or similar event that cannot be funded out of budgetary provisions.

**Risk:** Natural Adverse Event(s) could occur at a level where the effects could not be funded within budget.

Level of uncertainty	Impact on Integrity of Annual Plan
Low	<b>High:</b> Any significant natural disaster would impact on the financial forecasts in this plan. The financial effects of natural adverse events are partly mitigated by special risk insurance related to underground infrastructural assets. The Annual Plan requires a complete review as soon as possible.

## 26. Climate Change

**Assumption:** Climate change arising from global warming will not impact in any significant way on the Napier community during the period covered by the plan. This is based on assessments carried out by the Works Asset Department on changes to rainfall intensity with regard to possible climate change outcomes on Local Government functions and also to the guidance document regarding sea level rise, provided by the Ministry for the Environment.

Council also commissioned and received from NIWA a report titled "Impacts of Climate Change on High Intensity Rainfall in Napier" and whilst the report is more directly specific to stormwater management, it is applicable to all services. The Works Asset Department will periodically review the current knowledge on climate change and possible effects.

While Council recognises the increasing incidence in 'rain bomb' events, the forecasts do not provide for any mitigation of future events. Funding is provided for improving stormwater drainage in the CBD and Taradale, resulting from past events during the last decade.

**Risk:** Any impact in the short to medium term is likely to be by way of a natural adverse event - see Assumption 25. Natural Disasters

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> The effects of climate change are incremental and Council's infrastructure strategy (and subsequent reviews thereof) enable the situation and planned response to be monitored and updated as required.

## 27. Technology

**Assumption:** It is recognised that advances in technology in the 2016/17 Annual Plan could change the way this activity is carried out. The forecasts are based on known technology as currently applied within the Council.

**Risk:** New technology could change the way the activity is carried out, affecting both financial estimates and levels of service.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>High</b>	<b>Low:</b> The impact of changing technology is unknown but is reviewed on an ongoing basis and would be taken into account in the next LTP. The effects in the interim would be considered in Annual Plans and provided for where necessary.

## 28. World Economy

**Assumption:** New Zealand's economy is very much affected by the world economy. The global economic outlook remains uncertain, however, New Zealand's near term outlook is for growth driven by residential investment, positive migration in-flows and still high terms of trade.

Real GDP is forecast to grow by 2.8% on average to March 2018 (source: Treasury, Pre-election Economic and Fiscal Update 2014).

**Risk:** That the world economy could worsen.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> Whilst important, the Global Economy does not have a direct material bearing on the quantum and quality of the majority of services (infrastructural) provided by Council. Other services (e.g. tourism related) are relatively elastic and can respond to changes in demand as and when required.

## 29. Parklands Residential Development

**Assumption:** It is assumed in the 2016/17 Annual Plan that sales of Parklands lots will continue until 2022/23. The table below details the estimated sales each year.

Year	Stage 2 Lot Sales	Stage 3 Lot Sales	Total for year
2016/17	15	25	40
2017/18 to 2021/22	-	50 p.a.	50 p.a.
2022/23	-	25	25

This is based on past sales and aligns to the Heretaunga Plains Urban Development Strategy (HPUDS).

**Risk:** That the sales are higher or lower than the annual forecast.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Moderate:</b> Customer demand and availability of builders has a direct impact on the number of lots offered and the actual sales completed. These factors are indirectly impacted by the national economy for better or worse. Higher or lower sales than budgeted will impact on revenue and cash reserves. Special projects for Council that are funded from this source may have to be delayed if funding is not available.

### 30. Te Awa Structure Plan

**Assumption:** It is assumed in the 2015-25 Long Term Plan that Council will construct infrastructure required for stages 1, 2 and 3 of the Te Awa Structure Plan from 2017/18 onwards. This is based on the assumption that 70 lots per annum will be developed by the multiple landowners covered by the Structure Plan. Council will incur costs to provide infrastructure in anticipation of development that will be funded from Financial contributions, see assumption 31. Financial Contributions. This development aligns to the Heretaunga Plains Urban Development Strategy (HPUDS).

**Risk:** That the external developers proceed with the stages 1, 2 and 3 at different times to those projected in the 2015-25 Long Term Plan and do not complete the developments as assumed in the 2015-25 Long Term Plan.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Moderate</b>	<b>Low:</b> Customer demand has a direct impact on the number of lots developed then offered for sale. This impacts the timing of both the infrastructure expenditure incurred by Council and the receipt of financial contributions revenue associated with that cost. Council will manage this situation by monitoring interest in the lots and actual development as it happens. Timing adjustments would be reflected in future annual plans.

### 31. Financial Contributions

**Assumption:** It is assumed for each year of the 2015-25 Long Term Plan that the revenue from financial contributions from Infill, Greenfields and Rural lots will be allocated to the business units listed below by applying a percentage. This percentage has been calculated by using assumptions detailed in 3. Population Growth, 4. Household Growth, 29. Parklands Residential Development and 30. Te Awa Structure Plan in order to predict the required increase in services provided by these areas of Council.

Estimated Split	Infill	Greenfields	Rural
Roading	50%	57.2%	82.0%
Water Supply	7.5%	8.3%	0%
Stormwater	19.5%	12.0%	0%
Wastewater	5.0%	6.0%	0%
Recreation	9.0%	10.2%	15.0%
Reserves	7.0%	4.1%	0%
Library	2.0%	2.2%	3.0%
Total	100%	100%	100%

**Risk:** That the number of subdivisions actioned are higher or lower than the annual forecast.

Level of uncertainty	Impact on Integrity of Annual Plan
<b>Low</b>	<b>Medium:</b> Slower subdivision rates than projected will impact the revenue from Development Levies/ Financial Contributions and consents. Council will manage the financial implications of this by monitoring subdivision approvals and timing. Timing adjustments would be reflected in future annual plans.

## Prospective Statement of Comprehensive Revenue and Expenses

Forecast for the year ended 30 June 2017

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Revenue</b>		
48,610	Rates revenue Note 1	50,460	50,776
1,776	Finance income	964	964
3,495	Development and financial contributions	2,764	2,824
5,296	Subsidies and grants	5,597	15,092
35,723	Other revenue	37,303	38,307
360	Other gains/(losses)	325	400
<b>95,260</b>	<b>Total revenue</b>	<b>97,413</b>	<b>108,363</b>
	<b>Expenditure</b>		
28,839	Employee benefit expense	30,513	29,389
21,364	Depreciation and amortisation	20,828	22,606
35,278	Other expenses	36,552	36,495
-	- Finance costs	-	-
<b>85,481</b>	<b>Total expenditure</b>	<b>87,893</b>	<b>88,490</b>
<b>9,779</b>	<b>Operating surplus/(deficit) before tax</b>	<b>9,520</b>	<b>19,873</b>
350	Share of associate surplus/(deficit)	360	360
<b>10,129</b>	<b>Surplus/(deficit) before tax</b>	<b>9,880</b>	<b>20,233</b>
-	- Income tax expense	-	-
<b>10,129</b>	<b>Surplus/(deficit) after tax</b>	<b>9,880</b>	<b>20,233</b>
	<b>Other comprehensive revenue and expense for the period</b>		
769	Valuation gains/(losses) taken to equity	51,234	47,067
-	- Fair Value gains/Losses through comprehensive income on investments	-	-
<b>10,898</b>	<b>Total comprehensive revenue and expenses</b>	<b>61,114</b>	<b>67,300</b>
3,929	Note 1: Water by meter rates included in the rates revenue	4,016	4,157

# Prospective Statement of Revenue and Expense by Activity Group

Forecast for the year ended 30 June 2017

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Operating revenue (Activity cost of service statements)</b>		
7,966	Roading	8,155	7,679
5,206	Solid Waste	5,621	5,613
1,054	Stormwater	1,046	1,069
8,267	Sewerage	8,258	8,483
4,920	Water Supply	4,928	5,099
3,068	Recreation	2,687	12,757
5,234	Social and Cultural	5,047	5,259
7,461	City Activities	6,831	7,725
5,179	Planning and Regulatory	5,066	5,269
8,636	Property Assets	10,579	10,242
<b>56,991</b>	<b>Total operating revenue</b>	<b>58,218</b>	<b>69,195</b>
	<b>Other revenue (as per Statement of comprehensive revenue and expenses)</b>		
35,326	Non Targeted Rates	36,957	37,013
1,776	Interest Income	964	964
582	Rendering of Services	581	594
585	Other Income	693	597
<b>95,260</b>	<b>Total revenue</b>	<b>97,413</b>	<b>108,363</b>
	<b>Operating expenses (Activity cost of service statements)</b>		
2,409	Democracy and Governance	2,874	2,457
14,096	Roading	13,592	14,464
5,641	Solid Waste	5,715	5,684
3,723	Stormwater	4,043	3,989
7,631	Sewerage	7,635	7,850
4,378	Water Supply	4,433	4,598
11,005	Recreation	11,382	12,009
15,203	Social and Cultural	16,189	15,387
9,771	City Activities	9,617	10,160
7,329	Planning and Regulatory	7,141	7,667
4,641	Property Assets	5,844	5,767
<b>85,827</b>	<b>Total operating expenses</b>	<b>88,465</b>	<b>90,032</b>
	<b>Other expenses (as per Statement of comprehensive revenue and expenses)</b>		
(1,339)	Internal Expenditure	(1,924)	(2,405)
219	Rates Remissions	219	219
774	Other Expenses	1,133	644
<b>85,481</b>	<b>Total expenses</b>	<b>87,893</b>	<b>88,490</b>
<b>9,779</b>	<b>Operating surplus/(deficit) before tax (as per Statement of comprehensive revenue and expenses)</b>	<b>9,520</b>	<b>19,873</b>
350	Share of associate surplus/(deficit)	360	360
<b>10,129</b>	<b>Surplus/(deficit) before tax (as per Statement of comprehensive revenue and expenses)</b>	<b>9,880</b>	<b>20,233</b>
-	Income tax expense	-	-
<b>10,129</b>	<b>Surplus/(deficit) after tax</b>	<b>9,880</b>	<b>20,233</b>

## Prospective Statement of Changes in Net Assets/Equity

Forecast for the year ended 30 June 2017

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
<b>1,448,981</b>	<b>Total net equity balance at 1 July</b>	<b>1,500,841</b>	<b>1,459,879</b>
10,898	Total comprehensive revenue for the period	61,114	67,300
<b>1,459,879</b>	<b>Total net equity balance at 30 June</b>	<b>1,561,955</b>	<b>1,527,179</b>
	Total comprehensive revenue and expenses attributable to:		
10,898	Napier City Council	61,114	67,300
<b>10,898</b>	<b>Total comprehensive revenue and expenses</b>	<b>61,114</b>	<b>67,300</b>

# Prospective Statement of Financial Position

Forecast for the year ended 30 June 2017

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>ASSETS</b>		
	<b>Current assets</b>		
17,652	Cash and cash equivalents	19,469	10,893
11,917	Debtors and other receivables	11,263	14,724
4,005	Inventories	3,032	4,640
300	Biological assets	300	300
25,000	Other financial assets	45,000	5,000
<b>58,874</b>	<b>Total current assets</b>	<b>79,064</b>	<b>35,557</b>
	<b>Non-current Assets</b>		
1,374,484	Property, plant and equipment	1,454,923	1,465,868
679	Intangible assets	465	669
9,011	Inventories	7,403	7,403
32,203	Investment property	32,969	32,525
1,679	Investment in associate	7,297	4,895
348	Other financial assets	348	348
<b>1,418,404</b>	<b>Total non-current assets</b>	<b>1,503,405</b>	<b>1,511,708</b>
<b>1,477,278</b>	<b>Total assets</b>	<b>1,582,469</b>	<b>1,547,265</b>
	<b>LIABILITIES</b>		
	<b>Current liabilities</b>		
13,775	Creditors and other payables	14,087	13,585
3,686	Employee benefit liabilities	3,988	3,777
-	Borrowings	-	-
<b>17,461</b>	<b>Total current liabilities</b>	<b>18,075</b>	<b>17,362</b>
	<b>Non-current liabilities</b>		
1,216	Provisions	1,074	1,279
327	Revenue received in advance	17	49
1,399	Employee benefit liabilities	1,347	1,403
-	Borrowings	-	-
<b>2,942</b>	<b>Total non-current liabilities</b>	<b>2,439</b>	<b>2,732</b>
<b>20,403</b>	<b>Total liabilities</b>	<b>20,514</b>	<b>20,094</b>
<b>1,456,875</b>	<b>Total net assets</b>	<b>1,561,955</b>	<b>1,527,171</b>
	<b>NET EQUITY</b>		
760,880	Accumulated comprehensive revenue and expense	811,200	781,334
698,995	Reserves	750,755	745,837
<b>1,459,875</b>	<b>Total net equity</b>	<b>1,561,955</b>	<b>1,527,171</b>

## Prospective Statement of Cash Flow

### Forecast for the year ended 30 June 2017

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Cash flows from operating activities</b>		
48,585	Receipts from rates revenue	50,776	50,741
1,776	Interest received	964	964
-	Dividend received	2	-
40,829	Receipts from other revenue	51,824	50,772
-	Goods and services tax (net)	-	-
(58,928)	Payments to suppliers and employees	(57,412)	(64,948)
-	Interest paid	-	-
<b>32,262</b>	<b>Net cash from operating activities</b>	<b>46,154</b>	<b>37,529</b>
	<b>Cash flows from investing activities</b>		
125	Proceeds from sale of property, plant and equipment	116	116
15,143	Proceeds from withdrawal of investments	20,147	20,147
(68,247)	Purchase of property, plant and equipment	(64,135)	(64,550)
	Purchase of intangible assets	(465)	-
-	Acquisition of investments	-	-
<b>(52,979)</b>	<b>Net cash from investing activities</b>	<b>(44,337)</b>	<b>(44,287)</b>
	<b>Cash flows from financing activities</b>		
-	Proceeds from borrowings	-	-
(4)	Repayment of borrowings	-	-
-	Payment of finance lease liabilities	-	-
(4)	Net cash from financing activities	-	-
(20,721)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1,817	(6,758)
38,373	Cash, cash equivalents and bank overdrafts at the beginning of the period	17,652	17,652
<b>17,652</b>	<b>Cash, cash equivalents and bank overdrafts at the close of the period</b>	<b>19,469</b>	<b>10,894</b>

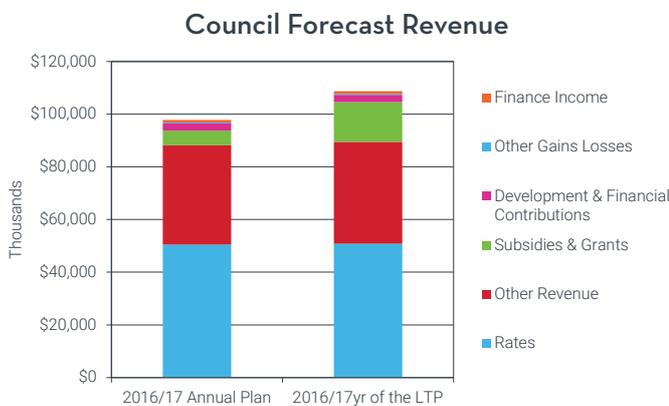
# Explanatory Notes of Changes between the 2016/17 year of the LTP and the 2016/17 Annual Plan

Significant variances between the 2016/17 year of the Long Term Plan (LTP) and 2016/17 Annual Plan are outlined below.

## 1. General

- The opening equity forecast as at 1 July 2016 shown in the Prospective Statement of Financial Changes in Net Assets/Equity has been updated to reflect the most recent information available. This update includes changes flowing from the reported results for the 2014/15 financial year.
- Inflation factors used for the forecast variance from revaluation of assets applied to the LTP for 2016/17 varies from this plan. This reflects the lower actual inflation for the 2014/15 year and forecast inflation for the 2016/17 year.

## 2. Prospective Statement of Comprehensive Revenue and Expenses - Income

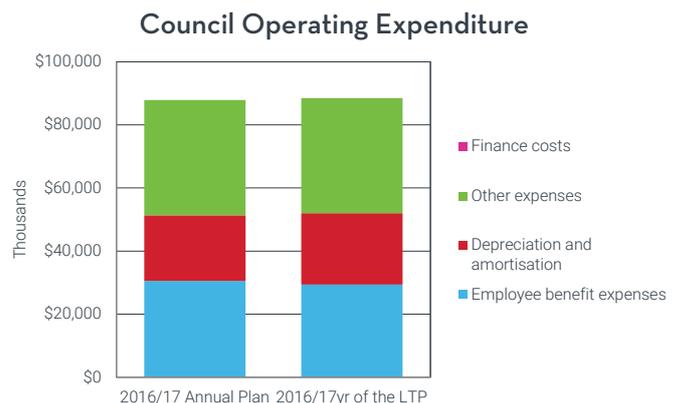


- Rates Revenue** – The level of rates revenue proposed in the Annual Plan is 3.6% which is lower than anticipated in the LTP. The variance is the result of forecast inflation levels for the 2016/17 year. Actual inflation is substantially lower than that forecast for the 2015/16 year and the 2016/17 year forecast is now lower than that in the LTP. These lower inflation levels have impacted Council operating costs and the direct and indirect costs of the capital plan with a forecast rating level of \$50.4m compared to the LTP forecast of \$50.8m for 2016/17.
- Subsidies & Grants** – The decrease in subsidies and grants that is in the 2016/17 Annual Plan are the timing of grant funding for the Multi-use Sports Facility. This is forecast in later years.
- Other Revenue** – Other revenue for 2016/17 Annual Plan is \$1m lower than that forecast in the LTP. Significant variations from the plan are:

Description	Increase+/Decrease - Million
Rental Income	-\$0.95
Retail & Product Sales	-\$0.98
Financial contributions	-\$0.59
Sales Residential Development	+\$0.35

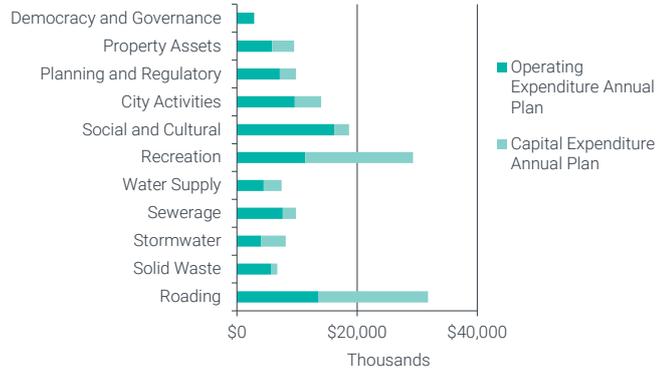
Rental Income, Retail & Product Sales and User Charges & Rendering of Services have been reduced in line with the cumulative lower inflation rates now forecast compared to those forecast for the 2016/17 year of the LTP and residential sections sales has increase which reflects the current demand for residential sections.

## 3. Prospective Statement of Comprehensive Revenue and Expenses - Operating Expenses

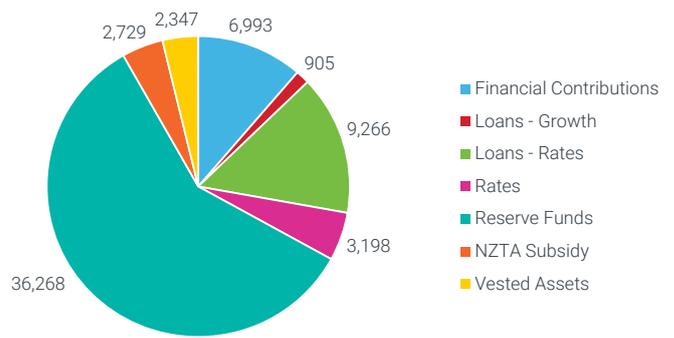


- Employee Benefit Expense** – Employee benefit expense is above the 2016/17 year of the LTP due to changes in wages and salary rates, internal structure changes and additional staff employed for new services including the delivery of the capital program.
- Other Operating Expenses** – The other operating expenses are planned to be in line with the 2016/17 year of the LTP inflated forecast level.
- Depreciation & amortisation** – The depreciation and amortisation expenses have reduced in the 2016/17 Annual Plan due to the movements in the capital programme and timing of assets being capitalised. The level in the 2016/17 year of the LTP is \$1.7m higher than the annual plan.

