

NAPIER

City Council



Annual Plan 2011/12

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

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Consultation and Planning Process



Explaining the Plan

This Annual Plan has been prepared in accordance with the Local Government Act 2002. Its purpose is to confirm and update the Ten Year Plan (TYP) for the coming financial year and provide details of any significant changes to the TYP.

Information contained in the Plan includes:

- The proposed Annual Budget and Funding Impact Statement for 2011/12.
- Variations from the Financial Statements and Funding Impact Statement included in the TYP related to 2011/12.
- Performance Targets for Council Activities for 2011/12.

This Annual Plan must be read in conjunction with the 2009/10 to 2018/19 TYP. Both documents are available from Napier City Council and the Council website www.napier.govt.nz.

Consultation Process

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

- Annual Plan adopted Wednesday 6 April 2011, available to public by Monday 11 April 2011, as advertised in the Hawke's Bay Today on 9 April 2011.
- Draft Annual Plan Summary published as a special edition of "Proudly Napier" and distributed to households as an insert in the Napier Mail in April 2011.
- An invitation was extended to any groups of citizens or individual citizens who wished to meet with the members of Council to discuss issues contained in the Draft Annual Plan.
- Submissions closed **NOON MONDAY 16 MAY 2011**.
- The LTCCP and Annual Plan Committee heard and considered submissions on Thursday 2 June 2011 and Friday 3 June 2011.
- Annual Plan adopted Wednesday 15 June 2011.

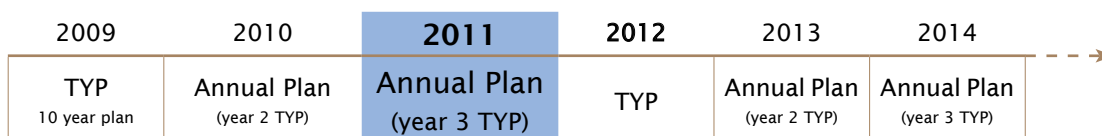
Changes from the Draft Annual Plan

There are two changes from the Draft Annual Plan with financial impact:

- Increase Heritage Improvement Grant provision from \$5,000 pa to \$10,000 pa to enable an increase in the grant for painting Art Deco Buildings from \$25 per linear meter to \$50 per linear meter. This increase will be funded from Rates.
- Increase Taradale Promotion Levy by \$2,000 to \$33,200. This increase will be funded by an increase in the Taradale Promotion Rate.

Planning Process

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



Good planning is vital for cities to be excellent places to live.

This year is the third year of our 2009 Plan developed to take Napier forward 10 years.

Many of the issues planned in 2009 have now been completed:

- Overland Drain
- Taradale Library
- Taradale Town Centre Upgrade
- Greening of Napier Project (Stage 1)

Others are in the process of consent or construction:

- Lagoon Farm Business Park
- Wastewater Treatment Project
- Riverbend Trunk Main
- Hawke's Bay Museum and Art Gallery Redevelopment

There are just a few variations in the 2011/12 Annual Plan and that reflects good planning on the part of Councillors and Officers. Next year we start reviewing the whole Ten Year Plan again, please get involved in this important process that signals our city's future.

The variations this year are:

- Ahuriri to CBD Transport Link

The Council sees this as a strategic move that links two critically important parts of the city – the CBD and the seaside area of Ahuriri.

- Marineland Blue Penguins move to the National Aquarium of New Zealand

The Council considered submissions which requested that the penguins remain in the Marineland facility.

Council took into account the Aquarium's up to date infrastructure and an existing targeted customer base. This mix is important to quickly establish the penguin display where it can have a positive impact for tourism (domestic and international), and make them available for locals to visit.

- Additional funding has been granted to Sk8 Zone, Art Deco Trust, Pettigrew Green Arena and a donation of trees for Weka Point – all from current budget provisions.
- The Heritage Improvement Grant and Taradale Promotion Levy have been increased.

Much discussion has been held in New Zealand over the past two years about our economy. Napier City Council thinks that some parts of our economy are struggling and that even though we intend to spend over \$60 million on infrastructure projects in the city over the next three years, affordability is still the number one priority.

The rating increase of 1.98% reflects our strong financial position and our belief that our city should be sustainable in many ways, including financially.

With thanks to all in our city who have contributed to this Annual Plan and our community in general.

Good communities build great cities.

A handwritten signature in black ink, appearing to read "Barbara Arnott".

Barbara Arnott

MAYOR

A handwritten signature in blue ink, appearing to read "Neil Taylor".

Neil Taylor

CHIEF EXECUTIVE

Mayor and Councillors



Mayor



Barbara Arnott

MISSION STATEMENT

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.

Councillors



Maxine Boag
(Nelson Park Ward)



John Cocking



Bill Dalton JP



Kathie Furlong
(Deputy Mayor)



Mark Herbert
(Ahuriri Ward)



Tony Jeffery JP



Rob Lutter
(Taradale Ward)



Dave Pipe
(Nelson Park Ward)



Keith Price
(Onekawa - Tamatea Ward)



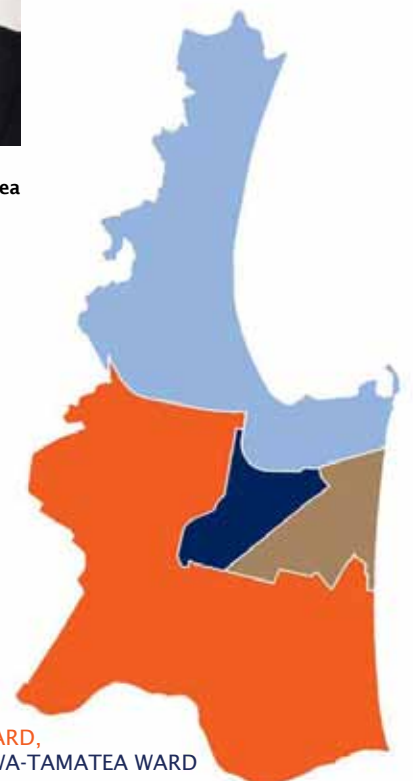
Michelle Pyke



Faye White



Tania Wright JP
(Taradale Ward)



Napier City Wards:
AHURIRI WARD, TARADALE WARD,
NELSON PARK WARD, ONEKAWA-TAMATEA WARD

The Annual Plan includes two new projects; the move of Marineland to the National Aquarium of New Zealand and the Ahuriri/CBD Transport Link:

1. Move of Marineland to National Aquarium of New Zealand

Council has resolved that the Blue Penguins currently housed at Marineland be moved to a new facility for permanent display at the National Aquarium of New Zealand. The Annual Plan includes funding for the relocation which is to be completed by November 2011. Feasibility of this move is currently being fully tested by Council staff including discussions with the Department of Conservation.

2. Ahuriri/CBD Transport Link

Council is currently considering transportation options for the public and tourists between the CBD and Ahuriri business centre. Budget has been allocated in the Annual Plan for a new service to be provided if the project feasibility meets Council's expectations.

Other Key Issues

Earthquake Prone Buildings

The Council has completed some initial evaluation of buildings in the CBD in terms of the current policy established under Section 131 of the Building Act 2004. Some issues have been identified and a further review is planned in the next 3 months. Particularly, the Council has focused attention on the risk of Art Deco buildings not meeting the earthquake standards and the conflict that it could cause for owners, occupiers and the general community if these buildings are protected and difficult to strengthen.

HB Hockey Artificial Surface

The Annual Plan provides for a \$500,000 grant to HB Hockey Artificial Surface Trust for a third artificial field funded from special fund. This funding will be made available once the project is underway.

Advanced Wastewater Treatment Project

An additional \$6.443 million has been provided for the Biological Trickling Filter (BTF) Treatment Plant. This is additional to funding already provided for the Advanced Primary Treatment Plant. The total cost of implementing this project is \$32 million. Funding of \$26.3 million has been provided in previous years.

A resource consent application to discharge treated wastewater into Hawke Bay following treatment of all domestic and non-separated industrial effluent in the proposed BTF Treatment Plant, and treatment of all separated industrial trade waste effluent to meet the Trade Waste Bylaw, has been lodged with the Hawke's Bay Regional Council. It is expected that the resource consent process will be completed during 2011 and a new treatment plant commissioned by the end of 2013.

Hawke's Bay Museum and Art Gallery

The Government announced on 2 July 2010 that it will contribute \$6 million toward the \$18 million redevelopment of the Hawke's Bay Museum and Art Gallery. This commitment adds to the confirmed funding from Napier City Council, Hawke's Bay Regional Council, Hastings District Council, Lotteries, and other Trusts and individuals.

The consent and tender process will be progressed over the next 6 months. During this time community fundraising will continue in order to secure the small outstanding portion of required funding.

The Museum and Art Gallery officially closed on 25 July 2010 and staff have relocated the collection to off-site storage. Building is expected to begin in April 2011 with the redevelopment expected to take around two years.

Lagoon Farm Business Park

The Business Park Zone is proposed to meet an identified regional need for a zone where industry/business interests could establish on larger sites in a high quality environment. This zone will complement and not compete with the established industrial zones.

The sensitive nature of the site and its proximity to the Hawke's Bay Airport and the ecologically significant Ahuriri Estuary mean that any activities must be low impact and environmentally aware.

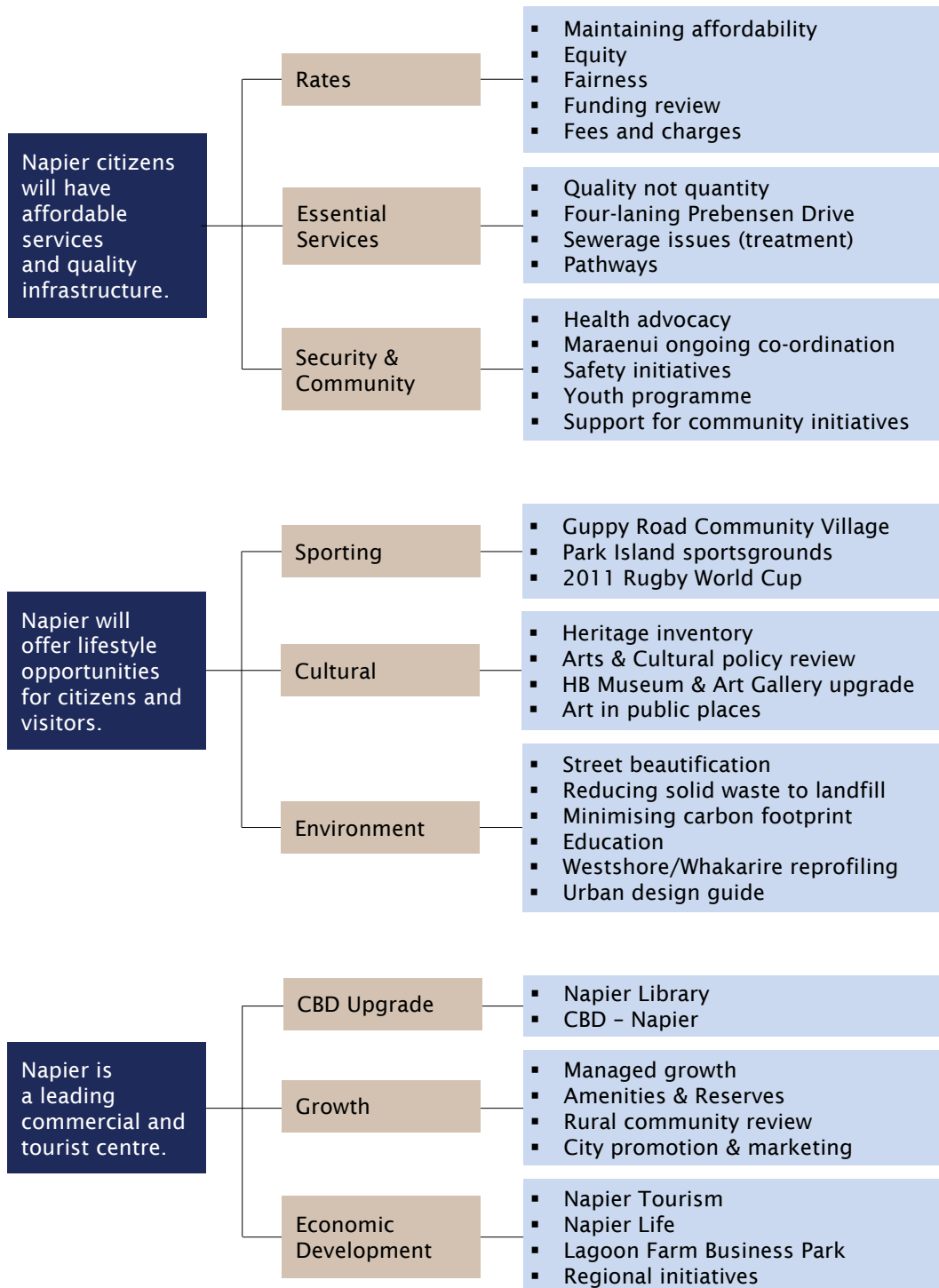
Key Issues For The Annual Plan continued



Whakarire Avenue Breakwater and Westshore Beach Reprofiling

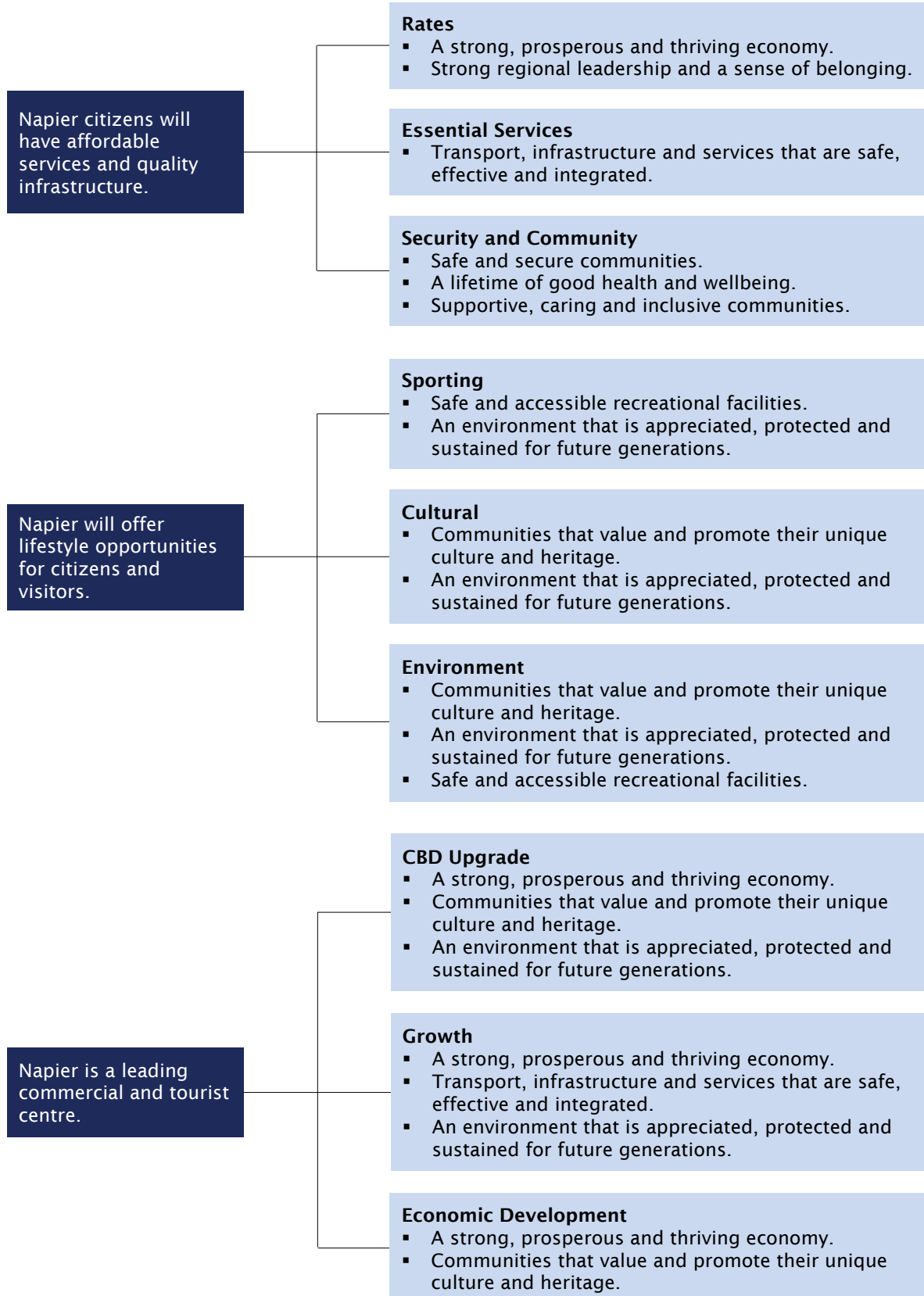
Council has a resource consent lodged with Hawke's Bay Regional Council for a breakwater at Whakarire Avenue. This project, if granted consent and constructed, would stabilise the southern end of the beach and enable subsequent reprofiling of Westshore Beach to enhance the aesthetics of the beach and make it more user friendly. The construction of the breakwater will also enable more houses to be taken out of the coastal hazard zone.

Napier City Council's Strategic Plan is represented by the following table. The Strategic Plan was reviewed late in 2010.



How Our Strategic Plan Links to the Community Outcomes

The following table shows the Community Outcomes to which each area of the Napier City Council Strategic Plan contributes (see following page for list of Community Outcomes).



The Community's Desired Outcomes

The Community Outcomes are now well established in Hawke's Bay jointly for the five Hawke's Bay Councils - Hastings District Council, Napier City Council, Central Hawke's Bay District Council, Wairoa District Council and the Hawke's Bay Regional Council.

It is important to remember that these outcomes belong to the community – they are not Council outcomes. They were determined from an extensive consultation process with the community in 2003/04, which included telephone surveys, district meetings with key stakeholders, mail outs, media campaigns and interviews.

The outcomes that have been developed represent the views of individuals and organisations on the important ingredients for the future economic, social, cultural and environmental wellbeing of the region.

The Community Outcomes are generally similar across the region with some priority of outcomes specific to Napier City. The nine Community Outcomes which provide economic, environmental and social and cultural wellbeing, in priority order for Napier City, are as follows:

Wellbeing	Napier City Community Outcomes	Indicator
Environmental	▪ A lifetime of good health and wellbeing.	Health
	▪ Safe and secure communities.	Safety
	▪ An environment that is appreciated, protected and sustained for future generations.	Sustainability
Economic	▪ Transport infrastructure and services that are safe, effective and integrated.	Transport
	▪ A strong, prosperous and thriving economy.	Economy
Social and Cultural	▪ Strong regional leadership and a sense of belonging.	Leadership
	▪ Supportive, caring and inclusive communities.	Community
	▪ Safe and accessible recreational facilities.	Recreation
	▪ Communities that value and promote their unique culture and heritage.	Heritage

Community outcomes provide focus for all agencies (Government and non Government) who work in many different aspects of community services and facilities, and allow monitoring of progress toward community wellbeing. The role of Council is to be involved in activities that can be demonstrated to contribute to some or all of the Community Outcomes thus contributing to the wellbeing of Hawke's Bay.

