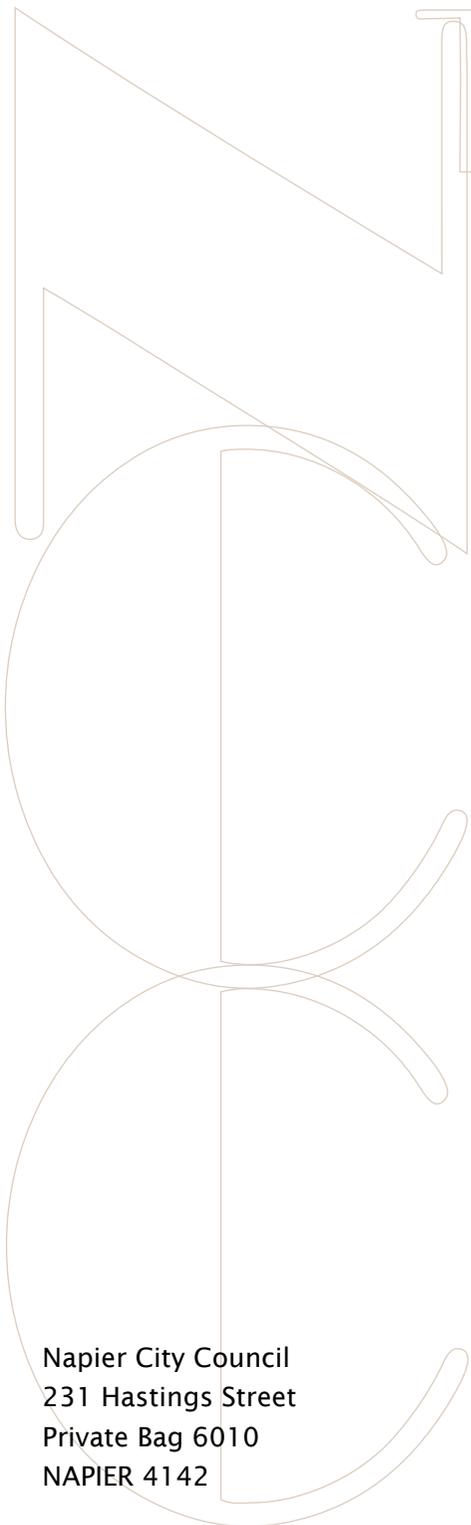


# NAPIER CITY COUNCIL

## TEN YEAR PLAN 2012/13 TO 2021/22

Adopted 26 June 2012

# TEN YEAR PLAN



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Cover photograph courtesy Peter Scott  
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# CONTENTS

# TEN YEAR PLAN

## INTRODUCTION

Our City 2012 To 2022	3
Consultation For The Ten Year Plan	4
Our Plan	6
The Next Ten Years	7
Napier City	8
Strategic Priorities	15
The Big Issues For the Next Ten Years	18
Regional Issues That Impact Napier	19
Hawke's Bay Local Authority Shared Services	20
Solid Waste Bylaw Transitional Provision	23
Statement on Maori Contribution to Decision-Making Process	24
Local Governance Statement	25
Financial Strategy	26
Financial Performance Measures	40
Where Your Rates Dollar Goes	41
Statement of Compliance and Responsibility	42
Audit New Zealand Report	43

## PROSPECTIVE FINANCIAL STATEMENTS

Statement of Accounting Policies	47
Prospective Statement of Comprehensive Income	59
Prospective Income Statement	60
Prospective Statement of Changes in Equity	62
Prospective Statement of Financial Position	63
Prospective Statement of Cash Flows	65
Special Funds	66
Borrowing Programme	70
Council Controlled Organisations	71

## ACTIVITY GROUPS

Introduction	77
Democracy And Governance	81
Roading	85
Solid Waste	91
Stormwater	96
Sewerage	102
Water Supply	107
Recreation	112
Social And Cultural	121
City Promotion	136
Planning And Regulatory	144
Property Assets	152
Support units	157
Glossary of Terms	158



# TEN YEAR PLAN

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# INTRODUCTION

# TEN YEAR PLAN

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# OUR CITY 2012 TO 2022

## WELCOME TO YOUR CITY'S TEN YEAR PLAN

Together with the Council, I am delighted to bring you Council's Ten Year Plan that builds on our progress as a city in this new century.

We have an enviable financial position, an extensive capital works programme and at the end of 2022, we will still have the capability to maintain your rates at an affordable level.

Our city is clean, green, accessible and vibrant. In the next 3 years, you will see continuing infrastructure facilities and amenities for residents. Here are some examples:

- Extension of the May and Peter Harris Playground on Marine Parade.
- Family friendly facilities developed between the National Aquarium and the May and Peter Harris Playground.
- Redevelopment of Hastings Street.
- Stormwater upgrades in Tennyson Street culminating with a pier off Marine Parade.
- Herschell Street cultural precinct development to coincide with the completion of the Hawke's Bay Museum and Art Gallery redevelopment.
- Maraenui suburban centre upgraded.
- The completion of the Biological Trickling Filter Wastewater Treatment Plant.

Submissions to the plan have meant several changes:

- Funding of \$250,000 to assist in the construction of the visitor centre on Te Mata Peak.
- Strong submissions on behalf of the solid waste business sector meant that Council removed the Transitional Provision regarding mixing green waste from the Solid Waste Bylaw. Council and the collection businesses will share the responsibility for keeping green waste separate.

*Photograph courtesy of Peter Scott*

# PLAN

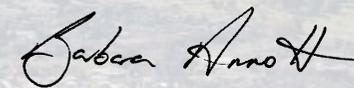
- Support was included for the Planetarium, the Cathedral Organ Fund, Art Deco, and the Marineland Site submissions will be included in the consideration of the Marine Parade area.
- Council shared submitters concerns regarding fracking. We are making representation to both the Government and Hawke's Bay Regional Council on this issue.

We pride ourselves on our parks, gardens and sporting facilities. More trees will be planted under our 'Greening of Napier' programme and significantly the Park Island Sportsground Master Plan will be implemented to provide facilities for all ages into the future. Additional reserve facilities are also planned.

Thanks to my Council and the people of Napier. Making good decisions to keep our city the best in New Zealand to live in means continuing to work together. We provide the services that you have requested, infrastructure that makes the city work and amenities that keep residents and visitors out and about enjoying our city.

Our current external debt is \$4 million, our average rate increase per rateable property for the last 10 years has been just 3.4%, and this year, to continue to provide those services, a rate increase of just 2.2% (2.5% including growth).

The submissions for the 2012-22 Plan were clear, focused and thoughtful of our city. The Councillors enjoyed and found useful all your feedback. Thank you.



Barbara Arnott  
MAYOR

# CONSULTATION FOR THE TEN YEAR PLAN (2012/13 to 2021/22)

## CONSULTATION ISSUES

The Draft Ten Year Plan 2012/13 to 2021/22 was presented as below:

- Napier City Council Draft Ten Year Plan (2012/13 to 2021/22)
- Appendix A - Detailed Financial Information and Council Policies

The plan included the following specific issues for consultation:

1. Hawke's Bay Local Authority Shared Services Proposal
2. Solid Waste Bylaw Transitional Provision
3. Water Bylaw Change
4. Development Contributions and Financial Contributions Policy
5. Revenue and Financing Policy
6. Other Council financial policies have been reviewed and are included in the plan for readoption and information purposes.

## THE CONSULTATION PROCESS

The following consultation process was carried out for the Ten Year Plan (2012/13 to 2021/22):

- Draft Ten Year Plan adopted by Council on Wednesday 4 April 2012
- Draft Ten Year Plan available for the public on Tuesday 10 April 2012
- Draft Ten Year Plan Summary distributed to households on Wednesday 11 April 2012
- Submissions closed NOON Wednesday 23 May 2012
- Submissions Hearings Thursday 7 and Friday 8 June 2012
- Ten Year Plan adopted by Council on Tuesday 26 June 2012

## CHANGES FROM THE DRAFT PLAN

The following changes have been made to the Draft Ten Year Plan as a result of the public consultation process.

The financial decisions included in the adopted Ten Year Plan are:

- An increase of funding for the Hawke's Bay Museums Trust of \$25,000 for increases in insurance costs and management support.

Other decisions arising from the public consultation:

- Council has also approved a grant of \$250,000 for the Te Mata Trust which will be funded from existing budget for contributions to regional facilities.
- A grant of \$25,000 to the St John's Cathedral for the organ restoration project to be funded from the 2011/12 budget.
- \$30,000 for the Art Deco Trust projects. To be funded within planned programme budgets.
- Assistance for the Holt Planetarium Charitable Trust for marketing. To be funded within planned programme budgets.

The final Ten Year Plan has been updated to reflect the outcomes for the following items consulted on as part of the Draft Ten Year Plan:

1. Hawke's Bay Local Authority Shared Services Proposal  
Napier City Council, Hastings District Council and Central Hawke's Bay District Council have confirmed their joint commitment, as proposed in each Council's Ten Year Plan process, to forming a limited liability company to further existing shared services between the member local authorities. Hawke's Bay Regional Council has committed, in principle, to participating in a Hawke's Bay Local Authority Shared Services Company and has instructed its staff to prepare a separate paper on the requirements for Council's participation. We look forward to further developing more joint activities between each Council where a business case shows that services can be provided for the benefit of the community through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

# CONSULTATION FOR THE TEN YEAR PLAN CONTINUED

2. **Solid Waste Bylaw Transitional Provision**  
Council will not proceed with the proposed requirement for waste operators to separate green waste from general rubbish. The Napier City Council Draft Solid Waste Bylaw 2012 to be adopted has the Transitional Provision removed.
3. **Water Bylaw change**  
The proposed Water Supply Bylaw 2012 will be adopted.
4. **Development Contributions and Financial Contributions Policy**  
The proposed policy will be adopted with a minor wording change in order that the exceptions listed within Section 4.2 are consistent with the exceptions listed within Section 10.
5. **Revenue and Financing Policy**  
The proposed policy will be adopted.
6. **Policy on Significance, Revenue and Financing Policy, Rating Policy, Investment Policy, Liability Management Policy, Development Contributions and Financial Contributions Policy, Policy on Partnership Between the Council and the Private Sector, Rates Remission Policy, Rates Postponement Policy and Policy on Rates Remission and Rates Postponement on Maori Freehold Land.**  
The proposed policies will be adopted.
7. **There are a few minor wording changes resulting from submissions:**
  - a. the scope for the National Aquarium,
  - b. a performance measure for Water Supply, and
  - c. added references to the Heretaunga Plains Urban Development Strategy and the Sport and Active Recreation Strategy.

Many submissions addressed issues that will required continued dialogue with interested parties, additional meetings and reports back to Council additional meetings. These issues are address in the individual responses to submitters. Where possible, immediate action will be initiated, for example, installation of Smokefree signage at Maraenui Shopping Centre playground and the Maraenui Sports Park.