### Council Expenditure by Group 2016/17 Annual Plan



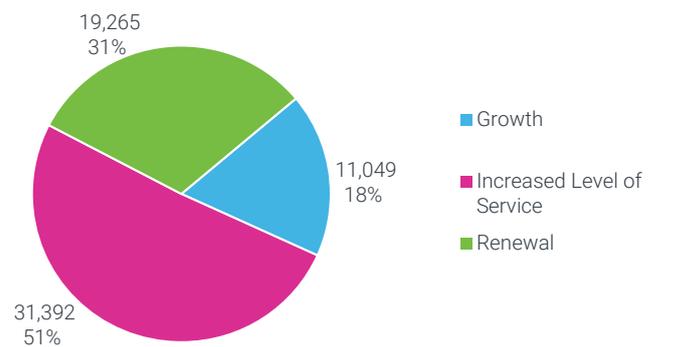
### 2016/17 Capital Plan - Expenditure by Funding \$000's



### Council Expenditure by Group 2016/17 Long Term Plan



### 2016/17 Capital Plan - Expenditure by Classification \$000's



## 4. Prospective Statement of Financial Position

- a. **Total Asset** - Total assets are higher than the 2016/17 year of the LTP by \$35.9m due to the changes to the capital programme over 2015/16 and 2016/17 which have had a direct effect on the closing position in the Property, Plant and Equipment balances and Other Financial Assets.
- b. **Total Liabilities** - Total liabilities are planned to be in line with the 2016/17 year of the LTP inflated forecast levels.
- c. **Net Equity** - Net Equity has a favourable variance for the 2016/17 Annual Plan being \$35.5m higher than the 2016/17 year of the LTP.

## 5. Prospective Statement of Changes in Net Assets / Equity

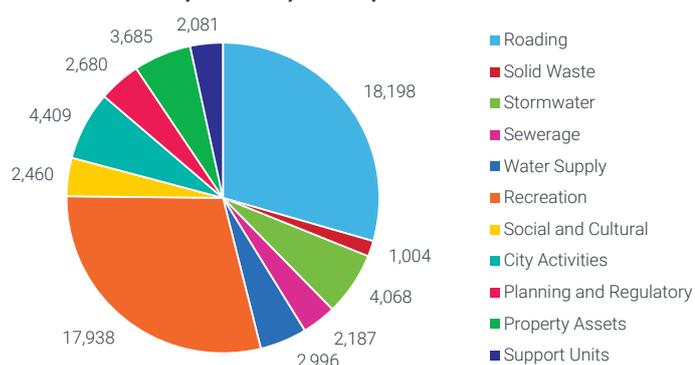
Significant changes between the 2016/17 LTP and the 2016/17 Annual Plan are:

- a. **Total Net Equity** - Lower surplus forecast for the 2016/17 Annual Plan due to less revenue and lower expenses, along with the revaluation gains of \$51.2m has resulted in a higher than expected total net equity balance at 30 June 2017. The variance is \$34m higher than the 2016/17 year of the LTP.

## 6. Prospective Statement of Cash Flows

Variances in the 2016/17 Annual Plan compared to the 2016/17 year of the LTP are lower receipts from rates revenue, purchase of property plant and equipment offset by slightly higher receipts from other revenue, a net decrease in cash and bank overdrafts and cash and cash equivalents at the beginning of the period. The decrease in cash and cash equivalents is the net result forecast changes in levels of income and costs. Council's closing cash position is expected to be \$0.3m down on the forecast in the 2016/17 year of the LTP.

### 2016/17 Capital Plan - Expenditure by Activity Group \$000's



## Special Funds

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2016 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2017 \$000
<b>COUNCIL CREATED RESERVES</b>						
Advanced Wastewater Treatment Establishment Fund	Accumulation of Advanced Wastewater Levies collected from Napier ratepayers along with interest earned on these funds	Wastewater	5	-	-	5
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	163	(26)	13	150
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	(11,219)	(179)	9,949	(1,449)
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	-	(191)	191	-
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/Walkways	Roading	406	(2,979)	2,729	156
Robson Collection Fund	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	(15)	-	1	(14)
Dog Control Fund	This fund is a requirement under the Dog Control Act 1996. All transactions related to the dog owner's share of the costs of Animal Control, both operating and capital, flow to this account. Amounts include dog related fees received and the operating and capital costs of the dog related activity of Animal Control.	Animal Control	(324)	(659)	740	(243)
General Reserve No.1	Derived from rates from the NZ Railway land in Munroe and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Roading, Stormwater, Parking	(151)	(181)	102	(230)
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	430	-	-	430
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(6,180)	(4,019)	7,312	(2,887)

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2016 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2017 \$000
Infrastructural Asset Renewal and Upgrade Funds	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	(27,639)	(8,838)	10,340	(26,137)
Plant & Equipment Renewals	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All Activities	(3,101)	(103)	743	(2,461)
Keep Napier Beautiful	Originally derived from surplus revenue in Keep Napier Beautiful project. Currently credited with annual grant for garden competition and used for competition expenses and administration costs.	Reserves	-	-	-	-
Marine Parade Disability Hoist	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	(3)	-	-	(3)
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	(2)	-	-	(2)
MTG Hawke's Bay	Funds collected from donations and government grants for the MTG Redevelopment Project.	MTG Hawke's Bay	(480)	-	609	129
Pensioner Housing Upgrade Reserve	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Retirement & Rental Housing	(353)	-	-	(353)
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	(2,487)	(238)	13	(2,712)
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities for areas where there is public metered parking.	Parking	(8,047)	(2,162)	3,701	(6,508)
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	(783)	-	(74)	(857)
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	65	(193)	214	86
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	(19,704)	(5,939)	15,058	(10,585)

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2016 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2017 \$000
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Roothing	443	16		458
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	(1,450)	(51)	1	(1,500)
McLean Park Property Reserve Account	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	(74)	(143)	114	(103)
Hawke's Bay Harbour Board Endowment Land Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	(10,522)	(889)	790	(10,621)
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Solid Waste	(2,019)	(2,214)	1,822	(2,411)
Reserve Subdivision of Land	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	(1,683)	(59)	-	(1,742)
Subdivision and Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	(1,947)		(207)	(2,155)
<b>Total Council Created Reserves</b>			<b>(96,672)</b>	<b>(29,048)</b>	<b>54,160</b>	<b>(71,560)</b>

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2016 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2017 \$000
<b>RESTRICTED RESERVES</b>						
Endowment Land Account	Derived from the sale of BCP Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	(1,145)	(40)	-	(1,185)
Hawke's Bay Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Lagoon Farm, Property Holdings	(1,314)	(2,158)	2,004	(1,468)
Loan Reserve	Established to manage internal loan requirements.	Corporate	118	-	-	118
<b>Total Restricted Reserves</b>			<b>(2,341)</b>	<b>(2,198)</b>	<b>2,004</b>	<b>(2,535)</b>

#### BEQUESTS AND TRUST FUNDS

Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital \$2500) ii) Provide assistance for prisoners released from Napier jail. (Capital \$500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital \$1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls & Colenso High Schools. (Capital \$1000)	Community Planning	(30)		1	(30)
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	(152)	(5)	-	(157)
Eskdale Cemetery Trust	This Trust fund, comprising a number of bequests totalling \$1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	(23)	-	-	(23)
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	(5)	-	-	(5)
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy.  A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993.	Community Planning	(48)	(2)	3	(47)

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2016 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2017 \$000
Morecroft Bequest	To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	(13)		-	(14)
Napier Christmas Cheer	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	(22)	(9)	9	(22)
<b>Total Bequests Trust Funds</b>			<b>(293)</b>	<b>(18)</b>	<b>13</b>	<b>(298)</b>

## Borrowing Programme

### Forecast for the year ended 30 June 2017

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	New loans		
6,753	Rate funded	9,170	4,836
2,561	Growth funded	905	3,259
-	Non-Rate funded	1,348	-
<b>9,314</b>	<b>Total new loans</b>	<b>11,423</b>	<b>8,095</b>
(2,413)	Less repayments (net)	(2,845)	(2,591)
<b>6,901</b>	<b>Movement in debt</b>	<b>8,578</b>	<b>5,504</b>
34,814	Opening public debt	42,519	41,715
<b>41,715</b>	<b>Gross public debt</b>	<b>51,097</b>	<b>47,219</b>
(41,715)	Internal funding	(51,097)	(47,219)
<b>-</b>	<b>Net public debt</b>	<b>-</b>	<b>-</b>

# Capital Programme

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split			
												G	L	R	
<b>ROADING</b>															
<b>Roading</b>															
Roading I.A.R.	2,522	2,616	2,714	2,820	2,930	3,049	3,179	3,321	3,475	26,626	Roading IAR Fund				100%
Roading I.A.R.	1,729	1,705	1,772	1,842	1,918	2,002	2,090	2,187	2,293	17,538	TNZ Renewals				100%
Roading I.A.R. Total	4,251	4,321	4,486	4,662	4,848	5,051	5,269	5,508	5,768	44,164					
Roading Capital Projects (Bulk Funded)	1,695	1,564	1,784	2,103	2,352	2,226	2,295	2,371	2,454	18,844	Rates				20%
Roading Capital Projects (Bulk Funded)	2,356									2,356	Prior Years Project Funding				20%
Roading Capital Projects (Bulk Funded)	505									505	Loans - Rates				80%
Roading Capital Projects (Bulk Funded) Total	4,556	1,564	1,784	2,103	2,352	2,226	2,295	2,371	2,454	21,705					
Transportation Proposals	3,265	2,580	1,929	1,981	2,036	1,980	2,337	2,109	2,675	20,892	Financial Contributions Account				100%
Te Awa Structure Plan - Roading	319	226	2,909	884	1,826	485			1,526	8,175	Fin Cont Te Awa Fund				100%
Cycle Strategy	500	513	526	270	278					2,087	Rates				100%
Cycle Strategy	1,000	1,026	1,053	551	567					4,197	TNZ Renewals				100%
Cycle Strategy				259	267					526	Marine Pde Walk/Cycleway Fund				100%
Cycle Strategy Total	1,500	1,539	1,579	1,080	1,112					6,810					
Lever St Closure				35	253					288	Rates				100%
West Quay One Way		175								175	Rates				100%
West Quay Car Park	100	1,026	1,484							2,610	HBHB Endowment Land Sale A/c				100%
Jervois Road Footpath		116								116	Capital Reserve				100%
Pandora Pond Parking		564								564	HBHB Endowment Land Sale A/c				100%
Prebensen Drive 4 laning	1,000	1,149								2,149	Financial Contributions Account				100%
Prebensen Drive 4 laning	749									749	Prior Years Project Funding				100%
Prebensen/Puketitiri Development		315								315	Prior Years Project Funding				100%
CBD Development	833	855								1,688	Loans - Rates				100%
Embankment Road Bridge	450	1,077								1,527	Loans - Rates				100%
<b>ROADING TOTAL</b>	<b>17,023</b>	<b>15,507</b>	<b>14,171</b>	<b>10,745</b>	<b>12,427</b>	<b>9,742</b>	<b>9,901</b>	<b>9,988</b>	<b>12,423</b>	<b>111,927</b>					
<b>SOLID WASTE</b>															
<b>Solid Waste</b>															
Omarunui Development - Valley/D	617	186	228	654	496	267	256	284	274	3,262	Regional Landfill Income A/c				100%
Omarunui Development - Plant	46	124	49	18	17	277	32	111	37	711	Regional Landfill Income A/c				100%
Omarunui Development - Forestry		10	11	11	11	11	12	12	13	91	Regional Landfill Income A/c				100%
Omarunui Development - Valleys B & C	106	295	303	901	1,329	1,232	841	634	226	5,867	Regional Landfill Income A/c				100%
Solid Waste I.A.R.	235	95	98	101	103	106	110	113	117	1,078	Tsfr Stn & Composting IAR Fund				100%
<b>SOLID WASTE TOTAL</b>	<b>1,004</b>	<b>710</b>	<b>689</b>	<b>1,685</b>	<b>1,956</b>	<b>1,893</b>	<b>1,251</b>	<b>1,154</b>	<b>667</b>	<b>11,009</b>					

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split				
												G	L	R		
<b>STORMWATER</b>																
<b>Stormwater</b>																
Upgrading Stormwater Catchments	263	758	817	881	951	1,029	1,114	1,208	1,314	8,335	Stormwater Catchments Upgrade				100%	
Upgrading Stormwater Catchments	354	191	196	201	207	213	220	227	235	2,044	Financial Contributions Account			100%		
Upgrading Stormwater Catchments Total	617	949	1,013	1,082	1,158	1,242	1,334	1,435	1,549	10,379						
Stormwater I.A.R	315	556	575	514	533	554	577	601	628	4,853	Stormwater IAR Pipes				100%	
Extend Outfalls Marine Parade		77			83			91		251	Rates				100%	
Georges Drive Drain		40	14	14	14	15	15	16	16	144	Rates				100%	
Georges Drive Drain		70								70	Prior Years Project Funding				100%	
Georges Drive Drain Total		110	14	14	14	15	15	16	16	214						
Upgrade Taipo Stream			214							214	Rates				100%	
Upgrade Taipo Stream			242							242	Financial Contributions Account			100%		
Upgrade Taipo Stream	84									84	Prior Years Project Funding				100%	
Upgrade Taipo Stream Total	84		456							540						
Drain Improvements	60	62	307	497	67	69	71	73	76	1,282	Rates				100%	
Drain Improvements	283	116								399	Prior Years Project Funding				100%	
Drain Improvements Total	343	178	307	497	67	69	71	73	76	1,681						
Jervoistown Stormwater Improvements			147							147	Financial Contributions Account				100%	
Ellison Street Pump Station				3,830						3,830	Loans - Growth				100%	
Ellison Street Pump Station				958						958	Financial Contributions Account				100%	
Ellison Street Pump Station Total				4,788						4,788						
CBD Stormwater Upgrade	839									839	Loans - Stormwater Catchments Upgrade				100%	
Taradale Stormwater Upgrade	200	2,873								3,073	Loans - Stormwater Catchments Upgrade				100%	
Te Awa Stormwater Pond	617									617	Financial Contributions Account				100%	
Te Awa Structure Plan - Stormwater			3,398	309	10,809		118	895		15,529	Fin Cont Te Awa Fund				100%	
Overland Drain	67									67	Loans - Rates				100%	
Overland Drain	15									15	Capital Reserve				100%	
Overland Drain Total	82									82						
Dalton St Pump Replacement	10									10	Rates				100%	
Dalton St Pump Replacement	231									231	Prior Years Project Funding				100%	
Dalton St Pump Replacement Total	241									241						
Mobile Pump Solutions	261									261	Prior Years Project Funding				100%	

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split		
												G	L	R
Bay View Upgrade Stormwater		547								547	Loans - Rates		100%	
Bay View Upgrade Stormwater	21									21	Prior Years Project Funding	100%		
Bay View Upgrade Stormwater Total	21	547								568				
<b>STORMWATER TOTAL</b>	<b>3,620</b>	<b>5,290</b>	<b>5,910</b>	<b>7,204</b>	<b>12,664</b>	<b>1,880</b>	<b>2,115</b>	<b>3,111</b>	<b>2,269</b>	<b>44,063</b>				
<b>SEWERAGE</b>														
Wastewater														
Wastewater Pipe I.A.R.	869	1,103	1,266	1,236	1,287	1,343	1,402	1,468	1,539	11,513	Sewerage IAR Pipes			100%
Milliscreen I.A.R.	260	264	271	278	286	294	303	313	324	2,593	Milliscreen Replacement Program			100%
Wastewater Pump Stations I.A.R.	557	513	245	252	259	267	275	284	294	2,946	Sewer Pump Station Renewal			100%
Wastewater Treatment Plant I.A.R.			55	56	58	119	123	127	131	669	Sewer Treatment Plant Renewal			100%
Wastewater Outfall I.A.R.	100									100	Wastewater Outfall IAR			100%
Te Awa Structure Plan - Wastewater			928	129	834			350		2,241	Fin Cont Te Awa Fund	100%		
Upgrade & Rationalise Pumping Mains		103	105		111			122		441	Rates			100%
<b>SEWERAGE TOTAL</b>	<b>1,786</b>	<b>1,983</b>	<b>2,870</b>	<b>1,951</b>	<b>2,835</b>	<b>2,023</b>	<b>2,103</b>	<b>2,664</b>	<b>2,288</b>	<b>20,503</b>				
<b>WATER SUPPLY</b>														
Water Supply														
Water Pipes I.A.R.	795	1,026	673	706	740	778	820	866	915	7,319	Water Supply IAR			100%
Water Pump Stations I.A.R.	120	139	148	152	157	161	166	172	178	1,393	Water Supply Pump Stations			100%
Water Meters I.A.R.	50	51	23	24	24	25	26	27	28	278	Water Supply IAR Water Meters			100%
Water Supply - Capital Upgrade Associated with IAR	339	257	129	133	137	141	145	150	155	1,586	Water Supply Cap Assoc with IAR			100%
Sewern Street Extension		111								111	Prior Years Project Funding			100%
Te Awa Structure Plan - Water Supply		195	13	138	322	14	14	267		963	Fin Cont Te Awa Fund	100%		
Upgrade Water Supply Control System	195	245								440	Prior Years Project Funding			100%
New Well - Awatoto	382									382	Financial Contributions Account	100%		
New Reservoir Taradale	751									751	Financial Contributions Account	100%		
Awatoto Trunk Main	143									143	Financial Contributions Account	100%		
<b>WATER SUPPLY TOTAL</b>	<b>2,775</b>	<b>2,024</b>	<b>986</b>	<b>1,153</b>	<b>1,380</b>	<b>1,119</b>	<b>1,171</b>	<b>1,482</b>	<b>1,276</b>	<b>13,366</b>				
<b>RECREATION</b>														
Sportsgrounds														
Sportsgrounds I.A.R.	268	575	345	355	365	375	387	400	414	3,484	Sportsgrounds IAR Fund			100%

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split		
												G	L	R
Installation Auto Irrigation System			192							192	Financial Contributions Account	100%		
Installation Auto Irrigation System			120							120	Prior Years Project Funding		100%	
Installation Auto Irrigation System			653	194	142					989	Loans - Rates	33%	67%	
Installation Auto Irrigation System Total			965	194	142					1,301				
McLean Park Refurf		51	842							893	Rates			100%
Park Island Expansion	388	1,524	1,492							3,404	Loans - Growth	100%		
Park Island Expansion	187	849	873							1,909	Financial Contributions Account	100%		
Park Island Expansion Total	575	2,373	2,365							5,313				
Park Island Phase 2 Developments							2,951	3,048	3,155	9,154	Loans - Growth		100%	
Sportsground Infrastructure			335							335	Loans - Rates	100%		
Sportsground Infrastructure			151							151	Prior Years Project Funding	100%		
Sportsground Infrastructure Total			486							486				
Multi-use Sports Facility	1,884	1,932	1,579							5,395	L/Farm Res Dev (Parklands) Fund		100%	
Multi-use Sports Facility		5,013	5,142							10,155	Multi-use Sports Facility Fund		100%	
Multi-use Sports Facility Total	1,884	6,945	6,721							15,550				
Whitmore Park Changing Facilities Renovation	60									60	Rates			100%
Tareha Change Facilities		114								114	Prior Years Project Funding		100%	
Tareha Change Facilities					122					122	Rates		100%	
Tareha Change Facilities Total		114			122					236				
Petane Change Facilities								268		268	Loans - Growth		100%	
Develop Carpark 30 Latham St			66							66	Prior Years Project Funding			100%
McLean Park Player Facility Upgrade		31	28	479						538	Rates		100%	
RGC Events Centre						540				540	Rates		20%	80%
RGC Events Centre			256	263						519	Prior Years Project Funding		20%	80%
RGC Events Centre Total			256	263		540	-	-	-	1,059				
Guppy Road Sports Village									411	411	Rates		100%	
Guppy Road Sports Park		226								226	Prior Years Project Funding		100%	
Sportsgrounds Development	517	1,284								1,801	Loans - Growth		100%	
Sportsgrounds Development	274	671								945	Financial Contributions Account		100%	
Sportsgrounds Development Total	791	1,955								2,746				
<b>Sportsgrounds Total</b>	<b>3,578</b>	<b>12,270</b>	<b>12,074</b>	<b>1,291</b>	<b>629</b>	<b>915</b>	<b>3,338</b>	<b>3,716</b>	<b>3,980</b>	<b>41,791</b>				