The broad scope of the outcomes and their highly integrated nature require a great emphasis on cooperative and collaborative approaches to addressing important community issues. The Napier City Council will continue to work closely with other organisations in the City and region, as appropriate, in addressing the various Community Outcomes.

Community outcomes provide a longer-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.

Progress Towards Community Outcomes

The five Hawke's Bay Councils worked together to identify a long term vision for the future and the Community Outcomes for the Hawke's Bay region for inclusion in the 2004 Long Term Community Council Plan (LTCCP).

National Research Bureau was commissioned in February 2005 to undertake a survey of residents in the region to obtain the views of residents on economic wellbeing, social and cultural wellbeing, and environmental wellbeing. This information gives a baseline for reporting on Council's progress towards achievement of the Community Outcomes. Results from this survey were reported in Council's 2004/05 Annual Report.

A Regional Strategic Coordination Group (RSGC) was formed comprising 14 member organisation, Councils and non Government organisations. This group coordinates the monitoring and reporting of the Community Outcomes. The first report was produced in May 2009.

Where practical collaborative planning, policy, funding and service delivery initiatives are being pursued on an ongoing basis with all local Councils.

The Council considers that meeting its service level targets constitutes its major role as a contributor to the progress of the Community Outcomes.

The Local Government Act 2002 Amendment Act includes changes to the provisions relating to Community Outcomes. These changes will be reflected in the Council's 2012 Ten Year Plan.

The Big Things We Are Working On

Roads and Pathways

More than a quarter of rates go toward maintaining and building roads and footpaths so that access and travel around the city is easy. The four-laning of Prebensen Drive, Ford Road extension and an improved intersection with Hyderabad Road, is one large project that was a priority for the region. Our pathway system will eventually circumnavigate Napier and provide good linkages within the road and pathway network. These are either off road pathways or retrofits of existing roads to provide cycle lanes. Partnership with the Rotary Pathway Trust will add to the 29 kilometres already constructed. The community contributions mean no rating implications for this well used network.

Wastewater

An application for resource consent to discharge wastewater treated in a Biological Trickling Filter (BTF) Treatment Plant was lodged with the Hawke's Bay Regional Council in December 2009. The Regional Council requested additional information be provided, prior to the application being publicly notified. This included a requirement for a benthic survey (a survey of the sea floor), which was carried out from January to March 2011. The resource consent application is therefore expected to be heard during 2011.

Water Supply

The Heretaunga Plains Aquifer allows us to supply high quality water to your homes free of any additives. Water is not an infinite resource though, factors such as climate change have an impact on managing our water supply. Continued restraint in the use of water in summer will keep our reservoirs replenished, so keep it up.

The new Awatoto Well and the Awatoto Water Trunk Main have been rescheduled to 2013/14 pending other water related activities required as a prerequisite for these projects.

Stormwater

73% of our stormwater is pumped over the lip of our Napier basin to the sea.

Two issues are putting demand on our current system:

1. Changing climate patterns mean we are experiencing 'rain bombs'. We have had three in the last seven years which in their isolated areas (two in Taradale/Greenmeadows, one in the CBD) overwhelm the system by the ferocity of the downpour in a short space of time; and
2. Growth in the city, with people living on smaller sections with more sealed areas and less lawn and garden.

We budget \$1.2 million every year for stormwater upgrades.

Council has identified specific major stormwater projects in the CBD and Taradale areas to address flooding problems experienced in recent years as a result of severe weather conditions. The combined projects are estimated at \$10 million and at this stage funding has not been confirmed. Council will be considering the basis of these projects, the detail of construction and the funding methodology over the next twelve months.

Solid Waste

In 2007 a target was set to increase the percentage of solid waste diverted from landfill from 15% in 2007 to 25% by 2012. Napier residents are embracing waste minimization and especially recycling, and tonnages diverted are increasing while tonnages delivered to landfill by the community are declining. The result is that Napier reached the targeted 25% by mid 2009, and currently the diversion rate averages 30%.

The Waste Minimization Education programme, Waste Aware, has been trialled successfully and its popularity is increasing with local schools. The Waste Aware programme is being integrated with other education programmes delivered through the National Aquarium of NZ.

Reductions in volumes of waste and increases to costs, in particular landfill costs, have significantly impacted on the cost of operating the Redclyffe Transfer Station. During the current year a second weighbridge was installed at Redclyffe to ensure that customers are charged fairly for the waste they drop off. The cost increases however are significant and despite these measures increases in charges will be required in the 2011/12 year.

Infrastructure - Te Awa

Council has reached a preliminary agreement to provide a financial 'bank' facility for the integrated infrastructure required to service residential growth in this area of the city. This agreement is subject to a resource consent application. The future funding for this infrastructure would be recouped via development contributions from all of the property owners that develop incrementally in this area.

Severn Street Redevelopment

Council is upgrading the infrastructure in Severn Street as part of a comprehensive development of Crown land. Private developers will be involved and partnerships are being established to ensure that the roading and drainage infrastructure is built to a capacity to provide for growth. Council is providing a financial 'bank' facility (this means that Council would initially pay for the works to be completed) for this capital development which is then recouped through agreed levies from the developers. Road upgrades include roundabouts.

Urban Design

Our Planning Department will be working hard to ensure the City remains the great place it is today with an emphasis on human needs, green spaces and the aesthetics of our City. Specific consultation will occur throughout the life of the Plan. Many residents have asked for more trees in the city and the Greening Project continues to fund both the trees and the expertise to put them in the right place.

Sustainability

Sustainability for Napier and all its residents is about enduring value in whatever the City is doing. Vigilance and consistency needs to be applied to all our service and capital works so that we get value for money - just a few examples of this being programmes for the provision of low wattage bulbs, recycling and education regarding water usage and waste minimization. Intergenerational funding (drawing funds across generations for capital projects that will benefit many generations) has long had success in Napier and Council continues to apply these values when choosing funding options for significant capital works.

Climate Change

Napier is a coastal city with a port that is integral to the region's economy. We are vitally interested in the evolving science of climate change, as much of our important infrastructure would be affected if the sea level rises. The airport, our residential developments and stormwater disposal methods are all impacted by changes in our climate. As information improves, the Council will continually review operations and policy in this important area.

Safety

Through our Council and Safer Napier many initiatives have been developed or funded to keep people as safe as possible in our City. Some examples are: neighbourhood support, lighting, urban design, alcohol liaison, alcohol bans, community patrols and police partnerships.

Regional Issues that Impact on Napier

Heretaunga Plains Urban Growth Study

The Heretaunga Plains Urban Growth Study was adopted on 11 August 2010. This sets a framework for growth in the Heretaunga Plains until 2045. Within this Napier City Council and Hastings District Council will be advising of plan changes over the years to reflect the outcomes of the study.

Shared Services

Council is working with Hastings District Council and Hawke's Bay Regional Council to advance collaboration and efficient shared services.

Amalgamation

Hastings District Council is leading a push for amalgamation. Napier City does not have enough information that outlines benefits for this city.

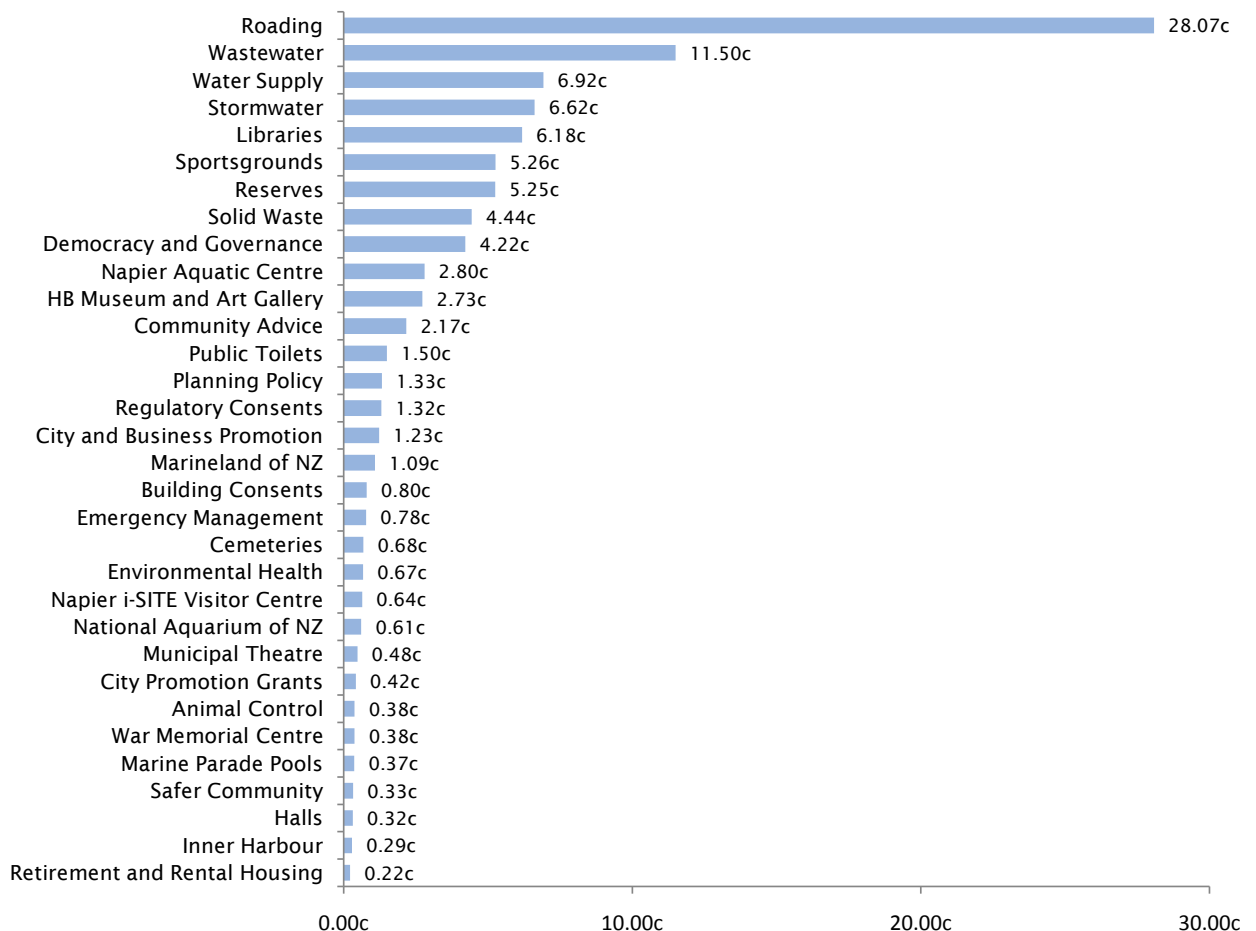
Financial Performance Measures



Actual 2009/10 (\$000)		Annual Plan 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
42,898	Rates Revenue	44,379	46,445	43,393
16,507	Net Surplus	21,056	15,149	23,271
47,205	Working Capital	33,246	11,242	11,205
6,046	Net Public Debt (External)	4,028	23,246	7,914
34,233	Internal Debt	47,960	49,855	50,356
1,304,779	Total Assets	1,370,392	1,446,781	1,400,397
48.08%	% Rates Revenue to Total Revenue	44.40%	46.06%	42.50%
0.46%	Net Public Debt as a percentage of Total Assets	0.29%	1.61%	0.57%
5.54%	Proportion of Rates Revenue applied to service Total Debt (%)	11.36%	13.74%	12.60%
	Rates increase to existing ratepayers year on year *	1.98%	3.28%	1.98%

* Excludes expected rating revenue increase arising from growth in the rating base. Revenue from rates including growth is expected to increase 2.26% over the 2010/11 Annual Plan and decrease 4.46% from the 11/12 Ten Year Plan.

This is where your rates dollars go...





Financial Information

The principal accounting policies adopted in the preparation of the 2011/12 Annual Plan financial statements are set out below. The financial statements comprise the financial statements for Napier City Council (the Council) as an individual entity. The main purpose of the prospective financial statements outlined in the Annual Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service.

Reporting Entity

The Council is a New Zealand Council and is governed by the Local Government Act 2002. These prospective financial statements are for the Council as a separate legal entity and are prepared in accordance with Section 95 of the Local Government Act 2002 which requires local authorities to prepare and adopt an Annual Plan before the commencement of the year to which it relates, and continues in force until the close of the year to which it relates.

The accounting policies adopted for preparation of the financial statements for the Annual Plan comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and are set out below. These policies have been consistently applied to the prospective financial statements, unless otherwise stated. The financial statements include separate financial statements for the Council as an individual entity and its 26% equity share of its associate Hawke's Bay Airport Authority which is equity accounted.

The primary objective of the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to NZ IFRS. Although the Council's 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.

Basis of Preparation

These prospective financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 95 and Part 2 of Schedule 10, which includes the requirement to comply with NZ GAAP.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. There are no standards, interpretations and amendments that have been issued, but are not yet effective, that the Council has not yet applied.

Changes in Accounting Policies

There have been no changes in accounting policy except as follows:

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The revised NZ IAS 24 is required to be applied, at the latest, in preparing the 30 June 2012 financial statements.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted and which are relevant to the Council include:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement; Phase 2 Impairment Methodology; and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

Other than those mentioned above there are no other new standards or interpretations that are expected to have a significant impact on the Council's financial statements.

Prospective Financial Information

These are prospective financial statements and have been prepared in accordance with the requirements of the Local Government Act 2002 and may not be appropriate for other purposes. Actual results achieved for the Annual Plan year covered are likely to vary from the information presented and the variations may be material.

As a forecast, the Annual Plan has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur associated with the actions the Council reasonably expects to take, as at the date the information was prepared. The Significant Forecasting Assumptions are included on page 25 to 31 of this Annual Plan. The Annual Plan is based on financial statements for the year ended 30 June 2010.

The Annual Plan was adopted and authorised for

Statement of Accounting Policies

continued



issue by the Council on 15 June 2011. The final Annual Plan was authorised and adopted by Council following public consultation before 30 June 2011 as required by legislation. 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 Financial Reporting Standard 42 (FRS 42) Prospective Financial Statements.

Principles of Consolidation

Associates

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

Dividends receivable from associates are recognised in the Council's Statement of Comprehensive Income.

The Council's associate investments are accounted for in the prospective financial statements using the equity method. Associates are entities over which the Council has significant influence and that are neither a subsidiary nor an interest in a joint venture. Investments in associates are initially recognised at cost and the carrying amount in the financial statements is increased or decreased to recognise the 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 has been 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 prospective financial statements. Investments in associates are carried at cost in the Council's financial statements.

Subsidiaries

As at 30 June 2010 the Council held no subsidiaries. Council is not forecast to have any subsidiaries as at 30 June 2011.

Joint Ventures

Jointly Controlled Assets

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

Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the Council are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in New Zealand dollars, which is the Council's functional and presentation currency. All values are rounded to the nearest thousand dollars (\$000).

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, 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 invoiced and are no longer refundable.

Sales of Goods – Retail

- Sales of goods are recognised when a product is sold to the customer. Retail sales are usually in

cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.

Sales of Services

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

Rental Revenue

- Rental revenue is recognised in the period that it relates to.

Interest Income

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

Dividend Income

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

Donated, Subsidised or Vested Assets

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

Grants and Subsidies

- Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable. The Council receives the majority of grants and subsidies income from NZ 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 or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The

relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

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

Goods and Services Tax (GST)

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

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 Statement of Comprehensive Income 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

Statement of Accounting Policies

continued



from the lessor) are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

The Council is the Lessor

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

Cash and Cash Equivalents

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

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less 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 Statement of Comprehensive Income.

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

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

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

Investments and Other Financial Assets

Financial Assets at Fair Value through Profit or Loss

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

Loans and Receivables

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

Held to Maturity Investments

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

Available for Sale Financial Assets and Fair Value through Equity

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

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

Measurement of Investments and Other Financial Assets

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Statement of Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income 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 profit and loss is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

Derivatives

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

The Council designates certain derivatives as either:

1. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
2. hedges of highly probable forecast transactions (cash flow hedges).

The Council documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair Value Hedge

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

Cash Flow Hedge

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

Amounts accumulated in equity are recycled in the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial

Statement of Accounting Policies

continued



asset (for example, plant) or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

Derivatives that Do Not Qualify for Hedge Accounting

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

Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of forward exchange contracts is determined using forward exchange market rates at the Statement of Financial Position date. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

Financial Instruments: Disclosures. A three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used by the Council. A maturity analysis of financial assets is also prepared to evaluate the nature and extent of liquidity risk.

Property, Plant and Equipment

Items of property, plant and equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue.

Land and buildings (except for investment properties) are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amounts arising on revalued assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss.

Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Comprehensive Income.

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

Buildings & 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:

Roading	Years
Base course	70
Surfacings	12
Concrete pavers	70
Footpaths & pathways/walkways	15 – 80
Drainage	14 – 80
Bridges & structures	20 – 100
Road lighting	4 – 50
Traffic services & safety	10 – 25
Water	
Reticulation	56 – 107

Reservoirs	100
Pump stations	25 – 80
Stormwater	
Reticulation	100
Pump stations	15 – 75
Sewerage	
Reticulation	80
Pump stations	15 – 80
Milliscreen	10 – 80
Outfall	80
Others	
Grandstands, community & sports halls	50
Sportsgrounds, parks & reserves improvements	10 – 50
Buildings on reserves	10 – 50
Pools	10 – 50
Inner harbour	20 – 50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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

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

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; or
- the lessor uses services of the owner and those services are integral to the reasons for their occupancy of the property.

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

Intangible Assets

Trademarks and Licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 3 to 5 years.

Computer Software

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimates useful lives of 3 to 5 years.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding 3 years.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of the 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. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the

Statement of Accounting Policies

continued



period of the borrowings using the effective interest method.

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

Borrowing Costs

The adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions has been differed. Consequently, 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 Council's decision.

Employee Benefits

Wages and Salaries, Annual and Sick Leave

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

Long Service Leave and Gratuities

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

Retirement Benefit Obligations

Current and former employees of the Council are entitled to benefits on retirement, disability or death from the Council's multi-employer benefit scheme. The scheme manager, National Provident Fund, have advised Council that 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.

Equity

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

The components of equity are:

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

Restricted and Council Created Reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by the Council and

which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by the Council's 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.

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

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

Provision for Landfill Aftercare

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 2017 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%.

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 \$52,000 for the purposes of this plan for the Council's share only (36.62%).

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 Properties

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 the Council can manage these properties and in the case of rental properties, these are held as part of the Council's social housing policy or to secure the ability to undertake long term city development projects. As these properties are held for service delivery objectives, they have been accounted for as property, plant and equipment.