Council received a significant number of submissions regarding fracking. Council will be making representation to both the Government and Hawke's Bay Regional Council on this issue. Marineland was also addressed in submissions. Council will advise these submitters that the Court decision has upheld that the Council process in reaching the decision to close Marineland was lawful and appropriate that there are no plans or budget provided to reopen this facility.





# THE NEXT TEN YEARS

Napier City will continue to grow in the next ten years through careful planning and managed change. Napier City Council's commitment to the achievement of the community outcomes is reflected in the Mission Statement for the future development of Napier.

***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.***

This Ten Year Plan replaces Council's 2009-2019 Ten Year Plan. The Ten Year Plan is Council's main strategic planning document that establishes what will be done, how much it will cost and how we will pay for it. The Ten Year Plan is revised annually in the Council's Annual Plan process. The Ten Year Plan is also reported against actual results in Council's Annual Report each year.



Council has built on the 2009 Plan so there are no surprises to the community. The public's certainty and confidence in the Council has allowed development of this plan and its evolution without sudden changes in direction and with consensus decision making.

**WHERE WE COME FROM**

**History**

Napier has a well established Maori history with Ngati Kahungunu being the dominant iwi in the area and one of the first tribes to come into contact with European settlers. The area was first sighted by Europeans in 1769. Traders, whalers and missionaries visited and permanent settlement began after 1854. Over the sixty years following its establishment as a borough in 1874, Napier steadily developed primarily as a result of the Port’s expanding activities and economic development of the surrounding rural hinterland.

The major 1931 earthquake raised some 4,000 hectares of seabed within the City which was used progressively for residential, industrial and commercial development. Following World War II, further industrial development was encouraged in Napier. The City’s progress has been heavily influenced by the performance of the extensive regional economic base of pastoral farming, horticulture, forestry, wine, processing and tourism.

Napier has now evolved into a modern and attractive key regional centre providing a high class lifestyle with a wide range of services and social and economic opportunities for its citizens.

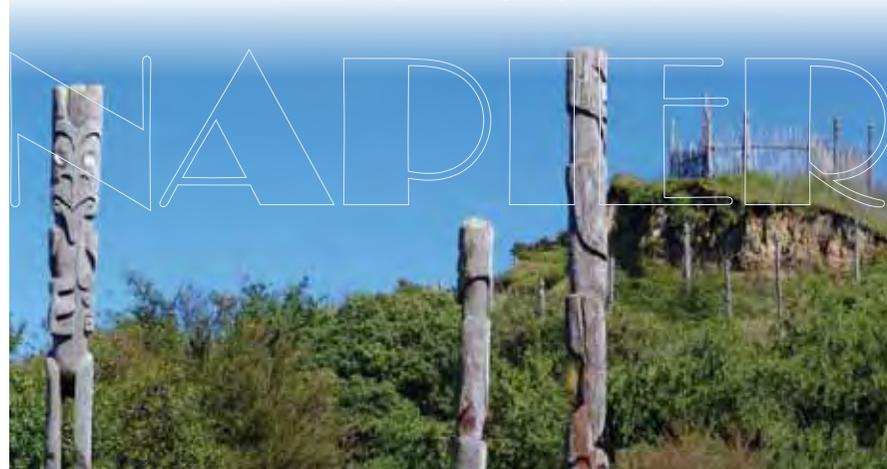
**Cultural Identity and Assets**

Napier’s historical development and cultural identity has been significantly influenced by a number of interrelated factors, including its coastal location and economic and social activities linked to this (e.g. Port of Napier, leisure tourism and recreation), attractive climate, the enduring impact of the major 1931 earthquake in terms of providing a major development resource for the City and underpinning the growth of its special Art Deco character, the wine industry and complementary food, hospitality, café and arts sectors, and the City’s ideal living environment. All of these aspects continue to underpin the growth and development of Napier.

Napier’s key cultural assets include:

- Its unique Art Deco heritage and infrastructure.
- Other important heritage locations in the City (e.g. Marine Parade, Ahuriri and Meeanee areas).

- The Hawke’s Bay Museum and Art Gallery and Century Theatre Complex, including an extensive Maori/Ngati Kahungunu taonga collection.
- Faraday Centre and Holt Planetarium facilities.
- Municipal Theatre – the base for a wide range of performing arts in the City.
- Eastern Institute of Technology (EIT) Hawke’s Bay, in particular its art and design, Maori studies and tourism/hospitality sections.
- City galleries and theatres.
- Historic Otatara Pa in Taradale and other important Maori sites around Napier.
- The Mission and other wineries and associated restaurants.
- City Arts Trail and the ‘Creative Napier’ community arts organisation.
- Public libraries (over half of the City’s population are library members).
- The community/social infrastructure of service clubs and arts/craft organisations.
- Public reserve and recreational areas, including the Botanical Gardens and the recently developed pathways network.



### **Art Deco**

Napier's internationally renowned Art Deco sector, based around the extensive range of Inner City Art Deco commercial buildings and related tourism, events and services, is a key component of Napier's heritage and its ongoing economic development via the tourism sector. Napier is recognised as the Art Deco capital of the world. The main components of the sector include the buildings themselves, the leadership work of the Art Deco Trust, the daily walking tours by visitors of the buildings in the Art Deco quarter of the CBD, the annual Art Deco Weekend celebration and the many local services supporting these activities throughout the year.

Whilst the impact of the major international and domestic economic downturn has seen a decline in the number of people participating in guided Art Deco tours, nonetheless, the total annual number of walkers during the past three years has remained relatively stable around the 16,000 mark. The number of walkers for the year ended November 2011 was also up 40% on a decade ago.

### **Other Cultural Aspects**

The Hawke's Bay Museum and Art Gallery complex in central Napier is one of the leading cultural facilities in the City, providing museum, art gallery, theatre/cinema, regional archive and education services. Redevelopment of the complex is due to be completed in 2013.

Creative Napier is another important local cultural organisation which has existed in different forms since the mid 1970s. Its aim is to enhance the creative spirit of the Napier community through such avenues as festivals, providing a venue for local arts displays, providing small grants for local arts initiatives, maintaining an information database and contributing to the regional arts trail.

Statistics New Zealand business data information indicates that in 2011, there were some 25 different heritage and artistic organisations/businesses operating in Napier employing a total of almost 115 persons on a full/part time basis.

# PLAN

## **WHERE WE LIVE**

### **Our Natural Environment**

Napier is a compact coastal city contained within its boundaries of the Esk and Tutaekuri Rivers to the north and south, western hills and Hawke Bay to the east. The City offers a mixture of hill areas and large areas of flat land with reserves and beaches providing everyone easy access to both green space and water.

Key features of Napier include:

- Attractive Mediterranean-style climate (fine warm summers and cool moist winters).
- The underground aquifer providing high quality water to Napier with no additives.
- The fertile soils of the Napier-Hastings/Heretaunga Plains area which provide the base for the local fruit and horticultural sector.

### **Our Built Environment**

Napier is world renowned for its Art Deco architecture. Art Deco was the style at the time the City was rebuilt after the 1931 earthquake and Napier has focused on this for its continued development. It is the base of a vitally important tourism sector. The City will continue to grow in a managed, steady rate to provide quality infrastructure to support its citizens and visitors.

Important components of the built environment include:

- The Art Deco quarter of the Central Business District.
- The Marine Parade with its various local resident and visitor amenities and attractions. For example, the National Aquarium of New Zealand, Napier i-SITE Visitor Information Centre, Par2 MiniGolf, War Memorial Conference Centre, Ocean Spa Pools and Hawke's Bay Museum and Art Gallery facility.
- The Rotary Pathways provide walkers, joggers and cyclists with a recreational way to see and travel around the City.
- The EIT Hawke's Bay and Pettigrew Green Arena - tertiary education, student accommodation and recreational/events complex.

- The major Park Island regional sports and recreational complex, which is the basis for a wide range of regional, national and some international sport. The other important sports facility in the City is the McLean Park/Nelson Park complex. These facilities are balanced with reserves throughout the City which are continually increasing in number with the growth of urban areas.
- A variety of residential areas – established areas from Napier Hill through to Taradale, and newer residential areas developing in the north-west and south-eastern parts of the City.
- Ahuriri has been developed from an industrially orientated area into a thriving commercial, tourism, recreational, leisure and residential area. This includes the former Rothman’s site which is now evolving as a major new business park, housing a wide range of commercial and governmental organisations.
- The major industrial areas of Onekawa West (constituting 23% of total employment within Napier, and 63% of all manufacturing and processing employment in the City), Pandora and Awatoto.
- The suburban-based retailing/commercial areas (e.g. Marewa, Onekawa, Piriwai, Taradale and Bay View).
- The Port of Napier shipping/freight complex, which is now the major container handling Port in the lower North Island. The Port is currently the fifth largest overseas export port in New Zealand and seventh largest import port (of the 14 seaports in the country).
- The transport network across the Napier-Hastings area, including the important links to the Port of Napier and the substantially upgraded Hawke’s Bay Airport. Napier roads are maintained at a high standard and major improvements are continuous.
- The public utility infrastructure (water, sewerage, power, communications, etc) network that underpins the successful ongoing development of the City.

## WHO WE ARE

The Napier City Council has commissioned a number of studies that relate to the demographic structure of our community and current

trends and projections as to what the Napier community might look like into the future. These studies are used to inform decision making principally around strategic planning for residential housing and social infrastructure. Two recent studies in particular are used to inform demographic forecasting assumptions. They are:

- Heretaunga Plains Urban Development Study (HPUDS) Phase 2 Technical Analysis – Demographic and Economic Growth Outlook 2015 – 2045 (October 2009); and
- Napier City – Socio-Demographic Profile 1986 – 2011 (November 2011).

## Napier’s Population

Napier City’s population is projected to experience slow growth over the next ten years.

Population projections show that there will be a significant increase in the population aged 65 years and over, which includes a substantial increase in the 85 years plus age group. The total Maori population is projected to increase by 16.5% by 2021, however, the proportion of older Maori, 65 years and over, is projected to increase by 60% while the European/Other population is projected to increase by 27.2% by 2021.

Contributing factors to the ageing of Napier’s population are primarily net migration loss of young adults and diminishing levels of natural increase (births minus deaths). Other lesser contributing factors may include increasing life expectancies and inward migration to Napier by older persons seeking retirement lifestyles in Napier.

An ageing population has important implications for future planning for residential housing and the strategic development of social and community infrastructure. While the HPUDS study projects only 3.8% population growth to 2045 in Napier, it also forecasts an increase in housing requirements of 15.7% over the next 30 years. This considerably higher rate of household growth compared to population growth can be attributed primarily to the falling household occupancy ratio. The reason for this declining rate is due in part to such factors as the ageing population, increased life expectancy and a greater number of single and two-person households. Along with the rapidly changing pace of technology, an ageing population

may also impact on demand for community facilities such as pools, reserves, sportsgrounds, stadia and libraries and how these facilities will be managed in the future.