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split			
												G	L	R	
<b>Napier Aquatic Centre (NAC)</b>															
NAC I.A.R.	120	133	169	174	179	287	355	416	456	2,289	Pools IAR Fund				100%
NAC Enclosure Building	500	798								1,298	Loans - Rates				100%
<b>NAC Total</b>	<b>620</b>	<b>931</b>	<b>169</b>	<b>174</b>	<b>179</b>	<b>287</b>	<b>355</b>	<b>416</b>	<b>456</b>	<b>3,587</b>					
<b>Marine Parade Pools</b>															
Ocean Spa Upgrade				32	189					221.00	Rates				100%
Mairne Parade Pools Renewals					22	23	83	122	151	401.00	Marine Pde Facilities IAR Fund				100%
<b>Marine Pde Pools Total</b>				<b>32</b>	<b>211</b>	<b>23</b>	<b>83</b>	<b>122</b>	<b>151</b>	<b>622.00</b>					
<b>Reserves</b>															
Reserves I.A.R.	730	821	553	568	583	601	690	738	789	6,073	Reserves IAR Fund				100%
Resurface Soundshell Area	677									677	Reserves IAR Fund				100%
Tree Planting Programme	70	72	74	76	78	80	83	85	88	706	Rates				100%
Tree Planting Programme	36									36	Prior Years Project Funding				
Tree Planting Programme Total	106	72	74	76	78	80	83	85	88	742					
Playground Equipment		57			62			68		187	Rates				100%
New Playground Equipment	100									100	Reserves IAR Fund				100%
New Playground Equipment Total	100	57			62			68		287					
Reserves, Pathways and Linkages		1,769	1,074							2,843	Loans - Rates				100%
Westshore Beach Reprofiting				2,745						2,745	Loan HBHB Endowment Land Income				100%
Hardinge Road Erosion	212									212	HB HB Endowment Land Income				100%
New Playground					201	632				833	Rates				100%
Clive Square Lighting Project	67									67	L/Farm Res Dev (Parklands) Fund				100%
Destination Playground	2,448									2,448	L/Farm Res Dev (Parklands) Fund				100%
Anderson Park Upgrade	1,000									1,000	Capital Reserve				100%
Ahuriri Water Sports Facility	310	4,802								5,112	HBHB Endowment Land Sale A/c				100%
Pirimai Park - Installations	74									74	Rates				100%
Pirimai Park - Installations	116									116	Prior Years Project Funding				
Pirimai Park - Installations Total	190									190					
Tamatea Park Development	16									16	Prior Years Project Funding				100%
Whakarire Ave Groynes	309	865								1,174	Loan HBHB Endowment Land Income				100%
Urban Growth Stage 1 - Reserves		468								468	Financial Contributions Account				100%

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split		
												G	L	R
Passive Recreation Reserves		850	3,263							4,113	Financial Contributions Account	100%		
Taradale Skate Bowl		205								205	Rates			100%
Land Purchase Maraenui Park Extension		168								168	Endowment Land Account			100%
Walkway/Cycleway Development			266							266	Capital Reserve			100%
<b>Reserves Total</b>	<b>6,165</b>	<b>10,077</b>	<b>5,230</b>	<b>3,389</b>	<b>924</b>	<b>1,313</b>	<b>773</b>	<b>891</b>	<b>877</b>	<b>29,639</b>				
<b>Napier Skate Park</b>														
Napier Skate Park Renewals		21	21	22	22	23	118	146	177	550	Marine Pde Facilities IAR Fund			100%
Napier Skate Park Development	5,578									5,578	L/Farm Res Dev (Parklands) Fund			100%
Napier Skate Park Development	595									595	Capital Reserve			100%
Napier Skate Park Development	1,285									1,285	Loans - Rates			100%
Napier Skate Park Development Total	7,458									7,458				
<b>Napier Skate Park Total</b>	<b>7,458</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>118</b>	<b>146</b>	<b>177</b>	<b>8,008</b>				
<b>Inner Harbour</b>														
Inner Harbour Facilities I.A.R.	15	15	1,654	481	17	132	65	18	2,247	4,644	HB HB Endowment Land Income			100%
<b>Inner Harbour Total</b>	<b>15</b>	<b>15</b>	<b>1,654</b>	<b>481</b>	<b>17</b>	<b>132</b>	<b>65</b>	<b>18</b>	<b>2,247</b>	<b>4,644</b>				
<b>RECREATION TOTAL</b>	<b>17,836</b>	<b>23,314</b>	<b>19,148</b>	<b>5,389</b>	<b>1,982</b>	<b>2,693</b>	<b>4,732</b>	<b>5,309</b>	<b>7,888</b>	<b>88,291</b>				
<b>SOCIAL AND CULTURAL</b>														
<b>Libraries</b>														
Library Stock	490	503	516	530	545	561	578	597	618	4,938	Rates			100%
Library Stock	20	21	21	22	22	23	24	24	25	202	Financial Contributions Account			100%
Library Stock Total	510	524	537	552	567	584	602	621	643	5,140				
Napier Library Redevelopment						337	1,069			1,406	Rates			100%
Napier Library Redevelopment	36									36	Prior Years Project Funding			100%
Napier Library Redevelopment Total	36					337	1,069			1,442				
Library Management System Upgrade				80	96					176	Rates			100%
Library Renewals	22						71	98	126	317	Libraries IAR Fund			100%
Robson Collection Donations	1	1	1	1	1	1	1	1	1	9	Robson Collection Special Fund			100%
<b>Libraries Total</b>	<b>569</b>	<b>525</b>	<b>538</b>	<b>633</b>	<b>664</b>	<b>922</b>	<b>1,743</b>	<b>720</b>	<b>770</b>	<b>7,084</b>				

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	% Improvement Split			
										Funding	G	L	R	
<b>Napier Municipal Theatre (NMT)</b>														
NMT Minor Capital	76	41	42	43	44	46	47	49	50	438	Tourism Capital Fund			100%
NMT Renewals	130	82	95	108	122	137	153	171	215	1,213	Tourism Capital Fund			100%
<b>NMT Total</b>	<b>206</b>	<b>123</b>	<b>137</b>	<b>151</b>	<b>166</b>	<b>183</b>	<b>200</b>	<b>220</b>	<b>265</b>	<b>1,651</b>				
<b>MTG Hawke's Bay</b>														
MTG Minor Capital	50	51	53	54	56	57	59	61	63	504	MTG IAR Fund			100%
MTG Renewals			105	108	222	343	472	536	555	2,341	MTG IAR Fund			100%
Building Project	609									609	HB Museum & Art Gallery		100%	
<b>MTG Total</b>	<b>659</b>	<b>51</b>	<b>158</b>	<b>162</b>	<b>278</b>	<b>400</b>	<b>531</b>	<b>597</b>	<b>618</b>	<b>3,454</b>				
<b>Halls</b>														
Memorial Square Building Development														
Seismic Upgrades Meaneer/King Georges														
Greenmeadows East Hall - New Flooring	27													
Taradale Community Rooms - Community Centre Refurbishment	279													
Halls Renewals				54	67	80	94	122	151	568	Loans - Rates			100%
<b>Halls Total</b>	<b>306</b>	<b>308</b>		<b>54</b>	<b>67</b>	<b>80</b>	<b>94</b>	<b>122</b>	<b>151</b>	<b>1,182</b>	Buildings IAR Fund			100%
<b>Retirement and Rental Housing</b>														
Retirement Housing Minor Capital	295	91	94	96	99	102	105	108	112	1,102	Housing IAR Fund			100%
Rental Housing Minor Capital	42	22	22	23	23	24	25	26	26	233	Housing IAR Fund			100%
Retirement Housing Renewals				108	222	389	413	463	505	2,100	Housing IAR Fund			100%
Rental Housing Renewals				108	111	137	165	219	252	992	Housing IAR Fund			100%
<b>Retirement and Rental Housing Total</b>	<b>337</b>	<b>113</b>	<b>116</b>	<b>335</b>	<b>455</b>	<b>652</b>	<b>708</b>	<b>816</b>	<b>895</b>	<b>4,427</b>				
<b>Cemeteries</b>														
Cemeteries I.A.R.	30	205	92	94	97	100	103	106	110	937	Cemeteries IAR Fund			100%
Cemeteries Infrastructure		25	25	13	13	14	14	15	15	134	Rates			100%
Cemeteries Infrastructure		41	40							81	Prior Years Project Funding			100%
Cemeteries Infrastructure Total		66	65	13	13	14	14	15	15	215				
Cemeteries Carparks			13							13	Prior Years Project Funding			100%
Western Hills Extension	154	253								407	Prior Years Project Funding			100%
<b>Cemeteries Total</b>	<b>184</b>	<b>524</b>	<b>170</b>	<b>107</b>	<b>110</b>	<b>114</b>	<b>117</b>	<b>121</b>	<b>125</b>	<b>1,572</b>				

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split			
												G	L	R	
<b>Public Toilets</b>															
Public Toilets I.A.R.	160	164	118	121	124	128	132	137	141	1,225	Public Toilets IAR Fund				100%
New Toilet Programme	39	40		42	43		46	48		258	Rates				100%
<b>Public Toilets Total</b>	<b>199</b>	<b>204</b>	<b>118</b>	<b>163</b>	<b>167</b>	<b>128</b>	<b>178</b>	<b>185</b>	<b>141</b>	<b>1,483</b>					
<b>SOCIAL AND CULTURAL TOTAL</b>	<b>2,460</b>	<b>1,848</b>	<b>1,237</b>	<b>1,605</b>	<b>1,907</b>	<b>2,479</b>	<b>3,571</b>	<b>2,781</b>	<b>2,965</b>	<b>20,853</b>					
<b>CITY ACTIVITIES</b>															
<b>War Memorial Conference Centre (WMCC)</b>															
WMCC Minor Capital	120	62	63	65	67	69	71	73	76	666	Tourism Capital Fund				100%
Replace Carpet Lower Level	17									17	Prior Years Project Funding				100%
WMCC Upgrade	2,686									2,686	Loans - Rates				100%
WMCC Renewals	90	62	74	86	100	114	130	146	227	1,029	Tourism Capital Fund				100%
<b>WMCC Total</b>	<b>2,913</b>	<b>124</b>	<b>137</b>	<b>151</b>	<b>167</b>	<b>183</b>	<b>201</b>	<b>219</b>	<b>303</b>	<b>4,398</b>					
<b>National Aquarium of New Zealand (NANZ)</b>															
NANZ Minor Capital	75	77	79	81	83	86	89	91	95	756	Tourism Capital Fund				100%
Aquarium Laboratory	50									50	L/Farm Res Dev (Parklands) Fund				100%
Aquarium Reception/Ticketing Upgrade	207									207	Prior Years Project Funding				100%
Aquarium Renewals	35	46	58	70	83	97	112	128	177	806	Tourism Capital Fund				100%
<b>NANZ Total</b>	<b>367</b>	<b>123</b>	<b>137</b>	<b>151</b>	<b>166</b>	<b>183</b>	<b>201</b>	<b>219</b>	<b>272</b>	<b>1,819</b>					
<b>Napier i-SITE Visitor Centre</b>															
i-SITE Minor Capital	30	41	53	54	56	57	59	61	69	480	Tourism Capital Fund				100%
i-SITE Alterations		513	211							724	Rates				100%
i-SITE Renewals									63	63	Tourism Capital Fund				100%
<b>Napier i-SITE Visitor Centre Total</b>	<b>30</b>	<b>554</b>	<b>264</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>59</b>	<b>61</b>	<b>132</b>	<b>1,267</b>					
<b>Par2 MiniGolf</b>															
Par2 Minor Capital	14	23	19	19	20	21	21	22	23	182	Tourism Capital Fund				100%
Par2 MiniGolf Upgrade 2 Courses	196	200								396	Loans - Rates				100%
Par2 MiniGolf Renewal									63	63	Tourism Capital Fund				100%
<b>Par2 MiniGolf Total</b>	<b>210</b>	<b>223</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>86</b>	<b>641</b>					

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split				
										G		L	R			
Kennedy Park																
Kennedy Park I.A.R.	120	123	126	130	133	137	142	146	151	1,208	Tourism Capital Fund					100%
Kennedy Park Minor Capital	180	185	189	195	200	206	212	219	227	1,813	Tourism Capital Fund					100%
Kennedy Park Reception	425									425	Loans - Rates					100%
Kennedy Park Reception	164									164	Tourism Capital Fund					100%
Kennedy Park Total	889	308	315	325	333	343	354	365	378	3,610						
<b>CITY ACTIVITIES TOTAL</b>	<b>4,409</b>	<b>1,332</b>	<b>872</b>	<b>700</b>	<b>742</b>	<b>787</b>	<b>836</b>	<b>886</b>	<b>1,171</b>	<b>11,735</b>						
PLANNING AND REGULATORY																
Building Consents																
Property Information EDM	414	164	264							842	Property Elect. Mgmt Spec Fund					100%
E-Commerce for Applications	25									25	Prior Years Project Funding					100%
Building Consents Total	439	164	264							867						
Animal Control																
Stock Control Equipment	5									5	Dog Control Account					100%
Complex Shelter & Office	60									60	Dog Control Account					100%
Minor Capital Items	30									30	Dog Control Account					100%
Animal Control Total	95									95						
Parking																
Parking Minor Capital	20	21	21	22	22	23	24	24	25	202	Parking Account					100%
Parking Equipment Replacement	30	107	109	112	116	119	123	127	131	974	Parking Equipment Reserve A/c					100%
CBD Parking Projects	1,960	4,135		2,454		2,839				11,388	Parking Account					100%
Alternative Transport Parking	101	105								206	Parking Account					100%
Parking Security Upgrade	35									35	Parking Account					100%
Parking Total	2,146	4,368	130	2,588	138	2,981	147	151	156	12,805						
<b>PLANNING AND REGULATORY TOTAL</b>	<b>2,680</b>	<b>4,532</b>	<b>394</b>	<b>2,588</b>	<b>138</b>	<b>2,981</b>	<b>147</b>	<b>151</b>	<b>156</b>	<b>13,767</b>						

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	Funding	% Improvement Split				
										G		L	R			
<b>PROPERTY ASSETS</b>																
<b>Property Holdings</b>																
Civic Building	517									517	L/Farm Res Dev (Parklands) Fund			100%		
Civic Buildings Upgrade	540	4,576								5,116	Loans - Rates				100%	
Civic Buildings Renewals			105	108	156	275	295	341	379	1,659	Buildings IAR Fund				100%	
Library Building Renewals				54	111	275	295	341	379	1,455	Buildings IAR Fund				100%	
Seismic Strengthening Council Buildings (Includes Memorial Square)	1,500									1,500	Loans - Rates				100%	
Property Purchase	500	513	526							1,539	HBHB Endowment Land Sale A/c				100%	
Air Conditioning Unallocated	594	609								1,203	Prior Years Project Funding				100%	
Lagoon Farm Business Park				922						922	L/Farm Res Dev (Parklands) Fund				100%	
Council Chambers Ventilation	34									34	Prior Years Project Funding				100%	
Chambers and Weatherproofing		561								561	L/Farm Res Dev (Parklands) Fund				100%	
<b>PROPERTY ASSETS TOTAL</b>	<b>3,685</b>	<b>6,259</b>	<b>631</b>	<b>1,084</b>	<b>267</b>	<b>550</b>	<b>590</b>	<b>682</b>	<b>758</b>	<b>14,506</b>						
<b>SUPPORT UNITS</b>																
<b>Support Units &amp; General Provisions</b>																
Minor Capital General Provision	70	72	74	76	78	80	83	85	88	706	Rates				100%	
Minor Capital - Services	5									5	Rates				100%	
Replacement of Mobile Plant and Vehicle	1,000	923	947	973	1,000	1,030	1,062	1,097	1,136	9,168	Plant Purchase & Renewals A/c				100%	
Software Replacement and Upgrades	41	42	43	44	46	47	48	50	52	413	Rates				100%	
Software Replacement and Upgrades	30									30	Prior Years Project Funding					
Software Replacement and Upgrades Total	71	42	43	44	46	47	48	50	52	443						
PC and Printer Replacement	71	73	75	77	79	81	84	87	90	717	Rates				100%	
Corporate IT Network	13	13	14	14	14	15	15	16	16	130	Rates				100%	
Corporate IT Network	30									30	Prior Years Project Funding					
Corporate IT Network Total	43	13	14	14	14	15	15	16	16	160						
Electronic Document Management	60									60	Prior Years Project Funding				100%	
Technology Equipment Minor Capital	670	337	345	355	365	375	387	400	414	3,648	Technology Equipment Renewal Reserve				100%	
Napier Wi-Fi	61									61	Prior Years Project Funding				100%	
Design Services Minor Capital	30	31	32	32	33	34	35	37	38	302	Design Services Special Fund				100%	
<b>SUPPORT UNITS TOTAL</b>	<b>2,081</b>	<b>1,491</b>	<b>1,530</b>	<b>1,571</b>	<b>1,615</b>	<b>1,662</b>	<b>1,714</b>	<b>1,772</b>	<b>1,834</b>	<b>15,270</b>						

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	% Improvement Split			
										Funding	G	L	R	
<b>VESTED ASSETS</b>														
Roading Vested Assets	1,175	1,206	1,237	1,270	1,306	1,345	1,387	1,432	1,483	11,841				100%
Stormwater Vested Assets	448	460	472	484	498	513	529	546	565	4,515				100%
Wastewater Vested Assets	401	411	422	434	446	459	473	489	506	4,041				100%
Water Supply Vested Assets	221	227	233	239	246	253	261	269	279	2,228				100%
Reserves Vested Assets	102	105	107	110	113	117	120	124	129	1,027				100%
<b>VESTED ASSETS TOTAL</b>	<b>2,347</b>	<b>2,409</b>	<b>2,471</b>	<b>2,537</b>	<b>2,609</b>	<b>2,687</b>	<b>2,770</b>	<b>2,860</b>	<b>2,962</b>	<b>23,652</b>				
<b>CAPITAL PROGRAMME TOTAL</b>	<b>61,706</b>	<b>66,699</b>	<b>50,909</b>	<b>38,212</b>	<b>40,522</b>	<b>30,496</b>	<b>30,901</b>	<b>32,840</b>	<b>36,657</b>	<b>388,942</b>				
<b>FUNDING</b>														
Buildings IAR Fund			105	216	334	630	684	804	909	3,682				
Capital Reserve	1,610	424	266							2,300				
Cemeteries IAR Fund	30	205	92	94	97	100	103	106	110	937				
Design Services Special Fund	30	31	32	32	33	34	35	37	38	302				
Dog Control Account	95									95				
Endowment Land Account		168								168				
Fin Cont Te Awa Fund	319	421	7,248	1,460	13,791	499	132	1,512	1,526	26,908				
Financial Contributions Account	6,993	6,779	6,863	3,162	2,265	2,216	2,581	2,360	2,935	36,154				
HB HB Endowment Land Income	227	15	1,654	481	17	132	65	18	2,247	4,856				
HB Museum & Art Gallery	609									609				
HBHB Endowment Land Sale A/c	910	6,905	2,010							9,825				
Housing IAR Fund	337	113	116	335	455	652	708	816	895	4,427				
L/Farm Res Dev (Parklands) Fund	10,544	2,493	1,579	922						15,538				
Libraries IAR Fund	22						71	98	126	317				
Loan HBHB Endowment Land Income	309	865		2,745						3,919				
Loans - Growth	905	2,808	1,492	3,830			2,951	3,316	3,155	18,457				
Loans - Rates	9,266	9,822	2,062	194	142					21,486				
Loans - Stormwater Catchments Upgrade	1,039	2,873								3,912				
Marine Pde Facilities IAR Fund		21	21	22	44	46	201	268	328	951				
Marine Pde Walk/Cycleway Fund				259	267					526				
Milliscreen Replacement Program	260	264	271	278	286	294	303	313	324	2,593				
MTG IAR Fund	50	51	158	162	278	400	531	597	618	2,845				
Multi-use Sports Facility Fund		5,013	5,142							10,155				

CAPITAL PROGRAMME Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	9yr Revised Total	% Improvement Split		
										Funding	G	L	R
Parking Account	2,116	4,261	21	2,476	22	2,862	24	24	25	11,831			
Parking Equipment Reserve A/c	30	107	109	112	116	119	123	127	131	974			
Plant Purchase & Renewals A/c	1,000	923	947	973	1,000	1,030	1,062	1,097	1,136	9,168			
Pools IAR Fund	120	133	169	174	179	287	355	416	456	2,289			
Prior Years Project Funding	5,623	2,100	646	263						8,632			
Property Elect. Mgmt Spec Fund	414	164	264							842			
Public Toilets IAR Fund	160	164	118	121	124	128	132	137	141	1,225			
Rates	3,198	4,231	4,852	4,382	4,724	4,697	4,401	3,724	3,924	38,133			
Regional Landfill Income A/c	769	615	591	1,584	1,853	1,787	1,141	1,041	550	9,931			
Reserves IAR Fund	1,507	821	553	568	583	601	690	738	789	6,850			
Roading IAR Fund	2,522	2,616	2,714	2,820	2,930	3,049	3,179	3,321	3,475	26,626			
Robson Collection Special Fund	1	1	1	1	1	1	1	1	1	9			
Sewer Pump Station Renewal	557	513	245	252	259	267	275	284	294	2,946			
Sewer Treatment Plant Renewal			55	56	58	119	123	127	131	669			
Sewerage IAR Pipes	869	1,103	1,266	1,236	1,287	1,343	1,402	1,468	1,539	11,513			
Sportsgrounds IAR Fund	268	575	345	355	365	375	387	400	414	3,484			
Stormwater Catchments Upgrade	263	758	817	881	951	1,029	1,114	1,208	1,314	8,335			
Stormwater IAR Pipes	315	556	575	514	533	554	577	601	628	4,853			
Technology Equipment Renewal Reserve	670	337	345	355	365	375	387	400	414	3,648			
TNZ Renewals	2,729	2,731	2,825	2,393	2,485	2,002	2,090	2,187	2,293	21,735			
Tourism Capital Fund	1,034	742	798	851	908	970	1,036	1,106	1,436	8,881			
Tsfr Stn & Composting IAR Fund	235	95	98	101	103	106	110	113	117	1,078			
Vested Assets	2,347	2,409	2,471	2,537	2,609	2,687	2,770	2,860	2,962	23,652			
Wastewater Outfall IAR	100									100			
Water Supply Cap Assoc with IAR	339	257	129	133	137	141	145	150	155	1,586			
Water Supply IAR	795	1,026	673	706	740	778	820	866	915	7,319			
Water Supply IAR Water Meters	50	51	23	24	24	25	26	27	28	278			
Water Supply Pump Stations	120	139	148	152	157	161	166	172	178	1,393			
<b>CAPITAL PROGRAMME TOTAL</b>	<b>61,706</b>	<b>66,699</b>	<b>50,909</b>	<b>38,212</b>	<b>40,522</b>	<b>30,496</b>	<b>30,901</b>	<b>32,840</b>	<b>36,657</b>	<b>388,942</b>			

# Funding Impact Statement (Whole of Council)

## Financial Overview

### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
35,327	General rates, uniform annual general charges, rates penalties	36,957	37,012
13,283	Targeted rates	13,502	13,764
2,601	Subsidies and grants for operating purposes	2,618	2,645
18,903	Fees and charges	18,037	19,187
1,778	Interest and dividends from investments	966	966
14,496	Local authorities fuel tax, fines, infringement fees, and other receipts	16,918	16,716
<b>86,388</b>	<b>Total operating funding (A)</b>	<b>88,998</b>	<b>90,290</b>
	<b>Applications of operating funding</b>		
63,896	Payments to staff and suppliers	66,045	65,663
-	Finance costs	-	-
221	Other operating funding applications	219	221
<b>64,117</b>	<b>Total applications of operating funding (B)</b>	<b>66,264</b>	<b>65,884</b>
<b>22,271</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>22,734</b>	<b>24,406</b>
	<b>Sources of capital funding</b>		
2,670	Subsidies and grants for capital expenditure	17,979	12,446
3,495	Development and financial contributions	2,764	2,824
(3)	Increase/(decrease) in debt	-	-
125	Gross proceeds from sale of assets	120	116
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
<b>6,287</b>	<b>Total sources of capital funding (C)</b>	<b>20,863</b>	<b>15,386</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
19,026	- to meet additional demand	8,702	11,343
28,705	- to improve the level of service	27,747	33,217
20,516	- to replace existing assets	22,910	19,993
(39,689)	Increase (decrease) in reserves	(15,762)	(24,761)
-	Increase (decrease) of investments	-	-
<b>28,558</b>	<b>Total application of capital funding (D)</b>	<b>43,597</b>	<b>39,792</b>
<b>(22,271)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(22,734)</b>	<b>(24,406)</b>
	<b>- Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>

The Funding Impact Statement (FIS) is provided in accordance with Section 95 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent manner than might be the case if only the usual GAAP financial statements were provided.