Significant Forecasting Assumptions



Introduction

Schedule 10 (Sec 11) of the Local Government Act 2002 requires that Council identifies the significant forecasting assumptions and risks underlying the financial estimates for its TYP. These assumptions and revisions for the 2011/12 Annual Plan are detailed below. Where there is a high level of uncertainty Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

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

Broad basis upon which the financial summaries were prepared:

- Capital costs - based on the CPI inflated Ten Year Capital Plan as per 2009 – 2019 TYP, with re-profiling of projects to meet demand changes and availability of project resources and with rates and loans funding determined in accordance with Council's policy on Funding of Capital Expenditure in the Revenue and Financing Policy (see Corporate Assumption No 1).
- Personnel, operating and maintenance costs
 - The costs for 2011/12 are based either on actual costs and prices at 1 November 2010 or, where known, adjusted for expected cost increases except as outlined in Assumption No 1 below.

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

Specific Corporate Assumptions

1. Inflation

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
Inflation as per Statistics New Zealand at 30 June 2010 has been added to capital projects in the Capital Plan at 1.8% (CPI), expenditure on contracts subject to NZS 3910 at 1.6% (PPI & LCI) and ongoing maintenance costs at 1.8% (CPI) as an estimate for cost increases expected for the 2011/12 year.	The inflation forecasts could be incorrect, affecting the validity of the Plan costs.	Moderate	

Cumulative Operating Cost Inflation Forecasts as per 2011/12 TYP

	2011/12 TYP
Roading and Transport	7.1
Property, Reserves and Parks	6.6
Pipeline Costs	7.3
Energy	6.8
Staff	6.2
Other	7.9
Subsidised Roothing	7.1
Capital	7.4

2. Contracts

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
Apart from the general provision for inflation, as per Corporate Assumption No 1, no significant variations to the terms or prices of contracts are assumed to apply when contracts are renewed.	Contract terms and prices could differ significantly, although the inclusion of inflation in the estimates will largely mitigate any unfavourable effects.	Low	

3. Population Growth

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
The following population levels are assumed: 30 June 2011 58,040 (2006 population figure = 56,800)	Actual population growth could differ.	Moderate	

4. Household Growth

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty																								
<p>The increase in the number of rateable properties, based on the growth in the number of households using an average of the 2001 Census based medium and high projection (2008A - 2010A are actual values and 2011E and 2012E are the estimates for those years):</p> <table border="1"> <thead> <tr> <th>Year to 30 June</th> <th>Total Hseholds</th> <th>Infill</th> <th>Greenfield</th> </tr> </thead> <tbody> <tr> <td>2008A</td> <td>23,693</td> <td>51%</td> <td>49%</td> </tr> <tr> <td>2009A</td> <td>23,912</td> <td>42%</td> <td>58%</td> </tr> <tr> <td>2010A</td> <td>24,104</td> <td>42%</td> <td>58%</td> </tr> <tr> <td>2011E</td> <td>24,304</td> <td>40%</td> <td>60%</td> </tr> <tr> <td>2012E</td> <td>24,494</td> <td>40%</td> <td>60%</td> </tr> </tbody> </table> <p>(2006 household figure = 23,082)</p> <p>The accumulating growth in the rating base resulting from the increase in the number of rateable properties has been transferred to the Subdivision and Urban Growth Fund, to be used to meet the cost of servicing new loans raised to provide additional infrastructural assets resulting from urban growth, and to meet any shortfall from financial contributions funding.</p> <p>As indicated in the TYP, from the excess requirements accumulating in the Subdivision and Urban Growth Fund, transfers back to Non Targeted Rates have been provided at \$1 million in the 2011/12 Annual Plan.</p>	Year to 30 June	Total Hseholds	Infill	Greenfield	2008A	23,693	51%	49%	2009A	23,912	42%	58%	2010A	24,104	42%	58%	2011E	24,304	40%	60%	2012E	24,494	40%	60%	Actual population growth could differ.	Moderate	
Year to 30 June	Total Hseholds	Infill	Greenfield																								
2008A	23,693	51%	49%																								
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2010A	24,104	42%	58%																								
2011E	24,304	40%	60%																								
2012E	24,494	40%	60%																								

Significant Forecasting Assumptions continued



5. Useful Life of Significant Assets

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
The assumed useful lives are outlined in the Statement of Accounting Policies on pages 21 to 22 of this Plan.	Any significant change in useful life could affect the validity of the estimates, but the financial implications would not be significant.	Low	

6. Sources of Funds for Future Replacement of Significant Assets

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
It is assumed that significant infrastructural assets will be subject to continual renewal, and funded in the Capital Plan at the levels reflected in the various Asset Management Plans for infrastructural assets. The source of funding any replacement of other significant assets is determined and disclosed in the Capital Plan. Refer also to the Funding of Capital Expenditure section of the Revenue and Financing Policy on page 46 of Appendix A of the Ten Year Plan.	A future Council could change the basis and level of funding, but this should only be done through a future TYP or an amendment to the TYP, with the implications clearly outlined.	Low	

7. Asset Sales and Subdivision

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
It has been assumed that there will be no significant asset sales. Proceeds from sale of sections in the Parklands Subdivision will be applied in accordance with Council's policy on the use of proceeds from asset sales.	A future Council could change the use of the proceeds from future asset sales but this should only be done through a future TYP or an amendment to the TYP.	High	No significant effect as the use of proceeds has not been ascertained.

8. Asset Revaluations

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
Asset revaluations will be completed by 30 June 2011. Assumptions made in respect of the change in asset values at the 3 year revaluation are: <ul style="list-style-type: none"> ▪ Roads + 3.5% ▪ Property + 4.3% ▪ Pipelines + 3.9% ▪ Other + 6.4% (Based on revised BERL forecasts of price level change adjustors at October 2010.)	The forecast revaluation could be incorrect, affecting the validity of the estimates.	High	Variability in depreciation charge for plan year but no cash or rates impact.

9. Completion of Capital Projects

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>Capital projects are assumed to be completed in the year budgeted, except for the following major projects, where expenditure budgeted in previous years will be incurred during the next ten years. Expected project timing is based on the best estimate available:</p> <ul style="list-style-type: none"> ▪ Advanced Wastewater Treatment ▪ Development of HB Museum Building ▪ Prebensen Drive Four-Laning ▪ CBD Parking Building 	Actual experience shows some projects are not completed in the year budgeted.	High	No significant effect as unutilised budgets are carried forward.

10. Vested Assets

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>Assets vested in the Council following subdivision have been included in the forecasts at an average annual expected value over the period of this Plan.</p> <p>Calculation of average annual expected value is based on the Napier Urban Growth Strategy and timing of known or proposed developments over the next 2 years.</p>	Subdivisions may not proceed, or costs/timing will differ. Annual value of vested assets may fluctuate significantly between plan years and in total. Impact to both Income Statement and Balance Sheet.	Moderate	

11. Depreciation

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>Depreciation rates applying to existing assets are outlined in the Statement of Accounting Policies on pages 16 to 24 of this Plan.</p> <p>Depreciation on new major infrastructural assets is calculated on actual expected rates commencing from expected time of completion of the project.</p> <p>For other items depreciation in the year of purchase is based on actual expected depreciation rates with a half year applied in the year of purchase.</p> <p>Depreciation is calculated on book values projected at the immediately preceding 30 June, plus new capital.</p>	The inflation forecasts could be incorrect, affecting the validity of the value of assets. Capital projects could take longer to complete than budgeted. To some extent these factors mitigate against each other.	Moderate	

Significant Forecasting Assumptions continued



12. Loans

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>Actual interest rates for existing loans.</p> <p>Loan interest at 6.5% on new loans expected to be uplifted in 2011/12 year.</p> <p>New loans raised in 2011/12 year incur a half year interest in the year uplifted.</p> <p>Actual interest on loans funded from special funds is allocated direct to the activity to which the loan relates.</p> <p>Interest on Rental Housing loans allocated to Retirement and Rental Housing Activity.</p> <p>Interest on Aquarium loans allocated to National Aquarium of NZ Activity.</p> <p>Interest on Museum building loan allocated to HB Museum and Art Gallery Activity.</p> <p>All other loan interest is allocated as a "capital charge" to activities based on book value of assets. To establish book value the following assumptions apply:</p> <ol style="list-style-type: none"> Support units have been excluded. Assets funded from finance leases have been excluded. Excludes activities funded from non rating sources e.g. Parking, Transfer Station, Farm, Plant and Vehicle, Omarunui, Museum, Settlement Support. 	<p>Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. A significant change to interest rates would affect the validity of the estimates.</p>	High	<p>A 1% increase in interest rates would increase total rate funded interest costs (for both internal and external debt) by about \$419,000 pa.</p> <p>The impact of this level of increase in interest costs on rates is 1% pa. However, such an increase will not impact in full immediately as the fixed term nature of current loans and the average spread of maturity over several years would effectively reduce the risk exposure in the short term.</p>

13. Forecast Return on Investments

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>Interest rate on funds invested assumed at 5% pa.</p>	<p>Changes in market interest rates and average levels of cash on deposit or invested may differ significantly from plan.</p>	Moderate	

14. New Zealand Transport Agency (NZTA)

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>It is assumed that NZTA requirements, specifications and subsidy levels will remain at the levels indicated as at March 2011.</p>	<p>A change in the requirements could affect the validity of the estimates and/or the level of service delivered. The extent of any change would influence the significance on the estimates.</p>	Moderate	

15. Levels of Service

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
No significant changes in levels of service are assumed.	Any significant changes to the level of future services would need to be identified in a future TYP or as an amendment to the TYP, and the cost implications outlined.	Low	

16. Resource Consents

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
Except as may be outlined in particular Activity Management Plans (summarised by Activity in Appendix B of the Ten Year Plan), it is assumed the conditions of resource consents held by Council will not be altered significantly.	Conditions of resource consents may be altered significantly without Council receiving sufficient warning.	Low	

17. Council Policy

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
No significant changes in Council policy are assumed.	Council could change its policy on any matter in a way that would significantly affect the estimates. Any such change should be identified in a future TYP or as an amendment to the TYP and the financial implications outlined.	Low	

18. Local Government Reorganisation

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
It is assumed the Napier City Council will continue as a separate local authority with no changes to its existing boundaries.	A change in boundaries could result from external request/ review. The effect on the estimates would depend on the nature and extent of any change.	Low	

19. External Factors

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
It is assumed there will be no unexpected changes in legislation or other external factors that will alter the nature of the services provided.	Unexpected changes, particularly unforeseen legislative changes, could arise that affect the services delivered by Council.	Low	

Significant Forecasting Assumptions continued



20. Natural Disasters

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
It is assumed there will be no level of major natural disaster or similar event that cannot be funded out of budgetary provisions.	Natural Adverse Event(s) could occur at a level where the affects could not be funded within budget. The financial effects are partly mitigated by special risk insurance related to underground infrastructural assets.	Low	

21. Climate Change

Assumption	Risk Underlying Financial Estimates	Level of Uncertainty	Effects of High Level of Uncertainty
<p>It is assumed that any climate change arising from global warming will not impact in any significant way on the Napier community during the period covered by the plan.</p> <p>This is based on assessments carried out by the Works Asset Department with regard to possible climate change outcomes on Local Government functions.</p> <p>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.</p> <p>The Works Asset Department will periodically review the current knowledge on climate change and possible effects.</p>	Any impact in the short to medium term is likely to be by way of a natural adverse event - see Corporate Assumption No 20 above.	Moderate	

Prospective Statement of Comprehensive Income

for the Year Ended 30 June 2012

Actual 2009/10 (\$000)		Note	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Income				
42,898	Rates Revenue	2a	44,379	46,445	43,393
2,498	Finance Income	2b	1,500	988	1,526
46,815	Other Revenue	2c	52,883	52,148	56,150
(2,991)	Other Gains/(Losses)		1,187	1,264	1,006
89,220	Total Income		99,950	100,845	102,075
	Expenditure				
23,789	Employee Benefit Expenses	2d	24,873	24,592	24,192
18,444	Depreciation and Amortisation	2e	22,099	23,891	20,826
30,125	Other Expenses	2f	31,743	36,112	33,472
424	Finance Costs	2g	307	1,313	529
72,782	Total Expenditure		79,022	85,908	79,019
16,438	Operating Surplus/(Deficit) Before Tax		20,927	14,937	23,056
69	Share of Associate Surplus/(Deficit)		129	212	215
16,507	Surplus/(Deficit) Before Tax		21,056	15,149	23,271
-	Income Tax Expense		-	-	-
16,507	Surplus/(Deficit) After Tax		21,056	15,149	23,271
	Other Comprehensive Income				
470	Valuation Gains/(Losses) taken to Equity		-	-	70,465
16,977	Total Comprehensive Income		21,056	15,149	93,736

Prospective Statement of Income

for the Year Ended 30 June 2012



Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Total Operating Revenue (Activity Cost of Service Statements)			
5,619	Recreation	2,640	2,529	2,048
6,813	Social and Cultural	12,551	6,369	16,675
5,638	City Promotion	5,722	5,982	5,745
4,459	Planning and Regulatory	4,711	4,812	4,343
5,944	Roading	8,997	10,984	8,420
16,712	Water and Wastes	17,855	19,979	17,963
9,747	Property Assets	12,708	14,268	12,798
54,932	Total Operating Revenue	65,183	64,924	67,991
	Other Income (as per Statement of Comprehensive Income)			
30,868	Non Targeted Rates	32,334	33,785	31,484
2,497	Interest Income	1,500	988	1,526
480	Rendering of Services	596	632	596
443	Other Income	336	516	478
89,220	Total Income	99,950	100,845	102,075
	Total Operating Expenditure (Activity Cost of Service Statements)			
1,773	Democracy and Governance	2,049	2,084	1,985
8,819	Recreation	10,456	10,989	9,795
13,276	Social and Cultural	14,099	14,923	15,488
7,274	City Promotion	7,585	8,143	7,577
5,488	Planning and Regulatory	6,036	6,028	5,622
13,968	Roading	16,530	18,487	15,969
16,816	Water and Wastes	17,860	21,024	18,419
7,227	Property Assets	6,971	7,049	6,939
74,641	Total Operating Expenditure	81,585	88,726	81,795
	Other Expenditure (as per Statement of Comprehensive Income)			
(2,221)	Internal Expenditure	(3,559)	(3,942)	(3,930)
314	Rates Remissions	200	203	200
48	Other Expenses	796	921	953
72,782	Total Expenditure	79,022	85,908	79,019
16,438	Operating Surplus/(Deficit) Before Tax (as per Statement of Comprehensive Income)	20,927	14,936	23,057
69	Share of Associate Surplus/(Deficit)	129	212	215
16,507	Surplus/(Deficit) After Tax (as per Statement of Comprehensive Income)	21,056	15,149	23,271

Prospective Statement of Changes in Equity

for the Year Ended 30 June 2012

Actual 2009/10 (\$000)		Note	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
659,565	Retained Earnings at beginning of period		690,735	724,295	680,181
16,507	Surplus/(Deficit) after Tax (i)		21,056	15,149	23,271
3,759	Transfers from Restricted Reserves		-	-	-
(4,454)	Transfer to Restricted Reserves		(526)	-	-
6,266	Transfer from Revaluation Reserve on disposal of Property, Plant & Equipment		-	-	-
681,643	Retained Earnings at close of period	4a	711,265	739,444	703,452
	Other Reserves				
596,613	Revaluation Reserve at beginning of period		621,885	663,966	591,728
7,511	Restricted Reserve at beginning of period		7,977	3,399	7,894
101	Fair Value Through Equity Reserve at beginning of period		111	101	101
604,225	Total Other Reserves at beginning of period		629,973	667,466	601,113
	Movements:				
(3,759)	Transfers from Restricted Reserve to Retained Earnings		-	-	-
4,454	Transfer from Retained Earnings to Restricted Reserves		526	-	-
470	Valuation Gains/(Losses) taken to Equity (ii)		-	-	70,465
(6,266)	Transfer to Retained Earnings on disposal of Property, Plant & Equipment		-	-	-
(5,101)	Total Movements in Other Reserves		526	-	70,465
590,807	Revaluation Reserve at close of period	4b	621,885	663,996	662,193
8,206	Restricted Reserve at close of period	4c	8,503	3,399	7,894
111	Fair Value Through Equity Reserve at close of period		111	101	101
599,124	Total Other Reserves at close of period		630,499	667,496	670,188
1,280,767	Total Equity		1,341,764	1,406,940	1,373,640
16,977	Total Comprehensive Income (includes items (i) and (ii) above)		21,056	15,149	93,736

Prospective Statement of Financial Position

for the Year Ended 30 June 2012



Actual 2009/10 (\$000)		Note	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Assets				
	Current Assets				
5,518	Cash and Cash Equivalents	3a	6,798	8,086	9,532
10,886	Debtors and Other Receivables		11,333	11,473	10,799
2,651	Inventories		2,328	5,634	3,688
379	Biological Assets		344	200	290
41,567	Other Financial Assets	3a	18,504	904	1,500
61,001	Total Current Assets		39,307	26,297	25,809
	Non Current Assets				
4,306	Inventories		1,892	-	2,210
1,194,198	Property, Plant and Equipment	3b	1,274,871	1,365,277	1,323,339
280	Intangible Assets		543	321	510
35,984	Investment Property	3c	38,395	49,881	39,715
3,655	Investment in Associates		3,998	4,551	3,456
5,355	Other Financial Assets	3a	4,954	454	5,358
1,243,778	Total Non Current Assets		1,324,653	1,420,484	1,374,588
1,304,779	Total Assets		1,363,960	1,446,781	1,400,397
	Liabilities				
	Current Liabilities				
8,965	Creditors and Other Payables		9,613	10,834	11,737
2,821	Employee Benefit Liabilities		2,861	2,213	2,859
2,010	Borrowings	3d	8	2,008	8
13,796	Total Current Liabilities		12,482	15,055	14,604
	Non Current Liabilities				
2,182	Provisions		2,169	1,540	2,458
1,834	Employee Benefit Liabilities		1,901	2,008	1,789
2,164	Revenue Received in Advance	3e	1,624	-	-
4,036	Borrowings	3d	4,020	21,238	7,906
10,216	Total Non Current Liabilities		9,714	24,786	12,153
24,012	Total Liabilities		22,196	39,841	26,757
	Equity				
681,643	Retained Earnings		711,265	739,444	703,452
599,124	Other Reserves		630,499	667,496	670,188
1,280,767	Total Public Equity		1,341,764	1,406,940	1,373,640
1,304,779	Total Liabilities and Equity		1,363,960	1,446,781	1,400,397

Prospective Statement of Cash Flows

for the Year Ended 30 June 2012

Actual 2009/10 (\$000)		Note	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Cash Flows from Operating Activities				
43,135	Receipts from Rates Revenue		44,379	46,445	43,393
1,791	Interest Received		1,500	988	1,526
47,736	Receipts from Other Revenue	5a	46,642	48,587	50,261
(51,265)	Payments to Suppliers and Employees	5b	(55,945)	(61,832)	(57,724)
(461)	Interest Paid		(307)	(1,313)	(529)
40,936	Net Cash from Operating Activities		36,269	32,875	36,927
	Cash Flows from Investing Activities				
444	Proceeds from Sale of Property, Plant & Equipment		-	-	-
50,213	Proceeds from Withdrawal of Investments		(345)	1,500	13,403
(24,857)	Purchase of Property, Plant & Equipment and Intangibles	5c	(43,699)	(45,043)	(48,760)
(66,000)	Acquisition of Investments		6,840	-	-
(40,200)	Net Cash from Investing Activities		(37,204)	(43,543)	(35,357)
	Cash Flows from Financing Activities				
-	Proceeds from Borrowings	5d	-	11,057	3,878
(1,023)	Repayment of Borrowings		(8)	(8)	(2,014)
(1,023)	Net Cash from Financing Activities		(8)	11,049	1,864
(287)	Net (Decrease)/Increase in Cash, Cash Equivalents and Bank Overdrafts		(943)	381	3,434
5,805	Cash, Cash Equivalents and Bank Overdrafts (at the beginning of the period)		7,741	7,705	6,098
5,518	Cash, Cash Equivalents and Bank Overdrafts (at the close of the period)		6,798	8,086	9,532

Explanatory Notes of Changes Between the 2011/12 Ten Year Plan & the Annual Plan



Significant variances between the 2011/12 TYP and the 2011/12 Annual Plan are outlined below. The reference numbers indicated correspond with the appropriate note references in the financial statements for the Plan.