Other consequences of an ageing population include a reduced number of entrants into the labour force compared to numbers exiting, and a reduced proportion of people at key reproductive ages. Both of these implications mean that maintenance of population size will become ever more dependent on inward migration.

### **Other Social Indicator Trends**

Napier City Council conducts regular surveys of social conditions in Napier and the following results for the latest 2009 survey show that Napier is well on its way to providing the desired community wellbeing:

- Over 80% of the households surveyed had Internet access, whether at home or elsewhere.
- The vast majority (94%) of households continue to remain more than satisfied with the quality of their current homes.
- 74% of the households surveyed owned their homes and 25% rented them.
- Most people are satisfied with their personal health situation and have had no particular difficulties in accessing suitable health care when necessary.
- In general, Napier residents have a high level of satisfaction with their personal safety in the City, with most feeling fairly safe and lesser numbers very safe or average.
- Most of the people responding to the survey believe Napier to be a caring community where people look after one another.
- Thirty percent of those surveyed in 2009 undertook regular voluntary work, whilst just over 10% were members of voluntary social service groups in the community.
- Most people felt that the relationship between the different ethnic groups in Napier was generally satisfactory.
- Almost 60% of the survey respondents felt that their overall quality of life in Napier had improved over the past five years, with almost 40% reporting no improvement.

### **Demographic Outlook**

As noted earlier, the Council is projecting Napier's total population to increase further over the 2012–2022 planning period.

Since 2001 the number of households/dwellings receiving building consent in Napier have increased by 2,186 which represents 9.8% increase in the number of City households over 10 years. The parts of the City experiencing the highest housing growth over the period have been Poraiti (which includes the Oaklands subdivision and the Council's Parklands subdivision), Taradale/Greenmeadows, Meeanee, Ahuriri, Marewa and Onekawa.

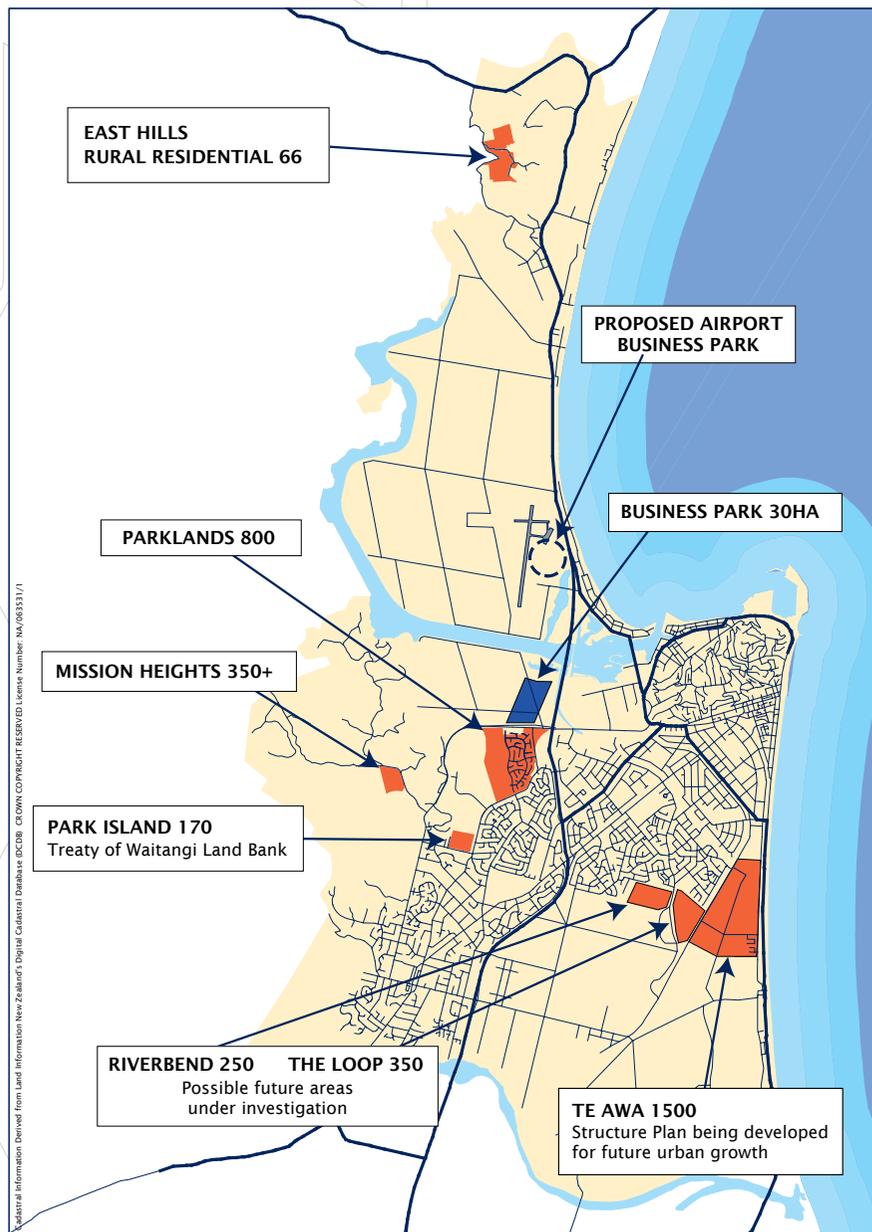
The total number of households/dwellings in Napier is projected to increase by 1,920 (approximately 7.7%), over the 2012–2022 period. 45% of the new housing is projected to be 'Greenfield', 45% 'Infill' housing and 10% rural residential.

The location of planned 'Greenfield' housing developments in Napier is shown in the map on the following page. Over 2012–2022, new developments will be focused primarily on the Parklands and 'Serpentine'/ Te Awa areas of the City.



*Photograph courtesy of Peter Scott*

## Anticipated Greenfield Residential Development Areas



## ECONOMIC PROFILE

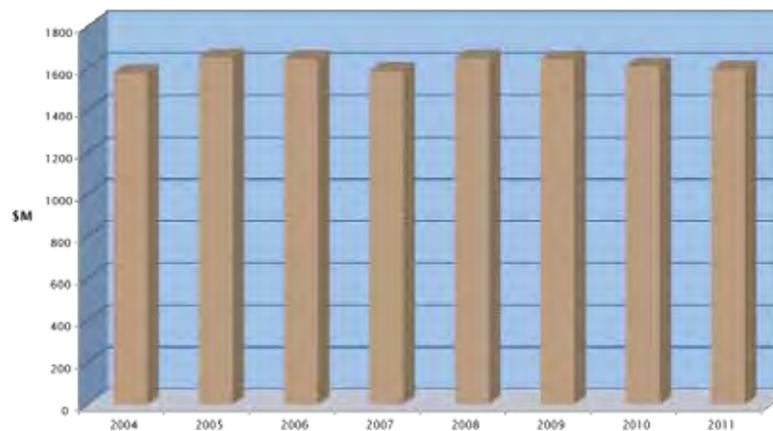
Council's aim is to support and encourage a thriving Napier and Hawke's Bay economy which will also attract relocation of people and businesses to the area.

The latest key annual indicator results for Napier are as follows:

- Some 5,848 businesses operate in the City, comprising primary production and related services 5%, manufacturing/processing 6% and services 89%.
- Total Gross Domestic Product (GDP)/economic activity of \$2.3 billion, comprising primary production 4%, manufacturing/processing 12% and services 84%.
- Total employment of some 26,240, comprising primary production 4%, manufacturing/processing 11% and services 85%.
- An average business employment size of 4.5 staff.
- 302,000 visitors to Napier stayed in commercial accommodation in the City over the year to September 2011.

Napier's largest industry sectors in GDP terms are currently trade and hospitality, commercial/business services, health and community services, non-food processing and manufacturing, and transport/storage and communications.

### Napier City Real Annual GDP Levels 2004-2011



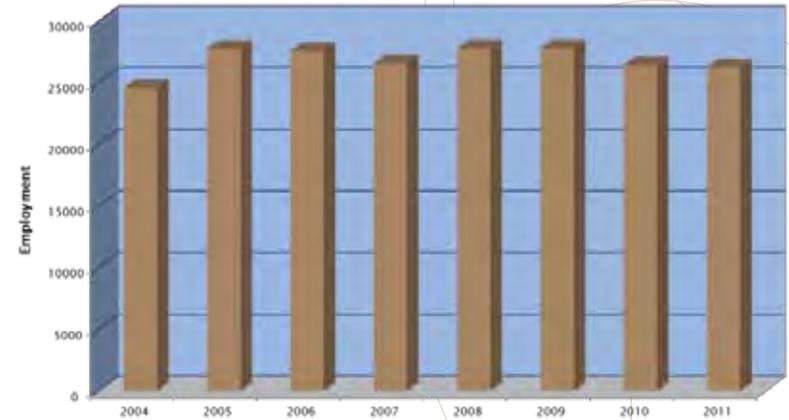
**Economic Trends**

The following trends in the Napier economy over the past seven years are noted:

- The total number of businesses in the Napier economy has increased overall by 666 or 13%.
- Overall, very small real GDP/economic growth has been recorded in Napier City since 2004. The graph above tracks the longer-term annual economic growth trend for the City since late 2004. As indicated, annual growth in the area has fluctuated noticeably over the period, with growth peaking in 2005 and again in 2008, and otherwise being negative to varying degrees during the period. The major international and domestic economic downturn prevailing since 2007 has adversely impacted economic growth in the City since 2008, with growth declining overall by 3.2%.
- The graph below indicates the annual changes in total employment in Napier also since 2004. Employment for the year ended September 2011 was up overall by 7% on the 2004 September year. Annual employment growth during the period has also fluctuated considerably. Since 2008, total employment in the City has dropped back by some 5.5% as the economic downturn has impacted the area.
- The largest industries in terms of employee numbers in Napier are, in order, trade and hospitality services, health and community services, commercial/business services, utility and construction services, and manufacturing/processing activity other than food processing.
- Over the past seven years, industry employment growth in Napier has been strongest for commercial/business services, utility and construction services combined, public administration services and health/community/personal services. Employment decline has occurred in transport/storage/communications, manufacturing/processing and rural production.
- The number of people in Napier receiving the unemployment benefit in December 2011 stood at 813, compared to 186 in December 2007, 319 in December 2008, 814 in December 2009 and 997 in December 2010. Thus, the latest year saw

a significant 18% fall in the number of people receiving the unemployment benefit in the City, after a three-year increase in this indicator.