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used, along with an indicative level of rates, together with examples of the impact of rating proposals for 2016/17 over a range of different categories of property and a range of different values.

## Funding Impact Statement continued

### Rating System

The following describes in full the rating system to apply from 1 July 2016:

#### General Rate

- Based on land value of all rating units.
- Differentially applied. The differentials applying for 2016/17 are set in accordance with the Rating Policy to enable:
  - 69% of the total general rate together with the Uniform Annual General Charge to be collected from residential properties and 31% 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 roading services supplied to Bay View.
  - The application of the same rate for miscellaneous non-residential properties as for residential properties.

Differentials	Group/ Code	2016/17
City Residential	1	100%
Commercial and Industrial	2	250.99%
Miscellaneous	3	100%
Ex-City Rural	4	63.10%
Other Rural	5	63.10%
Bay View	6	67.71%

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

#### Uniform Annual General Charge

- Council's Uniform Annual General Charge is set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding those related to Water Supply and Sewage Disposal, to recover about 20% of total rates.
- The charge is applied to each separately used or inhabited part of a rating unit.
- The Uniform Annual General Charge, together with the General Rate, recovers the balance of the rating requirement not recovered from the targeted rates.

## Water Rates

(apply to both City & Bay View water supply systems)

#### Fire Protection Rate

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

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

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

#### Water Rate

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

#### Refuse Collection and Disposal Rate

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

#### Kerbside Recycling Rate

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

## Sewerage Rate

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

## Bay View Sewerage Connection Rate

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

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

## Off Street Car Parking Rates

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

### CBD Off Street Car Parking Rate

- Differentially applied.
- Relates to all 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 off street car parking in the Central Business District.

## Taradale Off Street Car Parking Rate

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

## Suburban Shopping Centre Off Street Car Parking Rate

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

## CBD Promotion Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to each commercial and industrial rating unit situated within the area 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 at least 70% of the cost of the promotional activities run by Napier Inner City Marketing. The remainder is met from non-targeted rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

## Taradale Promotion Rate

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

## 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 metered domestic supplies outside the Napier Water Supply Area.

## Targeted Rates Note:

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

## Separately used or inhabited parts of a Rating Unit definition

### Definition

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

- Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.
- This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other forms of occupation) on an occasional or long term basis by someone other than the owner.

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

- For residential rating units, each self contained area is considered a separately used or inhabited part, unless used solely as a single family residence. Each situation is assessed on its merits, but factors considered in determining whether an area is self contained would include the provision of independent facilities such as cooking / kitchen or bathroom, and its own separate entrance.
- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.
- For commercial or industrial properties, two or more different businesses operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.

These examples are not inclusive of all situations.

## Description of Differential Categories

### GROUP 1: City Residential Properties

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

#### Code

1.1.1 Improved Residential Properties – Single Unit

1.1.2 Improved Residential Properties – Multi Unit

1.2.1 Vacant Utilisable Residential Land

### GROUP 2: Commercial and Industrial Properties

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

#### Sub Group 2.1: Central Business District

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

#### Code

##### 2.1.1 Properties Receiving 100% Parking Dispensation

Every separately assessed commercial property in the commercial retail zone 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 74 Napier City Council Annual Plan 2014/2015 Funding Impact Statement continued 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 Munro Streets, south down Munro 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.

##### 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 includes every separately assessed industrial property fronting the remainder of Owen Street and Faulknor Street and every separately assessed industrial property positioned immediately south of Sale Street and fronting Wellesley Road.

#### Code

- 2.2.1 Improved Fringe Commercial
- 2.2.2 Unimproved Fringe Commercial
- 2.2.3 Improved Fringe Industrial
- 2.2.4 Unimproved Fringe Industrial

### Sub Group 2.3: Taradale

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

#### Code

- 2.3.1 Taradale Suburban Commercial Properties south of Puketapu Road
- 2.3.2 Taradale Suburban Commercial – others not covered in 2.3.1 or 2.3.3
- 2.3.3 Taradale Suburban Commercial – properties owned by JH McDonald Properties Ltd

### Sub Group 2.4: Other Suburban Shopping Centres

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

#### Code

- 2.4.1 Suburban Commercial – privately owned
- 2.4.2 Suburban Commercial – no off street car parking provided
- 2.4.3 Suburban Commercial – served by Council supplied off street car parking except Marewa Shopping Centre, Onekawa Shopping Centre and Ahuriri Shopping Centre
- 2.4.4 Suburban Commercial – Marewa Shopping Centre
- 2.4.5 Suburban Commercial – Onekawa Shopping Centre
- 2.4.6 Suburban Commercial – Ahuriri Shopping Centre

### Sub Group 2.5: Commercial Properties in Residential Areas

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

#### Code

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

### Sub Group 2.6: Industrial – Outer City Areas

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

#### Code

- 2.6.1 Improved Outer Industrial
- 2.6.2 Unimproved Outer Industrial

### Sub Group 2.7: Hotels and Motels – Outer City Areas

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

#### Code

- 2.7.1 Hotels and Motels in Residential and Industrial zoned areas

## GROUP 3: Miscellaneous Properties

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

### Sub Group 3.1: Vacant Substandard Sections

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

#### Code

- 3.1.1 Vacant Substandard Sections

### Sub Group 3.2: Other Miscellaneous Rateable Properties

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

#### Code

- 3.2.1 Lodge Rooms, Halls and the like in Residential Areas
- 3.2.2 Land Occupied and/or Used for Churches and Private Schools
- 3.2.3 Homes for the Elderly, Private Hospitals, etc
- 3.2.4 Public Schools, Kindergartens and Playcentres
- 3.2.5 Miscellaneous Crown Properties
- 3.2.6 Public Utilities (not Council)
- 3.2.7 Pensioner Flats and Housing for the Aged
- 3.2.8 Sports Clubs previously eligible for rates remission under Section 179 of the Rating Powers Act 1988
- 3.2.9 Non-Profit Making Organisations, excluding Sports Clubs, previously eligible for rates remission under Section 179 of the Rating Powers Act 1988
- 3.3.8 Council Properties (other than leased)

### Sub Group 3.3: Miscellaneous Non-Rateable Properties

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

## Code

- 3.3.1 Land Occupied and/or Used for Churches and Private Schools
- 3.3.2 Homes for the Elderly, Private Hospitals, etc
- 3.3.3 Public Schools, Kindergartens and Playcentres
- 3.3.4 Miscellaneous Crown Properties
- 3.3.5 Public Utilities (not Council)
- 3.3.6 Sports Clubs and Other Non-Profit Making Organisations previously eligible for rates remission under Section 179 of the Rating Powers Act 1988
- 3.3.7 Council Properties (used for purposes outlined in subsection 4 of part 1 of schedule 1 of Local Government (Rating) Act 2002)

### **GROUP 4: Ex-City Rural Areas**

Every separately assessed rural property, which is situated in an area not provided with normal city services, and which is not capable of development because of the lack of city services, but excluding all properties 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

### **Other Rating Issues**

#### **Instalment Rating**

Rates for 2016/17 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 24 August 2016
- Second Instalment due 23 November 2016
- Third Instalment due 22 February 2017
- Fourth Instalment due 24 May 2017

#### **Penalties**

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

#### **Fees and Charges**

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

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

The schedule is available upon request from the Council office.

## Indicative Rates

Rates (incl. GST)	Indicative Rates 2016/17 (incl GST)
<b>Rates and Charges (incl GST)</b>	
<b>General Rate (cents per \$ LV)</b>	
Differential 1 City Residential	0.62239
Differential 2 Commercial and Industrial	1.56214
Differential 3 Miscellaneous	0.62239
Differential 4 Ex-City Rural	0.39273
Differential 5 Other Rural	0.39273
Differential 6 Bay View	0.42142
Uniform Annual General Charge (UAGC)	\$352.00
<b>Targeted Rates</b>	
<b>Fire Protection Rate (cents per \$ CV)</b>	
Differential 1, 2.5, 3, 4, 5, 6	0.00618
Differential 2.1, 2.2	0.02472
Differential 2.3, 2.4, 2.6, 2.7	0.01236
Water Rate - City	\$154.00
Water Rate - Bay View	\$154.00
Refuse Collection and Disposal Rate	
1 collection per week	\$64.00
2 collections per week	\$128.00
3 collections per week	\$192.00
Kerbside Recycling Rate	\$18.00
Sewerage Rate	\$332.00
Bay View Sewerage Connection Rate	\$941.36
<b>Off Street Car Parking Rate (cents per \$ LV)</b>	
Differential 2.1.1	0.15070
Differential 2.1.2	0.07535
Differential 2.3.2, 2.4.3, 2.4.4, 2.4.5, 2.5.2	0.10921
Promotion Rate - CBD (cents per \$ LV)	0.20432
Promotion Rate - Taradale (cents per \$ LV)	0.22720
<b>Water By Meter Charges</b>	
Non Domestic Supplies (\$/m <sup>3</sup> )	0.40936
Metered Domestic Supplies outside Napier Water Supply Area (\$/m <sup>3</sup> )	0.75959

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

The indicative rates and charges are provisional only, and are subject to Council setting and assessing its rates during July 2016.

## Examples of Proposed Rates for 2016/17

Examples of the impact of rating proposals for 2016/17 are shown in the following table:

	Land Value	Rates 2015/16	Rates 2016/17	Change %
<b>City Residential</b>				
Average	154,000	1,818	1,898	4.4%
Median	139,000	1,728	1,802	4.3%
Quartile 1	113,000	1,573	1,637	4.1%
Quartile 3	180,000	1,973	2,063	4.6%
<b>Commercial / Industrial</b>				
Average	396,500	7,228	7,265	0.5%
CBD Average	284,000	6,616	6,656	0.6%
Industrial Average	405,000	7,355	7,390	0.5%
<b>Miscellaneous Properties</b>				
Average	296,000	2,665	2,800	5.1%
<b>Rural</b>				
Average	339,000	1,693	1,765	4.3%
<b>Bay View</b>				
Average - No Sewerage Rate	186,000	1,343	1,397	4.0%
Average - With Sewerage Rate	186,000	1,675	1,729	3.2%

The three-yearly revaluation of the city for rating purposes was undertaken in 2014 and those valuations apply as the base for setting the general rate for 2016/17.

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

- Council's total rates revenue for 2016/17 will increase by 3.8%.
- the impact on existing ratepayers is an increase of 3.6% after allowing for growth in the rating base.
- a change in the allocation of general rates between residential and non-residential properties has altered rating differentials. The change, being phased in over two years, has no effect on Council's total rating level, but does reduce the level of general rates allocated to non-residential properties, while increasing rates for the residential category. 2016/17 is year two of the change, which adds about 0.8% to the general increase for residential ratepayers.



# Activity Groups



# Democracy and Governance

## What we do

Council provides a democratic and consultative system for decision making. The Council, consisting of a Mayor and 12 Councillors, is elected three yearly. Through its structure of committees, subcommittees, working parties and forums, Council carries out the requirements of the Local Government Act 2002 and other related legislation. Councillors are elected as follows:

- Mayor and six Councillors elected by the City as a whole
  - Ahuriri Ward - 1 Councillor
  - Onekawa-Tamatea Ward - 1 Councillor
  - Nelson Park Ward - 2 Councillors
  - Taradale Ward - 2 Councillors

## Why we do it

Much of what this group of activities does is prescribed in statute. The main acts are:

- Local Government Act 2002
- Local Government Official Information and Meetings Act 1987
- Local Electoral Act 2001
- Local Authorities (Members' Interests) Act 1968

The governance of the Council is the responsibility of the Mayor and Councillors. Their role is to represent the communities that elected them as well as to consider the interests of future generations. This group of activities aims to support elected members in their roles and to make robust decisions that promote community wellbeing. Good decision making requires high quality evidence and open and transparent processes that encourage participation.

The Democracy and Governance group contributes to the following community outcomes:

Democracy and Governance	Key: Primary Focus ○ Secondary Focus •
To provide infrastructure and services to support good health and wellbeing	
Transport infrastructure and services that are safe, efficient and integrated	
Safe and accessible recreational facilities	
An environment that is appreciated, protected and sustained for future generations	
A strong, prosperous and thriving economy	
Communities that value and promote their unique culture and heritage	
Safe and secure communities	
Strong leadership that is connected to its community	○

## What we are going to do

The next Council election will be held in October 2016.

## How we measure performance

Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Council holds regular Council and Council Committee meetings that are accessible and publicly notified	Percentage of residents satisfied with the 'Sufficiency of Public Information' in the NRB Public Opinion Survey	80%	80%	80%
	Percentage of council meetings for which meeting agenda is made publicly available two working days before the meeting date	100%	100%	100%
Council's planning and accountability frameworks are legally compliant, robust and provide a sound basis for decision making	Annual Reports and Long Term Plans receive 'unmodified' audit opinion	100%	100%	100%

## Assumptions and risks

Napier City Council will continue with its current representative arrangements.

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	Rates place a burden on household budgets
Environmental	None
Social	Participation in council processes takes time and effort. People's ability to be involved varies depending on time and resources, and may result in lower levels of participation from some groups

## Funding Impact Statement (Democracy and Governance)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
2,409	General rates, uniform annual general charges, rates penalties	2,874	2,457
-	- Targeted rates	-	-
-	- Subsidies and grants for operating purposes	-	-
-	- Fees and charges	-	-
-	- Internal charges and overhead recoveries	-	-
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
<b>2,409</b>	<b>Total operating funding (A)</b>	<b>2,874</b>	<b>2,457</b>
	<b>Applications of operating funding</b>		
-	- Payments to staff and suppliers	-	-
-	- Finance costs	-	-
2,409	Internal charges and overheads applied	2,874	2,457
-	- Other operating funding applications	-	-
<b>2,409</b>	<b>Total applications of operating funding (B)</b>	<b>2,874</b>	<b>2,457</b>
	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>
	<b>Sources of capital funding</b>		
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
-	- Increase (decrease) in debt	-	-
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
-	<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
-	- to meet additional demand	-	-
-	- to improve the level of service	-	-
-	- to replace existing assets	-	-
-	- Increase (decrease) in reserves	-	-
-	- Increase (decrease) of investments	-	-
-	<b>Total application of capital funding (D)</b>	<b>-</b>	<b>-</b>
	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>
	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>
	<b>Note: Excluded from Above</b>		
-	- Group depreciation & amortisation	-	-

# Roading

## What we do

We own, maintain and develop the local road network. The City's road network provides accessibility to Napier residents and visitors within a safe, clean and aesthetic environment. The activities within this group include the installation and maintenance of the physical components; carriageways, footpaths, steps, ramps, traffic and pedestrian bridges and structures, road and amenity lighting, drainage, traffic services and safety (e.g. street furniture, traffic lights, signage), as well as the planning, management and amenity and safety maintenance to ensure the system is clean, safe and able to cope with future needs.

## What we provide

- 363km of Roads (100% sealed)
- 306km Urban Standard Roads (approx. 10% not constructed to our current urban standards)
- 57km Rural Roads (70% requiring widening to cope with current traffic volumes)
- 46.4km State Highways
- 5,441 sumps and manholes to be cleaned
- 480km of kerb and channel to be swept

## Why we do it

The City's road network provides accessibility to Napier residents and visitors and contributes to a strong economy by enabling the efficient transportation of people and freight in and out of the region.

We have statutory responsibilities under the Local Government Act 2002 (LGA) in relation to the provision of the road network. The provision of roading and footpaths is a mandatory group of activities and must be included in the 30-year Infrastructure Strategy as an infrastructure asset. Section 11a of the LGA, states "that in performing its role Council must have particular regard to several 'core services', of which network infrastructure and public transport are included". We provide and manage the public transport infrastructure such as bus stops, interchanges, stations and signage.

Development of sustainable modes of transport, as reflected in the installation of cycle lanes and facilities for other modes, reflects changing public perceptions and attitudes towards transport. Sustainable modes of transport contribute to community outcomes by benefitting the good health and wellbeing of the community, economy and ensuring that the environment is being appreciated.

The Roothing group contributes to the following community outcomes:

Roothing	Key: Primary Focus ○ Secondary Focus •
To provide infrastructure and services to support good health and wellbeing	
Transport infrastructure and services that are safe, efficient and integrated	○
Safe and accessible recreational facilities	
An environment that is appreciated, protected and sustained for future generations	•
A strong, prosperous and thriving economy	•
Communities that value and promote their unique culture and heritage	
Safe and secure communities	
Strong leadership that is connected to its community	

## What we are going to do

The provision of services in the roading activity group is business as usual, including upgrades of existing roads and, installation of new footpaths etc. It includes a particular focus on upgrading ageing infrastructure in the form of intersection upgrades and resurfacing.

A number of new projects have been signalled over the next 5 years.