1. General

- a. Equity forecast for 1 July 2011 included in the Prospective Statement of Financial Changes in Equity and expected opening balances of items included in the Prospective Statement of Financial Position have been updated to reflect the most accurate information available. This update includes changes flowing from the reported results for the 2009/10 year.
- b. As noted in the Significant Forecasting Assumptions on pages 25 to 31, inflation and the forecast for revaluation of assets applied to the 2011/12 TYP vary from this Plan.

2. Prospective Statement of Comprehensive Income

a. Rates Revenue

The level of Rates Revenue proposed in the Annual Plan is 4.5% lower than anticipated in the 2011/12 TYP. The most significant component of this variance is that the actual inflation is substantially lower than forecast in the TYP for both the 2010/11 and the 2011/12 years. The TYP included \$1.2 million of inflation between 2010/11 and 2011/12 years. The lower actual inflation levels have impacted Council operating costs and the direct and indirect costs of the Capital Plan resulting in a rating level of \$44,372 million compared to the TYP forecast of \$46,445. This is around \$85 per rateable property lower than forecast in the TYP.

b. Finance Income

Finance Income or interest received on funds invested is expected to be \$0.5 million above that forecast in the 2011/12 TYP. This is due to further delay in the completion of the Advanced Wastewater Treatment Project. Funds held for this project are separately invested with interest earned added back to the project fund.

c. Other Revenue

Other Revenue for the Annual Plan is \$0.7 million above that forecast in the 2011/12 TYP. However, some significant variations make up this \$0.7 million difference.

Description	+Increase/-Decrease (\$Mil)
Grants and Donations	+\$5.0
Government Grants	+\$2.0
Vested Assets	-\$1.4
Residential Development Sales	-\$1.3
Financial Contributions	-\$1.0
Retail and Product Sales	-\$0.8
NZTA Roothing Subsidies	-\$0.6
User Charges and Services	-\$0.5
Rental Income	-\$0.4

Grants and Donations, Government Grants

The TYP for 2010/11 included \$12 million of Grant and Donation revenue for the redevelopment of the Hawke's Bay Museum and Art Gallery building. This funding is now expected to be received over the 2011 - 2013 years. While funding, in addition to that provided by Napier City Council capital budget, of \$11.4 million has been confirmed in the 2010 year, the timing of receipt of these funds has been rescheduled in line with the progress of the rebuilding project.

Vested Assets, Financial Contributions and Residential Development Sales

The revenue sources listed above, which are all related to land development, have been reduced in line with the lower actual inflation rates experienced to date compared to those forecast for the 2011/12 TYP and to reflect the lower development activity currently occurring due to weak economic conditions.

NZTA Roothing Subsidies

NZTA (New Zealand Transport Agency) Roothing Subsidies have been revised to reflect the reduction of subsidy levels which were applied from 2009/10 year and the change in expected inflation rates between this Plan and the 2011/12 TYP. Roothing Subsidies have been reduced by \$300,000 - \$350,000 since the 2009/10 year. Subsidy rates shown in the Annual Plan reflect the current known levels of subsidy for Roothing Activity.

Other Items

Retail and Product Sales, User Charges and Services and Rental Income are all forecast to be lower than the 2011/12 TYP. The key reason for these decreases is the closure of the Hawke's Bay Museum and Art Gallery activities for the year of 2011/12 during the rebuilding process. In addition the lower than forecast inflation rates have meant that charges have been increased at lower rates than forecast in the TYP.

d. Employee Benefit Expenses

Employee Benefit Expenses, which reflect the gross payroll of Council are 1% above the level forecast in the 2011/12 TYP. This is due to contributions to Kiwi Saver previously budgeted as other operating expenses and now included within Employee Benefit Expenses (\$180,000) and additional employees added since the TYP was adopted. Additional employees have been employed to undertake activities both within operating expense activities and capital projects. The labour recoveries for this Plan are \$347,000 above the 2011/12 TYP. Increases in Employee Benefit Expenses are offset by reductions in operating costs and capital project costs.

e. Depreciation and Amortisation

Depreciation and Amortisation costs are significantly below the levels forecast in the 2011/12 TYP largely due to forecast revaluations, as at June 2011. Revaluations at 30 June 2011, based on revised BERL inflation factors as at October 2010, are expected to increase asset values by \$31 million compared to the 2011/12 TYP level expected of \$70 million.

f. Other Expenses

Other Expenses are planned to be 12% below the 2011/12 TYP forecast level. This reduction is due to the changes of Employee Benefit Expenses as per 2.d. above, lower costs of refuse -\$1.0 million from reduced costs and reduced volume of refuse, Advanced Wastewater Treatment (AWWT) plant operating costs -\$0.7 million due to the delay in the project for this facility and \$0.4 million reduced operating costs for the Hawke's Bay Museum and Art Gallery due to the short term closure of this facility. In addition, Other Expenses are expected to be around \$1.9 million lower due to lower inflation than forecast.

g. Finance Costs

Finance Costs are forecast to be \$1.0 million lower than forecast in the 2011/12 TYP (\$17.7 million average) due to the lower expected loans balance for 2011/12 (\$4.0 million) and lower interest rates expected in the 2011/12 year.

3. Prospective Statement of Financial Position

a. Cash and Cash Equivalents and Other Financial Assets Current and Non Current

Cash and Cash Equivalents and Other Financial Assets both Current and Non Current comprise cash (cash includes term deposits with less than 3 months remaining), term deposits greater than 3 months and investments in local authority stock and bonds. As per the Annual Plan, Cash and Financial Assets will be \$21 million above that anticipated in the 2011/12 TYP. The expected increase in the cash position between the plans is due to the delays expected in completion of the AWWT Project \$13.7 million and the CBD Parking Building \$6.4 million.

b. Property Plant and Equipment

The 30 June 2011 value of Property, Plant and Equipment is expected to be \$90.4 million below the level anticipated in the 2011/12 TYP. The significant components of this variance are:

	\$Mil
<i>Variance Arising from Asset Revaluation:</i>	
3 Yearly Revaluation of assets 2010/11	-\$40.9
<i>Variance Due to Timing Changes for Projects:</i>	
AWWT Project	-\$18.6
Prebensen Drive Four-Laning	-\$8.1
Hawke's Bay Museum And Art Gallery building redevelopment	-\$9.7
CBD Parking Building	-\$6.4
<i>Variance Due to Other Issues:</i>	
Inflation related difference between 2009 - 2012 Plans	-\$4.6
Other plan variances over the 3 years 2009 - 2012	-\$2.1

- c. **Investment Property**
Investment Property is \$11.5 million below the value estimated for 30 June 2012 in the TYP. This is a result of the difference in the balance at 30 June 2010, following revaluation, compared to the estimated opening value at 30 June 2010 for the TYP. The total difference to 30 June 2010 is -\$11.1 million. The balance of the variance arises from lower expected revaluation in both 2010/11 and 2011/12 of -\$0.4 million.
- d. **Borrowings Current and Non Current**
Total external Borrowings are expected to be \$19.2 million below the 2011/12 TYP level. This variance is due to the change in timing of the loan funded expenditure of the following projects:
- AWWT Project including Sludge Treatment \$12.6 million.
 - Hawke's Bay Museum and Art Gallery building redevelopment \$5.0 million.
 - Prebensen Drive Four-Laning \$3.3 million.
- e. **Revenue Received in Advance**
Revenue Received in Advance relates to the amount of revenue received and to be recorded in future years' revenue for 10 year agreements for McLean Park Graeme Lowe Stand Corporate Boxes and naming rights. This asset was not forecast in the 2009 - 19 TYP.

4. *Prospective Statement of Changes in Equity*

Significant changes between the 2009 - 2019 TYP and the 2011/12 Annual Plan are:

- a. **Retained Earnings**
Retained Earnings at year end 2011/12 are forecast to be \$28.4 million below the level forecast in the 2011/12 TYP. Significant variances are:
- i. Lower opening retained earnings in 2009/10 than forecast for the opening TYP -\$12.1 million;
 - ii. Changes in transfers to retained earnings from restricted reserves for the 2010/11 year -\$5.8 million (AWWT project funds); and
 - iii. Changes of timing of receipts from grants and donations for the Hawke's Bay Museum and Art Gallery building redevelopment -\$2.5 million.
- b. **Revaluation Reserve**
Defined classes of assets are generally revaluated on a 3 yearly basis to reflect the fair value of assets. The accounting policy for asset revaluation is outlined in the Statement of Accounting Policies on page 16 of this Plan. Revaluation Reserves at the end of 2011/12 are expected to be \$42.1 million below the 2011/12 TYP forecast level. This is due to the lower than previously forecast increase arising from the 2010/11 asset revaluations. As for 3.b. above, the revaluations are based on October 2010 BERL indices, now expected to be \$40.1 million below the amount expected in the 2010/11 TYP. The balance of the variance is due to movements in the Revaluation Reserve due to sales of assets over the period since the TYP was prepared.
- c. **Restricted Reserves**
Restricted Reserves are anticipated to be \$5.1 million above the level forecast in the 2011/12 TYP. The most significant component of this variance is due to further delay in the completion of the AWWT Project. The 2011/12 TYP anticipated that funds contributed by Hawke's Bay Regional Council towards this project would have been applied to the costs of the project in 2010/11. These funds are held in Restricted Reserves and can only be applied to this project. These are forecast to be \$5.9 million at 30 June 2012.

5. Prospective Statement of Cash Flows

a. Receipts from Other Revenue

Cash receipts from other revenue are expected to be lower than indicated in the 2011/12 TYP by -\$1.9 million as detailed below:

	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Variance (\$000)
Receipts from Other Revenue	52,883	52,148	735
Vested Assets (non cash)	(5,790)	(5,994)	204
Revenue Received in advance	(270)	-	(270)
Movement in Receivables*	(181)	2,433	(2,614)
Total Receipts from Other Revenue	46,642	48,587	(1,945)

* 2011/12 Prospective Budget is based on the revised 2010/11 Plan.

b. Payments to Suppliers and Employees

Cash payments to suppliers and employees are expected to be lower than indicated in the 2011/12 TYP by -\$5.9 million as detailed below:

	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Variance (\$000)
Operating Expenditure	(79,015)	(85,908)	6,893
Depreciation (non cash)	22,099	23,891	(1,792)
Finance Costs (separately disclosed in Statement of Cash Flow)	307	1,313	(1,006)
Movement in Payables and other Liabilities*	671	(1,128)	1,799
Total Payments to Suppliers & Employees	(55,938)	(61,832)	(5,894)

* 2011/12 Prospective Budget is based on the revised 2010/11 Plan.

c. Purchase of Property, Plant, Equipment and Intangibles

The variance between the 2011/12 TYP and the Annual Plan for cash outflows for purchase of property, plant, equipment and intangibles is detailed in the table below:

	Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Variance (\$000)
Prospective Capital Plan	41,629	41,606	23
Vested Assets (non cash)	(5,790)	(5,994)	204
Carry forwards from prior year Capital Plans:			
AWWT Project	-	9,431	(9,431)
Park Island Extension	1,558	-	1,558
Hawke's Bay Museum & Art Gallery Building	8,266	-	8,266
CBD Parking Building	(6,032)	-	(6,032)
Westshore Beach Reprofilng*	1,697	-	1,697
Whakarire Avenue Breakwater*	1,261	-	1,261
Other Miscellaneous Items	1,110	-	1,110
Total Purchase of Property, Plant, Equipment and Intangibles	43,699	45,043	(1,344)

* The TYP assumed these projects were completed prior to 2011/12 year.

Explanatory Notes of Changes continued



d. **Proceeds from Borrowings**

The variance between the Annual Plan and the 2011/12 TYP for cash inflows from borrowings is -\$11.1 million. The difference between total external loans, at 30 June, for the Annual Plan and the 2011/12 TYP is analysed in 3.d. above. The amount in 3.d. details the variances from the start of the TYP (2009) compared to the Annual Plan where the cash flow variance is for the 2011/12 year only.

The Prospective Capital Plan for 2011/12 is essentially the Ten Year Capital Plan (TYCP) as included in the 2009 – 19 TYP adjusted for issues arising since the TYP was adopted. Key differences arise from additional projects added to the Prospective Capital Plan for 2011/12, changes to the inflation factors used to calculate the cost of the Capital Plan and variations to timing of planned projects between the two Capital Plans.

Two additional projects have been added for the 2011/12 year:

1. Ahuriri/CBD Transport Link – \$1.5 million.
2. Move of Marineland to National Aquarium of New Zealand – \$1 million.

The other main difference is the revised inflation factor used to calculate costs for 2011/12. In the TYCP the average cumulative inflation (using 2008/09 as the base level) of capital items for 2011/12 was projected at 7.4%. The Annual Plan for 2011/12 has been recalculated based on CPI inflation of 1.9% for 2010/11 and 1.8% for 2011/12, a cumulative rate of 3.7%. Unless specifically stated in the table below, planned capital costs for 2012/13 year through to 2018/19 remain as presented in the 2009 – 19 TYP. Inflation factors for future years are at the levels set for the TYP.

Some timing changes for projects were made in the 2010/11 Annual Plan. Additional changes included in the 2011/12 Prospective Capital Plan are as follows:

Description	Impact 2011/12	Addition to Plan	Explanation for changes between 2009/19 TYP for 2011/12 & 2011/12 Annual Plan	Funding Source
<i>Libraries</i>				
Library Bookstock	Y	N	\$25,000 pa transferred from capital to bookstock operating budget to cater for increases in electronic media (\$50,000 transferred in 2010/11).	Rates
<i>Cemeteries</i>				
Western Hills Extension	Y	N	Project design rescheduled to occur in 2011/12.	Rates
<i>City Promotion</i>				
Ahuriri/CBD Transport Link	Y	Y	Transportation link for public and tourists between CBD and Ahuriri.	Parklands Residential Development Fund
<i>National Aquarium of New Zealand</i>				
Move of Marineland to Aquarium	Y	Y	Rehousing of Blue Penguins.	Marine Parade Special Fund
<i>Solid Waste</i>				
Omarunui Development	Y	N	Budget revised to reflect work brought forward in previous years.	Regional Landfill Income Account
<i>Water Supply</i>				
New Well - Awatoto	Y	N	Rescheduled to occur in 2013/14.	Financial Contributions
Awatoto Water Trunk Main	N	N	Rescheduled to occur in 2013/14.	Financial Contributions
<i>General Provisions</i>				
Replacement of Mobile Plant and Vehicle	Y	N	Budget revised for projected plant and vehicle replacements.	Plant Purchase and Renewals Account

The following major projects are included in the 2011/12 Annual Plan:

National Aquarium of New Zealand

Council has resolved that the Blue Penguins currently housed at Marineland be moved to a new facility to be built for permanent display at the National Aquarium of NZ. The Prospective Capital Plan includes funding for the relocation which is to be completed by November 2011. Feasibility of this move is currently being fully tested by Council staff including discussions with the Department of Conservation.

Ahuriri/CBD Transport Link

Council is currently considering transportation options for public and tourists between the CBD and Ahuriri business centre. Budget has been allocated in this financial year for a new service.

Sportsgrounds Developments

Sportsgrounds development to meet the demand of both the existing community and urban growth is centred around progressive development of the three strategic recreation areas of Park Island Sports Complex, Tareha Recreational Reserve and Maraenui Park. The Prospective Capital Plan includes the remaining budget of \$740,000 for the extension of Bond Field at Park Island in 2011/12. A further \$2.267 million for sportsgrounds development is included in the Ten Year Capital Plans for 2012/13 to 2013/14.

Napier Aquatic Centre

The Prospective Capital Plan includes \$923,000 loan (rates) funded expenditure over the 2013/14 and 2014/15 years for the Enclosure Building of the 25 metre Lap Pool (built in 1972). Current estimates for the project are \$2 million. The shortfall does not have an identified source of funding. This project will require further consideration in future plans.

The facility also needs major maintenance to upgrade and refurbish other buildings and plant. \$1,305 million for this renewal work is included in the Ten Year Capital Plans for 2011/12 to 2018/19.

Reserves

The identification and development of a future city-wide reserve is planned. This will be funded by a combination of financial contributions, other funding and loans to ensure that such a reserve is integrated into the City's reserves network, through appropriate walkways and linkages. Part of the development of a new reserve will entail a review of existing reserves to ensure that there is balance and integration across the City. This review will also identify any need to rationalise reserves either through use or location.

Whakarire Avenue Breakwater and Westshore Beach Reprofiling

Funding for the reprofiling of Westshore Beach and the Whakarire Avenue breakwater has been included in previous years. The total of \$1.260 million for the Whakarire Avenue breakwater and \$2.446 million for the Westshore Beach reprofiling will be funded by loan. Council has lodged a resource consent application for the replacement of the Whakarire Avenue breakwater. Commencement of work is dependent on granting of this consent.

Hawke's Bay Museum and Art Gallery

The redevelopment will enable the collection to be housed to international expectations and standards. Increasing and improving exhibition space will enable better quality display of collection and loan items, create more opportunities to accommodate touring exhibitions and thus attract more visitors. The redevelopment is now estimated to cost \$18 million based on a review of cost estimates undertaken by consultants for Council. The project costs include the building construction, consultants' fees and consents, fundraising costs, relocation costs during the construction period and contingency allowance. Funding has been secured for this \$18 million project with \$6 million contribution from Council, \$6 million from the Government Regional Museums Fund and \$6 million from community sources. Hastings District Council and Hawke's Bay Regional Council have partnered with us to fund this regional facility.