**Napier City Annual Employment Levels 2004-2011**



As noted earlier, the national and local economies in New Zealand have been significantly impacted since 2007/2008 by the major world economic downturn prevailing during the period. Other significant economic events such as the reduced overall growth expectations for NZ's main trading partners over the shorter-term, financial/debt crisis in Europe, the Canterbury earthquakes and the ongoing risks posed by variable climatic conditions and exchange rate levels to the rural production and exporting sectors in particular together imply continuing 'soft' economic conditions generally in NZ over the shorter-term at least. At this time, The NZ Institute of Economic Research is forecasting average annual economic growth nationally of about 2% for the next five years, a similar level compared to the last decade. The Institute's current growth forecast for the Hawke's Bay region is similar to the national forecast. The rate of growth is also expected to pick up over the 2016-2021 period.

At the national level, strongest industry growth is currently forecast for the rural production, fabricated metal products, transport/storage, communications, business services, health and community

services industries. In light of this, key future growth drivers for the Napier City area will include manufacturing activity and services orientated linked to Hawke's Bay's rural sector, Port of Napier (which has recorded about 6% annual average growth in overseas market related cargo volumes handled, over the past two decades), the Hawke's Bay Airport, utilisation of the City's new business park infrastructure and services to the elder person's sector. Other important industries for Napier include the broad visitor industry (including the Art Deco, cruise ship, conference, arts/cultural and sports/recreational sectors) and EIT/tertiary education and training.

## QUALITY OF LIFE INDEX

The Council has developed a Napier Quality of Life Index to measure the quality of life in Napier. The index is based on factors that Napier residents have identified as most influencing their quality of life in the City. In broad terms, these influencing factors are proximity to family and friends, quality of the local neighbourhood, personal health, climate, the quality of the physical environment, employment and income, cost of living, range of public facilities, access to community services, recreation and leisure opportunities, and educational opportunities. These influencing factors have been further classified into four main categories and form the desired outcomes or strategic goals for Napier:

1. Provision of high quality lifestyle opportunities.
2. Provision of a high quality community infrastructure.
3. Operating as a leading commercial and tourism centre.
4. Provision of affordable services to the community.

Progress and performance against these goals is measured annually through a range of local indicators specific to the influencing factors. Local indicator information/data sources include the Napier City Council (including the results of community surveys), Statistics NZ, Government and community organisations and the business sector. In excess of 80 individual indicators are incorporated into the overall Index and measured on a regular basis.

The Quality of Life Index was last updated in 2010. The results indicated for the period since 2007 are as follows:

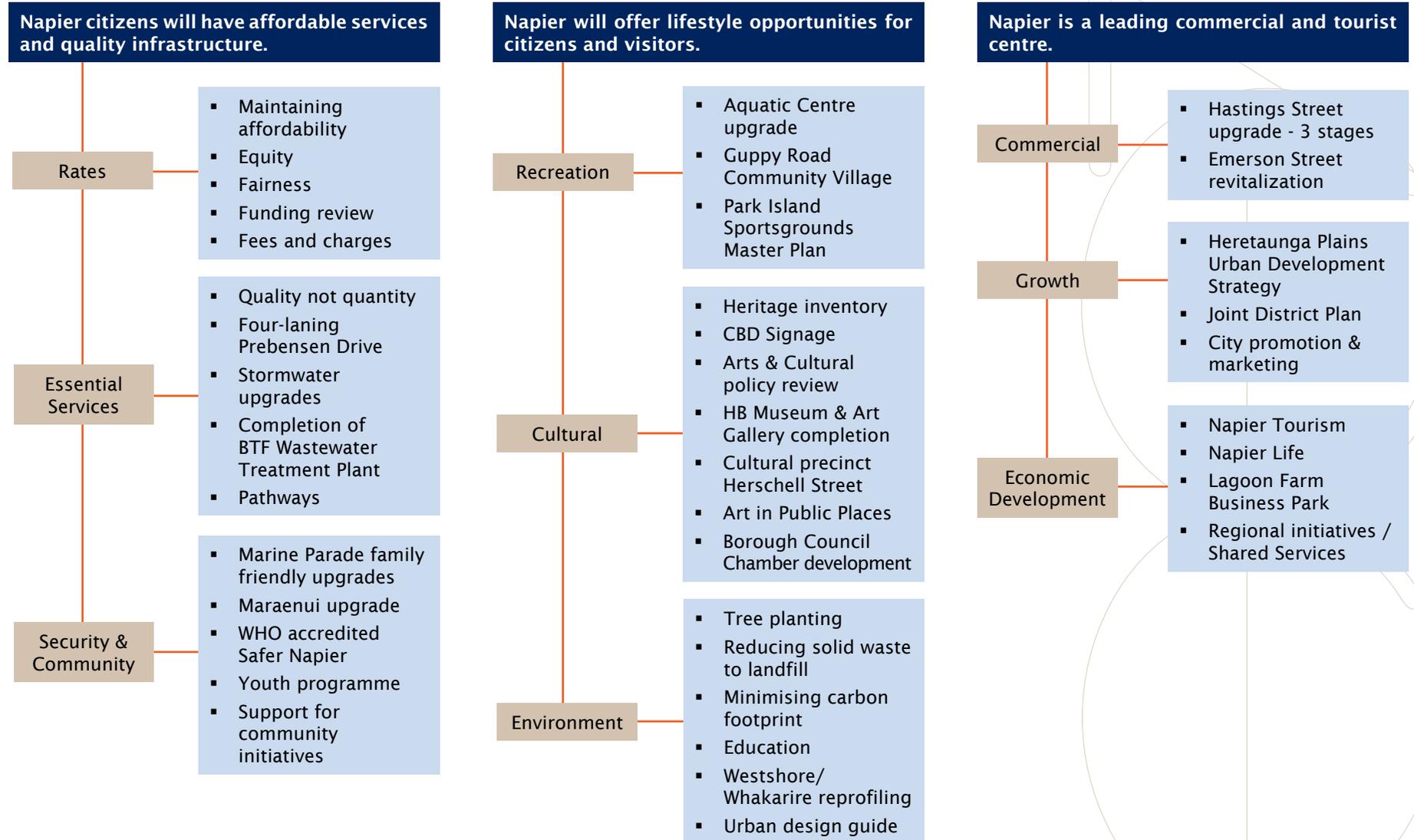
- Whilst there was a slight decline in the overall Index value for

the 2007-2010 period, nevertheless, the 2000-2010 period saw a 12% improvement in the overall quality of life in Napier, based on the Index results.

- The quality of life aspects that improved most over 2007-2010 were, in order, access to community services, the range and quality of public facilities in the City, the range and quality of local recreational facilities and the overall quality of Napier's physical environment.
- On a longer-term basis, the aspects that improved most in the City over the 2000-2010 period were, in order, employment and income opportunities, tertiary educational opportunities, the range and quality of recreational and general public facilities, access to community facilities and the quality of the overall physical environment in Napier.
- The quality of life aspects that weakened most over 2007-2010 were the perceived quality of the local neighbourhoods in the City, climate/ weather and personal health levels. Over 2000-2010, personal health levels and the cost of living situation in the City declined most.
- The Napier City Council's annual Communitrak resident opinion survey results for 2011, prepared by NRB, indicate that a very high proportion of local residents continue to be satisfied with the opportunities Napier has to offer, the services and facilities provided and the City environment in general. There has been a slight fall in the overall level of satisfaction though, since 2005/2006. The 2011 survey results also indicated that 40% of residents felt that Napier was a better place to live in compared to two-three years ago. This was noticeably up on the 2010 result but less than the proportions for the 2000-2009 period.

# STRATEGIC PRIORITIES

Napier City Council's Strategic Priorities are represented by the following table.



## HOW OUR STRATEGIC PRIORITIES LINK TO THE COMMUNITY OUTCOMES

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

**Napier citizens will have affordable services and quality infrastructure.**

**Rates**

- A strong, prosperous and thriving economy.
- Strong leadership.

**Essential Services**

- Transport infrastructure and services that are safe, effective and integrated.

**Security and Community**

- Safe and secure communities.
- A lifetime of good health and wellbeing.
- Supportive, caring and inclusive communities.

**Napier will offer lifestyle opportunities for citizens and visitors.**

**Recreation**

- Safe and accessible recreational facilities.
- An environment that is appreciated, protected and sustained for future generations.

**Cultural**

- Communities that value and promote their unique culture and heritage.
- An environment that is appreciated, protected and sustained for future generations.

**Environment**

- Communities that value and promote their unique culture and heritage.
- An environment that is appreciated, protected and sustained for future generations.
- Safe and accessible recreational facilities.

**Napier is a leading commercial and tourist centre.**

**Commercial**

- A strong, prosperous and thriving economy.
- Communities that value and promote their unique culture and heritage.
- An environment that is appreciated, protected and sustained for future generations.

**Growth**

- A strong, prosperous and thriving economy.
- Transport infrastructure and services that are safe, effective and integrated.
- An environment that is appreciated, protected and sustained for future generations.

**Economic Development**

- A strong, prosperous and thriving economy.
- Communities that value and promote their unique culture and heritage.

# TEN YEAR PLAN

# PLAN

## THE COMMUNITY'S DESIRED OUTCOMES

The Community Outcomes were originally 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. Council reviewed and confirmed the Community Outcomes as part of the planning process for this Ten Year Plan.

The nine Community Outcomes which provide economic, environmental and social and cultural wellbeing for Napier City are as follows:

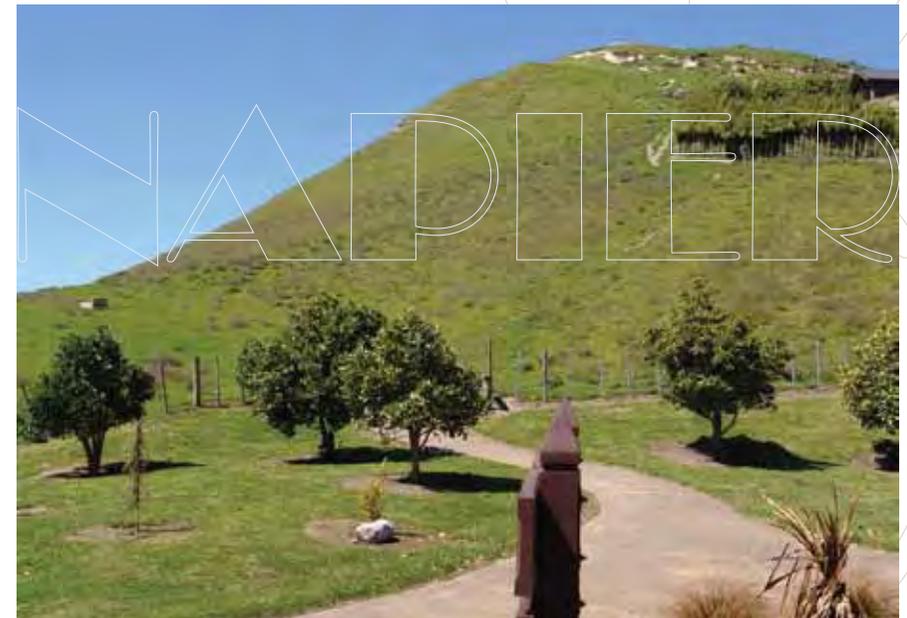
Wellbeing	Napier City Community Outcomes	Indicator
Environmental	• A lifetime of good health and wellbeing.	Health
	• Safe and secure communities.	Safety
	• An environment that is appreciated, protected and sustained for future generations.	Sustainability
Economic	• Transport infrastructure and services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

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.