These are:

- A cycle strategy (to be funded jointly by rates and NZTA)
- West Quay car park (funded by HB HB Endowment Land Sale Account)
- Lever Street Closure (funded by rates)
- Pandora Pond parking (funded by HB HB Endowment Land Sale Account)
- West Quay one way (funded by rates)

## How we measure performance

Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Provide roads well maintained with adequate lighting and cleaning programmes to meet resident expectations	The percentage of residents satisfied (very satisfied and fairly satisfied with "roads" in the NRB Public Opinion Survey)	90%	90%	90%
Provide well maintained footpaths and cycleways to meet resident expectations	The percentage of residents being satisfied (very satisfied or fairly satisfied) with "footpaths" in the NRB public opinion survey)	85%	85%	85%
Design and construct safety improvements to minimize the number of injury crashes	Mandatory: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	0	-1	-1
Provide roads well maintained	Mandatory: The average quality of ride on a sealed local road network, measured by smooth travel exposure	81%	81%	81%
Provide adequate renewal of road surfacing	Mandatory: The percentage of the sealed local road network that is resurfaced	7.1%	7.1%	7.1%
Provide well maintained footpaths and cycleways	Mandatory: The number of justifiable footpath complaints	80	80	80
The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the Ten Year Plan	Mandatory: The percentage responded to within 5 working days	90%	90%	90%

## Key assumptions and risks

- No changes to the New Zealand Transport Agency subsidies. If subsidies are reduced, then we would need to re-evaluate our priorities as well as the impact on ratepayers if rates were to be increased in order to fund the shortfall
- The proposed One Network Road Classification (a system that will categorise roads based on the functions that they perform) may impact upon the future needs of the network and in particular the funding levels that can be sustained in the future
- Revocation of State highways may also impact upon us. Under this proposal duplicate sections of State Highway serving the same function (e.g. as a result of realignments or construction of a bypass) will be returned to Council ownership. The returned 'sections' will also likely add to on-going maintenance and renewal costs
- The infrastructural asset of the City is ageing
- Continuity of services while increasing traffic capacity and improving safety are challenges to the network
- Population growth will place pressure upon existing infrastructure. Traffic flows are increasing each year by 1.5 percent per annum, and allowance will need to be made in future to grow expenditure accordingly
- The physical size of the network is increasing each year by 0.8 percent; allowance must be made in the future to increase expenditure
- Changes in public perceptions, including the desire for alternative forms of transport such as cycling will give rise to demands for more cycle lanes and other cyclist friendly facilities. This will impact upon expenditure decisions. It is assumed that increased uptake of cycling over car travel will reduce vehicle usage and therefore prolong the life of infrastructure
- 10 percent of our Urban Standard Roads are not constructed to our current urban standards, and 7 percent of rural roads require widening to cope with current traffic volumes. Consideration needs to be given to prioritising the upgrading of these roads, and therefore this may also impact upon funding
- Crash reduction programmes will continue to contribute to the Government's road crash reduction targets
- Activities contained within the roading group are vulnerable to the risk of natural disaster for example, earthquakes, or a major flooding event

## Significant negative effects

Wellbeing	Significant Negative Effects
Environmental	Motor vehicle emissions contribute to carbon footprint Noise and visual impacts Potential for habitat fragmentation Potential loss of open spaces and productive land to accommodate population growth and corresponding demand for more infrastructure
Economic	Congestion and disruption to users of the network (such as freight vehicles) stemming from continual upgrading and construction
Social & Cultural	Loss of amenity (the quality and characteristics of an area that contribute to people's appreciation of its pleasantness and cultural and recreational attributes) Loss of walkways and cycle ways (if they are not adequately incorporated into roading proposals)

## Funding Impact Statement (Roading)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
10,613	General rates, uniform annual general charges, rates penalties	10,643	11,189
159	Targeted rates	149	149
1,968	Subsidies and grants for operating purposes	2,013	2,011
10	Fees and charges	10	11
371	Internal charges and overhead recoveries	518	491
404	Local authorities fuel tax, fines, infringement fees, and other receipts	404	404
<b>13,525</b>	<b>Total operating funding (A)</b>	<b>13,737</b>	<b>14,255</b>
	<b>Applications of operating funding</b>		
7,436	Payments to staff and suppliers	7,251	7,294
-	Finance costs	-	-
1,279	Internal charges and overheads applied	1,187	1,586
-	Other operating funding applications	-	-
<b>8,715</b>	<b>Total applications of operating funding (B)</b>	<b>8,438</b>	<b>8,880</b>
<b>4,810</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>5,299</b>	<b>5,375</b>
	<b>Sources of capital funding</b>		
2,370	Subsidies and grants for capital expenditure	2,979	2,447
1,880	Development and financial contributions	1,425	1,456
1,200	Increase (decrease) in debt	1,788	989
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
<b>5,450</b>	<b>Total sources of capital funding (C)</b>	<b>6,192</b>	<b>4,892</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
8,839	- to meet additional demand	5,333	2,901
3,236	- to improve the level of service	2,839	4,149
7,405	- to replace existing assets	8,851	7,036
(9,220)	Increase (decrease) in reserves	(5,532)	(3,819)
-	Increase (decrease) of investments	-	-
<b>10,260</b>	<b>Total application of capital funding (D)</b>	<b>11,491</b>	<b>10,267</b>
<b>(4,810)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(5,299)</b>	<b>(5,375)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-
	<b>Note: Excluded from Above</b>		
5,752	Group depreciation & amortisation	5,672	6,074

# Solid Waste

## What we do

We provide a domestic refuse collection service for both residential and commercial properties within Napier as follows:

- Residential Properties – once per week
- Commercial (Suburban Shops) – twice per week
- Commercial (Central Business District) – three times per week

A kerbside recycling service for residential properties is provided fortnightly. Litter bins and drums are located throughout the City and serviced on a daily basis. Our Refuse Transfer Station at Redclyffe accepts most domestic, garden and building waste, and recyclables.

Currently Napier disposes of approximately 16,000 tonnes of refuse annually at the landfill from the domestic collection, litter collection and the Transfer Station. The Omarunui Landfill is the final disposal point for waste generated by the combined populations of Hastings District and Napier City. It is jointly owned by both the Hastings District and Napier City Councils (63.68% and 36.32% ownership respectively) and is managed on a day to day basis by the Hastings District Council.

## Why we do it

We are required by the Local Government Act 2002 to provide 'effective and efficient' waste management services. The Waste Minimisation Act 2008 requires us to reduce the environmental impact of waste in New Zealand by encouraging waste reduction and the better use of materials, and reprocessing materials. The continued provision of this service is essential to the health of Napier's community and maintaining high environmental standards. We are best placed to deliver this 'public good'.

The main goals for Solid Waste are:

- To provide effective and efficient systems for the collection and disposal of solid waste
- To minimise the quantity and toxicity of waste being generated and disposed of in order to minimise adverse environmental, cultural, social and economic effects of solid waste disposal

The Solid Waste group of activities contributes to the following community outcomes:

Solid Waste	Key: Primary Focus ○ Secondary Focus •
To provide infrastructure and services to support good health and wellbeing	○
Transport infrastructure and services that are safe, efficient and integrated	
Safe and accessible recreational facilities	
An environment that is appreciated, protected and sustained for future generations	○
A strong, prosperous and thriving economy	
Communities that value and promote their unique culture and heritage	
Safe and secure communities	•
Strong leadership that is connected to its community	

## What we are going to do

We will continue to deliver solid waste services. The daily servicing of additional litterbins in tourist areas has driven an increased level of service in this group. We are also facing a number of long term issues that need to be addressed, such as the reducing capacity of the Omarunui Landfill. By 2025 the area being used now will be full and as joint owner with Hastings District Council, we need to decide whether to further develop the landfill at an estimated cost of \$50 million over a 35 year life or look at alternative waste disposal technologies. The councils have started a project (Waste Futures study) to investigate options.

We have also budgeted \$6 million over 10 years for development of a new area at the Omarunui Landfill. Redevelopment of the recycling centre at Redclyffe Transfer Station will be investigated in 2016/17.

## How we measure performance

Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Council provides a kerbside refuse collection service weekly to City residents to ensure City household waste is removed from the kerbside. This activity also provides a user pays facility at the Transfer Station for disposal of non-household refuse	A weekly kerbside refuse collection service is provided 52 weeks per year to City residents	100%	100%	100%
	Transfer Station open for 362 days	100%	100%	100%
A fortnightly kerbside recycling collection service to reduce the quantity of waste to landfill. Promotion of waste minimization activities and responsible solid waste management through education initiatives and a hazardous waste collection programme. Council also provides green waste and recycling facilities at the Redclyffe Transfer Station	Waste to Landfill per capita	280kgs	Decreasing Trend	Decreasing Trend
	Compliance with Resource Consent conditions	100%	100%	100%
	Education and waste reduction promotion programmes in place	750 students per annum	750 students per annum	750 students per annum
	Percentage of residents satisfied with Refuse Collection in the NRB Public Opinion Survey	92%	92%	92%
	Percentage of residents satisfied with Control of Litter, Graffiti and Vandalism in the NRB Public Opinion Survey	91%	92%	92%

## Assumption and risks

- The Omarunui Landfill is a carefully designed and constructed lined Class A landfill to safeguard against leachate leaking into the ground. It is equipped with a gas extraction system to prevent methane from being discharged into the atmosphere. Landfill gas is converted into electricity through a newly constructed power plant
- An environmental risk of the landfill is the leaching of contaminants to the environment and the potential for biological threats, such as fire ants

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	Increasing cost of refuse disposal will be passed onto ratepayers and consumers If the Waste Futures Study shows that an alternative to landfill is feasible, community consultation will be carried out to determine whether an alternative disposal method should be pursued
Environmental	Neighbouring properties are negatively impacted (e.g. odour, aesthetic, traffic)
Social	None

## Key Issues

In the 2013/14 year Napier City Council and Hastings District Council formed a joint steering committee to investigate long term alternative solutions to landfilling. As the current landfill area will be full in about 10 years the Councils are taking the opportunity to consider waste management alternatives. The project which is entering its stakeholder engagement stage is called "Waste Futures" and will help the councils to compare the Omarunui landfill extension with other options and identify the way forward.

Recycling will continue as one of the mainstays of diverting waste from landfill. Opportunities to recycle at events are actively explored and a standardised approach is being worked on.

## Funding Impact Statement (Solid Waste)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
647	General rates, uniform annual general charges, rates penalties	708	661
1,758	Targeted rates	1,885	1,800
173	Subsidies and grants for operating purposes	173	173
1,425	Fees and charges	1,425	1,456
20	Internal charges and overhead recoveries	-	20
1,849	Local authorities fuel tax, fines, infringement fees, and other receipts	2,138	2,184
<b>5,872</b>	<b>Total operating funding (A)</b>	<b>6,329</b>	<b>6,294</b>
	<b>Applications of operating funding</b>		
4,679	Payments to staff and suppliers	4,784	4,719
-	- Finance costs	-	-
239	Internal charges and overheads applied	237	240
-	- Other operating funding applications	-	-
<b>4,918</b>	<b>Total applications of operating funding (B)</b>	<b>5,021</b>	<b>4,959</b>
<b>954</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,308</b>	<b>1,335</b>
	<b>Sources of capital funding</b>		
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
-	- Increase (decrease) in debt	-	-
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
-	<b>Total sources of capital funding (C)</b>	-	-
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
-	- to meet additional demand	-	-
-	- to improve the level of service	-	-
788	- to replace existing assets	1,004	941
166	Increase (decrease) in reserves	304	394
-	- Increase (decrease) of investments	-	-
<b>954</b>	<b>Total application of capital funding (D)</b>	<b>1,308</b>	<b>1,335</b>
<b>(954)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,308)</b>	<b>(1,335)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-
	<b>Note: Excluded from Above</b>		
743	Group depreciation & amortisation	695	745

# Stormwater

## What we do

We provide and maintain a stormwater disposal system for Napier with the aim to minimise the effects of flooding. The system, serving approximately 97% of the City's population, consists of open drains, stormwater mains and pump stations with about 75% of the City reliant on pumped systems for stormwater drainage.

## What we provide

- 226km Stormwater Mains
- 58km Open Drains
- 13 Pump Stations (Napier City Council and Hawke's Bay Regional Council managed)

## Why we do it

We have a statutory responsibility to ensure stormwater is managed through ownership and management of its own stormwater drainage network. We are the only viable provider of this 'public good' service for the wellbeing of the community. Stormwater is a mandatory group of activities and must be included in the 30-year Infrastructure Strategy as an infrastructure asset.

The Stormwater group of activities contributes to the following community outcomes:

Stormwater	Key: Primary Focus ○ Secondary Focus •
To provide infrastructure and services to support good health and wellbeing	○
Transport infrastructure and services that are safe, efficient and integrated	
Safe and accessible recreational facilities	
An environment that is appreciated, protected and sustained for future generations	○
A strong, prosperous and thriving economy	
Communities that value and promote their unique culture and heritage	
Safe and secure communities	•
Strong leadership that is connected to its community	

## What we are going to do

Delivery of the stormwater service will be largely be business as usual with a focus on, ongoing catchment upgrades, including the continuing work for the CBD and planned upgrade works for Taradale and Napier South.

## How we measure performance

Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
The Stormwater Network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Mandatory: Number of flooding events per year resulting in stormwater entering a habitable floor in an urban area	≤1	≤1	≤1
	Mandatory: For each flooding event, the number of habitable floors affected per 1,000 properties	≤1	≤1	≤1
	Mandatory: Median response time to attending a flood event (notification to personnel being on site)	≤2 Hrs	≤2 Hrs	≤2 Hrs
Stormwater is collected and disposed of in a manner that protects public and environmental health	Mandatory: Compliance with resource consents for discharge from its stormwater system as measured by the number of Abatement and Infringement Notices, Enforcement Orders and successful convictions received in relation to those resource consents made against Council in regard to the Stormwater Activity	Nil	Nil	Nil
Residents are satisfied with Council's Stormwater service	Mandatory: Number of complaints received about performance of stormwater system (per 1,000 properties connected)	≤5	≤5	≤5
	Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey	92%	92%	92%

## Assumptions and risks

- We are working towards addressing environmental issues and increasing stormwater quality requirements for the network. It is expected that improvement works will be identified as part of current and future resource consent processes
- In general the stormwater network and pump stations are in good condition. Stormwater renewals will not become a key issue within the 30 year planning period
- Increased levels of flood risk from on-going infill development, climate change and rising sea levels are not envisaged to be a significant issue within the 30 year planning period

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	Compliance costs associated with activity e.g. discharge consents.
Environmental	Contaminated stormwater can have negative effects on receiving waters.
Social	None

## Key Issues

### Napier CBD

Installation of the stormwater pipeline in Hastings Street between Vautier Street and Emerson Street is complete, as is the pipeline extending from the Tennyson Street/Hastings Street intersection terminating at the new outfall and viewing platform on the Marine Parade beach front.

Works for the upgrade of the CBD stormwater network in Hastings Street between the Emerson Street and Tennyson Street intersections will re-commence after Easter this year in conjunction with the Hastings Street redevelopment.

Future stages of the project will include the installation of pipelines extending from the Tennyson Street and Hastings Street intersection towards Shakespeare Road, and down Tennyson Street towards Milton Road.

### Taradale

Works are well underway for the installation of approximately 1,000m of new stormwater main from the Spriggs Crescent Drain to the intersection of Osier and Gloucester Streets where it will connect into the existing pipelines at this location. It is expected that this stage of works will be completed by the end of the 2015/16 financial year.

As part of these works 250m of concrete box culvert has been installed in order to extend the existing Spriggs Crescent Drain along the reserve adjacent to Perry Crescent.

Future stages will include the upgrade of the existing concrete lined section of the Spriggs Crescent open drain, and the installation of stormwater pipelines from the Gloucester Street /Osier Road intersection southwards towards the Taradale Clock.

### Marine Parade Outfalls

The continual egression of the beach crest along Marine Parade has the effect of covering over the stormwater pipe outfalls along this section of the coastline thus increasing the flood risk for the connecting catchments.

The Dalton Street outfall works undertaken in order to alleviate its blockage issues is now complete.

Future works will include the extension of other stormwater outfalls along the Marine Parade beach.

### Stormwater Pump Stations

The Onehunga pump station constructed in 1964, serves the Petane and Atherfold catchments of Bay View. In order to restore the catchments pumping capacity, and overcome a number of existing operational concerns, consideration is being given to either upgrading the existing pump station or establishing a new pump station.

The Sale Street pump station has recently undergone electrical and control system upgrades which have alleviated operational issues. However work is still required in order to bring the pump station up to a satisfactory standard. Work is also required in order to overcome safety concerns. Installation of a false floor arrangement would resolve the safety issues related to the openings in the pump station floor and provide for the electrical and control cabling to be properly routed in a tidy fashion.

## Funding Impact Statement (Stormwater)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
3,044	General rates, uniform annual general charges, rates penalties	3,075	3,177
-	- Targeted rates	-	-
-	- Subsidies and grants for operating purposes	-	-
-	- Fees and charges	-	-
78	Internal charges and overhead recoveries	109	103
49	Local authorities fuel tax, fines, infringement fees, and other receipts	49	50
<b>3,171</b>	<b>Total operating funding (A)</b>	<b>3,233</b>	<b>3,330</b>
	<b>Applications of operating funding</b>		
1,101	Payments to staff and suppliers	1,130	1,155
-	- Finance costs	-	-
747	Internal charges and overheads applied	1,020	831
-	- Other operating funding applications	-	-
<b>1,848</b>	<b>Total applications of operating funding (B)</b>	<b>2,150</b>	<b>1,986</b>
<b>1,323</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,083</b>	<b>1,344</b>
	<b>Sources of capital funding</b>		
-	- Subsidies and grants for capital expenditure	-	-
556	Development and financial contributions	548	560
139	Increase (decrease) in debt	67	-
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
<b>695</b>	<b>Total sources of capital funding (C)</b>	<b>615</b>	<b>560</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
1,213	- to meet additional demand	617	-
6,730	- to improve the level of service	2,447	3,217
341	- to replace existing assets	556	615
(6,266)	Increase (decrease) in reserves	(1,922)	(1,928)
-	- Increase (decrease) of investments	-	-
<b>2,018</b>	<b>Total application of capital funding (D)</b>	<b>1,698</b>	<b>1,904</b>
<b>(1,323)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,083)</b>	<b>(1,344)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-
	<b>Note: Excluded from Above</b>		
1,953	Group depreciation & amortisation	2,002	2,106

# Sewerage

## What we do

We provide and maintain a safe, effective and efficient domestic sewage collection, treatment and disposal system to help maintain community health. In addition, we provide for a separate industrial sewage collection and disposal system for selected trade waste customers.

## What we provide

- 44 Pump Stations
- 380km Wastewater Mains
- Biological Trickling Filter plant (Awatoto)
- Milliscreen Plant (Awatoto)
- 1,500m long Marine Outfall pipe
- 93% of Napier's population serviced by reticulation system

## Why we do it

Under the Local Government Act 2002, the Resource Management Act 1991 and the Building Act 2004, we are obliged to provide a sewerage service, which collects, transports and disposes of household wastewater. We aim to protect human health and the environment and are best placed to provide this 'public good' service. Sewerage is a mandatory group of activities and must be included in the 30 year Infrastructure Strategy as an infrastructure asset.

The Sewerage group contributes to the following community outcomes:

Sewerage	Key: Primary Focus ○ Secondary Focus •
To provide infrastructure and services to support good health and wellbeing	○
Transport infrastructure and services that are safe, efficient and integrated	
Safe and accessible recreational facilities	
An environment that is appreciated, protected and sustained for future generations	○
A strong, prosperous and thriving economy	
Communities that value and promote their unique culture and heritage	
Safe and secure communities	•
Strong leadership that is connected to its community	

## What we are going to do

We have committed to operational and capital planning for the next 30 years to deliver the wastewater activity in the most efficient and effective manner, at the required levels of service.

This includes:

- On-going condition assessments
- On-going development of a comprehensive renewals programme
- Rationalisation of catchments and reticulation to maximise system resilience

## How we measure performance

Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
The collection, reticulation and disposal of household wastewater in a manner that protects the environment and public health	Number of reticulated properties unable to dispose of wastewater for longer than 6 hours. Due to stormwater infiltration	0	0	0
	Blockage resulting in overflow	0	0	0
	Mandatory: Dry weather overflows (per 1,000 connections*)	≤0.1	≤0.1	≤0.1
	Mandatory: Compliance with resource consents:			
	a) Abatement notices	0	0	0
	b) Infringement notices	0	0	0
	c) Enforcement orders	0	0	0
d) Convictions	0	0	0	
	Mandatory: Median response times:			
	a) Attendance time from notification to staff on site	≤2 Hrs	≤2 Hrs	≤2 Hrs
	b) Resolution time from receipt of notification to resolution	≤8 Hrs	≤8 Hrs	≤8 Hrs
Customer Satisfaction	Mandatory: Number of complaints per 1,000 connections relating to:			
	a) sewerage odour	≤5	≤5	≤5
	b) Sewerage system faults	≤20	≤20	≤20
	c) Sewerage system blockages	≤10	≤10	≤10
	d) Response to issues	≤1	≤1	≤1
	Total number of complaints per 1,000 connections	≤36	≤36	≤36
	Percentage of residents satisfied with Wastewater in the NRB Public Opinion Survey	92%	92%	92%

\* Based on 24,800 wastewater connections

## Assumptions and risks

- The Marine Outfall was constructed in 1973 with a life expectancy of 80 years. The outfall is located in an aggressive environment and requires ongoing maintenance. A comprehensive condition assessment and renewal options analysis will be carried out during the next 3 years
- Wastewater renewals modelling shows an increase in renewals requirements over the next 30 years. On-going condition assessments and planning will further refine the renewal profile

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	Impact of sewage discharge through outfall on marine environment and kaimoana (seafood)
Economic	Costs around increasing pressure on sewerage may be passed onto developers, increasing the cost of building or buying in Napier
Environmental	The infrastructure required to collect, treat and dispose of sewage may be considered to be aesthetically offensive
Social	None

## Key Issues

- Assessment of the Marine outfall's condition and useful remaining life
- Catchment management during storm events

## Funding Impact Statement (Sewerage)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
	- General rates, uniform annual general charges, rates penalties	-	-
7,250	Targeted rates	7,260	7,464
	- Subsidies and grants for operating purposes	-	-
431	Fees and charges	441	450
39	Internal charges and overhead recoveries	54	51
	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
<b>7,720</b>	<b>Total operating funding (A)</b>	<b>7,755</b>	<b>7,965</b>
	<b>Applications of operating funding</b>		
2,711	Payments to staff and suppliers	2,669	2,835
	- Finance costs	-	-
924	Internal charges and overheads applied	1,060	1,024
	- Other operating funding applications	-	-
<b>3,635</b>	<b>Total applications of operating funding (B)</b>	<b>3,729</b>	<b>3,859</b>
<b>4,085</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>4,026</b>	<b>4,106</b>
	<b>Sources of capital funding</b>		
	- Subsidies and grants for capital expenditure	-	-
184	Development and financial contributions	155	158
	- Increase (decrease) in debt	-	-
	- Gross proceeds from sale of assets	-	-
	- Lump sum contributions	-	-
	- Other dedicated capital funding	-	-
<b>184</b>	<b>Total sources of capital funding (C)</b>	<b>155</b>	<b>158</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
	- to meet additional demand	-	-
500	- to improve the level of service	-	-
2,300	- to replace existing assets	1,786	2,412
1,469	Increase (decrease) in reserves	2,395	1,852
	- Increase (decrease) of investments	-	-
<b>4,269</b>	<b>Total application of capital funding (D)</b>	<b>4,181</b>	<b>4,264</b>
<b>(4,085)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(4,026)</b>	<b>(4,106)</b>
	<b>- Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>
	<b>Note: Excluded from Above</b>		
4,034	Group depreciation & amortisation	3,959	4,042

# Water Supply

## What we do

We provide a water supply system for the supply of potable water as well as for firefighting purposes. Water is drawn from the Heretaunga Plains aquifer, is free from harmful contamination and no water treatment is required. It is reticulated to the Napier urban area and to Bay View. We have a programme in place to manage the usage of water, a precious natural resource, to minimise wastage and shortages.