Parking

The Prospective Capital Plan includes provision of \$6.432 million for additional parking in the CBD, funded from parking special funds. Timing for provision of additional parking will be dependent on demand. The current economic downturn may forestall the need for additional commuter CBD parking for the immediate future. One single factor that may impact demand in the near term is the potential development of land that is currently used for parking close to the CBD. This could cause the displacement of 250 vehicles currently using this land for parking.

Road Projects

Future developments for the road network have been identified in the recommendations of the Napier Road Network Study 1999, Heretaunga Plains Transportation Study 2004 and other reviews. The major project identified is:

- The Four-Laning of Prebensen Drive, including the Ford Road connection. Funding for this project is included in past plans and work is expected to commence in the 2011/12 year.

Whilst the Awatoto to Expressway Link project is included in the Prospective Capital Plan at timings in line with the 2009 Ten Year Plan it is expected that the release of the 2011 Heretaunga Plains Transportation Study later this year may impact on the timing of this project.

\$39 million of capital works have been identified throughout the City. While some projects have been completed, the cost of construction has inflated the remainder. These projects include those identified by theoretically assessing the current condition against Council's current standards as set out in the Code of Subdivision and Land Development. The Prospective Capital Plan allows for an annual expenditure on bulk funded capital deferred works of \$1.789 million in 2010/11 increasing to \$2.282 million in 2018/19 funded from rates.

Road Projects - Suburban Centres

Redevelopment of suburban centres is funded partially from rates on a priority basis. The Maraenui Shopping Centre will follow on from Ahuriri as the next area targeted for funding.

Omarunui Regional Landfill Site Development

The Council's share of planned capital expenditure for the Omarunui Landfill in 2011/12 includes \$157,000 for further costs of development of Valley D, the valley currently in use, and \$117,000 costs incurred for the future development of Valley's B & C.

Stormwater Projects

Provision of \$5.198 million for a new Stormwater Pump Station is included in 2018/19, funded from loan and financial contributions.

Advanced Wastewater Treatment Project

As stated in the Key Issues on page 6, an additional \$6.443 million has been provided for the Biological Trickling Filter (BTF) Treatment Plant. This is additional to funding already provided for the Advanced Primary Treatment Plant.

Water Supply

Priorities have been changed with some of the major Water Supply projects being rescheduled. The new well at Awatoto and the Awatoto Water Trunk Main (both funded from financial contributions) are now scheduled for 2013/14.

Lagoon Farm Business Park

The initial expenditure, (\$1.005 million) committed by the Council, is "seed" funding to be allocated towards developing of feasibility studies for infrastructural solutions necessary to develop the land and funding design work on the key components necessary to provide appropriate access to the Business Park (traffic intersections, roading, bridges, culverts, etc).

The funding for this project is provided from surpluses of the Parklands Subdivision and is spread over the 2009/10 to 2013/14 years.

Items Not Included in the Prospective Capital Plan

The following major projects have been identified, but not included in the Prospective Capital Plan, due to funding constraints:

- CBD Development (\$9.8 million). The ten year programme to upgrade Napier's CBD identified in a comprehensive report of the CBD.
- Cycle Strategy Projects (\$3.2 million). Although the Rotary Pathway links project is included, funding for the full 20 year programme to implement the Cycle Strategy Recommendations have not been included in the plan. Where possible, Cycle Strategy Projects will continue to be funded as part of other projects.
- Emerson Street Pavement Renewal (\$1.6 million). Replacing the concrete pavers with clay pavers.

Prospective Capital Plan continued



AP 10/11 (\$'000)	Description	Prospect 11/12 (\$'000)	TYP 11/12 (\$'000)	TYP 12/13 (\$'000)	TYP 13/14 (\$'000)	TYP 14/15 (\$'000)	TYP 15/16 (\$'000)	TYP 16/17 (\$'000)	TYP 17/18 (\$'000)	TYP 18/19 (\$'000)	Prospect Total 11/12-18/19 (\$'000)	Funding	G %	L %	R %
RECREATION															
Sportsgrounds															
-	Sportsgrounds Development	-	-	715	797	-	-	-	-	-	1,512	Loan - Growth	100		
-		-	-	357	398	-	-	-	-	-	755	Financial Contributions	100		
-		-	-	1,072	1,195	-	-	-	-	-	2,267				
433	Park Island - Bond Field Extension	441	-	-	-	-	-	-	-	-	441	Loan - Growth	100		
294		299	-	-	-	-	-	-	-	-	299	Financial Contributions	100		
727		740	-	-	-	-	-	-	-	-	740				
122	Install Automatic Irrigation Systems	170	176	182	187	192	-	-	-	-	731	Loan - Rates	33	67	
44		-	-	-	-	-	-	-	-	-	-	Financial Contributions	100		
166		170	176	182	187	192	-	-	-	-	731				
-	Replace Rodney Green Centennial Event Centre Floor	118	-	751	-	-	-	-	-	-	869	Rates	100		
122	Guppy Road Sports Village - Stage 1	129	133	-	-	-	-	-	-	-	129	Rates	100		
-	Guppy Road Sports Village - Stage 2	-	-	-	-	-	-	123	126	130	379	Rates	100		
228	Sportsgrounds I.A.R.	258	267	305	343	352	361	370	381	391	2,761	Rates	100		
1,243	Sportsgrounds Total	1,415	576	2,310	1,725	544	361	493	507	521	7,876				
Napier Aquatic Centre (NAC)															
-	NAC Enclosure Building	-	-	-	130	793	-	-	-	-	923	Loan - Rates	100		
118	NAC Asset Renewal I.A.R.	120	125	128	165	169	174	178	183	188	1,305	Rates	100		
118	NAC Total	120	125	128	295	962	174	178	183	188	2,228				
Reserves															
173	Planting and Landscaping	166	172	-	-	-	-	-	-	-	166	Parklands Res. Develop. Fund	50	50	
-	City Wide Passive Recreation Reserves	-	509	525	-	-	568	-	-	-	1,093	Financial Contributions	100		
-	Playground Equipment	52	54	-	-	58	-	-	63	-	173	Rates	100		
1,097	Westshore Beach Reprofitting	411	850	438	-	-	-	-	-	-	849	Loan - Special Fund	100		
125	Resurface Soundshell Area	125	-	-	-	-	-	-	-	-	125	Capital Reserve	100		
-	Reserves, Pathways and Linkages	-	-	-	1,460	-	1,498	-	-	-	2,958	Loan - Rates	100		
64	Tree Planting Programme	65	68	70	72	74	76	77	80	82	596	Rates	100		
367	Reserves I.A.R.	411	425	483	540	554	568	583	599	616	4,354	Rates	100		
308	Reserves Vested Assets	313	324	334	344	353	362	371	382	392	2,851	Vested Assets	100		
2,134	Reserves Total	1,543	2,402	1,850	956	2,499	3,072	1,031	1,124	1,090	13,165				

AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	Funding	G L %	R %
Inner Harbour														
107	Inner Harbour Facilities Renewals	109	91	116	165	169	174	375	386	396	1,890	HB HB Endow. Land Income		100
107	Inner Harbour Total	109	91	116	165	169	174	375	386	396	1,890			
3,602	RECREATION TOTAL	3,187	3,194	4,404	3,141	4,174	3,781	2,077	2,200	2,195	25,159			

SOCIAL AND CULTURAL

Libraries

534	Library Bookstock	519	616	515	529	543	557	572	588	604	4,427	Rates		100
69		71	73	75	77	79	82	84	86	88	642	Financial Contributions		100
603	Libraries Total	590	689	590	606	622	639	656	674	692	5,069			

War Memorial Conference Centre (WMC)

17	WMC - Minor Capital Provision	18	18	19	19	20	20	21	21	22	160	Rates *		100
17	WMC Total	18	18	19	19	20	20	21	21	22	160			

Napier Municipal Theatre (NMT)

28	NMT - Minor Capital Provision	28	29	30	31	32	32	33	34	35	255	Rates *		100
28	NMT Total	28	29	30	31	32	32	33	34	35	255			

Hawke's Bay Museum and Art Gallery (HB MAG)

12,000	Museum Building	-	-	-	-	-	-	-	-	-	-	Grants and Fundraising		50
25	General Provision - Minor Capital Items	26	27	28	28	29	30	31	32	32	236	Rates		100
12,025	HB MAG Total	26	27	28	28	29	30	31	32	32	236			

Retirement and Rental Housing

82	Retirement Flats - Minor Capital Projects	83	86	89	91	93	96	98	101	104	755	Rates *		100
20	Rental Flats - Minor Capital Projects	21	21	22	23	23	24	25	25	26	189	Rates *		100
102	Retirement and Rental Housing Total	104	107	111	114	116	120	123	126	130	944			

Cemeteries

-	Western Hills Extension	40	-	-	-	-	-	-	-	-	40	Rates		100
59	Cemeteries I.A.R.	66	69	80	89	91	94	96	99	101	716	Rates		100
11	Cemeteries - New Beams	11	12	12	13	13	13	14	14	14	104	Rates		100
70	Cemeteries Total	117	81	92	102	104	107	110	113	115	860			

* Expenditure for Retirement and Rental Housing and Tourism Services offset by revenue.

Prospective Capital Plan continued



AP 10/11 (\$'000)	Description	Prospect 11/12 (\$'000)	TYP 11/12 (\$'000)	TYP 12/13 (\$'000)	TYP 13/14 (\$'000)	TYP 14/15 (\$'000)	TYP 15/16 (\$'000)	TYP 16/17 (\$'000)	TYP 17/18 (\$'000)	TYP 18/19 (\$'000)	Prospect Total 11/12-18/19 (\$'000)	Funding	G %	L %	R %
Public Toilets															
36	New Toilet Programme	36	38	-	40	41	-	43	44	-	204	Rates			100
103	Public Toilets I.A.R.	105	108	112	115	118	121	124	128	131	954	Rates			100
139	Public Toilets Total	141	146	112	155	159	121	167	172	131	1,158				
12,984	SOCIAL AND CULTURAL TOTAL	1,024	1,097	982	1,055	1,082	1,069	1,141	1,172	1,157	8,682				

CITY PROMOTION

City Promotion

-	Ahuriri/CBD Transport Link	1,500	-	-	-	-	-	-	-	-	1,500	Parklands Res. Develop. Fund			100
-	City Promotion Total	1,500	-	-	-	-	-	-	-	-	1,500				

Marineland

6	Marineland - Minor Capital Provision	6	6	7	7	7	7	7	8	8	57	Rates *			100
6	Marineland Total	6	6	7	7	7	7	7	8	8	57				

National Aquarium of New Zealand (NANZ)

13	NANZ - Minor Capital Provision	13	14	14	15	15	16	16	16	17	122	Rates *			100
33	NANZ - Capital Provision	33	34	35	36	37	38	39	40	42	300	Rates *			100
-	Move Marineland to NANZ	1,000	-	-	-	-	-	-	-	-	1,000	Marine Parade Special Fund			100
46	NANZ Total	1,046	48	49	51	52	54	55	56	59	1,422				

Napier i-SITE Visitor Centre

11	Napier i-SITE - Minor Capital Provision	11	12	12	13	13	13	14	14	14	104	Rates *			100
11	Napier i-SITE Visitor Centre Total	11	12	12	13	13	13	14	14	14	104				

Par2 MiniGolf

6	Par2 MiniGolf - Minor Capital Provision	6	6	7	7	7	7	7	8	8	57	Rates *			100
6	Par2 MiniGolf Total	6	6	7	7	7	7	7	8	8	57				

Kennedy Park Top 10 Resort

611	Replacement of Cabins	-	-	-	-	-	-	-	-	-	-	Loan - Rates			50
112	Kennedy Park - Minor Capital Provision	114	118	122	125	129	132	135	139	143	1,039	Rates *			100
118	Kennedy Park Renewals	120	125	128	197	202	207	213	219	225	1,511	Rates *			100
841	Kennedy Park Total	234	243	250	322	331	339	348	358	368	2,550				

* Expenditure for Retirement and Rental Housing and Tourism Services offset by revenue.

AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	Funding	G L %	R %
910	CITY PROMOTION TOTAL	2,803	315	325	400	410	420	431	444	457	5,690			

PLANNING AND REGULATORY

Parking Enforcement

204	Add/Replace Meter/Pay & Display Machines	-	-	-	-	-	-	-	-	-	-	-	-	Parking Equipment Reserve	50	50
510	Alternative Transport Parking Provision	-	-	-	-	-	-	-	-	-	-	-	-	Parking Account	100	100
204	Parking Security Upgrade	-	-	-	-	-	-	-	-	-	-	-	-	Parking Account	100	100
400	Accessway Vautier-Raffles	-	-	-	-	-	-	-	-	-	-	-	-	Parking Account	100	100
102	Parking Equipment Replacement	104	107	111	114	117	120	123	126	130	945	945	945	Parking Equipment Reserve	20	80
20	Parking Services - Minor Capital Items	21	21	22	23	23	24	25	25	26	189	189	189	Parking Account	100	100
-	CBD Parking Building	6,432	6,658	-	-	-	-	-	-	-	6,432	6,432	6,432	Parking Account	50	50
-	Suburban Parking	-	-	-	569	-	-	-	-	-	569	569	569	Parking Contributions Account	100	100
1,440	Parking Enforcement Total	6,557	6,786	133	706	140	144	148	151	156	8,135	8,135				
1,440	PLANNING & REGULATORY TOTAL	6,557	6,786	133	706	140	144	148	151	156	8,135	8,135				

ROADING

Roading

2,243	Transportation Proposals	2,283	2,364	2,436	2,505	2,571	2,638	2,707	2,782	2,860	20,782	20,782	20,782	Financial Contributions	100	100
1,789	Roading Capital Projects (Bulk Funded)	1,822	1,886	1,943	1,999	2,052	2,105	2,159	2,220	2,282	16,582	16,582	16,582	Rates	100	100
204	Taradale Town Centre Upgrade	-	-	-	-	-	-	-	-	-	-	-	-	Loan - Special Fund	100	100
-	Awatoto to Expressway Link	194	201	207	2,210	2,269	-	-	-	-	4,880	4,880	4,880	Loan - Rates	100	100
-		219	227	234	2,490	2,556	-	-	-	-	5,499	5,499	5,499	TNZ Subsidy	100	100
-		413	428	441	4,700	4,825	-	-	-	-	10,379	10,379	10,379			
2,600	Roading I.A.R.	2,677	2,736	2,801	2,919	3,036	3,157	3,285	3,417	3,554	24,846	24,846	24,846	Rates	100	100
1,500		1,421	1,724	1,488	1,551	1,611	1,675	1,741	1,809	1,881	13,177	13,177	13,177	TNZ Subsidy	100	100
4,100		4,098	4,460	4,289	4,470	4,647	4,832	5,026	5,226	5,435	38,023	38,023	38,023			
3,966	Roading Vested Assets	4,037	4,179	4,308	4,430	4,547	4,665	4,786	4,920	5,057	36,750	36,750	36,750	Vested Assets	100	100
12,302	ROADING TOTAL	12,653	13,317	13,417	18,104	18,642	14,240	14,678	15,148	15,634	122,516	122,516	122,516			

Prospective Capital Plan continued



AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	Funding	G %	L %	R %
WATER AND WASTES															
Solid Waste															
512	Omarunui Development - Valley D	157	557	157	496	169	392	71	349	52	1,843	Regional Landfill Income Acc.			100
4	Omarunui Development - Plant	3	3	1	372	6	13	4	1	378	778	Regional Landfill Income Acc.			100
4	Omarunui Development - Forestry	1	1	1	1	5	1	1	1	1	12	Regional Landfill Income Acc.			100
58	Omarunui Development - Valleys B & C	117	123	134	272	1,018	1,328	1,182	1,260	798	6,109	Regional Landfill Income Acc.			100
112	Solid Waste I.A.R.	120	125	128	132	136	139	143	147	151	1,096	Rates			100
690	Solid Waste Total	398	809	421	1,273	1,334	1,873	1,401	1,758	1,380	9,838				
Stormwater															
-	Dalton Street Pump Replacement	-	-	60	123	-	-	-	-	-	183	Rates			100
-	Upgrade Taipo Stream	-	-	-	-	-	-	354	-	-	354	Rates			100
-		-	-	-	-	-	-	354	-	-	354	Financial Contributions			100
-		-	-	-	-	-	-	708	-	-	708				
220	Bay View - Upgrade Stormwater	223	-	-	-	-	-	-	-	-	223	Loan - Rates			100
-	Plantation Drain Widening	52	54	121	-	-	-	-	-	-	173	Rates			100
-		32	33	-	-	-	-	-	-	-	32	Financial Contributions			100
-		84	87	121	-	-	-	-	-	-	205				
-	Lagoon Farm Concrete Channel	-	-	-	-	508	-	-	-	-	508	Financial Contributions			100
609	Upgrading Stormwater Catchments I.A.R.	620	642	662	681	699	717	735	756	777	5,647	Rates			100
163		166	172	177	182	187	192	197	202	208	1,511	Financial Contributions			100
772		786	814	839	863	886	909	932	958	985	7,158				
55	Drain Improvements	56	58	60	61	63	65	66	68	811	1,250	Rates			100
50	Extend Outfalls - Marine Parade	-	-	-	56	-	-	-	62	-	118	Rates			100
12	Georges Drive Drain	12	13	13	14	14	14	15	15	16	113	Rates			100
428	Stormwater I.A.R.	436	451	465	478	491	503	516	531	546	3,966	Rates			100
-	Purimu Replacement Pump	571	-	-	-	-	-	-	-	-	571	Loan - Rates			100
-	New Stormwater Pump Station	-	-	-	-	-	-	-	-	4,158	4,158	Loan - Growth			100
-		-	-	-	-	-	-	-	-	1,040	1,040	Financial Contributions			100
-		-	-	-	-	-	-	-	-	5,198	5,198				
508	Stormwater Vested Assets	518	536	552	568	583	598	614	631	648	4,712	Vested Assets			100
2,045	Stormwater Total	2,686	1,959	2,110	2,163	2,545	2,089	2,851	2,265	8,204	24,913				

AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	G L %	R %
Wastewater													
408	Western Pumping Main	412	-	-	-	-	-	-	-	-	412	100	
-	Riverbend Road Trunk Main	682	706	-	-	-	-	-	-	-	682		100
912	Sewerage I.A.R.	1,016	1,051	1,250	1,104	1,162	1,092	1,407	1,669	1,305	10,005		100
214	Sewage Pumping Equipment I.A.R.	218	226	232	239	245	252	258	265	273	1,982		100
-	Treatment Plant Renewal Programme I.A.R.	-	-	-	57	58	90	92	126	130	553		100
236	Milliscreen Renewal Programme I.A.R.	241	249	257	264	271	278	285	293	301	2,190		100
-	Biological Trickling Filter Wastewater Treatment Plant	6,224	6,443	-	-	-	-	-	-	-	6,224	100	
657	Wastewater Vested Assets	669	693	714	734	754	773	793	815	838	6,090	100	
2,427	Wastewater Total	9,462	9,368	2,453	2,398	2,490	2,485	2,835	3,168	2,847	28,138		

AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	G L %	R %
Water Supply													
-	New Reservoir Taradale	-	-	2,767	-	-	-	-	-	-	2,767	100	
-	Awatoto Water Trunk Main	-	2,148	-	2,276	-	-	-	-	-	2,276	100	
-	New Well - Awatoto	-	-	-	882	-	-	-	-	-	882	100	
87	Replace Water Supply Control System	-	-	-	-	-	-	-	-	-	-		100
84	Water Pump Stations I.A.R.	85	88	91	93	96	98	101	104	107	775		100
20	Water Meters I.A.R.	21	21	22	23	23	24	25	25	26	189		100
561	Water Pipes I.A.R.	572	592	610	627	644	661	678	697	716	5,205		100
113	Capital Upgrade Associated with I.A.R.	115	119	123	126	130	133	137	140	144	1,048		100
249	Water Supply Vested Assets	253	262	270	278	285	292	300	308	317	2,303	100	
1,114	Water Supply Total	1,046	3,230	3,883	4,305	1,178	1,208	1,241	1,274	1,310	15,445		
6,276	WATER AND WASTES TOTAL	13,592	15,366	8,867	10,139	7,547	7,655	8,328	8,465	13,741	78,334		

PROPERTY ASSETS

AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	G L %	R %
Property Holdings													
-	Lagoon Farm Business Park	104	107	443	455	-	-	-	-	-	1,002	100	
510	Marine Parade CBD Upgrade	-	-	-	-	-	-	-	-	-	-		50
382	Council Chambers and Weatherproofing	-	-	-	-	-	-	-	-	-	-		100
892	PROPERTY ASSETS TOTAL	104	107	443	455	-	-	-	-	-	1,002		

Prospective Capital Plan continued



AP 10/11 (\$000)	Description	Prospect 11/12 (\$000)	TYP 11/12 (\$000)	TYP 12/13 (\$000)	TYP 13/14 (\$000)	TYP 14/15 (\$000)	TYP 15/16 (\$000)	TYP 16/17 (\$000)	TYP 17/18 (\$000)	TYP 18/19 (\$000)	Prospect Total 11/12-18/19 (\$000)	Funding	G %	L %	R %
SUPPORT UNITS															
Support Units															
64	General Provision - Minor Capital Items	65	68	70	72	74	76	77	80	82	596	Rates	100		
-	General Provision - Capital projects	-	-	-	-	-	-	-	143	153	296	Rates	100		
538	Technology Equipment Renewals	548	567	584	601	617	633	649	667	686	4,985	Tech Equip Renewal Reserve			100
743	Replacement of Mobile Plant and Vehicle	980	667	953	665	665	641	922	1,068	1,227	7,121	Plant Purchase & Renewal Acc			100
38	Software Replacement and Upgrades	38	40	41	42	43	44	46	47	48	349	Rates	50	50	
65	PC and Printer Replacement	66	69	71	73	75	77	79	81	83	605	Rates	100		
12	Corporate I.T. Network	12	13	13	14	14	14	15	15	16	113	Rates	100		
-	Electronic Document Management	-	-	-	58	304	-	-	-	-	362	Rates	100		
1,460	SUPPORT UNITS TOTAL	1,709	1,424	1,732	1,525	1,792	1,485	1,788	2,101	2,295	14,427				

AP 10/11 (\$'000)	Description	Prosp 11/12 (\$'000)	TYP 11/12 (\$'000)	TYP 12/13 (\$'000)	TYP 13/14 (\$'000)	TYP 14/15 (\$'000)	TYP 15/16 (\$'000)	TYP 16/17 (\$'000)	TYP 17/18 (\$'000)	TYP 18/19 (\$'000)	Prosp Total 11/12-18/19 (\$'000)	
TOTAL FUNDING												
10,174	Rates	10,653	10,912	12,002	11,753	12,250	12,125	13,292	13,863	14,454	100,392	
360	Less Loans Rate Funded	360	360	360	360	360	360	360	360	360	2,880	
9,814	Total Funded by Rates	10,293	10,552	11,642	11,393	11,890	11,765	12,932	13,503	14,094	97,512	
1,313	Loan - Rates	2,200	1,443	749	2,887	5,074	1,858	360	360	360	13,848	
433	Loan - Growth	441	-	715	797	-	-	-	-	4,158	6,111	
1,301	Loan - Special Fund	411	850	438	-	-	-	-	-	-	849	
-	Advanced Wastewater Treatment Establishment Fund	6,224	6,443	-	-	-	-	-	-	-	6,224	
125	Capital Reserve	125	-	-	-	-	-	-	-	-	125	
12,000	Grants and Fundraising	-	-	-	-	-	-	-	-	-	-	
107	HB HB Endowment Land Income Account	109	91	116	165	169	174	375	386	396	1,890	
3,221	Financial Contributions	3,263	5,299	6,337	6,320	3,345	3,480	3,342	3,070	4,196	33,353	
1,134	Parking Account	6,453	6,679	22	23	23	24	25	25	26	6,621	
-	Parking Contributions Account	-	-	-	569	-	-	-	-	-	569	
306	Parking Equipment Reserve	104	107	111	114	117	120	123	126	130	945	
1,065	Parklands Residential Development Fund	1,770	279	443	455	-	-	-	-	-	2,668	
743	Plant Purchase and Renewals Account	980	667	953	665	665	641	922	1,068	1,227	7,121	
578	Regional Landfill Income Account	278	684	293	1,141	1,198	1,734	1,258	1,611	1,229	8,742	
1,500	TNZ Subsidy	1,640	1,951	1,722	4,041	4,167	1,675	1,741	1,809	1,881	18,676	
-	Marine Parade Special Fund	1,000	-	-	-	-	-	-	-	-	1,000	
538	Technology Equipment Renewal Reserve	548	567	584	601	617	633	649	667	686	4,985	
5,688	Vested Assets	5,790	5,994	6,178	6,354	6,522	6,690	6,864	7,056	7,252	52,706	
39,866	Total	41,629	41,606	30,303	35,525	33,787	28,794	28,591	29,681	35,635	263,945	

Funding Impact Statement



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

Financial Overview

Summary of Revenue and Financing Mechanisms

	Notes	Prospective Budget 2011/12 (\$'000)	TYP 2011/12 \$'000)	Annual Plan 2010/11 (\$'000)
Operating Expenditure		79,022	85,908	79,019
Capital Expenditure	*	41,629	41,606	39,866
Borrowing Repayments (Net)		8	8	2,014
Total to be Funded		120,659	127,522	120,899
Funding Sources				
Non Targeted Rates:				
General Rate		26,052	26,191	25,351
Uniform Annual General Charge (UAGC)		6,282	7,594	6,133
		32,334	33,785	31,484
Targeted Rates:				
Fire Protection Rate		507	551	497
Water Supply (UAC)		2,857	3,133	2,803
Refuse Collection and Disposal (UAC)		1,241	1,290	1,196
Kerbside Recycling (UAC)		483	497	476
Sewerage (UAC)		5,589	6,843	5,573
Advanced Sewage Treatment (UAC)		1,017	-	1,017
Bay View Sewerage Connection Rate (UAC)		28	30	30
Car Parking Rate		149	149	149
Ahuriri Beautification Rate		14	16	16
CBD Promotion Rate		127	122	125
Taradale Promotion Rate		33	30	31
		12,045	12,660	11,910
Total Rates		44,379	46,445	43,393
Financial Contributions		2,280	3,259	1,200
Vested Assets (including Parklands)		5,790	7,226	5,688
User Charges and Service Delivery		26,992	29,816	28,193
Subsidies and Grants		11,218	4,891	14,705
Other Income		8,104	7,873	7,890
Council Reserves		21,897	16,955	15,952
Borrowing		-	11,057	3,878
Total Funding		120,659	127,522	120,899

* For notes on departures from the 2011/12 TYP, refer to the Explanatory Notes of Changes on pages 37 to 41 and the Prospective Capital Plan comments on pages 42 to 44.

Rating

The following describes in full the rating system to apply from 1 July 2011:

1. General Rate

- Based on land value of all rating units.
- Differentially applied. The differentials are set to enable:
 - 64% of the total general rate together with the Uniform Annual General Charge to be collected from residential properties and 36% from non residential properties.
 - The recovery of the assessed actual costs of services supplied to rural properties, excluding those in the Bay View Differential Rating Area.
 - The standardising of the rate for properties in the Bay View Differential Rating Area with those residential properties in Napier City, but adjusted to reflect assessed actual cost of services supplied to Bay View for roading, stormwater, and reserves activities.
 - The application of the same rate for miscellaneous non residential properties as for residential properties.

Differentials	Group/Code	2011/12
City Residential	1	100%
Commercial & Industrial	2	305.96%
Miscellaneous	3	100%
Ex-City Rural	4	58.92%
Other Rural	5	58.92%
Bay View	6	54.45%

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

2. Uniform Annual General Charge

Council's Uniform Annual General Charge is set at a level to enable the total amount of Uniform Annual Charges, excluding those related to Water Supply and Sewage Disposal, to recover about 20% of total rates.

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

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

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

▪ 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.

▪ Uniform Annual Charge

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

4. Refuse Collection and Disposal Uniform Annual Charge

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

5. Kerbside Recycling Uniform Annual Charge

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

6. Sewerage Uniform Annual Charge

- A targeted rate set on a uniform basis, applied

to each separately used or inhabited part of a rating unit connected to the City Sewerage System.

- 50% of the charge applies to each rating unit (excluding Bay View properties) not connected but located within 30 metres of the system.
- For Bay View properties located within the Stage 1 Urban Drainage Area, 50% of the charge applies to each rating unit not connected but located within 30 metres of the system.
- This rate recovers the net cost of the Wastewater Management Activity.

7. Advanced Sewage Treatment Levy

- A targeted rate set on a uniform basis, applied to each separately used or inhabited part of a rating unit connected to the City Sewerage System.
- 50% of the charge applies to each rating unit (excluding Bay View properties) not connected but located within 30 metres of the system.
- For Bay View properties located within the Stage 1 Urban Drainage Area, 50% of the charge applies to each rating unit not connected but located within 30 metres of the system.
- Except for the industries' share of the project cost which will be funded by loan, raised at the time of construction, and recovered from wet industries through trade waste charges, the levy will contribute to the capital cost of the treatment plant, and will cease once the plant is commissioned.

8. Bay View Sewerage Connection Rate

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

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

the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

9. Off Street Carparking Rates

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

▪ CBD Off Street Carparking Rate

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

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

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

▪ Taradale Off Street Carparking Rate

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

▪ Suburban Shopping Centre Off Street Carparking Rate

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

10. Ahuriri Beautification Rate

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

11. CBD Promotion Levy

- Targeted rate based on land value.

- Uniformly applied.
- Applies to each commercial and industrial rating unit situated within the area bounded by the Marine Parade/Tennyson Street intersection, along Tennyson Street to Herschell Street to Browning Street to Cathedral Lane to the Cathedral Lane/Tennyson Street intersection, then west along Tennyson Street to the intersection with Milton Road and including properties on the northern side of Tennyson Street, then along Clive Square West to Dickens Street, then from Dickens Street to Dalton Street and including properties on the southern side of Dickens Street, from Dalton Street to Station Street, Station Street to Hastings Street, Hastings Street to Faulknor Lane, Faulknor Lane to Marine Parade, and north along Marine Parade to the intersection with Tennyson Street.
- This rate recovers 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.

12. Taradale Promotion Levy

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

13. Water by Meter Charges

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

Separately Used or Inhabited Parts of a Rating Unit

Definition

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

- Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

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

- For residential rating units, each self contained area is considered a separately used or inhabited part, unless used solely as a single family residence. Each situation is assessed on its merits, but factors considered in determining whether an area is self contained would include the provision

of independent facilities such as cooking / kitchen or bathroom, and its own separate entrance.

- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.
- For commercial or industrial properties, two or more different businesses operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.

These examples are not inclusive of all situations.

Description of Differential Categories

GROUP 1: City Residential Properties

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

Code

- 1.1.1 Improved residential properties – single unit
- 1.1.2 Improved residential properties – multi unit
- 1.2.1 Vacant utilisable residential land

GROUP 2: Commercial and Industrial Properties

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

Sub Group 2.1: Central Business District

Every separately assessed commercial and industrial property situated within the area bounded by the base of the Hill, from Marine Parade to Milton Road, south along Clive Square East and south along Munroe Street to Edwardes Street south along Hastings Street, 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 on the corner of Browning Street and Shakespeare Road, then across Shakespeare Road to include the corner of the property on the western corner of Shakespeare Road and Browning Street, then south down Hastings Street, excluding the Cathedral, along the rear of properties down Hastings Street, then west along the rear of the properties fronting Tennyson Street to Dalton Street then across Tennyson Street south to include the property on the corner of Tennyson Street and Dalton Street (Public Trust), and Pt Town Sec 162, Pt Town Sec 162, Lot 2 DP 6176 west along the rear of properties fronting Emerson Street to Clive Square East.

2.1.2 Properties Receiving 50% Parking Dispensation

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

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: CBD 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 Holdings Ltd

Sub Group 2.4: Other Suburban Shopping Centres

Every separately assessed commercial property situated in the following suburban shopping centres in Napier, which centres are zoned Commercial A, Special Commercial or Industrial.

Greenmeadows, Trinity Crescent, Pirimai Plaza, Onekawa, Maraenui, Marewa, Wycliffe Street, League Park, Balmoral, Port Ahuriri, Westshore, Tamatea and Marewa (Latham Street).

Code

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

Sub Group 2.5: Commercial Properties in Residential Areas

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

Code

- 2.5.1 Shops and commercial properties in residential areas – other than in 2.5.2
- 2.5.2 Shops and commercial properties in residential areas – served by Council supplied off street carparking.

Sub Group 2.6: Industrial – Outer City Areas

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

Code

- 2.6.1 Improved outer industrial
- 2.6.2 Unimproved outer industrial

Sub Group 2.7: Hotels and Motels – Outer City Areas

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 industrially zoned areas

GROUP 3: Miscellaneous Properties

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

Sub Group 3.1: Vacant Substandard Sections

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

Code

3.1.1 Vacant sub-standard sections

Sub Group 3.2: Other Miscellaneous Rateable Properties

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

Code

- 3.2.1 Lodge Rooms, Halls and the like in residential areas
- 3.2.2 Land occupied and/or used for Churches and Private Schools
- 3.2.3 Homes for the Elderly, Private Hospitals, etc
- 3.2.4 Public Schools, Kindergartens and Playcentres
- 3.2.5 Miscellaneous Crown properties
- 3.2.6 Public Utilities (not NCC)
- 3.2.7 Pensioner Flats and Housing for the aged
- 3.2.8 Sports Clubs previously eligible for rates remission under Section 179 of the Rating Powers Act 1988
- 3.2.9 Non profit making organisations excluding Sports Clubs, previously eligible for rates remission under Section 179 of the Rating Powers Act 1988
- 3.3.8 Council properties (other than leased)

Sub Group 3.3: Miscellaneous Non Rateable Properties

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

Code

- 3.3.1 Land occupied and/or used for Churches and Private Schools
- 3.3.2 Homes for the Elderly, Private Hospitals, etc
- 3.3.3 Public Schools, Kindergartens and Playcentres
- 3.3.4 Miscellaneous Crown properties
- 3.3.5 Public Utilities (not NCC)

3.3.6 Sports Clubs and other non profit making organisations previously eligible for rates remission under Section 179 of the Rating Powers Act 1988

3.3.7 Council properties (used for purposes outlined in sub section 4 of part 1 of schedule 1 - Local Government (Rating) Act 2002)

GROUP 4: Ex-City Rural Areas

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

Code

4.1.1 Ex-City rural properties

GROUP 5: Other Rural Areas

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

Code

- 5.1.1 Other rural properties (not included under 5.1.2)
- 5.1.2 Other rural properties (under 1500m²) for which Special Rateable Values (SRV) for ‘Existing use’ applied under Section 26 of the Rating Valuations Act 1998, prior to 1 July 2003.

GROUP 6: Bay View Differential Rating Area

Every separately assessed property falling within the Bay View Differential Rating Area as defined in the following three schedules:

Schedule 1

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

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

1. Instalment Rating

Rates for 2011/12 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 24 August 2011
- Second Instalment due 23 November 2011
- Third Instalment due 22 February 2012
- Fourth Instalment due 23 May 2012

2. Penalties

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002 a penalty of 10 per cent is added to each instalment or part thereof which is unpaid 2 full working days after the due date for payment. Previous years rates which remain unpaid will have a further 10 per cent added 2 full working days after the due date for instalments one and three.

Fees and Charges

Council applies a range of fees and charges to fully or partially recover the costs of various activities. Many of the fees and charges are set to achieve levels of recovery of private benefits as indicated in the Revenue and Financing Policy, contained in Appendix A of the 2009 – 2019 TYP.

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

The schedule is available upon request from the Council office.

Indicative Rates

	Indicative Rates 2011/12 (incl GST)
Rates and Charges (incl GST)	
General Rate (cents per \$ LV)	
Diff 1 City Residential	0.52310
Diff 2 Commercial and Industrial	1.60048
Diff 3 Miscellaneous	0.52310
Diff 4 Ex-City Rural	0.30821
Diff 5 Other Rural	0.30821
Diff 6 Bay View	0.28483
Uniform Annual General Charge (UAGC)	\$275.00
Targeted Rates	
Fire Protection Rate (cents per \$ CV)	
Diff 1, 2.5, 3, 4, 5, 6	0.00526
Diff 2.1, 2.2	0.02104
Diff 2.3, 2.4, 2.6, 2.7	0.01052
Water Supply Uniform Annual Charge - City	\$130.00
Water Supply Uniform Annual Charge - Bay View	\$130.00
Refuse Collection & Disposal Uniform Annual Charge	
1 collection per week	\$54.00
2 collections per week	\$108.00
3 collections per week	\$162.00
Kerbside Recycling Uniform Annual Charge	\$24.00
Sewerage Uniform Annual Charge	\$260.00
Advanced Sewage Treatment Levy (UAC)	\$49.00
Bay View Sewerage Connection Rate (UAC)	\$941.36
Off Street Car Parking Rate (cents per \$ LV)	
Diff 2.1.1	0.13892
Diff 2.1.2	0.06946
Diff 2.3.2, 2.4.3, 2.4.4, 2.4.5, 2.5.2	0.10614
Suburban Beautification Rate - Ahuriri (cents per \$ LV)	0.26079
Promotion Rate - CBD (cents per \$ LV)	0.18035
Promotion Rate - Taradale (cents per \$ LV)	0.12915
Water By Meter Charges	
Non Domestic Supplies (\$/m ³)	0.38192
Metered Domestic Supplies outside Napier Water Supply Area (\$/m ³)	0.70868

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 2011.