Each of Council's activities contributes to some or all of the Community Outcomes, thus contributing to the wellbeing of Napier. The broad

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

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



## **Hawke's Bay Local Authority Shared Services Proposal**

Napier City Council and Hastings District Council have confirmed the proposal to become shareholders in the Hawke's Bay Local Authority Shared Services (HBLASS Ltd) Council Controlled Organisation (CCO). See pages 20 to 22.

## **Major Capital Projects (refer Part 3 - Activity Groups)**

- CBD Stormwater Upgrade.
- Hastings Street Redevelopment. The project will be undertaken in conjunction with the CBD Stormwater upgrade.
- Taradale Stormwater Upgrade.
- Ellison Street Stormwater Pump Station.
- Herschell Street Cultural Precinct. Roading and footpath reconstruction to reflect the street's designation as a cultural precinct and to coincide with the reopening of the Hawke's Bay Museum and Art Gallery mid 2013.
- Wastewater Outfall Renewals and Replacement.
- Biological Trickling Filter (BTF) Wastewater Treatment Plant. (The budget was included in previous plans as Sludge Stabilisation. This process is now part of the BTF project.)
- Additional Water Reservoir Taradale.
- Awatoto Water Supply Trunk Main.
- Park Island sportsgrounds expansion.
- McLean Park Turnstiles and Returf.
- Napier Aquatic Centre Enclosure Building.
- Passive Recreation Reserves and Reserves Pathways and Linkages. Additional Reserve facilities which will cater for Napier's population growth.
- May and Peter Harris Playground Extension and Marine Parade Landscaping.
- Napier Library Redevelopment.
- Additional Parking Facilities - to cater for demand.
- Lagoon Farm Business Park.



*Photograph courtesy of Peter Scott*

# REGIONAL ISSUES THAT IMPACT NAPIER

## Regional Collaboration And Shared Services

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

Initiatives	Hawke's Bay Regional Council	Wairoa District Council	Napier City Council	Hastings District Council	Central Hawke's Bay District Council
<b>Community Services</b>					
Pettigrew Green Arena			✓	✓	
Shared Library Service			✓	✓	
Pathway Development	✓		✓	✓	
Settlement Support Service			✓	✓	
Youth Transition Service			✓	✓	
Regional Cultural Archives	✓		✓	✓	
Road Safety Initiatives	✓	✓	✓	✓	✓
<b>Corporate Support</b>					
Joint Property Valuation Contract	✓	✓	✓	✓	✓
<b>Economic</b>					
Business Hawke's Bay	✓	✓	✓	✓	✓
<b>Environmental</b>					
Recreational Water Quality Monitoring	✓	✓	✓	✓	✓
<b>Essential Infrastructure</b>					
Omarunui Joint Landfill			✓	✓	
Stormwater Drainage	✓		✓	✓	
<b>Strategy and Planning</b>					
Regional Transportation Strategy	✓	✓	✓	✓	✓
Heretaunga Plains Urban Growth	✓		✓	✓	
Solid Waste Management Plan			✓	✓	
Regional Community Outcomes	✓	✓	✓	✓	✓
Community Outcome Monitoring	✓	✓	✓	✓	✓
Regional Strategic Coordination Group	✓	✓	✓	✓	✓
Civil Defence Group	✓	✓	✓	✓	✓
Policy Sharing	✓	✓	✓	✓	✓
Joint Alcohol Strategy			✓	✓	

*Napier City Council and Hastings District Council have confirmed the proposal to become shareholders in the Hawke's Bay Local Authority Shared Services (HBLASS Ltd) Council Controlled Organisation (CCO).*

Napier City Council and Hastings District Council have for some time been exploring "Shared Services" initiatives. A number of joint activities have already been undertaken by the two authorities with the aim of reducing the cost of performing those activities for the community at large. For example the Councils, along with other Hawke's Bay Councils, cooperate in the areas of rating valuation services, purchase of insurance, and strategy development such as the Heretaunga Plains Urban Development Strategy (HPUDS). The Heretaunga Plains Urban Development Strategy has been completed with urban containment being a principle philosophy. The Omarunui Landfill is an example where the Councils jointly operate a facility for the benefit of the collective communities, where it is unlikely that one council on its own could achieve such benefits.

Napier City and Hastings District Council consider there is value to be gained by sharing services and for joint procurement, where a business case shows that they provide benefit to the community through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. The Councils have confirmed their intention to pursue a formal arrangement between the two authorities in a structure that enables other Councils to participate at a later date if they wish. Central Hawke's Bay District Council, through their Long Term Plan process, have also confirmed their intention to participate.

## **THE FORM OF THE CCO**

The Napier City Council and Hastings District Council have confirmed they will establish a new CCO as a Limited Liability Company, which will be used as an umbrella company for the future development of shared services. This form was chosen due to its ability to provide a flexible structure within the CCO for provision of services.

The specific objectives of the CCO will be decided each year in accordance with the constitution of the CCO and the Statement of Intent to be agreed between the board of the CCO and the shareholders.

Each local authority will have a single share in the umbrella company.

Participating Councils will be able to access particular shared services by way of an agreement providing appropriate obligations and benefits relating to each of those services.

There are a number of services provided by local authorities; particularly involving information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and on-going operation of it.

Historically, those have been addressed by one Council developing the service and sharing it with others on an agreed basis. As mentioned previously, the Omarunui Landfill is an example of this. This has shown significant benefits to the Councils involved and it is considered similar benefits could be obtained through the sharing of other services.

An appropriate structure is required to do this for the following reasons:

- It will provide for a more transparent governance structure that involves at least two Councils deciding what the priorities should be for shared services, and in the management of shared services undertaken;
- It will provide an entity that can enter into commercial arrangements with suppliers and partners on behalf of the participating local authorities;
- It will make certain there is focus on ensuring the services do add benefit to the community through enhanced services and/or reduced costs, and that opportunities to sell processes and systems to other local authorities to reduce the cost of services to the shareholding local authorities are pursued.

## **BENEFITS AND COSTS**

**Benefits and costs in terms of the present and future social, economic, environmental and cultural wellbeing.**

The efficiencies obtained through shared service arrangements should eventually lead to a reduction in the corporate costs of the Councils, reducing the requirement for rate revenue, and/or an enhancement of services provided to the public. The establishment of HBLASS Ltd should therefore have a positive impact on the economic wellbeing of the community. No social, environmental or cultural benefits are expected to arise from the formation of this company.

## **COMMUNITY OUTCOMES**

**Extent to which Community Outcomes would be promoted or achieved.**

The agreed company entity is focussed on the internal operations of Councils and it is not expected to have a direct impact on community outcomes.

## **IMPACT**

**Impact on Councils' capacity to meet present and future needs in relation to statutory responsibilities.**

The development of shared services will provide the participating Councils with access to a critical skill base and a collective purchasing power that will allow them to be more responsive to technical opportunities. This will facilitate the enhanced provision of information to the public and participating Councils.

No financial impact has been included within the Ten Year Plan 2012/13 - 2021/22 as agreed projects will either have a zero cost impact or a positive impact on rates. The initial formation of the joint company and the first three years of operation will be met within the budget levels stated within this plan.

## **GOVERNANCE**

Since the activities are specifically operational, the CCO will be governed by a Board of Directors of the Chief Executives of the Local Authority shareholders together with one independent director,

who will chair the Board. These directors will be appointed on the following basis:

- a. One appointed by Napier City Council.
- b. One appointed by Hastings District Council.
- c. One appointed jointly by the Napier City Council and the Hastings District Council who will chair the Board of the CCO.
- d. One each appointed by each of the other participating Local Authorities.

In addition, the Board may appoint one additional professional director to supplement the expertise of the Board.

The CCO will conduct itself in accordance with its constitution, its annual Statement of Intent agreed with the shareholders, and the provisions of the Local Government Act 2002.



## SUMMARY

Napier City Council will become a shareholder in the Local Authority Shared Services CCO.

It is expected that improved services at lower aggregate cost can be achieved by a number of local authorities participating in the purchase or development of the infrastructure for the service and the on-going operation of it. There are a number of services provided by local authorities, particularly involving information collection and management, where these benefits could be achieved.

The main reasons for establishing a Council Controlled Organisation, Limited Liability Company are:

- Ability for Council to influence the entity to ensure that there is effective stewardship and utilisation of ratepayer funds (particularly via the Statement of Intent);
- Legislative requirement for CCO Statement of Intent and strong accountability;
- Legislative requirement for CCO directors to contribute to the achievement of the objectives of the organisation;
- CCO director's legislative role is to assist the organisation to meet its objectives and any other requirements of the Statement of Intent.



# TEN YEAR PLAN SOLID WASTE BYLAW TRANSITIONAL PROVISION

The Napier City Council draft Solid Waste Bylaw 2012 included a Transitional Provision to prohibit the commingling of green waste with general refuse. The Provision is part of Council's desire to divert more green waste from the landfill as this material creates leachate and green house gases. Both of these are unwanted by-products which must be carefully managed and add significant costs to operating the landfill. The draft Bylaw also contained clauses that will enable Council to more effectively manage refuse from multi-unit developments. The full consultative process was followed to allow residents and businesses the opportunity to make submissions on the proposed changes.

Several local businesses made submissions on the Green Waste Transitional Provision. They consider that green waste diversion could be increased without a Bylaw that prohibits commingling. This could be done by educating existing customers as well as residents and businesses, especially in regards to options for green waste.

At the hearing, Council considered this approach to be worth pursuing. Council will work with the solid waste industry to promote the diversion of green waste, which can be carried out as part of the existing Waste Minimization activity. Residents will be informed of the options to divert green waste which include, but are not limited to:

- Utilising the refuse bag collection service for general household refuse, (not for green waste).
- Composting green waste at home.
- Taking green waste to the Redclyffe Transfer Station where it is heavily discounted.
- Considering a green waste only bin service instead of commingled options.