## What we provide

- 9.8 million m<sup>3</sup> water consumed annually
- 10 wells
- 10 ground water and 8 booster pump stations
- 11 service reservoirs situated on 8 sites
- 30 million litres service reservoir storage
- 472km of water mains
- 93% of Napier's population serviced by reticulation system

## Why we do it

Under the Local Government Act 2002, we have an obligation to continue to provide water supply services to those communities already serviced within our territorial boundaries. Under the Health (Drinking Water) Amendment Act 2007, we must protect public health by maintaining the quality of drinking-water provided to communities. Water supply is a mandatory group of activities and must be included in the 30 year Infrastructure Strategy as an infrastructure asset. We are best placed to deliver this 'public good'.

The ongoing renewal, monitoring and maintenance of the Water Supply network are essential to ensure the Napier public's health and safety.

The Water Supply group contributes to the following community outcomes:

Water Supply	Key: Primary Focus ○ Secondary Focus •
To provide infrastructure and services to support good health and wellbeing	○
Transport infrastructure and services that are safe, efficient and integrated	
Safe and accessible recreational facilities	
An environment that is appreciated, protected and sustained for future generations	○
A strong, prosperous and thriving economy	
Communities that value and promote their unique culture and heritage	
Safe and secure communities	•
Strong leadership that is connected to its community	

## What we are going to do

It will be business as usual for the delivery of water supply services. However, with increasing population and climate change there are increasing demands on water supply that we must consider. We are also faced with increasing standards of regulation and ongoing monitoring imposed by Central Government.

- Levels of renewals required are expected to increase over the life of this plan as more assets reach the end of their life. Also, the length of reticulation is increasing by 2.6km on average per year. We have budgeted for a gradual annual increase over the next 30 years
- We plan to construct two new reservoirs to store potable water to provide for emergency requirements and peak demand
  - The Taradale reservoir planned for completion in 2016/17 at an estimated cost of \$2.8 million on a site behind the existing water reservoir off Tironui Drive, opposite Knightsbridge
  - The Greenmeadows reservoir between 2025/26 and 2028/29 at an estimated cost of \$10.5 million in the Western Hills

## How we measure performance

Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Safeguard Public Health	Mandatory: Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria)	Achieved	Achieved	Achieved
	Mandatory: Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria)	Achieved	Achieved	Achieved
Management of Environmental Impacts	Mandatory: The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance *	≤22% Real water loss from Councils networked reticulation	≤22%	≤22%
	Mandatory: Average annual consumption of drinking water per day per resident	≤430 L	≤430 L	≤430 L
Response to Water System Issues	Mandatory: Median response times from time notification received:			
	Attendance time for urgent call outs	≤90 minutes	≤90 minutes	90 minutes
	Resolution time for urgent call outs	≤6 hours	≤6 hours	≤6 hours
	Attendance for non-urgent call outs	≤ 8 hours	≤ 8 hours	≤ 8 hours
Customer Satisfaction	Resolution time for non-urgent call outs	≤ 72 hours	≤ 72 hours	≤ 72 hours
	Mandatory: Number of complaints per 1,000 connections relating to:			
	a. Drinking water clarity	≤2	≤2	≤2
	b. Drinking water taste	≤2	≤2	≤2
	c. Drinking water odour	≤2	≤2	≤2
	d. Drinking water pressure or flow	≤2	≤2	≤2
	e. Continuity of supply	≤2	≤2	≤2
f. Council's response to any of these issues per 1000 connections	≤2	≤2	≤2	
	Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey	90%	90%	90%

\* The real water loss will be calculated using a water balance, over a 12 month period, using the most recent customer water meter reading data. Unmetered water use will be assessed in terms of the methodology outlined in the Water New Zealand document 'Benchmarking of Water Losses in New Zealand'.

## Assumptions and risks

- A growing population will put increasing pressure on water supply
- More extreme droughts due to climate change will put
- increasing pressure on water supply
- Increased competition for supply also may impact on resource consent requirements

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	Costs around increasing pressure on water supply may be passed onto developers, increasing the cost of building or buying in Napier
Environmental	Increased demand on water supply (population/climate change) may have an effect on raw water sources (aquifer/rivers)
Social	None

## Funding Impact Statement (Water Supply)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
	- General rates, uniform annual general charges, rates penalties	-	-
3,929	Targeted rates	4,015	4,157
	- Subsidies and grants for operating purposes	-	-
492	Fees and charges	492	502
54	Internal charges and overhead recoveries	75	71
11	Local authorities fuel tax, fines, infringement fees, and other receipts	-	12
<b>4,486</b>	<b>Total operating funding (A)</b>	<b>4,582</b>	<b>4,742</b>
	<b>Applications of operating funding</b>		
2,113	Payments to staff and suppliers	2,140	2,215
	- Finance costs	-	-
638	Internal charges and overheads applied	631	697
	- Other operating funding applications	-	-
<b>2,751</b>	<b>Total applications of operating funding (B)</b>	<b>2,771</b>	<b>2,912</b>
<b>1,735</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,811</b>	<b>1,830</b>
	<b>Sources of capital funding</b>		
	- Subsidies and grants for capital expenditure	-	-
267	Development and financial contributions	199	203
	- Increase (decrease) in debt	-	-
	- Gross proceeds from sale of assets	-	-
	- Lump sum contributions	-	-
	- Other dedicated capital funding	-	-
<b>267</b>	<b>Total sources of capital funding (C)</b>	<b>199</b>	<b>203</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>	-	-
5,696	- to meet additional demand	1,276	-
70	- to improve the level of service	339	384
1,425	- to replace existing assets	1,160	1,686
(5,189)	Increase (decrease) in reserves	(765)	(37)
	- Increase (decrease) of investments	-	-
<b>2,002</b>	<b>Total application of capital funding (D)</b>	<b>2,010</b>	<b>2,033</b>
<b>(1,735)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,811)</b>	<b>(1,830)</b>
	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>
	<b>Note: Excluded from Above</b>		
1,680	Group depreciation & amortisation	1,738	1,758
492	Water by Meter Charges	492	502

# Recreation

## What we do

The activities within this group are:

- Sportsgrounds
- Napier Aquatic Centre
- Marine Parade Pools
- Reserves
- Inner harbour
- Napier Skate Park

## What we provide

Activity	What we provide
Sportsgrounds	<ul style="list-style-type: none"> <li>• 15 sports parks (213ha).</li> <li>• Major facilities - McLean Park Complex, Park Island, Nelson Park and Tareha Recreation Reserve</li> </ul>
Napier Aquatic Centre	<ul style="list-style-type: none"> <li>• Indoor facilities (heated) - 5 lane 25m pool, 6 lane 25m pool, 15m learners' pool, 2 toddler pools, 2 spa pools, 2 water slides and an outdoor spray park</li> </ul>
Marine Parade Pools	<ul style="list-style-type: none"> <li>• An outdoor complex with 4 heated outdoor pools and 5 spa pools</li> <li>• An external contractor manages the day-to-day running of the facility</li> </ul>
Reserves	<ul style="list-style-type: none"> <li>• 36 neighbourhood parks, 46 greenbelt reserves, 9 foreshore reserves and 9 public gardens</li> <li>• A target of 75m<sup>2</sup> recreational reserves per residential lot</li> </ul>
Inner harbour	<ul style="list-style-type: none"> <li>• 98 berths</li> </ul>
Napier Skate Park	<ul style="list-style-type: none"> <li>• Range of ramps and jumps catering to scooters, skates and skateboards</li> <li>• Skatebowl and/or Half Pipe (detailed design subject to consultation)</li> <li>• Skating rink catering to roller hockey, roller derby, artistic skating and other roller sports</li> </ul>

## Why we do it

We provide these activities to meet the recreational and sporting needs of our community. In turn we aim to provide safe and accessible recreational facilities to enhance the social and cultural wellbeing of our community. Section 11a of the Local Government Act states "that, in performing its role, a local authority must have particular regard to what its

core services, including reserves and recreational facilities, contribute to the community". The Inner Harbour activity was transferred to us as part of the Local Government re-organisation in 1989. It enables safe berthing of commercial and recreational vessels and allows for a range of water based recreational pursuits.

The Recreation group contributes to the following community outcomes:

Recreation Key: Primary Focus ○ Secondary Focus •	Sportsgrounds	Napier Aquatic Centre	Marine Parade Pools	Reserves	Inner Harbour	Napier Skate Park
To provide infrastructure and services to support good health and wellbeing	•	•	•	•	•	•
Transport infrastructure and services that are safe, efficient and integrated						
Safe and accessible recreational facilities	○	○	○	○	○	○
An environment that is appreciated, protected and sustained for future generations	•			○	•	
A strong, prosperous and thriving economy	•				○	○
Communities that value and promote their unique culture and heritage				•		
Safe and secure communities						
Strong leadership that is connected to its community						

## What we are going to do

### Sportsgrounds

- We are in the process of developing a Sport and Active Recreation Strategy
- McLean Park will continue to be upgraded to maintain its position as a nationally and internationally recognised sports facility including replacing the sand carpet and upgraded player facilities
- New developments will cater for growth and demand including the staged implementation of the Park Island Master Plan

### Napier Aquatic Centre

- A new Napier Aquatics Strategy was adopted in 2015/16
- A feasibility study into the future of aquatics provision for Taradale in light of the issues at Greendale will be completed this year
- A detailed seismic assessment has identified that the Ivan Wilson part of the complex will require strengthening further putting on hold the upgrade to the old pool
- Due to the harsh environment of the Aquatic Centre, the life expectancy of buildings, plant and equipment is drastically reduced. We will continue to maintain and renew assets to take into account this shorter life expectancy
- We will review opening hours to satisfy demand for lane space for the general public and increase visitor numbers

### Reserves

- We will continue to deliver our reserves activity to agreed levels of service and cater for growth through the purchase of land and the development of new reserves, playgrounds, and a network of formed and unformed walkway/cycleway tracks
- There are several new projects planned for Napier including the Ahuriri Water Sports Facility, a Destination Playground, installations at Pirimai Park and development at Tamatea Park
- We will continue to maintain and protect Foreshore Reserves

### Inner Harbour

- It will be business as usual

### Napier Skate Park

- Napier Skate Park is the next stage of the Marine Parade redevelopment. The Skate Park will utilise the existing Marineland grandstand overlooking a skating rink/performance arena. The existing SkateZone facility will also be relocated and expanded for multi-purpose use
- The intention is to create a world class skate bowl that will be an action sports area, including a junior scooter area and a multi-purpose pitch/track that can accommodate roller derby, roller hockey and artistic and figure skating. The plans also incorporate separate toilet facilities and accommodates the existing ice cream parlour

## How we measure performance

Activity	Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Sportsgrounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community	Percentage of residents satisfied with Sportsfields in the NRB Public Opinion Survey	88%	88%	88%
Napier Aquatic Centre	Council provides a safe and well-presented aquatic centre to satisfy the needs of the community and provide users with a positive recreational experience	Accredited as meeting Poolsafe Standards	Achieved	Achieved	Achieved
		Water quality adherence to NZ Water Treatment Standards 5826:2000	100%	100%	100%
		Percentage of customers (pool users and programme participants) satisfied with Napier Aquatic Centre	90%	90%	90%
Reserves	Council provides a sufficient number and range of safe parks and reserves to satisfy the needs of the community	Number of city-wide playground equipment safety audits undertaken annually	24	24	24
	Council sustainably manages the development and use of reserves as a natural recreational resource for both local residents and visitors	Percentage of residents satisfied with public gardens, street beds and trees in the NRB Public Opinion Survey. (See also Sports grounds)	95%	95%	95%
Inner harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels	The depth of the navigational channels are maintained to a minimum depth of 2.4m at lowest tide (source: depth sound checks)	Achieved	Achieved	Achieved

## Assumptions and risks

- While the impact of climate change is unlikely to have a significant impact over the next 10 years, climate change is still considered a key issue beyond the planning horizon. The effects of climate change will continue to be monitored and as new information becomes available, projected impacts will be assessed
- Asset Management systems: There is an ongoing need for quality asset condition data to be collected and stored in our electronic asset management system. This will enable detailed projections of asset depreciation
- Operational budgets: Rapid expansion of the walkways/ pathways throughout the City is putting significant pressure on operational budgets e.g. Rotary Pathway project maintenance requirements
- Plans and Strategies: These will play an increasingly important role in future; defining appropriate uses, standards and development for individual parks, facilities and sites as well as what services and programmes should be delivered

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	The cost of operations of recreational activities may be perceived as a negative economic effect on the community as the cost is borne by the whole community and not related to individual usage
Environmental	The loss of productive land may be perceived as a negative effect
Social	None

## Key Issues

### Napier Aquatic Centre

- In light of the issues identified with the Greendale Club pool, the necessary work required for seismic strengthening and the delayed upgrade to the Old Pool, to consider the most cost effective options that will meet the community's needs into the future. This may include consolidating pool provision and swimming activities at the Napier Aquatic Centre

### Napier Skate Park

- While the Napier Skate Park is primarily a community recreation facility there will be opportunities to host sporting events and other performance that will attract visitors from out of town. A business and marketing plan will need to be developed to ensure the benefits of these opportunities are maximised

### Marine Parade Pools

- The Marine Parade Pools infrastructure is ageing and beginning to require increasing renewal work
- As a tourist destination the Marine Parade Pools are required to be maintained to a high standard and be attractive to visitors and the local community

## Funding Impact Statement (Recreation)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
8,117	General rates, uniform annual general charges, rates penalties	8,077	8,795
-	- Targeted rates	-	-
24	Subsidies and grants for operating purposes	13	24
1,492	Fees and charges	1,490	1,465
101	Internal charges and overhead recoveries	129	131
616	Local authorities fuel tax, fines, infringement fees, and other receipts	696	769
<b>10,350</b>	<b>Total operating funding (A)</b>	<b>10,405</b>	<b>11,184</b>
	<b>Applications of operating funding</b>		
7,355	Payments to staff and suppliers	7,685	7,890
-	- Finance costs	-	-
1,765	Internal charges and overheads applied	1,894	1,928
2	Other operating funding applications	-	2
<b>9,122</b>	<b>Total applications of operating funding (B)</b>	<b>9,579</b>	<b>9,820</b>
<b>1,228</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>826</b>	<b>1,364</b>
	<b>Sources of capital funding</b>		
300	Subsidies and grants for capital expenditure	15,000	10,000
534	Development and financial contributions	386	394
3,859	Increase (decrease) in debt	2,999	4,037
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
<b>4,693</b>	<b>Total sources of capital funding (C)</b>	<b>18,385</b>	<b>14,431</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
3,977	- to meet additional demand	1,426	8,444
11,475	- to improve the level of service	13,888	16,094
3,055	- to replace existing assets	2,522	1,809
(12,586)	Increase (decrease) in reserves	1,375	(10,552)
-	- Increase (decrease) of investments	-	-
<b>5,921</b>	<b>Total application of capital funding (D)</b>	<b>19,211</b>	<b>15,795</b>
<b>(1,228)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(826)</b>	<b>(1,364)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-
	<b>Note: Excluded from Above</b>		
1,984	Group depreciation & amortisation	1,932	2,321

# Social and Cultural

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## What we do

The Social and Cultural group of activities are:

- Libraries
- Napier Municipal Theatre
- MTG Hawke's Bay
- Community Planning
- Halls
- Retirement and Rental Housing
- Cemeteries
- Public Toilets
- Emergency Management

### Libraries

Libraries offer free-to-all services. Services include recreational, educational, historical, genealogical, cultural and current affairs material in multi-media forms; together with online facilities, reading and digital literacy programmes for all ages, and community outreach.

### Napier Municipal Theatre

The Art Deco heritage building in Tennyson Street provides modern theatre facilities for local, national and international live theatre, performing arts, exhibitions, and other community functions and events.

### MTG Hawke's Bay

MTG Hawke's Bay's exhibition, education and public programmes interpret and share the region's history through the Hawke's Bay Museums Trust's (HBMT) regional collection. It has spaces to host a variety of performances, films, lectures, and other events as well as a retail shop. MTG Hawke's Bay cares for the HBMT collection under a management agreement with the HBMT, a Council Controlled Organisation (CCO) jointly funded by Napier City Council and Hastings District Council.

### Community Planning

Development of strategies and policies, community facilitation and advice, administration and distribution of community grants, encouraging safer community and Youth Development are the main components of Community Planning. Community facilitation and grants support and encourage voluntary and community based organisations to address social issues in Napier. Through the Safer Napier programme, key safety priorities are identified and worked on in partnership with community groups and government organisations to improve community safety in Napier. Youth Development supports and fosters the role of young people in our community, providing opportunities for them to participate and engage in decision making.

### Halls

We provide six casual hire community halls with a range of facilities for recreational, community or leisure activities at affordable prices.

### Retirement and Rental Housing

Retirement and rental flats are provided for people with special housing needs, low assets, and low income, with the emphasis on providing for the welfare of the tenants. Council flats are in high demand with the average occupancy rate exceeding 97%.

### Cemeteries

We manage six cemeteries; four operational and two historic. Operating cemeteries include comprehensive areas for burials, ash interments, and ash scattering. The recently restored historic cemeteries ensure their historical and cultural significance is preserved. Records are available for genealogical enquiries. The crematorium for the Hawke's Bay region, located in Hastings, is owned and operated by Hastings District Council.

### Public Toilets

Public toilets are provided in key areas generally related to tourism, recreation and shopping activities. Facilities are cleaned and inspected at least daily with the emphasis on hygiene, safety, discouragement and removal of graffiti. The most recent addition to our public toilet facilities was opened in December 2015, at Spriggs Park in Ahuriri.

### Emergency Management

Emergency Management brings together staff from Council, other organisations and volunteers to plan all aspects of council business in accordance with the '4Rs': Reduction, Readiness, Response and Recovery in Napier. The Hawke's Bay Civil Defence Emergency Management Group coordinates integration of policies and planning as a region.

## What we provide

Activity	What we provide
Libraries	2 libraries - Napier and Taradale 37,000 members
Napier Municipal Theatre	The auditorium has a seating capacity of 993. Other features include the Pan Pac Foyer for exhibitions, functions and conferences, bar and catering facilities and a Ticketing Box Office The Historic Places Act 1980 lists the Municipal Theatre as a building which is classified by the New Zealand Historic Places Trust. This building has also been declared as a place of Art Deco significance by the Napier Art Deco Trust
MTG Hawke's Bay	The former Hawke's Bay Museum & Art Gallery (HB MAG) was significantly redeveloped and reopened in September 2013 as MTG Hawke's Bay. The facility is located on the corner of Tennyson Street and features museum and gallery spaces, research facilities including archives, a boutique movie theatre and a shop
Community Planning	Services provided do not require physical assets
Halls	6 casual hire facilities
Retirement and Rental Housing	303 retirement flats in 9 villages - all 1 bedroom 72 rental flats in 3 villages - mostly 2 bedrooms
Cemeteries	6 cemeteries - 4 operational and 2 historic
Public Toilets	44 toilet facilities
Emergency Management	1 fixed Emergency Operations Centre (EOC) - Civic Building 1 Mobile Emergency Operations Centre (EOC) - Satellite Trailer 9 Civil Defence Emergency Centres locations 1 Mobile Civil Defence Emergency Centre trailer - to deploy to the one of the centres or any location as required

## Why we do it

These activities deliver on our mission to make Napier the best city in New Zealand in which to live, work, raise a family and enjoy a safe and satisfying life. These activities are important to the social and cultural richness of life in Napier

and are public goods that the market would be unlikely to provide. Libraries, museums, other recreational facilities and community amenities as well as the mitigation of natural hazards (emergency management) are considered core services under Section 11a of the Local Government Act.