Activity Groups

Key Issues

A review of representation arrangements for the election of the Napier City Council is required to be carried out in 2012. This review will cover the number of Council members and whether the members are elected by wards or the electorate as a whole. If elections are by wards the name and boundaries of these will also be reviewed. Preparation for this review will commence in the 2011/12 year.

The Maori Consultative Committee is Council's primary liaison with the Maori community. At the Triennial Meeting of Council on 3 November 2010 the terms of reference for the committee were adopted. The committee membership is still under discussion with the tangata whenua.

Performance Targets

Democracy and Governance

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide a democratic system for decision making for the City.	Number of Council Meeting cycles.	7 cycles (one cycle less in election year)	8 cycles	8 cycles
Provide adequate information on Council for the citizens of Napier.	Percentage of residents satisfied with the Sufficiency of Public Information in the NRB Public Opinion Survey.	75%	75%	75%
Provide opportunities for public consultation on significant issues.	All significant issues as defined by the significance policy are subject to public consultation.	Report on all consultation carried out.	Report on all consultation carried out.	Report on all consultation carried out.

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
1,773	Democracy and Governance	2,049	2,084	1,985
1,773		2,049	2,084	1,985
1,773	Net Cost Of Service	2,049	2,084	1,985
	Capital Expenditure			
-	Democracy and Governance	-	-	-
-		-	-	-
1,773	Funding Required	2,049	2,084	1,985
	Funded By:			
1,773	Non Targeted Rates	2,049	2,084	1,985
1,773	Total Funding	2,049	2,084	1,985

Key Issues

Grant for Third Artificial Hockey Field

The Prospective Capital Plan provides for a \$500,000 grant to HB Hockey Artificial Surface Trust for a third artificial field funded from special fund. This funding will be made available once the project is underway.

Inner Harbour Funding Policy

This Plan includes an amended policy for funding the Inner Harbour. This policy allocates cost based on the assessed benefit arising from each type of cost. The amended policy provides for about 70% to be recovered from user pays and 30% from the wider community compared to the previous 60/40 split.

As a result of both cost increases and the new policy, increases in user charges of 73% would have been required in 2009/10. As this increase would not be affordable for boat owners in one year the increase is being applied over a five year period, with 10% pa increase applying in each of 2009/10 and 2010/11, and 18% pa for the following three years from 2011/12.

Capital Projects

Details of capital projects for Sportsgrounds Developments, Napier Aquatic Centre, Reserves and Whakarire Ave Breakwater and Westshore Beach Reprofilling are included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

Sportsgrounds

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide open and accessible sportsgrounds for casual and formal users and cater for a range of sports codes.	Percentage of residents satisfied with Parks and Sportsfields in the NRB Public Opinion Survey.	92%	92%	92%
	Sportsgrounds area per thousand residents.	3.129ha	3.129ha	3.129ha

Napier Aquatic Centre

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide facilities and services that are high quality, enjoyable, clean and safe and well utilised.	Napier Aquatic Centre accredited as meeting Poolsafe standards.	100%	100%	100%
	Water quality adherence rate to NZ Water Treatment Standards 5826:2000.	95%	95%	95%
	Number of users.	200,000 ^[1]	204,000	204,000
Provide programmes relevant to the needs of the community which are well organised and professionally delivered.	Pool users and programme participants' satisfaction rate with service.	81%	82%	82%

Note ^[1]: 2010/11 target reflects closure of outdoor pool.

Reserves

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Reserves maintained to the aesthetic satisfaction of the community.	Percentage of residents satisfied with Public Gardens and Street Beds in the NRB Public Opinion Survey.	97%	97%	97%
	Annuals propagated and planted throughout the City, to achieve aesthetic appeal.	180,000	180,000	180,000
Provide adequate area of parks and reserves accessible to residents throughout the City.	Recreational land per residential lot.	75m ²	75m ²	75m ²

Inner Harbour

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Maintain the Inner Harbour access channels to ensure they are navigable.	Maximum time between dredges of the Inner Harbour.	4 years	4 years	4 years
	Maximum time between Depth Soundings of the Inner Harbour.	18 months	18 months	18 months
Provide berths for commercial and recreational vessel owners.	Number of berths provided.	95 berths (29 commercial 66 recreational)	95 berths (29 commercial 66 recreational)	95 berths (29 commercial 66 recreational)

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
2,491	Sportsgrounds	3,028	3,078	2,487
1,724	Napier Aquatic Centre	1,862	1,868	1,776
19	Marine Parade Pools	39	46	40
2,641	Reserves	2,693	2,856	2,702
204	Inner Harbour	355	337	353
7,079		7,977	8,185	7,358
	Interest			
123	Sportsgrounds	162	221	183
8	Napier Aquatic Centre	11	15	13
10	Marine Parade Pools	13	18	16
145	Reserves	389	522	391
23	Inner Harbour	30	42	34
309		605	818	637
	Depreciation			
691	Sportsgrounds	1,022	1,079	996
238	Napier Aquatic Centre	269	273	241
171	Marine Parade Pools	177	182	171
234	Reserves	298	344	294
97	Inner Harbour	108	108	98
1,431		1,874	1,986	1,800
8,819	Total Operating Costs	10,456	10,989	9,795
	Income [1]			
(4,313)	Sportsgrounds	(1,024)	(818)	(605)
(720)	Napier Aquatic Centre	(782)	(740)	(739)
(50)	Marine Parade Pools	(50)	(54)	(50)
(353)	Reserves	(564)	(672)	(468)
(183)	Inner Harbour	(220)	(245)	(186)
(5,619)		(2,640)	(2,529)	(2,048)
3,200	Net Cost Of Service	7,816	8,460	7,747
	Capital Expenditure			
1,586	Sportsgrounds	1,415	577	1,243
-	Napier Aquatic Centre	120	125	118
458	Reserves [2]	3,900	2,402	3,353
262	Inner Harbour	109	91	107
2,306		5,544	3,195	4,821
5,506	Funding Required	13,360	11,655	12,568

Recreation continued

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Funded By:			
6,092	Non Targeted Rates	6,794	7,145	6,465
220	Loans - Rates	170	176	122
-	Loans - Growth	441	-	433
57	Loans - Non Rates	2,768	850	2,316
3,839	Non Funded Items	460	702	674
(4,262)	Special Funds	3,002	2,921	2,393
(440)	Financial and Capital Contributions	(275)	(139)	165
5,506	Total Funding	13,360	11,655	12,568

[1] Group Activity Income Includes:

(15)	Vested Assets	(313)	(324)	(308)
(373)	Financial and Capital Contributions	(366)	(648)	(173)

[2] Capital Expenditure includes the Whakarire Avenue Breakwater and Westshore Beach Reprofilng project budget of \$2,357,500 funded from Non Rates Loans. Funding was provided in prior years.

Key Issues

Capital Projects

Details of the capital project for Hawke's Bay Museum and Art Gallery is included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

Libraries

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
A good level of library bookstock is maintained and kept up to date.	Library stock refreshment rate per 1,000 people.	350	350	350
Library services accessible to citizens of Napier.	Items issued per annum.	790,000*	790,000*	850,000*
	Total visitors.	Door & Web 530,000	Door & Web 530,000	Door & Web 530,000
	Number of members who have used the libraries (based on issues).	19,000	20,000	20,000
	Each library open at least 45 hours per week.	45 hours	45 hours	45 hours
Provide a website service, including catalogue, which is improved over time.	Website services available and improvement programme in place.	88,800 Website visits	90,100 Website visits	90,100 Website visits
		Report on web improvements.	Report on web improvements.	Report on web improvements.
Provide a summer reading programme at each library.	Summer reading programmes provided.	200	200	200

War Memorial Conference Centre (WMC)

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide and manage a conference and function facility.	Number of days WMC is in use.	280	280	280
	Number of community hires.	30	31	31
	Number of National and International hires.	293	296	296
	Customer satisfaction rate.	94%	94%	94%
Maintain Qualmark Venue 4 star rating.	Maintain Qualmark Venue 4 star rating.	Rating maintained	Rating maintained	Rating maintained
Maintain the public memorial to citizens of the Napier area killed during World Wars 1 and 2.	Days the eternal flame memorial operating.	365	365	365

Napier Municipal Theatre

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide a quality performing arts facility for use by local, national and international groups or individuals.	Number of hire days for theatrical and cultural events.	162	162	162
	Number of hire days for non performance events, e.g. conferences, meetings, exhibitions	45 ⁽¹⁾	46	46

Note ⁽¹⁾: 2010/11 target based on past two years' actuals.

Hawke's Bay Museum and Art Gallery

Note: The Hawke's Bay Museum and Art Gallery closed for building redevelopment on 25 July 2010.

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide a facility to display art, culture and heritage.	Number of admissions to the museum and art gallery annually.	N/A	29,000	N/A
	Number of exhibitions held in the museum and art gallery per annum.	N/A	9	N/A
	Number of cinema admissions annually.	N/A	31,000	N/A
	Percentage of residents satisfied with the Museum and Art Gallery in the NRB Public Opinion Survey.	N/A	80%	N/A
Provide educational programmes and workshops for primary, secondary, tertiary and adult learning on technology, culture and art.	Number of workshops and educational programmes.	N/A	10	10

Community Advice

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Support community initiatives that are in line with Council policy and direction.	Community Services Grants and Property Grants and Community Development Funding distributed each year in accordance with Council policy (including follow up of funds expended).	100%	100%	100%
Secure key services that are core activities for the community but outside the core business of Council (e.g. Surf Life Saving, Community Patrols).	Service Agreements and Purchase Contracts meet reporting requirements (i.e. contract requirements).	90%	90%	90%

Community Advice continued

Regular liaison with community groups and social services, key organisations and agencies to share community information and advice.	Number of community organisations receiving information via email four times per year.	120	120	120
Support youth initiatives in Napier.	Number of Youth forums coordinated per year.	18	18	18
	Number of Youth alcohol and drug free events and activities.	8	9	9

Safer Community

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Promote safety in the community with emphasis on situational crime prevention measures.	Minimum number of community based crime reduction strategies supported.	4	4	4

Halls

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide affordable indoor facilities to assist in meeting the social, leisure and cultural needs of the community.	Total hours hired:			
	- Greenmeadows East	1,500	1,500	1,500
	- Memorial Square	1,900	1,900	1,900
	- Library Seminar Room	nil ⁽¹⁾	700	nil ⁽¹⁾
	Percentage of residents satisfied with Halls in the NRB Public Opinion Survey.	95%	95%	95%

Note ⁽¹⁾: The Library Seminar Room is no longer used by external clients.

Retirement and Rental Housing

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide affordable housing for those with low assets, low income and an identifiable housing need.	Occupancy rate of Retirement and Rental housing.	97%	97%	97%
Provide assistance, support and advice for the residents of the retirement flats.	Village coordinators are available during normal working hours and on call for emergencies 24 hours/7 days.	100%	100%	100%

Cemeteries

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Well maintained and conveniently located cemeteries provided.	Percentage of residents satisfied with Cemeteries in the NRB Public Opinion Survey.	95%	95%	95%

Public Toilets

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide sufficient public toilets that are conveniently placed and accessible; cater for all types of users, with particular emphasis on hygiene and safety.	Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey.	80%	80%	80%
	Toilets inspected and cleaned daily.	100%	100%	100%

Emergency Management

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Maintain an organisational capability to respond to civil emergencies.	Emergency Operations Centre training activities.	30	30	30
	Radio Communications operative during weekly checks. Note: this ensures the radios will be operative in an emergency.	100%	100%	100%
	Proportion of national warnings responded to within 30 minutes.	100%	100%	100%

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
2,528	Libraries	2,695	2,623	2,618
1,248	War Memorial Conference Centre	1,378	1,390	1,438
657	Napier Municipal Theatre	759	691	733
2,785	HB Museum and Art Gallery	2,178	2,606	2,570
1,300	Community Advice	1,352	1,454	2,371
257	Safer Community	212	177	213
235	Halls	214	254	246
1,140	Retirement and Rental Housing	1,435	1,360	1,378
495	Cemeteries	503	521	492
603	Public Toilets	670	681	659
277	Emergency Management	356	367	353
11,525		11,752	12,124	13,071
	Interest			
10	Libraries	17	17	20
8	War Memorial Conference Centre	12	15	14
16	Napier Municipal Theatre	22	30	25
-	HB Museum and Art Gallery	360	375	360
-	Community Advice	-	1	1
7	Halls	10	14	12
128	Retirement and Rental Housing	128	159	149
6	Cemeteries	8	11	9
5	Public Toilets	7	9	7
-	Emergency Management	1	-	1
180		565	631	598
	Depreciation			
392	Libraries	507	547	628
112	War Memorial Conference Centre	119	121	112
284	Napier Municipal Theatre	303	308	287
129	HB Museum and Art Gallery	130	433	103
2	Community Advice	3	28	28
51	Halls	55	51	51
484	Retirement and Rental Housing	534	553	491
32	Cemeteries	42	42	35
56	Public Toilets	65	73	59
29	Emergency Management	24	13	25
1,571		1,782	2,169	1,819
13,276	Total Operating Costs	14,099	14,924	15,488

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Income [1]			
(181)	Libraries	(288)	(341)	(262)
(1,115)	War Memorial Conference Centre	(1,190)	(1,226)	(1,236)
(457)	Napier Municipal Theatre	(540)	(520)	(526)
(2,193)	HB Museum and Art Gallery	(7,900)	(1,666)	(12,050)
(306)	Community Advice	(291)	(252)	(304)
(170)	Safer Community	(50)	(58)	(50)
(59)	Halls	(70)	(48)	(70)
(2,076)	Retirement and Rental Housing	(1,987)	(2,012)	(1,946)
(218)	Cemeteries	(221)	(231)	(217)
(13)	Public Toilets	(14)	(15)	(14)
(25)	Emergency Management	-	-	-
(6,813)		(12,551)	(6,369)	(16,675)
6,463	Net Cost Of Service	1,548	8,555	(1,187)
	Capital Expenditure			
647	Libraries	590	689	603
29	War Memorial Conference Centre	18	18	17
170	Napier Municipal Theatre	28	29	28
76	HB Museum and Art Gallery [2]	15,692	27	17,444
71	Community Advice	-	-	-
45	Halls	-	-	-
187	Retirement and Rental Housing	104	107	102
37	Cemeteries	117	81	70
28	Public Toilets	141	146	139
1,290		16,690	1,097	18,403
7,753	Funding Required	18,238	9,652	17,216
	Funded By:			
6,107	Non Targeted Rates	7,444	7,482	7,321
-	Loans - Rates	5,000	-	5,000
41	Loans - Growth	-	-	-
727	Non Funded Items	607	912	553
858	Special Funds	5,186	1,269	4,295
20	Financial and Capital Contributions	1	(11)	47
7,753	Total Funding	18,238	9,652	17,216

[1] Group Activity Income Includes:

-	Grants and Fundraising	(7,000)	-	(10,425)
(38)	Financial and Capital Contributions	(45)	(84)	(22)

[2] Capital Expenditure includes the Hawke's Bay Museum and Art Gallery project budget of \$15,666,500 funded from Rates Loans and Special Funds. Funding was provided in prior years.

Key Issues

Marineland of New Zealand

Marineland has been closed to the public by decisions of Council dated 2 July 2008 and 9 December 2010.

Capital Projects

Details of the capital projects for the National Aquarium of New Zealand and Ahuriri/CBD Transport Link are included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

City and Business Promotion

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Assist in local and regional efforts to achieve higher levels of economic and employment growth/development in Napier.	Number of Economic Monitoring Reports produced.	4	4	4
	'Be Your Own Boss' clients served.	108	108	100
	Percentage of residents satisfied with Council's Policies to Promote Job Opportunities in the NRB Public Opinion Survey.	80%	80%	80%

City Promotion Grants

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Council funding for City Grants is provided in accordance with Council policy.	Art Deco and Inner City Marketing comply with contract agreement for grants.	100%	100%	100%

National Aquarium of New Zealand

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide an aquarium for visitors and local citizens for recreation and education.	Number of visitors.	96,000	96,000	96,000
	Non-standard admission numbers (includes friends revisits, functions, behind the scenes tours, diving, sleepovers and birthday parties).	8,316	8,316	8,316
	Maintain ARAZPA and Qualmark visitor activity endorsements.	Ratings maintained	Ratings maintained	Ratings maintained
	Average visitor satisfaction grading of the exhibits (1 to 5 where 5 is excellent).	At least 4	At least 4	At least 4
Provide education programmes for conservation education.	Number of school children.	7,300	7,300	7,300
	Number of schools.	170	170	170

Napier i-SITE Visitor Centre

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide information for tourists.	Number of information packs and emails distributed.	10,000 ^[1]	2,800	7,500 ^[1]
	Number of visitors through the centre.	275,000 ^[2]	310,000	275,000 ^[2]
	Opening hours per days.	Minimum 8 hrs/364 days	Minimum 8 hrs/364 days	Minimum 8 hrs/364 days
	Maintain i-SITE membership.	Membership maintained	Membership maintained	Membership maintained

Note ^[1]: The measure has been decreased to reflect greater proportion of online interaction which is not included in measures for mailed information packs or emails.

Note ^[2]: Revised projection based on actual visitor numbers.

Par2 MiniGolf

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide a leisure attraction for tourists and local citizens.	Admission numbers.	40,000 ^[1]	51,000	40,000 ^[1]
	Customer satisfaction rating.	90%	90%	90%

Note ^[1]: Revised projection based on actual player numbers.