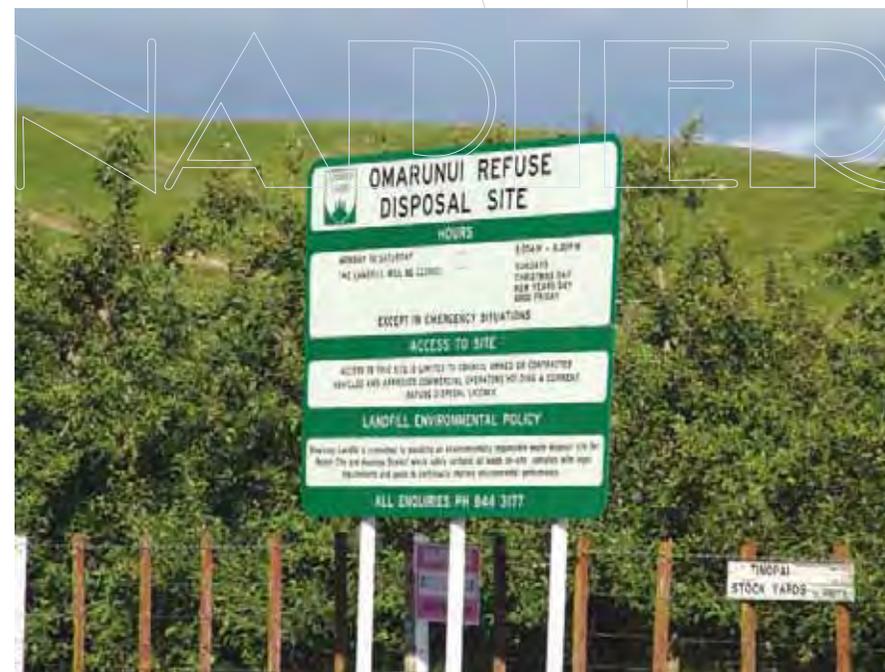
Industry will work with their customers to divert more green waste from the landfill.

Based on a Solid Waste Survey carried out in March 2012, the amount of green waste Napier residents send to landfill is in the order of 1,600 tonnes per year. This initiative will be considered a success if an additional 1,000 tonnes of green waste is diverted. If the diversion of green waste from landfill does not increase, Council may

wish to consider future options. The diversion of green waste will be monitored to measure the effectiveness of the above mentioned approach.

The removal of the Green Waste Transitional Provision does not create any immediate financial implications for the Ten Year Plan 2012/13 - 2021/22. However, if customers with commingled bins switch to a green waste service, it is likely there will be an increase in refuse in the domestic bag collection, which will increase landfill fees.

There were no comments on the additional clauses for multi-unit developments, and these clauses were incorporated into the Solid Waste Bylaw 2012.



# STATEMENT ON MAORI CONTRIBUTION TO DECISION-MAKING PROCESS

Clause 35 of Schedule 10 of the Local Government Act 2002 requires that this Ten Year Plan includes a report on opportunities provided for Maori to contribute to the decision-making process of Council.

## **MAORI CONSULTATIVE COMMITTEE**

Liaison with the Maori community is undertaken in the first instance through the Maori Consultative Committee.

The Maori Consultative Committee makes recommendations to Council on agenda items already included on the Standing Committee agendas. It also makes recommendations to the appropriate Standing Committee or Council on any other matters relevant to Council as it considers necessary. It meets six weekly, one week prior to the Council meeting.

At the Triennial Meeting of Council on 3 November 2010 the terms of reference were adopted for the Maori Consultative Committee. Four representatives from Mana Ahuriri were appointed to the Maori Consultative Committee at the Extraordinary Council meeting on 15 June 2011. A ceremony was held late July 2011 to formally install Heitia Hiha, Ranui Toatoa, Rangī Spooner and Te Reo Spooner to the committee. The first Maori Consultative Committee meeting was held in August 2011.

## **COUNCIL KAUMATUA**

This position is important to Council as it empowers all relationships between Tangata Whenua and Council through guidance and assistance to Council's decision making process.

Joe Northover was appointed as Council's Kaumatua at the Triennial Meeting on 3 November 2010. This formalised the long standing association Council had maintained with him. Mr Northover was a respected Maori leader throughout New Zealand. Sadly Mr Northover passed away on 6 April 2011.

Heitia Hiha was appointed Council Kaumatua at the Extraordinary Council Meeting held on 15 June 2011.



# LOCAL GOVERNANCE STATEMENT

Napier City Council's Local Governance Statement is a collection of information about the processes that Council uses to engage with the City's residents.

It outlines how Council makes decisions and shows how residents can influence those processes. It also promotes local democracy by providing the public with information on ways they can influence local democratic processes.

Council's Local Governance Statement is a requirement of Section 40 of the Local Government Act 2002. Council is obliged to produce a new Local Governance Statement six months after each triennial election. The current statement was adopted by Council on 6 April 2011.

Copies of the document are available from Council and on the website [www.napier.govt.nz](http://www.napier.govt.nz).



*Photograph courtesy of Peter Scott*

## OVERVIEW

From a financial perspective Council is acutely aware of the challenges faced by the community both now and during the forthcoming ten years. These challenges include maintaining an affordable city, a city population that is aging, supporting economic growth through the provision of infrastructure and services and maintaining Council in a sound and sustainable financial position. In preparing this plan Council is also aware that it is committing to the cost of providing long life assets for future generations and that the costs of these assets must be evenly shared between these generations. That is ensuring intergenerational equity.

The Council's Financial Strategy indicates how the Council intends to structure and manage its finances over the ten years covered by the Ten Year Plan and to ensure this fits with and supports the community outcomes for the City and the delivery of services (the levels of service) for each activity detailed. The key financial strategies of Council are embedded in its financial policies. A list of the key relevant policies and how these are used by Council are outlined below together with key financial issues arising from the plan and the key potential risks to the plan.

The 2011/12 Annual Plan, with a revised Statement of Financial Position (Balance Sheet) based on the 2010/11 Annual Report, provides the base position for the Financial Strategy from which projections are made to give an overall forecast of expenditure and income levels for the ten years of the Ten Year Plan.

Council has prepared its plans taking into consideration the current global economic environment, the impact this is currently having and the impact this is likely to have on our community in the future. For the ten year period covered by this plan there are no significant increases in the base costs of Council operations proposed. The key driver of cost increases shown in the Ten Year Plan financial statements are the inflation rates used as a key assumption in the preparation of the plan. Table 1 shows planned changes in rates levels on a year on year basis including inflation and with and without growth over the period of the plan.

Other key assumptions (such as inflation, interest rates, population Growth, etc.) used in the plan are defined in the Significant

Forecasting Assumptions section of Appendix A - Detailed Financial Information and Council Policies of this plan. It is important to note that assumptions used are for indicative purposes only and actual results will differ on a year to year basis. These differences may be significant.

Council has prioritised its spending plans by considering the financial pressures identified, by looking at existing services and by identifying those services where cost reductions or reduced levels of service or discontinuation could be considered. Review of services delivered and the cost effectiveness of the service and its delivery are on-going. Reviews take into account the economic situation of the City, its population and growth, as well as methods of reducing costs through technology or changes in delivery methods. The proposal for a shared services organisation, covering the Hawke's Bay region, is part of Council's ongoing search for ways of improving costs. This is a vehicle for advancing these goals over the next 10 years.

Listed below are the key financial outcomes for the proposed plan:

1. Council undertakes to limit rate rises, excluding growth, to no more than 1.1% per annum above CPI (Consumer Price Index) for the 10 years of the plan and that the average rates increase, excluding growth, over the 10 years is at or below CPI.
2. Council will continue to use internal funds, from asset sales and reserve funds held, as the source of funding for capital projects and will extinguish current external debt.
3. Council will continue to provide the same or similar levels of service from its activity groups while also working to improve levels of service within the cost structure outlined in the plan.
4. Council will continue to manage the demands of city growth within the parameters of the plan.
5. Council will balance demands for increased levels of service with the cost of increased levels of service and the ability to fund increased levels of service.

## FUNDING GENERAL

**Table 1: Planned Rates Levels for 2012-2022 <sup>1</sup>**

Rates	Average	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Inflated rates increase excluding household growth (existing ratepayers)	3.2%	2.2%	3.8%	3.1%	4.3%	3.5%	3.0%	3.6%	3.3%	1.1%	3.9%
Forecast household growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Inflated rates increase including household growth (existing and new ratepayers)	3.4%	2.4%	4.0%	3.3%	4.5%	3.7%	3.2%	3.8%	3.5%	1.3%	4.1%
CPI (estimate)	3.3%	3.3%	3.6%	2.4%	3.2%	3.2%	3.4%	3.5%	3.4%	3.3%	3.3%
Variance (Inflated rates increase excluding growth less CPI)	-0.1%	-1.1%	0.2%	0.7%	1.1%	0.3%	-0.4%	0.1%	-0.1%	-2.2%	0.6%

### *The Impact Of Inflation*

Council, like the rest of the community, faces cost increases arising from Inflation, i.e. the general rise in prices over a period of time. Like any business or household, inflation impacts Council's operating and capital costs. The commonly used and known measure of the inflation impact on households is the CPI. However, Council's costs, particularly in the area of capital expenditure, are closer to changes in LGCI or Local Government Cost Index. The LGCI index has been significantly above the CPI index over the last ten years. LGCI is also forecast to be above CPI in the coming ten years.

This issue creates a significant dilemma for Council. If Council does not increase forecast costs by the rate of inflation Council could not deliver current services at current levels to the community. On the other hand, income levels within the community are forecast to increase at a rate a little below CPI during the ten years of the plan. Napier City Council is acutely aware that affordability is a critical issue for this community and has, in prior years, maintained its average rates increases at or close to CPI (five year average, per rateable property 2006-2011, was 0.6% below CPI).

During the planning process, Napier City Council has firmly chosen to propose that affordability of services delivered to the community be the highest priority for Council and that CPI be used as the baseline against which Council measures the affordability of rates increases proposed. Council has undertaken, within this plan, to increase rates levied (excluding growth) on the community by no more than 1.1% above CPI in any one year during the next ten years but with an overall target that rates increases on average (excluding growth), during the same time frame, are at or below CPI. This target, which is to be achieved within a balanced budget, also includes current levels of service be maintained.

Council has planned to achieve this target through focused cost control, undertaking those projects that are necessary to maintain current levels of service, undertaking projects or implementing new services that are affordable within the rates limits and by applying appropriate fees and charges to activities where the beneficiary can be identified and it is cost effective to apply a fee or charge. The application of appropriate fees and charges includes the continued charging of development and financial contributions to meet the related costs of growth.

<sup>1</sup> Council rate increases are reviewed before the start of each financial year as part of the Annual Plan process. While the Ten Year Plan includes the Annual Plan for the 2012/13 year, Council rates increases reflected in the Ten Year Plan for the 2013/14 year forward are indicative only based on the best assumptions known at the date of the plan as to expected cost increases and the expected growth of the community, for planned level of services and the expected capital requirements. Actual changes to rates levels will be based on actual CPI as at 30 June for the year before the plan year of commencement. Council uses inflation forecasts provided by BERL to prepare the plan.

### Population

The population of Napier is expected to continue growing over the ten years of the plan. The population growth rate is expected to be quite modest at 0.6% per annum for the first four years of the plan and then falling to 0.4% per annum during the last years of the plan. Looking further out, forecasts indicate the population of Napier will start falling. Recently published statistics suggest a population reduction, based on a medium case scenario, could start occurring from 2026-2031. The high case scenario suggests continued modest growth to at least 2031 and the low case scenario suggests the city population could start falling during the Ten Year Plan period.