The Social and Cultural group contributes to the following community outcomes:

Social & Cultural	Key:										
	Primary Focus	○	Libraries	Napier Municipal Theatre	MTG Hawke's Bay	Community Planning	Halls	Retirement and Rental Housing	Cemeteries	Public Toilets	Emergency Management
To provide infrastructure and services to support good health and wellbeing	•				○	•	•	•		○	
Transport infrastructure and services that are safe, efficient and integrated											
Safe and accessible recreational facilities	○	•	○			○					
An environment that is appreciated, protected and sustained for future generations								○			
A strong, prosperous and thriving economy		•	○								

<b>Social &amp; Cultural</b> Key: Primary Focus ○ Secondary Focus •	Libraries	Napier Municipal Theatre	MTG Hawke's Bay	Community Planning	Halls	Retirement and Rental Housing	Cemeteries	Public Toilets	Emergency Management
Communities that value and promote their unique culture and heritage	○	○	○	•			•		
Safe and secure communities				○		○			○
Strong leadership that is connected to its community				○					

## What we are going to do

### Libraries

Key projects for the Library includes keeping pace with the evolution of electronic formats, re-developing Napier Library, and a new Library Management System.

### Napier Municipal Theatre

No changes to levels of service are proposed for this activity. We will continue to target a mix of community and touring events. Demand is expected to remain strong in light of the closure of the Hawke's Bay Opera House for seismic strengthening.

### MTG Hawke's Bay

MTG Hawke's Bay is yet to meet targets for admissions, revenue and stakeholder engagement. Council is committed to addressing core issues, giving priority to storage and exhibition space, particularly for the significant taonga Māori collection. Consideration will be given to moving the regional archive to the Napier Library, and building or leasing additional collection storage. MTG is not a commercial facility, however growing revenue from venue hire, programming and retail sales positively contributes to the operational cost of the service.

### Community Planning

No changes to levels of service are proposed for this activity. Key capital projects for this year include improvements to Pirimai Park, Anderson Park and Tamatea Park. These will be implemented in conjunction with the Parks and Reserves team. Other capital plan priorities include Taradale Community Rooms and Taradale Skate Bowl reconfiguration. An application for reaccreditation as an international safe community was submitted in February 2016.

### Halls

Key issues for the community halls activity include seismic strengthening and refurbishment and an increased focus on policy development. Funding has been allocated for work associated with seismic strengthening of the Memorial Square Community Rooms in Clive Square.

### Retirement and Rental Housing

Despite increasing demand for this activity no new dwellings are proposed over the life of the LTP. Council will continue to provide the agreed levels of service and monitor the changing needs and expectations of its tenants.

### Cemeteries

Key projects over the life of the LTP include the Western Hill cemetery expansion and establishing/maintaining the cemeteries record audit and asset register

### Public Toilets

We will continue to provide the agreed level of service for public toilets. No changes are proposed.

### Emergency Management

No new funding is proposed in this activity. Focus areas include developing community resilience plans within Napier, and increasing volunteer number to staff a new Light Rescue component.

## How we measure performance

Activity	Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Libraries	Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social and educational needs	Percentage of library members who are active borrowers (in 24 month period - card use only)	39%	39%	39%
		Percentage of residents satisfied with Library Service in the NRB Public Opinion Survey (excluding don't knows)	85%	85%	85%
		Number of programme sessions delivered for all ages per year	330	330	330
Napier Municipal Theatre	Council provides a quality performing arts venue experience for local and visitor use	Qualmark 4.5 star rating maintained	Achieved	Achieved	Achieved
		Percentage of customers satisfied with the Municipal Theatre experience (source: Ticketek Survey)	80%	80%	80%
MTG Hawke's Bay	Council provides a quality museum, theatre and art gallery experience for local and visitor use	Visitor numbers per year for all uses (source: door counter)	120,000	120,000	120,000
		Minimum number of new exhibitions per annum	5	5	5
		Percentage of residents satisfied with Hawke's Bay Museum and Art Gallery (including Century Theatre) in the NRB Public Opinion Survey	80%	80%	80%
	The MTG is a quality provider of educational experiences	Percentage of teachers satisfied with school experience	80%	80%	80%
		Number of students participating in a learning experience outside the classroom (LEOTC) programme at MTG	6,000	6,000	6,000
Community Planning	Council supports communities to come together to address issues and to celebrate and promote their uniqueness	Number of local community events coordinated per year	50	50	50
		Satisfaction score from coalition partners on Council's coordination role for Safer Napier (source: annual Coalition Survey Report) Zone >4 - The coalition is doing average to above average in this area	>4	>4	>4
	Council provides quality advice and information to community groups and agencies, and facilitates collaborative opportunities with them to build strong community networks that can respond to community issues	Percentage of residents who perceive they are safe or very safe in Napier at all times (source: biannual Social Monitor Survey)	95%	No Survey	95%
		Number of community training and networking meetings facilitated per year	20	20	20
		Percentage of attendees satisfied with community training and networking meetings	96%	96%	96%

Activity	Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Halls	Council provides a sufficient number and range of cultural and social facilities to satisfy the needs of the community	Percentage community hireage for halls directly managed by Council	85%	85%	85%
		Percentage of customers satisfied with hireage of halls directly managed by Council. (source: postal survey of post use)	95%	95%	95%
Retirement & Rental Housing	Council provides affordable and safe retirement and rental housing for people who have low assets and low income	Village coordinators available during normal working hours and on call for emergencies after hours	100%	100%	100%
		Inspections per unit per year: •Retirement Flats - fortnightly •Rental Flats - annually	100%	100%	100%
		Occupancy Rate - retirement	97%	97%	97%
		Occupancy Rate - rental	98%	98%	98%
Cemeteries	Council maintains accurate and accessible burial records and the historical features of all six council managed cemeteries	Percentage of time that the online cemetery records system is operational throughout the year	90%	90%	90%
	Council provides and maintains a tranquil environment for burial, reflection and placing of memorials to deceased family members	Interment and Burial spaces are available on request	100%	100%	100%
		Percentage of residents satisfied with Cemeteries (including the maintenance of Cemeteries) in the NRB Public Opinion Survey	77%	80%	80%
Public Toilets	Council provides adequate toilets that are accessible, available and appropriately located for use by the public to safeguard the health of the community through the appropriate disposal of human waste in high use community areas	Percentage of council-managed public toilets cleaned at least daily	100%	100%	100%
		Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey	80%	80%	80%
Emergency Management	Council will work with the Napier community and HB CDEM Group to ensure Napier communities are prepared and know how to survive and recover during and after an emergency	Public warning sirens tested a minimum of twice per year	Achieved	Achieved	Achieved
		Percentage of community groups satisfied with public education presentations/events	90%	90%	90%
		Percentage of households with emergency food and water to be self-sufficient for three days	88%	88%	88%
		Percentage of residents satisfied with Civil Defence Organisation in the NRB Public Opinion Survey (excluding don't knows)	90%	90%	90%
		Number of new community resilience plans developed in high risk areas within Napier per year	2	2	2
		Number of trained Emergency Management volunteers ready to respond to an event	70	70	70

## Assumptions and risks

- Population growth - it is assumed there are sufficient community facilities to meet Napier's projected moderate population growth. No new facilities are proposed
- Ageing population - Napier's population is expected to age faster relative to the national average. This will impact on demand for services, the types of programmes and services offered and the affordability of those services. This is particularly relevant for library services, retirement flats, and cemeteries
- Evolving technologies and digital information - it is expected that there will be a change in the style of services to provide more technology and electronic formats for example E-books, online booking of community facilities and online cemetery records
- Natural disasters - The effects of natural disaster, such as flood; fire; earthquake; tsunamis; pandemic remain an ongoing risk to activities within this group
- Ongoing investment - in community facilities and the library and museum collections is essential for repeat and new business and to keep the collections current, vital, and relevant to the community
- Competition - It is assumed that the people of Napier will continue to support live theatre and events and that there will be no other directly competing venue in Napier. It is also assumed that the Napier Municipal Theatre will continue to retain a ticketing agency
- Central Government contracts - It is assumed that funding from central government contracts will continue. Should a contract finish, the work covered by that contract would either need to be discontinued, funded by another external agency or supported by rates funding. It is important that we maintain the accountability requirements of the contracts in place and maintain effective relationships with the contract managers in the central government agencies. It is vital that any new opportunities for funding are explored
- Change in Central Government policy - may affect the availability and level of Central Government funding for low income and retirement housing

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	Rate contribution to activities may be perceived as a negative effect by those not accessing the activity
Environmental	None
Social	None

## Key Issues

### Libraries

Changes in technology and evolving formats will be reflected in the collections, services, and programmes offered by the libraries.

A further redevelopment of the Napier Library roof garden as signalled in the LTP, is subject to the results of a full business case.

### Community Planning

- Population changes present challenges in the medium to long term. Demand will come from both the ageing population and youth. A positive ageing strategy will be developed and the Youth Policy is due for review.
- Changes to the government's social housing policy and the removal of a number of Housing New Zealand dwellings from Maraenui creates both a challenge and opportunity for Napier.
- There has been a spotlight on homelessness across the country and in Napier. A recently formed Cross Sector Group looking at Homelessness has been facilitated and some physical changes have been made to the bus terminal which had been used by people living on the streets.
- Council is part of a project partnership that is investigating the opportunities that the removal of HNZ dwellings has created in Maraenui. Phase one aims to develop a concept plan that could address housing needs, improve neighbourhood design and maximise community facilities and activities.

### MTG Hawke's Bay

Potential Issues for 2016/17 Financial Year

- Although some capital money for completing the building project will be spent this year it is most likely that some may need to be carried over into the 2016/17 financial year.
- Community satisfaction with MTG Hawke's Bay is increasing but is unlikely to reach 80% satisfaction rating in 2016/17.
- Fully utilising the theatre to the level expected by the community is unlikely to be achieved in 2016/17.
- Meeting revenue targets will be challenging and these are unlikely to be met.

### Halls

There are a variety of operational models in place to manage the community halls. This has created an inconsistency and absence of clear information about the level of use and access for the community to these facilities. A review of the operational arrangements is planned to determine the effectiveness of these arrangements. Taradale Community Rooms requires a feasibility study to determine the future use of the facility for the benefit of the community. This study will determine what work will be carried out in the refurbishment project.

## Funding Impact Statement (Social and Cultural)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
8,711	General rates, uniform annual general charges, rates penalties	9,546	9,072
-	- Targeted rates	-	-
325	Subsidies and grants for operating purposes	304	326
2,440	Fees and charges	2,365	2,396
2,256	Internal charges and overhead recoveries	44	2,309
2,358	Local authorities fuel tax, fines, infringement fees, and other receipts	2,326	2,409
<b>16,090</b>	<b>Total operating funding (A)</b>	<b>14,585</b>	<b>16,512</b>
	<b>Applications of operating funding</b>		
9,383	Payments to staff and suppliers	10,253	9,489
-	- Finance costs	-	-
5,693	Internal charges and overheads applied	3,628	5,842
-	- Other operating funding applications	-	-
<b>15,076</b>	<b>Total applications of operating funding (B)</b>	<b>13,881</b>	<b>15,331</b>
<b>1,014</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>704</b>	<b>1,181</b>
	<b>Sources of capital funding</b>		
-	- Subsidies and grants for capital expenditure	-	-
74	Development and financial contributions	52	53
-	- Increase (decrease) in debt	279	-
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
<b>74</b>	<b>Total sources of capital funding (C)</b>	<b>331</b>	<b>53</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
-	- to meet additional demand	-	-
968	- to improve the level of service	928	194
1,751	- to replace existing assets	1,532	1,459
(1,631)	Increase (decrease) in reserves	(1,425)	(419)
-	- Increase (decrease) of investments	-	-
<b>1,088</b>	<b>Total application of capital funding (D)</b>	<b>1,035</b>	<b>1,234</b>
<b>(1,014)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(704)</b>	<b>(1,181)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>
	<b>Note: Excluded from Above</b>		
2,384	Group depreciation & amortisation	2,352	2,366

# City Activities

## What we do

The City Activities group includes:

- City and Business Promotion
- War Memorial Conference Centre
- National Aquarium of New Zealand
- Napier i-SITE Visitor Centre
- Par 2 MiniGolf; and
- Kennedy Park Resort

## What we provide

Activity	What we provide
War Memorial Conference Centre	The multi-functional facility, located on the beach front along Marine Parade, consists of a ballroom, an exhibition hall, a gallery and three breakout rooms. Assets include: <ul style="list-style-type: none"> <li>• Kitchen and Back of House area</li> <li>• Technical (audio-visual) equipment, and</li> <li>• Conference furniture &amp; fittings</li> </ul>
National Aquarium of New Zealand	The National Aquarium of New Zealand facilities are located at the southern end of Napier's Marine Parade. The facility consists of: <ul style="list-style-type: none"> <li>• Display Tanks</li> <li>• Laboratory</li> <li>• Exhibits</li> <li>• Exhibition/function area</li> <li>• Retail/café</li> <li>• Education rooms</li> <li>• Pump and service rooms; and</li> <li>• Administration offices</li> </ul>
Napier i-SITE Visitor Centre	The Napier i-SITE Visitor Centre, is located centrally on Napier's Marine Parade in the heart of the tourist zone. It is a significant source of information for visitors to Hawke's Bay, both domestic and international, as well as locals. It plays a vital role in the promotion of Napier and surrounding areas
Par 2 MiniGolf	Par2 MiniGolf, located on Marine Parade, consists of two 18-hole courses and a clubhouse. The clubhouse was rebuilt in 1996; however putting golf in some form has occupied this site for more than 50 years - from putting greens to putt-putt to a redesigned course in 1985
Kennedy Park Resort	Kennedy Park Resort, located on Storkey Street, includes 91 rooms, 170 powered and non-powered sites, as well as a restaurant, bar, conference facility, children's playground, commercial laundry, service buildings, shop and a pool complex

## Why we do it

The City Activities group supports the economic wellbeing of Napier by providing facilities that bring visitors to the City and for local community use. These facilities provide a revenue stream for Council and have wider economic benefits for Napier through flow-on effects. Learning outside the classroom education programmes are run from the National Aquarium of New Zealand subject to funding from the Ministry of Education.

Also included in this group of activities is the City and Business Promotion activity which focuses on business attraction and economic development.

The City Activities group contributes to the following community outcomes:

City Activities Key: Primary Focus ○ Secondary Focus •	City and Business Promotion	War Memorial Conference Centre	National Aquarium of New Zealand	Napier i-SITE Visitor Centre	Par2 MiniGolf	Retirement and Rental Housing
To provide infrastructure and services to support good health and wellbeing						
Transport infrastructure and services that are safe, efficient and integrated						
Safe and accessible recreational facilities		•	•		•	•
An environment that is appreciated, protected and sustained for future generations			•			
A strong, prosperous and thriving economy	○	○	○	○	○	○
Communities that value and promote their unique culture and heritage		•		•		
Safe and secure communities						
Strong leadership that is connected to its community						

## What we are going to do

Napier prides itself as a tourist destination. Council will continue its City Activities to provide high-quality tourist attractions and facilities as well as attracting businesses and stimulating economic development. Art Deco is an important tourism feature of Napier and we will continue to assist the Art Deco Trust in its promotion of Art Deco in Napier by way of a contract for service. We will continue to contribute to the promotion of Napier and Hawke's Bay as a tourist destination through contracts for service to Napier City Business Inc (formerly Napier Inner City Marketing) and Hawke's Bay Tourism. In the LTP an additional \$400,000 per year was included to deliver on council's strategic direction for increased economic development and events attraction. An additional \$150,000 has been added for events in this Annual Plan. Regional economic development and business attraction strategies are currently under development and will help prioritise how this money is spent.

Upgrades are planned for all the facilities in this activity to ensure they address customer needs, are fit for purpose and continue to attract return and new visitors.

- The War Memorial Conference Centre is being upgraded to increase the floor area to cater for conferences of up to 320 delegates which is seen as the optimum size for Napier. The larger exhibition space will meet the demand for trade sites to off-set the cost of holding conferences. Until the upgrade, an annual asset replacement fund has been established to keep the facility well maintained
- The reception/ticketing area of the National Aquarium of New Zealand upgrade will commence in 2015/16 to address issues with ensuring payment on entry of large groups and to give visitors direct access to the café and gift shop only. Various capital replacements to assets and for new displays and exhibits are planned to ensure repeat visits and attract new business
- Alterations are planned for the Napier i-SITE Visitor Centre 2017/18 and 2018/19 to make it water tight, address health and safety issues for staff and to reduce offsite storage requirements
- Both golf courses at Par 2 MiniGolf will be upgraded in 2016/17
- The upgrade to the reception area of Kennedy Park Resort will commence in 2015/16

## How we measure performance

Activity	Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
City and Business Promotion	Council works with the business sector both locally and regionally to encourage new businesses to establish in the City and to facilitate economic development	City GDP per capita relative to NZ average	Increasing trend	Increasing trend	Increasing trend
	Council attracts and provides funding and support for sporting, cultural and other events to bring economic benefits to the City	Economic impact of events funded under the Council's event's policy* (*currently under development)	Increasing trend	Increasing trend	Increasing trend
War Memorial Conference Centre	Council provides a quality conference and events facility which enables events and services to be hosted that contribute to the economic wellbeing of the City	Qualmark venue 4.5 star rating maintained.	Achieved	Achieved	Achieved
		Percentage of customers satisfied with War Memorial Conference Centre experience	90%	90%	90%
		Number of national and international hires	270	270	128 (Open 5 months Feb-June 2017)
National Aquarium of NZ	Council provides a marine zoo and aquaria to attract visitors to Napier, offers a value-for money visitor experience that contribute to the economic wellbeing of the City	Qualmark venue rating maintained	Achieved	Achieved	Achieved
		Percentage of customers satisfied with Aquarium experience (source: customer survey)	80%	80%	80%
		Visitor numbers per annum	115,000	115,000	115,000
Napier i-SITE Visitor Centre	Council provides an i-SITE facility for visitors to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services to encourage visitors to stay longer and to re-visit	Qualmark venue rating/ i-SITE membership maintained	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver
		Percentage of customers satisfied with i-SITE Visitor Centre experience	80%	80%	80%
		Visitor numbers per annum	260,000	260,000	260,000
Par2 MiniGolf	Council provides a Mini Golf facility as a visitor attraction and for local community use	Qualmark membership maintained	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver
		Percentage of customer satisfied with Par2 MiniGolf experience	90%	90%	90%
		Visitor admissions per annum	40,000	43,000	43,000
		Return on assets	16%	16%	16%
Kennedy Park Resort	Council provides this facility to contribute to the promotion of Napier as a visitor destination and to provide, within a single location, a mixture of accommodation types and facilities for visitors	Qualmark ratings maintained	Qualmark Enviro Gold	Qualmark Enviro Gold	Achieved Holiday Park 5 Star Motel 4+ Star
		Percentage of customers satisfied with Kennedy Park experience	80%	80%	80%
		Room nights per annum	23,500	23,500	24,000
		Return on assets	6%	6%	6%

## Assumptions and risks

- Continued re-investment in tourist attractions is required to maintain and encourage further visits and new business
- Changes in trends and preferences impact on demand for tourist attractions. New services need to be considered in light of these changes to ensure services continue to be relevant for customers
- Projected visitor numbers and corresponding revenue depends on a number of factors outside council's control, including:
  - the weather
  - economic factors such as fuel costs, and the relative cost of international flights versus cars and/or domestic flights
  - cruise ship companies' profitability, Napier Port charges, the desirability of the Pacific, New Zealand and Napier for cruise passengers; and
  - local and national competition for the discretionary dollar

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	There are no negative economic effects of the self funded activities however some community members may perceive negative economic effects from other activities such as the National Aquarium, i-SITE and Par2 MiniGolf
Environmental	None
Social	None

## Key Issues

Due to the required earthquake strengthening at the War Memorial Conference Centre the proposed upgrade has been moved to commence in 2016/17 with the work commencing in April 2016. During closure operations staff will assist other Council departments and venues. The War Memorial Conference Centre is due to re-open in February 2017.