Kennedy Park Top 10 Resort

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide quality, affordable accommodation for families, sports groups and visitors to Napier.	Overall number room nights booked.	33,000	33,000	33,000
	Percentage of users who are young children family groups.	27%	27%	27%
	Maintain "Top 10" and Qualmark 5 star Holiday Park and 4 plus star Self Contained and Serviced ratings.	Ratings maintained	Ratings maintained	Ratings maintained

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
533	City and Business Promotion	602	642	578
344	City Promotion Grants	365	382	359
562	Marineland of NZ	538	623	559
1,576	National Aquarium of NZ	1,673	1,817	1,704
903	Napier i-SITE Visitor Centre	986	997	971
238	Par2 MiniGolf	274	307	287
2,283	Kennedy Park Top 10 Resort	2,180	2,314	2,148
6,439		6,618	7,082	6,606
	Interest			
1	Marineland of NZ	-	2	2
155	National Aquarium of NZ	128	148	156
1	Napier i-SITE Visitor Centre	2	3	2
1	Par2 MiniGolf	1	1	1
16	Kennedy Park Top 10 Resort	96	114	108
174		227	268	269
	Depreciation			
18	Marineland of NZ	24	20	18
395	National Aquarium of NZ	411	430	392
32	Napier i-SITE Visitor Centre	32	36	30
19	Par2 MiniGolf	21	22	20
197	Kennedy Park Top 10 Resort	252	285	242
661		740	793	702
7,274	Total Operating Costs	7,585	8,143	7,577
	Income [1]			
(4)	City and Business Promotion	(6)	(39)	(6)
(152)	City Promotion Grants	(160)	(152)	(155)
(49)	Marineland of NZ	(9)	(34)	(30)
(1,441)	National Aquarium of NZ	(1,440)	(1,544)	(1,482)
(607)	Napier i-SITE Visitor Centre	(647)	(665)	(634)
(301)	Par2 MiniGolf	(337)	(377)	(348)
(3,084)	Kennedy Park Top 10 Resort	(3,123)	(3,171)	(3,089)
(5,638)		(5,722)	(5,982)	(5,744)
1,636	Net Cost Of Service	1,863	2,161	1,833
	Capital Expenditure			
-	Art Deco Coaches	1,500	-	-
30	Marineland of NZ	6	6	6
215	National Aquarium of NZ	1,046	48	46
1	Napier i-SITE Visitor Centre	11	12	11
6	Par2 MiniGolf	6	6	6
1,315	Kennedy Park Top 10 Resort	234	244	841
1,567		2,803	316	910
3,203	Funding Required	4,666	2,477	2,743

City Promotion continued

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Funded By:			
1,287	Non Targeted Rates	1,327	1,238	1,304
500	Loans - Non Rates	-	-	611
715	Non Funded Items	739	793	702
701	Special Funds	2,600	446	126
3,203	Total Funding	4,666	2,477	2,743

[1] Group Activity Income Includes:

(122)	CBD Contributions	(127)	(122)	(125)
(30)	Taradale Promotion Levy	(33)	(30)	(31)

Key Issues

Capital Projects

Details of the capital project for Parking is included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

Planning Policy

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Implement Council's direction and comply with statutory requirements for preparing and maintaining the District Plan.	Ensure the integrity of the District Plan is maintained through strategic reviews.	Report on progress	Report on progress	Report on progress
	Manage District Plan modifications within legal requirements.	Report on progress	Report on progress	Report on progress

Regulatory Consents

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Administer and monitor the District Plan through the resource consent process.	Process non-notified resource consents and all subdivision consents to approval stage, within the statutory time frames of 20 working days.	100%	100%	100%
	Process notified consents within the statutory time frames of 70 working days.	100%	100%	100%
	Land Information Memorandums to be processed within the statutory time frame of 10 working days.	100%	100%	100%
Planning complaints are responded to efficiently and effectively in a manner that is fair to all parties.	Response rate to complaints.	All urgent complaints are investigated within 3 days.	All urgent complaints are investigated within 3 days.	All urgent complaints are investigated within 3 days.

Building Consents

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Ensure compliance with the Building Act code and regulation.	Process building consents within the statutory time frame of 20 working days.	100%	100%	100%
	Process Code Compliance Certificates within the statutory time frame of 20 working days.	100%	100%	100%
	Audit 20% of all buildings requiring building warrants of fitness registered from owners of buildings, subject to code of compliance schedule.	20%	20%	20%
	Maintain Building Consent Authority (BCA) and International Organisation for Standardisation (ISO).	Accreditations maintained	Accreditations maintained	Accreditations maintained

Environmental Health

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Protect the health of the community through the monitoring and compliance with the various Acts pertaining to Environmental Health.	Proportion of all food premises inspected twice per year (including re-checking) and non-food premises inspected once per year.	100%	100%	100%
	Number of water samples taken compared to number of the National Standard.	165% ^[1]	180%	165% ^[1]
	Requests for swimming pool fencing inspections initiated within 10 working days.	100%	100%	100%
Provide a noise control service.	Percentage of residents satisfied with Noise Control in the NRB Public Opinion Survey.	77%	80%	80%

Note ^[1]: A sampling rate of 165% exceeds legislative requirements and demonstrates a high level of commitment to this area of work. Going beyond this level of sampling and analysis would increase cost and officer time required to an unsustainable level.

Animal Control

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide animal control services to minimise public nuisance and encourage responsible ownership.	Complaint investigations initiated within 5 working days.	100%	100%	100%
	Number of licensed dog owners (to become licensed an owner must demonstrate that they are responsible).	67%	67%	18% ^[1]
	Percentage of residents satisfied with Animal Control in the NRB Public Opinion Survey.	75%	75%	75%

Note ^[1]: The target was a new measure and the original target was obtained from incorrect data.

Parking Services

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provision of sufficient vehicle parking to meet reasonable public expectations.	CBD parking occupancy rate (off street and on street).	Range 50-85% ^[1]	Less than 70%	Range 50-85% ^[1]
	Taradale parking occupancy rate (off street and on street).	Range 50-85% ^[1]	Less than 70%	Range 50-85% ^[1]
	Percentage of residents satisfied with Parking in the Inner City in the NRB Public Opinion Survey.	60%	60%	60%
	Percentage of residents satisfied with Parking in the Suburbs in the NRB Public Opinion Survey.	80%	80%	80%

Note ^[1]: The range specified above is consistent with good parking practice nationally. In any area, maintaining the balance between sufficient use (which provides income) and not overloading an area (which would cause frustration) is important. Accordingly, a single figure target is not appropriate for this work.

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
822	Planning Policy	648	649	621
856	Regulatory Consents	1,040	1,029	998
1,311	Building Consents	1,274	1,286	1,229
543	Environmental Health	547	544	518
583	Animal Control	614	600	583
1,205	Parking	1,301	1,309	1,215
5,320		5,424	5,417	5,164
	Interest			
-	Planning Policy	2	-	2
-	Building Consents	1	1	1
11	Animal Control	11	17	11
19	Parking	188	219	210
30		202	237	224
	Depreciation			
3	Planning Policy	-	-	13
-	Building Consents	3	20	39
1	Environmental Health	1	1	1
10	Animal Control	11	11	11
124	Parking	395	342	170
138		410	374	234
5,488	Total Operating Costs	6,036	6,028	5,622
	Income			
-	Planning Policy	(5)	(5)	(5)
(267)	Regulatory Consents	(399)	(393)	(386)
(1,120)	Building Consents	(889)	(912)	(865)
(227)	Environmental Health	(222)	(221)	(211)
(539)	Animal Control	(507)	(453)	(446)
(2,306)	Parking	(2,689)	(2,828)	(2,430)
(4,459)		(4,711)	(4,812)	(4,343)
1,029	Net Cost Of Service	1,325	1,216	1,279
	Capital Expenditure			
5	Animal Control	-	-	-
176	Parking	6,557	6,786	1,440
181		6,557	6,786	1,440
1,210	Funding Required	7,882	8,002	2,719
	Funded By:			
1,965	Non Targeted Rates	2,181	2,160	2,077
134	Non Funded Items	-	-	-
(889)	Special Funds	5,701	5,842	642
1,210	Total Funding	7,882	8,002	2,719

Key Issues

Road Subsidies

NZ Transport Agency has reduced the level of funding by way of subsidy for the coming financial year. This creates a shortfall in funding of \$507,000 when compared to previous year's plans. This Annual Plan takes account of that funding shortfall but retains the Council's share at the previous levels. This effectively reduces the financial assistance rate achieved from 48% to 43% and will result in a 5.6% reduction in the funding available for all subsidised work categories.

Capital Projects

Details of the capital projects for Roothing are included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

Roothing

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide well maintained footpaths and cycleways to meet resident expectations.	Percentage of residents very satisfied and fairly satisfied with Footpaths in the NRB Public Opinion Survey.	82%	82%	82%
Provide roads well maintained with adequate lighting and cleaning programmes to meet resident expectations.	Percentage of residents very satisfied and fairly satisfied with Roads in the NRB Public Opinion Survey.	87%	87%	87%
Provide roads with adequate surface standard to meet NZ Transport Agency Standards for comparable sized cities.	Average roughness of sealed roads. (NAASRA - National Association of Australian State Road Authorities. Ratings: 70 considered smooth, 150 considered rough.)	Less than 100 NAASRA	Less than 100 NAASRA	Less than 100 NAASRA
Design and construct safety improvements to minimise the number of injury crashes.	Number of injury crashes in Napier City.	Reduce by 4% on previous year (124)	Reduce by 4% on previous year (119)	Reduce by 4% on previous year (119)

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
6,152	Roading	6,379	7,200	6,678
6,152		6,379	7,200	6,678
	Interest			
1,056	Roading	1,309	1,861	1,539
1,056		1,309	1,861	1,539
	Depreciation			
6,760	Roading	8,842	9,426	7,752
6,760		8,842	9,426	7,752
13,968	Total Operating Costs	16,530	18,487	15,969
	Income [1]			
(5,944)	Roading	(8,997)	(10,984)	(8,419)
(5,944)		(8,997)	(10,984)	(8,419)
8,024	Net Cost Of Service	7,533	7,503	7,550
	Capital Expenditure			
8,913	Roading	12,653	13,316	20,246
8,913		12,653	13,316	20,246
16,937	Funding Required	20,186	20,819	27,796
	Funded By:			
9,172	Non Targeted Rates	10,775	12,181	11,152
-	Loans - Rates	194	201	-
1,398	Loans - Non Rates	-	-	3,554
1,423	Non Funded Items	1,478	1,789	1,537
6,221	Special Funds	7,258	6,675	9,949
(1,277)	Financial and Capital Contributions	481	(27)	1,604
16,937	Total Funding	20,186	20,819	27,796

[1] Group Activity Income Includes:

(164)	Targeted Rates	(163)	(164)	(164)
(903)	Vested Assets	(4,037)	(4,179)	(3,966)
(3,305)	Land Transport NZ Subsidies	(3,228)	(3,833)	(3,230)
(402)	Petrol Tax	(385)	(379)	(385)
(1,075)	Financial and Capital Contributions	(1,147)	(2,391)	(639)
(95)	Miscellaneous Income	(37)	(38)	(35)
(5,944)	Total Income	(8,997)	(10,984)	(8,419)

Key Issues

Solid Waste

This Plan provides for 100% user pays for the Transfer Station and rates funding for Waste Minimization.

Stormwater Projects

Council has identified specific major stormwater projects required in the CBD and Taradale areas to address flooding problems experienced in recent years as a result of severe weather conditions. The combined projects are estimated at \$10 million and at this stage funding has not been confirmed. The Council will be considering the basis of these projects, the detail of construction and the funding methodology over the next twelve months. The bulk of the works will be carried out in 2012 to 2015.

Capital Projects

Details of the capital projects for Omarunui Regional Landfill Site Development, Stormwater, Advanced Wastewater Treatment and Water Supply are included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

Solid Waste

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide waste collection services.	Provide kerbside collection of refuse.	Weekly household collection	Weekly household collection	Weekly household collection
	Percentage of residents very satisfied and fairly satisfied with Refuse Collection in the NRB Public Opinion Survey.	92%	92%	92%
Reduce the level of environmental degradation caused by the disposal of waste and minimise the costs and risks to society associated with waste.	Total waste to Landfill.	25,000 tonnes	25,000 tonnes	18,000 tonnes
	Waste to Landfill per capita.	Less than 431kg	Less than 428kg	Less than 428kg
	Refuse Diversion Rate	23%	25%	25%
Minimise adverse environmental, cultural, social and economic effects of solid waste disposal.	Compliance with resource consent parameters.	100%	100%	100%
Promote awareness of waste generation costs and issues.	Operate education and waste reduction promotion programmes.	Programme in place	Programme in place	Programme in place

Stormwater

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
People, property, infrastructure and the environment are reasonably safeguarded from the adverse effects of surface water.	Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey.	85%	85%	85%
	Percentage time total pumping capacity available to prevent flooding. (<i>Pumping capacity maintained at an average of 95% arising from pumps being out of service for maintenance.</i>)	97%	97%	97%
	Compliance with requirements of resource consents for quality and volume.	100%	100%	100%

Wastewater

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Provide and maintain the city sewerage system to ensure public health and the environment are safeguarded.	Urban Main Residential and Rural Settlement population served by reticulated system as proportion of total city population.	93%	93%	93%
	Percentage of residents satisfied with Wastewater in the NRB Public Opinion Survey.	85%	85%	85%
	Compliance with requirements of resource consents for quality and volume.	100%	100%	100%
Ensure the sewerage system is effective and reliable.	Number of reticulated properties that are unable to dispose of wastewater, due to stormwater infiltration, for longer than 6 hours.	Zero	Zero	Zero

Water Supply

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Minimise the adverse effects of water supply quality on human health by providing a water supply system with adequate capacity and pressure that meets the NZ Drinking Water Standards.	Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey.	90%	90%	90%
	Compliance with requirements of resource consents for volume and rate of extraction.	100%	100%	100%
	Compliance with NZ Drinking Water Standards.	100%	100%	100%

Water and Wastes continued



Water Supply continued

Provide efficient and reliable operation of the infrastructure.	Percentage of Distribution Mains cleaned.	20%	20%	20%
	The number of planned and unplanned mains shutdowns, summarised by the reason for shutdown.	New measure 2011/12	New measure 2011/12	Report on the number of shutdowns
Active promotion of water conservation to ensure efficient use of water from the Heretaunga Plains Aquifer.	Operate community education and conservation promotion programme.	Programme in place	Programme in place	Programme in place

Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
4,414	Solid Waste	4,213	5,492	4,839
1,088	Stormwater	1,199	1,273	1,203
2,258	Wastewater	2,615	3,435	2,535
2,087	Water Supply	2,226	2,395	2,218
9,847		10,253	12,595	10,795
	Interest			
65	Solid Waste	50	59	64
176	Stormwater	239	299	273
212	Wastewater	273	488	311
105	Water Supply	134	189	160
558		696	1,035	808
	Depreciation			
640	Solid Waste	733	659	687
1,394	Stormwater	1,726	1,886	1,702
3,080	Wastewater	3,071	3,340	3,097
1,297	Water Supply	1,381	1,509	1,330
6,411		6,911	7,394	6,816
16,816	Total Operating Costs	17,860	21,024	18,419
	Income [1]			
(4,681)	Solid Waste	(4,739)	(5,579)	(5,366)
(910)	Stormwater	(1,009)	(1,150)	(683)
(7,248)	Wastewater	(7,843)	(8,363)	(7,775)
(3,873)	Water Supply	(4,264)	(4,887)	(4,138)
(16,712)		(17,855)	(19,979)	(17,962)
104	Net Cost Of Service	5	1,045	457
	Capital Expenditure			
276	Solid Waste	398	809	690
2,254	Stormwater	2,686	1,959	2,045
4,926	Wastewater	9,462	21,932	2,427
1,160	Water Supply	1,046	3,230	1,114
8,616		13,592	27,930	6,276
8,720	Funding Required	13,597	28,975	6,733

Water and Wastes continued



Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Funded By:			
(728)	Non Targeted Rates	5,486	5,773	5,434
1,040	Loans - Rates	1,476	10,270	220
-	Loans - Non Rates	-	3,000	-
1,188	Non Funded Items	-	-	-
3,408	Special Funds	7,019	8,948	874
3,812	Financial and Capital Contributions	(384)	984	205
8,720	Total Funding	13,597	28,975	6,733
[1] Group Activity Income Includes:				
(11,714)	Targeted Rates	(11,722)	(12,343)	(11,590)
(902)	Vested Assets	(1,440)	(1,491)	(1,414)
(725)	Financial and Capital Contributions	(723)	(1,369)	(365)
(3,371)	User Charges and Other Income	(3,970)	(4,777)	(4,593)
(16,712)	Total Income	(17,855)	(19,979)	(17,962)

Key Issues

Capital Projects

Details of the capital project for the Lagoon Farm Business Park Zone is included in the Prospective Capital Plan comments, pages 42 to 44.

Performance Targets

Parklands Residential Development

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Number of Lots created.		70	57	64
<p>The Plan includes sales of sections at a modest annual level. The development is expected to be complete, with all available sections sold, at the end of the TYP period. The target has been revised in anticipation of market demand.</p>				

Property Holdings

Level of Service	Measures	Targets		
		Annual Plan 2010/11	TYP 2011/12	Annual Plan 2011/12
Full occupancy of Council's rented buildings.	Occupancy rate of Council owned commercial buildings subject to availability of lettable space and market demand and conditions.	100%	100%	100%
Council's buildings are well maintained to health and safety standards.	Buildings maintained to a satisfactory level and complying with the Building Act and Health and Safety Act and hold current Warrant of Fitness certificates where required by statute.	100%	100%	100%
Leasehold portfolio is managed and freeholding of residential land on request.	All leases renewed within the statutory timeframe in accordance with individual registered lease documents.	100%	100%	100%
	All freeholding requests handled in accordance with Council policy.	100%	100%	100%

Property Assets continued



Financial Summary

Actual 2009/10 (\$000)		Prospective Budget 2011/12 (\$000)	TYP 2011/12 (\$000)	Annual Plan 2010/11 (\$000)
	Operating Costs			
568	Lagoon Farm	516	383	441
6,501	Parklands Residential Development	5,894	6,039	6,094
(410)	Property Holdings	35	(162)	(235)
6,659		6,445	6,260	6,300
	Interest			
229	Property Holdings	161	344	268
229		161	344	268
	Depreciation			
37	Lagoon Farm	34	35	33
1	Parklands Residential Development	2	1	1
301	Property Holdings	329	409	337
339		365	445	371
7,227	Total Operating Costs	6,971	7,049	6,939
	Income [1]			
(476)	Lagoon Farm	(565)	(526)	(487)
(8,714)	Parklands Residential Development	(8,436)	(9,732)	(8,959)
(557)	Property Holdings	(3,707)	(4,010)	(3,352)
(9,747)		(12,708)	(14,268)	(12,798)
(2,520)	Net Cost Of Service	(5,737)	(7,219)	(5,859)
	Capital Expenditure			
2	Lagoon Farm	-	-	-
6	Parklands Residential Development	-	-	-
1	Property Holdings	104	107	892
9		104	107	892
(2,511)	Funding Required	(5,633)	(7,112)	(4,967)
	Funded By:			
(1,220)	Non Targeted Rates	(1,136)	(1,131)	(1,182)
68	Non Funded Items	66	134	91
(1,359)	Special Funds	(4,563)	(6,115)	(3,876)
(2,511)	Total Funding	(5,633)	(7,112)	(4,967)

Activities and Activity Groups

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

Allocation of Overheads

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

Carrying Amount

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

Community Outcomes

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

Derecognition

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

Derivative

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

Financial Contributions

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

Impairment

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

Infrastructural Assets

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

Infrastructural Asset Renewal

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

Levels of Service

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

Non Targeted Rate

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

NRB Public Opinion Survey (Communitrak™)

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

Prospective Financial Statements

Refers to future-oriented financial statements.

Targeted Rate

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