Based on historic patterns, Napier City Council has chosen a medium high scenario for population growth in determining the city requirements for the coming ten years. While the population may be showing stable to modest growth, the number of households within the city is expected to continue to increase. The costs of significant services delivered by Council to the city are driven by the number of households within the city network rather than by the number of people. What this means for the city is the continuation of a current trend, that is, more households in the city but less people in each household. Further information regarding population is outlined in the Napier City section of this plan, however less people per household does indicate a lower average household income.

### Affordability

Population trends impact affordability. The key findings of the Heretaunga Plains Urban Development Study demographic analysis was that by 2031 26% of the Napier population would be aged 65+ compared to the current 17%. This movement affects what the community considers to be affordable in terms of rates increases. Incomes within this age group are generally lower than other age groups and more fixed in nature. From the last census in 2006 the median personal income in Napier was \$22,700 compared to the

median New Zealand personal income of \$24,400 and the median household income in Napier was \$43,400 compared to the median New Zealand household income of \$51,400. While there is no current census data, it is anticipated that future data will show a similar variance between the New Zealand income averages but with the household income variance to the New Zealand average trending further lower than the New Zealand average. This is expected, based on current forecasts, due to the lower population per household and the increased average age of the Napier population.

Council does not operate under set \$ or % of income per household or a set % of property values to assess the level of affordability of its rates.

Napier City Council has, however, consistently set its benchmark in regard to affordability, against CPI as a self imposed measure of affordability. The track record for this Council has been to maintain rates on a rolling average basis at CPI. It is also the future intention of this Council to manage its costs so that increases in any year are within 1.1% of CPI.

Council also benchmarks itself against 10 cities, many of which are a similar size, on an annual basis. As at 30 June 2011, the average residential rates for Napier at \$1,600 per annum were at 93% of the average for the group and sitting at third lowest of the group of 10. In regard to affordability of commercial property rates, these were reassessed over the last year. The result of this assessment was that commercial property rates were carrying a larger share of the rates burden than was appropriate. As a result the commercial sector rates will be adjusted downwards over the next three years and the residential rates adjusted upwards by the same amount. The net impact on residential rates is around 3%. However, even with a 3% adjustment, Napier City rates, based on the 2011 levels, would remain below the average for its benchmark group and be sitting at fourth lowest.

For the ten year period covered by this plan there are no significant increases in the base costs of Council operations proposed. The key driver of cost increases shown in the Ten Year Plan financial statements are the inflation rates used as a key assumption in the preparation of the plan.

# TEN YEAR PLAN

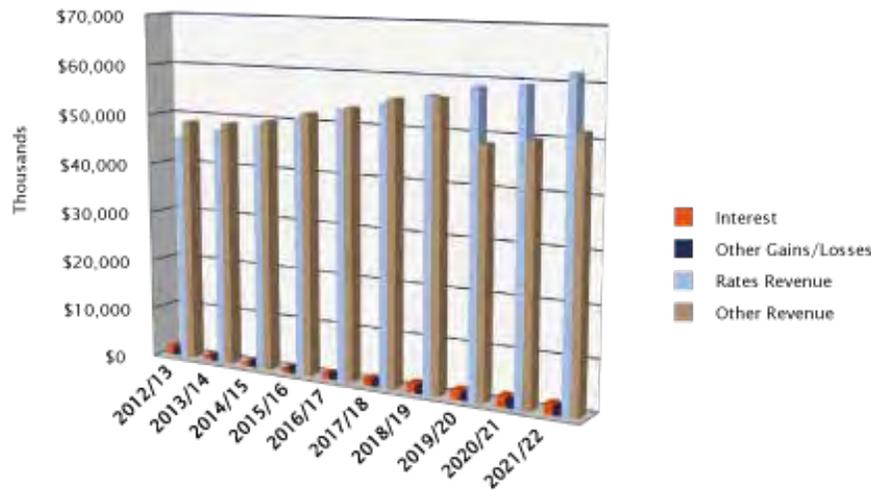
# PLAN

The key focus for the plan is to ensure services delivered are affordable and that these meet the current and future needs of the city and its population. The plan has taken the future infrastructure needs of the city into account with 75% of the capital expenditure proposed focused on the essential city services - Roading, Solid Waste, Stormwater, Sewerage and Water Supply and 15% focused on Recreation.

### Revenue 2012-2022

Funding of the city infrastructure and operations for the 2012-2022 years is shown in the Graph 1 below:

**Graph 1: Revenue Forecast**



The chosen sources of funding for Council activities is contained in Council’s Revenue and Financing Policy. This policy is included in Appendix A of this plan.

The key funding sources for Council operations are:

### Rates

Rates are the primary source of funding for the City, and Council has prepared the plan on a balanced budget basis, as required by the Local Government Act 2002.

Rates required to fund Council services are allocated between individual households and businesses based on Council’s Rating Policy. The Rating Policy is contained within Appendix A of this Ten Year Plan. The decrease in Other Revenue shown in Graph 1 for the years 2019-2022 arises from the expected completion of residential section sales in the Parklands Residential Development project. As the project revenue is not offset against rates required, the project completion results in a reduction in Other Revenue but does not mean an increase in rates required. The change is however reflected in the proportion of total revenue received from rates. This moves from 48% to 53% of total revenue during the last three years of this plan.

Of particular note, the Advanced Wastewater Levy will finish at 30 June 2013. This is a year earlier than previously planned. The original intention was that this levy would continue until the end of the year in which the plant became operational. Operations are now expected to start during December 2013. This project has been delayed for a number of years. However, the levy collected along with interest earned on the levy are now sufficient to fund the bulk of this project and \$7 million of loans included in prior years’ plans for funding this project will not be required.

### Other Revenue

Other revenue comprises all Council revenue with the exception of rates and interest income. Other revenue sources are expected to be an average of 49% of income for the first seven years of the plan and then fall to 44% of income for the last three years. As noted above, this is due to the completion of residential section sales in the Parklands Residential Development. The significant funding sources comprising other revenue are detailed below:

### Fees and Charges

As Council rates are impacted by inflation so too are fees and charges. As a result fees and charges are, in most cases, adjusted by inflation annually. These charges are set annually by Council, the 2012/13 charges were adopted by Council on 4 April 2012, and are expected to contribute an average of 29% of total revenue over the ten years of the plan. Included in fees and charges are property rentals, residential section sales, fees for services provided, licence

fees, infringement fees, access fees to facilities and Napier City's share of income from the Omarunui Landfill Joint Venture. 2019, is also expected to be the last year of the residential section sales in the Parklands Residential Development. Residential section sales at Parklands are planned to contribute an average of 9% of revenue over the period of the plan.

### Residential Section Sales

As noted above, residential section sales from the Parklands Residential Development are anticipated to end in the 2018/19 year. Projected revenue from these sales has been inflated by the relevant BERL index.

### Government Grants and Subsidies

On average, government grants and subsidies contribute 4% of Council revenue. Government grants and subsidies are generally included as income in the activity to which they relate. The most significant subsidy anticipated to be received by Council during the plan period is the subsidy received from the New Zealand Transport Agency (NZTA). An average \$5 million a year contribution is included in the plan from NZTA to fund roading maintenance and renewals and roading network upgrades. Subsidies for roading expenditure are paid to Council based on Council's actual expenditure for the plan year. The levels of subsidy paid to Council for the roading network have reduced in recent years. These reductions have necessitated an increase in rates. This has been managed to minimize the rating impact as far as possible, however, any further reductions in subsidies will require additional rates income if current levels of service are to be maintained.

### Financial and Development Contributions

In line with the exacerbator pays principle, financial and development contributions are charged to fund the cost of community facilities to meet the demand resulting from development. Planned expenditure, as contained in the Ten Year Capital Plan to meet city growth, is more than \$46 million and planned revenue from financial and development contributions is \$41 million (including Parklands Residential Development). The \$5 million variance between revenue and expenditure will be met from prior years' financial and development contributions received but not yet spent and may be spent in advance of receipt of future contributions by way of funding

from the Growth Fund (which is funded by rating growth).

The level of planned contributions contained in the plan, is based on the Napier City Urban Growth Study as revised in 2008. Assumed levels of growth will vary from the plan on a year to year basis. If growth levels vary materially from the growth study and impact revenues received from financial and development contributions, expenditure on city infrastructure funded in this way will also vary by either a decrease or increase as required. The financial and development contributions policies are subject to review every three years. Any changes arising from this review may materially alter projections for subsequent periods.

### Vested Assets

Vested assets (including assets vested from the Parklands Residential Development) contribute an average of 3% of City revenue in the Ten Year Plan. Vested assets include infrastructure assets such as roads, water supply pipelines and stormwater pipes vested to Council as part of a development. These are a non-cash item and result from the valuation of actual assets that are passed to Council as part of a development. From the date these assets are passed to Council, Council takes responsibility for the maintenance and renewal of these items. The level of projected vested assets is lower than previous years as around 45% of growth is expected to come from infill housing rather than greenfield developments. Vested assets are non cash items and increases or decreases of amounts received carry low financial risk for Council.

### Rental Income

Rental income, for the purposes of Graph 2 below, comprises rents from retirement and rental housing along with other sundry rent and lease income from both residential and commercial properties. Income from rents has been inflated using estimated CPI. As lease rentals are fixed at a set rate for a number of years lease income has been assessed on a lease by lease basis and takes account of the residential property lease sales expected to occur during the ten years of the plan. Forecasts of lease rentals have been based on the forecast change in property values indices as provided by BERL. These indices are indicative only and the actual change in property prices will vary significantly from the indices used.

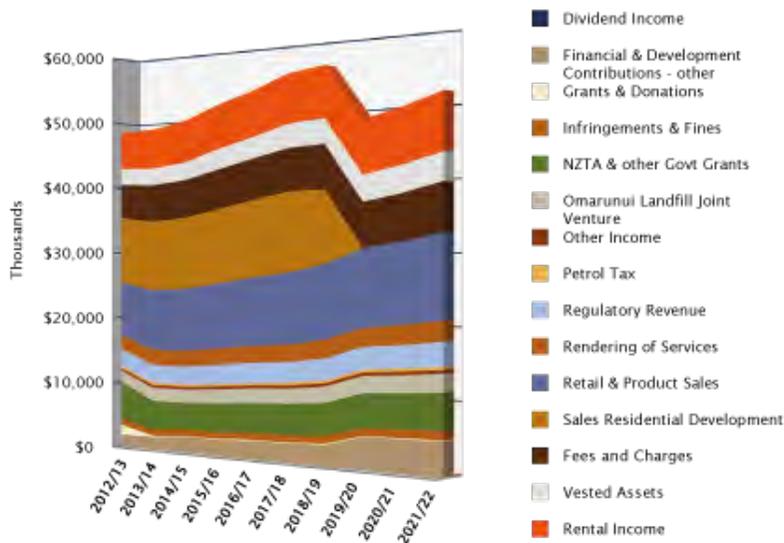
# TEN YEAR PLAN

# PLAN

## Retail and Product Sales, Rendering of Services

Retail and product sales and rendering of services have been projected over the term of the plan to continue at current levels. Retail and product sales are primarily from the Tourism related activities such as the National Aquarium of NZ and Napier i-SITE Visitor Centre. Net income from these off-sets the required level of rates support to these activities. It is not anticipated that revenue in this area will increase over the plan period and increases to projections reflect inflation related price increases only. The only exception within this area is the effect of the reopening of the Hawke's Bay Museum and Art Gallery retail shop in the 2013/14 year.