## Funding Impact Statement (City Activities)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
1,809	General rates, uniform annual general charges, rates penalties	2,211	2,014
185	Targeted rates	191	195
112	Subsidies and grants for operating purposes	115	112
7,145	Fees and charges	6,428	7,399
54	Internal charges and overhead recoveries	74	55
19	Local authorities fuel tax, fines, infringement fees, and other receipts	97	19
<b>9,324</b>	<b>Total operating funding (A)</b>	<b>9,116</b>	<b>9,794</b>
	<b>Applications of operating funding</b>		
7,562	Payments to staff and suppliers	7,477	7,772
-	Finance costs	-	-
1,374	Internal charges and overheads applied	1,320	1,460
-	Other operating funding applications	-	-
<b>8,936</b>	<b>Total applications of operating funding (B)</b>	<b>8,797</b>	<b>9,232</b>
<b>388</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>319</b>	<b>562</b>
	<b>Sources of capital funding</b>		
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
3,342	Increase (decrease) in debt	3,307	1,637
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
<b>3,342</b>	<b>Total sources of capital funding (C)</b>	<b>3,307</b>	<b>1,637</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
50	- to meet additional demand	50	-
3,400	- to improve the level of service	3,482	1,433
747	- to replace existing assets	877	868
(467)	Increase (decrease) in reserves	(783)	(102)
-	Increase (decrease) of investments	-	-
<b>3,730</b>	<b>Total application of capital funding (D)</b>	<b>3,626</b>	<b>2,199</b>
<b>(388)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(319)</b>	<b>(562)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>
	<b>Note: Excluded from Above</b>		
889	Group depreciation & amortisation	895	983

# Planning and Regulatory

## What we do

The Planning and Regulatory Group are responsible for:

- Planning Policy
- Regulatory Consents
- Building Consents
- Environmental Health
- Animal Control
- Parking

The Planning and Regulatory Group provides services in six areas – animal control, building consents, resource consents, planning policy, environmental health and parking.

The Councils planning and urban development work includes strategic urban planning, enabling controlled building activity and land use, assessing risks from earthquake prone buildings and managing the risks that come from food and liquor premises, noise and domestic animals.

We are responsible for all aspects of strategic planning for Council. Strategies guide Council in thinking through what we want to achieve and how we will achieve it. This articulates the communities vision by identifying the key issues and priorities; understanding where we are now, where we want to get to, and how we get there, including what Council's contribution and role should be; articulating how we will deliver our contribution (strategies, policies, plans and action); and measuring our performance - have we achieved our goals?

We promote the development and use of the natural and built environment of the City in a way that promotes Napier being a compact, vibrant, attractive City in a natural environment that is economical, true to its historical past and sustainable.

This is done in collaboration with our businesses and communities through the City Vision Strategy to ensure development is well managed, in conjunction with the District Plan and Legislation (RMA, and Building Act).

The Council manages the built environment in conjunction with central and regional government, businesses, local communities and individuals. Our work involves partnerships across the board with homeowners wanting to build or renovate; with developers who want to grow and create opportunities in the City; with businesses who want to thrive; and with each individual who lives, works, visits and enjoys our City. We strive to create a city in which creativity and innovation flourish, and an environment that enables business activity that supports artistic and cultural endeavours and celebrates the identities of the City's many communities.

Our role includes making the City a safe place to work and live, encouraging responsible dog ownership and education and responding to safety related concerns about animals, vermin, hygiene and hazardous substances. We have a role in regulating food and liquor premises to ensure personal safety in the City and to deter unhealthy food preparation practices. We manage the parking in the City to promote safety enabling people to shop, work and access recreational activities.

## What we provide

Activity	What we provide
Animal Control	Our Animal Welfare facility is located at Depot Place, comprising 30 general use kennels and 4 isolation kennels, a maintenance and parking area, small exercise area and an administration area
Parking	The majority of off street parking available in Napier is owned and operated by the Council. There are 2,451 public parking spaces in the CBD and 339 in Taradale. Council owns the land where parking facilities are located, parking meters, ticket machines and signage, and the vehicle pound

## Why we do it

We provide these services to ensure Napier is a safe and healthy place for both residents and visitors alike. Council has statutory responsibilities under the following legislation:

- Resource Management Act
- Building Act
- Fencing of Swimming Pools Act.
- Health Act
- Litter, Food Act, Sale and Supply of Alcohol Act
- Hazardous Substances and New Organisms Act
- Local Government Act
- Psychoactive Substances Act, amongst others
- Impounding Act
- Dog Control Act
- Animal Identification Act
- Animal Welfare Act; and
- Land Transport Act

Enforcement officers ensure vehicles comply with time restrictions so that spaces are available to residents and visitors. Adequate parking assists retailers which, in turn contributes to the economy. There is also an important safety function as our officers check vehicles have a current WOF, and park in a safe manner. This activity is self-funding. Any income goes back into the development and maintenance of facilities

The Planning and Regulatory group contributes to the following community outcomes:

<b>Planning &amp; Regulatory</b> Key: Primary Focus ○ Secondary Focus •	Regulatory Consents	Planning Policy	Building Consents	Environmental Health	Animal Control	Parking
To provide infrastructure and services to support good health and wellbeing		•		○		
Transport infrastructure and services that are safe, efficient and integrated	•	•				○
Safe and accessible recreational facilities						
An environment that is appreciated, protected and sustained for future generations	○	○				
A strong, prosperous and thriving economy	•	•				•
Communities that value and promote their unique culture and heritage	○	○				
Safe and secure communities	○	○	○	○	○	
Strong leadership that is connected to its community						

## What we are going to do

- A key project for this group of activities is the City Vision: Small city, Big ideas project. This project is developing a master plan for Napier. It includes examining heritage, design, recreational spaces, parking and transport issues, such as traffic flows to and from Napier Port. Experimental spaces will continue to pop up in the City
- Council plans to scan and digitise 28,000 paper property records. In conjunction with this, we plan to enable customer to interact with us digitally. Applications for all regulatory functions, LIMs, and appropriate customer enquiries will be digital
- Following on from the success of the two dog agility parks, we aim to build additional animal facilities around various recreational areas of the City making walking pets more enjoyable. We have a focus to grow our education in schools with the further development of 'the reading with dogs' programme in collaboration with the Library and assisting professionals, who may come in to contact with dogs in their work life, with tools to cope
- A plan for capital expenditure is in place for several inner City projects including additional CBD parking, parking for cyclists and motorcyclists in conjunction with the development of a parking strategy document. Opportunities for the best utilisation of parking technologies are being implemented, including the upgrade of monitoring software and the utilisation of an App to pay for parking across the City
- The group is involved in the implementation of the Joint Committees for the Heretaunga Plains Urban Growth Strategy and the Coastal Hazards Strategy. Both of these Strategies have major implications for Napier as the City plans for its future in a way which sustainably recognises the constraints of a dynamic environment
- Our Bylaws need to be as simple and effective as possible. We will continue to review and amend the Bylaw suite to ensure they meet the regulatory needs of our community
- Whakarire Avenue consenting process is coming to a conclusion. This will mean that the Council will be in a position to provide coastal protection to the residential properties along Whakarire Avenue

## How we measure performance

Activity	Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Planning Policy	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance)	District Plan changes comply with legal requirements	Achieved	Achieved	Achieved
Regulatory Consents	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety through the resource consent process	Percentage of Land Information Memorandums processed within statutory timeframe of 10 working days	100%	100%	100%
		Percentage of resource consents processed within statutory timeframes and discount regulations	100%	100%	100%
		Planning complaints are responded to efficiently and effectively in a manner that is fair to all parties	Percentage of complaints investigated within 3 days	100%	100%
Building Consents	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance)	Audit 20% of all buildings requiring building warrants of fitness registered from owners of buildings subject to a compliance schedule	20%	20%	20%
		Maintain Building Consent Authority (BCA) accreditation	Achieved	Achieved	Achieved
		Percentage of building consents processed within statutory timeframe of 20 working days	100%	100%	100%
		Percentage of code of compliance certificates processed within statutory timeframe of 20 working days	100%	100%	100%
Environmental Health	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their health (food handling, water quality) and wellbeing (noise and environmental effects)	Percentage of food premises inspected twice per year (including re-checking) and non-food premises inspected once per year	100%	100%	100%
		Percentage of residents satisfied with Noise Control in the NRB Public Opinion Survey	80%	80%	80%
Animal Control	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance)	Percentage of complaints responded to within target timeframes (urgent: 2 days, other: 5 days)	100%	100%	100%
		Percentage of residents satisfied with Animal Control in the NRB Public Opinion Survey	75%	75%	75%
Parking	Council provides on and off street parking facilities to provide sufficient parking to meet reasonable public expectations, to ensure the equitable sharing of parking resources, and to ensure safe and effective passenger vehicle flow	CBD parking occupancy rate (on and off street)	Range 50-85%	Range 50-85%	Range 50-85%
		Taradale parking occupancy rate (on and off street)	Range 50-85%	Range 50-85%	Range 50-85%
		Percentage of residents satisfied with parking in the CBD in the NRB Public Opinion Survey	60%	60%	60%
		Percentage of residents satisfied with parking in Taradale & other suburbs in the NRB Public Opinion Survey	60%	60%	60%

## Assumptions and risks

- Potential changes to legislation, through legislative amendments or revocations would affect the provision of services within this group. For example, in the area of Animal Control new animal codes of welfare have created challenges by requiring upgrades to facilities to ensure they are compliant. Judicial review of the policy creation and regulatory processes is also another risk
- Population increases will also put pressure on activities. For example, in the area of parking, growth in vehicles and tourist numbers will increase demand for parking spaces and may require us to acquire more parking sites. It is assumed that vehicles will remain the primary form of transport in the medium to long term outlook
- The influence of social media is an increasing challenge and opportunity as it increases the amount of reported incidents such as dangerous dogs and noise complaints. This in turn places pressure on the level of customer service expected of us. Linked to this is public expectations around access to 24/7 electronic data. There is growing demand for real time access to electronic property files and electronic building consents
- The strengthening economy and increasing levels of business confidence will also pose challenges for our consenting team, and the challenge will be to keep pace with applications. This will lead to increased pressure on compliance and monitoring resources

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	None
Environmental	Increased consenting activity may place pressure on natural environment and amenity values
Social	Implementation and enforcement of certain laws may be unpopular with the public i.e. increased parking charges etc

## Key Issues

- The main issues affecting the Building Consents activity are the need to maintain accreditation as a Building Consent Authority in order to carry out our core functions, on-going legal claims against Council for alleged building defects and legislative changes that have the potential to impact on future demand for the activity.
- A key issue is the transition to reflect the new Food Act provisions which came into force in March 2016. The provisions will involve setting new fees and educating food premise operators on the new requirements.
- Council will continue to work with Hastings District Council to consider whether a Local Alcohol Policy is necessary, and if so, in what form.
- We also want to explore ways of ensuring our liquor licenced premises are kept fully informed of what is happening in the industry and the licensing process.
- Our Building Heritage, particularly Art Deco is significantly affected by the earthquake standards. A key issue is understanding how the council and the community can protect and utilise these buildings in an affordable way. We will continue to work through the leaky buildings legacy.
- Lost parking on Marine Parade and developments in the City are key issues in ensuring we have adequate parking resource available to service the City.
- The Building Consent team in particular will continue to process applications to the required standards to assist with maintaining IANZ accreditation.
- Management and risk associated with the use of a paper based property filing system and managing the expectation of our customers in an increasingly digital world.

## Funding Impact Statement (Planning and Regulatory)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
2,647	General rates, uniform annual general charges, rates penalties	2,550	2,693
-	- Targeted rates	-	-
-	- Subsidies and grants for operating purposes	-	-
4,113	Fees and charges	4,075	4,202
250	Internal charges and overhead recoveries	249	255
1,066	Local authorities fuel tax, fines, infringement fees, and other receipts	991	1,067
<b>8,076</b>	<b>Total operating funding (A)</b>	<b>7,865</b>	<b>8,217</b>
	<b>Applications of operating funding</b>		
4,616	Payments to staff and suppliers	4,316	4,705
-	- Finance costs	-	-
2,692	Internal charges and overheads applied	2,830	2,765
-	- Other operating funding applications	-	-
<b>7,308</b>	<b>Total applications of operating funding (B)</b>	<b>7,146</b>	<b>7,470</b>
<b>768</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>719</b>	<b>747</b>
	<b>Sources of capital funding</b>		
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
-	- Increase (decrease) in debt	-	-
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
-	<b>Total sources of capital funding (C)</b>	-	-
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
-	- to meet additional demand	-	-
1,185	- to improve the level of service	2,575	6,723
149	- to replace existing assets	105	127
(566)	Increase (decrease) in reserves	(1,961)	(6,103)
-	- Increase (decrease) of investments	-	-
<b>768</b>	<b>Total application of capital funding (D)</b>	<b>719</b>	<b>747</b>
<b>(768)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(719)</b>	<b>(747)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-
	<b>Note: Excluded from Above</b>		
270	Group depreciation & amortisation	244	453

# Property Assets

## What we do

The Property Assets group of activities covers:

- Lagoon Farm
- Parklands Residential Development
- Property Holdings

## Lagoon Farm

The 350ha farm is situated on the south side of the Ahuriri Estuary. It currently runs sheep, and has some cropping. A quarter acts as a flood ponding area during unusual and extreme weather events.

As residential or business park developments occur, farming operations will reduce. The farming operation has already been impacted upon by construction of the Prebensen Drive extension, which bisects the farm. As these activities progressively impact on the farm operations, it is likely that we will cease to operate Lagoon Farm as a commercial farm.

## Parklands Residential Development

Parklands Residential Development is on 120ha of former Lagoon Farm land, providing up to 346 residential sections for sale until about 2022. This includes land for sports grounds. The rate of development is driven by market demand.

The Property Assets group contributes to the following community outcomes:

Property Assets Key: Primary Focus ○ Secondary Focus •	Lagoon Farm	Parklands Residential Development	Property Holdings
To provide infrastructure and services to support good health and wellbeing			
Transport infrastructure and services that are safe, efficient and integrated			
Safe and accessible recreational facilities			
An environment that is appreciated, protected and sustained for future generations			
A strong, prosperous and thriving economy	○	○	○
Communities that value and promote their unique culture and heritage			
Safe and secure communities			
Strong leadership that is connected to its community			

## What we are going to do

- We will continue to develop and sell residential sections in the Parklands Residential Development to meet market demand. The development is expected to be completed by 2022/23
- As the residential development and the neighbouring business park development progressively impact the Lagoon Farm operations it will cease to operate as a commercial farm
- A review of our commercial leasehold land in Onekawa, Ahuriri and Pandora will be carried out. We intend to consult the public on the options arising from the review
- The Civic Building in Hastings Street will be upgraded, starting in 2016/17 at an estimated cost of \$5.1 million. The upgrade will make the building safe and includes earthquake strengthening and addressing basic repairs to make it more efficient for us to use
- We will continue to carry out structural seismic assessments on Council-owned buildings. To date 26 individual buildings/structures have been assessed, and \$1.5 million has been allocated for works associated with seismic strengthening of Council owned buildings

## Property Holdings

We have 76 commercial and 25 residential leasehold properties. Property Holdings is responsible for managing these, plus leases and licences which have been established for parks, reserves, commercial, industrial and residential properties. The majority of leases are perpetually renewable. It is also responsible for the management, including maintenance and renewals, of all Council buildings not specifically allocated to other activities.

## Why we do it

The Property Assets group of activities are land and buildings held and managed by us as a result of decisions made by previous authorities for the long term economic benefit of the Napier community. Most commercial leasehold properties were transferred from the Hawke's Bay Harbour Board in 1989. The income received from these properties is used to fund the net cost of maintaining and improving the Inner Harbour and the maintenance and protection of Foreshore Reserves. The income received from the balance of the properties (including the endowment properties which cannot be sold) is used to offset general rates.

## How we measure performance

Activity	Level of Service	Service Performance Measures	LTP Target 2015/16	LTP Target 2016/17	AP Target 2016/17
Parklands Residential Development	Council develops residential sections for sale to meet demand for affordable sections and provide an income stream for council	Number of sections sold and developed	31	40	40
Property Holdings	Council manages a portfolio of commercial and leasehold land in accordance with legislation, council policies and individual lease agreements	Independent review of Council's investment portfolio completed regularly (every 3-5 years) including consideration of average rate of return	Review	NA	NA
	Council maintains and renews all Council buildings (not specifically allocated to other activities) to ensure buildings remain safe, in good condition and fit for purpose	Buildings comply with Building Act and Health & Safety Act and hold current warrant of fitness certificates, where required	Achieved	Achieved	Achieved

## Assumptions and risks

- The creation and sale of lots in the Parklands Residential Development is dependent on market demand. It is assumed that projected sales and income will be realised as planned.
- Changes to the Building Act and government policies on earthquake prone buildings would affect the management of council owned buildings.

## Significant negative effects

Wellbeing	Significant Negative Effects
Cultural	None
Economic	<ul style="list-style-type: none"> <li>Council's leasehold tenure could have a detrimental impact on investment in the region by businesses as lessees may prefer freehold land</li> <li>Alternative investments may produce a higher economic return to Council</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Loss of open spaces and productive land</li> <li>The Parklands Residential Development could negatively impact on neighbouring properties during development (e.g. dust, noise and amenity values)</li> </ul>
Social	None

## Key Issues

It is proposed in the 2016/17 Annual Plan to bring forward the upgrade of the Civic Building complex by one year. This project was originally intended to commence in the 2017/18 year. The upgrade is required to ensure Council delivers services to ratepayers in an efficient and effective manner.

## Funding Impact Statement (Property Assets)

### Financial Overview

#### Summary of Revenue and Financing Mechanisms

AP/LTP 2015/16 \$000		Forecast 2016/17 \$000	LTP 2016/17 \$000
	<b>Sources of operating funding</b>		
	- General rates, uniform annual general charges, rates penalties	-	-
	- Targeted rates	-	-
	- Subsidies and grants for operating purposes	-	-
588	Fees and charges	510	521
1,678	Internal charges and overhead recoveries	1,647	1,715
7,726	Local authorities fuel tax, fines, infringement fees, and other receipts	9,744	9,396
<b>9,992</b>	<b>Total operating funding (A)</b>	<b>11,901</b>	<b>11,632</b>
	<b>Applications of operating funding</b>		
4,295	Payments to staff and suppliers	5,220	5,223
	- Finance costs	-	-
1,631	Internal charges and overheads applied	1,881	1,819
	- Other operating funding applications	-	-
<b>5,926</b>	<b>Total applications of operating funding (B)</b>	<b>7,101</b>	<b>7,042</b>
<b>4,066</b>	<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>4,800</b>	<b>4,590</b>
	<b>Sources of capital funding</b>		
	- Subsidies and grants for capital expenditure	-	-
	- Development and financial contributions	-	-
500	Increase (decrease) in debt	2,040	1,023
125	Gross proceeds from sale of assets	120	116
	- Lump sum contributions	-	-
	- Other dedicated capital funding	-	-
<b>625</b>	<b>Total sources of capital funding (C)</b>	<b>2,160</b>	<b>1,139</b>
	<b>Application of capital funding</b>		
	<b>Capital expenditure</b>		
	- to meet additional demand	-	-
122	- to improve the level of service	1,128	1,023
1,071	- to replace existing assets	2,557	1,552
3,498	Increase (decrease) in reserves	3,275	3,154
	- Increase (decrease) of investments	-	-
<b>4,691</b>	<b>Total application of capital funding (D)</b>	<b>6,960</b>	<b>5,729</b>
<b>(4,066)</b>	<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(4,800)</b>	<b>(4,590)</b>
	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>
	<b>Note: Excluded from Above</b>		
393	Group depreciation & amortisation	389	440

## Support Units

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### **What we do**

Council has a number of cost centres of a corporate and support nature. These cost centres provide the technical and support services necessary for the function of Council's activities.

Costs of the support services are reallocated to activities either as overheads based on the support each activity receives, or recharged direct on a usage basis.

### **Why we do it**

Support Units include the Services Depot units which provides support for the Utilities and Reserves divisions, including a store and mechanical workshop. Design Services Unit provides scientific and technical services to Council departments ensuring the community receives engineering services of maximum quality and safety.

### **What we are going to do**

There are no changes to levels of service proposed in this area.

# Glossary of Terms

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## 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 Annual Plan, including the financial and non-financial performance measures, targets and the financial budgets for 2016/17.

## 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 Council Activities 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 the Activities.

## 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 wellbeing.

## 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 and Development 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 Asset Renewal

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

## Infrastructural Assets

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

## 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 Rates

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.

## Restricted Assets

Those assets which cannot be disposed of because of legal or other restrictions and that provide a benefit or service to the community. These include reserves vested under the Reserves Act and endowments or other property held in trust for specific purposes.

## Prospective Financial Statements

Refers to future-orientated financial statements.

## Targeted Rate

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