**Graph 2: Other Revenue Forecast**



## Interest Income

Council has funds surplus to its day to day requirements for a number of reasons. This occurs where there is a difference in timing between the receipt of funds and the expenditure being incurred, funds which are collected and held for future projects and funds derived from sales of assets.<sup>1</sup>

<sup>1</sup> From Council policy on asset sales: that proceeds from Asset Sales be used to fund major capital projects with intergenerational impacts, which would otherwise need to be funded from loans serviced by rates.

Council invests these funds in accordance with Council's Investment Policy. Council does not take risks with ratepayer funds and manages these conservatively. Interest forecast to be earned from funds invested with banks or other financial institutions are shown as interest income. Interest income has been calculated, for the purposes of the plan, at a rate of 4.5% per annum which is the projected average interest rate expected over the ten years of the plan.

Where income is earned on funds which have collected or are held for a specific purpose, interest earned is added to the funds held for that specific purpose. Where interest income is derived from funds which are not reserve funds, this interest income is used to offset the amount required to be funded from general rates. External interest projected to be received by Council is disclosed in the Prospective Statement of Comprehensive Income. Actual amounts received may be greater or smaller depending on Council cash flow and the rate of interest prevailing in any one year.

## Loans

Loans are a source of funds for capital projects and are the mechanism by which the capital cost of significant community infrastructure built today, which also benefits forth coming generations, is spread across those that benefit to achieve intergenerational equity. However, loans are a source of risk in that the interest rate payable by the community varies from year to year. A community which is highly indebted must meet the costs of the liabilities it carries despite the impacts this may have on the overall affordability of the loan servicing costs. Council manages this risk by imposing limits on itself. The key limits Council imposes on itself are shown in Table 2 on the following page along with where Council expects to be over the ten years of the plan. Council imposes the same disciplines on its loan funding no matter what the source of the loans is, i.e. external or internal. Security given in respect of Council's external borrowing is provided under Debenture Trust Deed, creating a charge over rates revenue.

Long life assets which are expected to provide a benefit to the community of a long period have been included in the Ten Year Capital Plan. The total value of loan funded assets is forecast at \$28 million. The activity groups proposed for capital funding by

**Table 2: Loan Funding 2012-2022<sup>1</sup>**

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Debt Servicing</b>										
Proportion of Rates Revenue applied to Service Debt (External & Internal Debt)										
Policy limit	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Actual	9.3%	10.2%	10.3%	10.6%	10.5%	10.2%	9.8%	9.5%	7.3%	6.7%
<b>Debt / Income</b>										
Net Debt as a % of total income										
Policy limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Actual	47%	57%	60%	60%	55%	50%	46%	49%	46%	50%
<b>Rate Funded Debt per Capita</b>										
Net Rate-funded Debt per Capita										
Policy limit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Actual	\$625	\$721	\$777	\$763	\$719	\$673	\$628	\$579	\$547	\$668

<sup>1</sup> Highlights in green indicate the measure is below the policy limit, a highlight in red indicates a measure is outside the policy limit

loans are Roadway \$3.7 million (Hastings Street redevelopment and Herschell Street precinct), Stormwater \$4.3 million (Ellison Street Pump Station), Sewerage \$10 million (Wastewater Outfalls and BTF - sludge treatment) and Recreation \$10 million (Sportsgrounds development, irrigation, Park Island expansion, Napier Aquatic Centre building, Reserves pathways and linkages and Westshore Beach reprofiling). The loans that would be raised are classified as loans rates, loans growth and loans non-rates. Rates and growth loans are funded from rates. However, the growth loans are funded from increases in rates income from the increase in the number of properties in the city. Non-funded loans are loans serviced by sources of funds other than rates. In the plan this is the Westshore Beach reprofiling. This loan would be funded from the Hawke's Bay Harbour Board Endowment Land Income Account which is funded from the income from residential and commercial leases.

The Council will begin the 2012/13 year with external debt close to \$4 million and expects to complete the plan period with no external debt. Council, in accordance with Council policy, also plans to fund the \$28 million of loans in the plan from internal funds. The source

of internal funds for financing loans is funds available from the sale of assets and existing and future reserves.

This expectation is based on loan funded expenditure being maintained at levels indicated in the plan and is dependent on the increase in reserve levels being achieved. Variations in the planned revenue from sales of assets, particularly the Parklands Residential Development, would increase Councils requirement to fund the planned capital plan from external funds.

Council has chosen to utilize the funds from asset sales to loan fund its capital plan. This will ensure successive generations receive the benefits of community assets which have been sold and reduces overall costs to the community both now and in the future. This financial strategy supports the mission statement for the development of Napier: *To provide the facilities, 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.*

**Investments**

As noted above, Council is risk averse in its management of cash. In addition, Council's preferred approach, for funds available for long term investment, is that its investments (providing these are in accordance with the Investment Policy), support the Napier community. Consequently the first choice for Council is to use surplus funds to finance Council's own capital plan where this is required. Accordingly, and in line with Council policy, funds available for long term investment such as funds accumulated from sales of community assets (for example, residential leasehold properties and Parklands Residential Development) and some reserve funds are used to fund Council's capital plan where required.

Council has consistently followed this strategy for a number of years. As shown in this plan, Council will be self funding, except for some minor external loans, by the end of the 2013/14 year. On the proviso that sales of assets proceed as planned, Council will be building significant funds during the last 4-5 years of the plan. Expenditure that is included in this Ten Year Plan, loan funded from the Parklands Residential Development special fund, are funds which have been accumulated by Council from prior years and are excess to the continued development funding requirements of the residential development project. Strategies for use of these funds for future capital projects will be revisited in the 2015-2025 Long Term Plan.

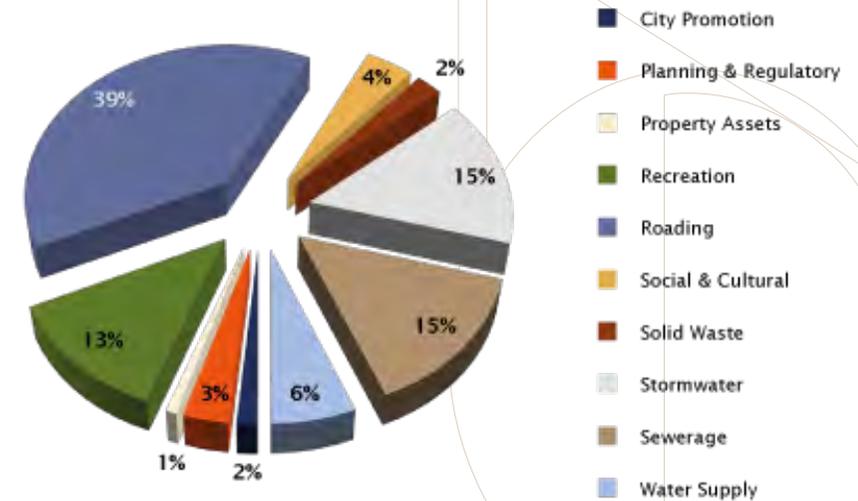
The investments by Council to itself are not disclosed in the IFRS compliant financial statements. As internal transactions, that is Council is the investor and the borrower, these transactions are classified as internal where the investments and loans are netted against each other for the IFRS compliant financial statements. However, in the interests of clarity and transparency Council has disclosed its total funding through internal loans in the Prospective Borrowing Programme within this plan. Funds shown as internal loans are the same amount that would be shown as internal investments.

PLAN

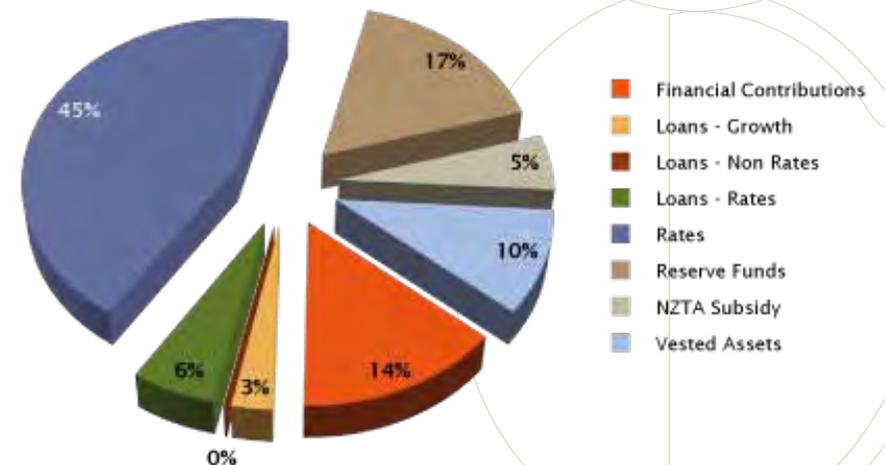
**EXPENDITURE**

**Capital Plan 2012-2022**

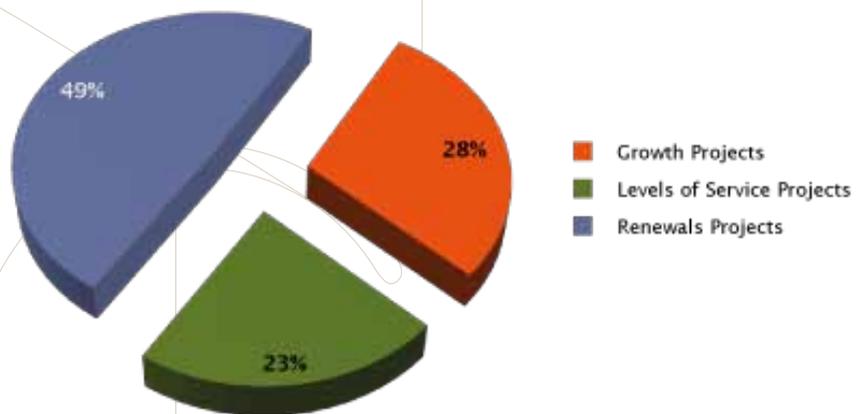
**Diagram 1: Capital Plan - Total Activity Group Expenditure**



**Diagram 2: Capital Plan - Total Funding**



**Diagram 3 : Capital Plan - Classification of Expenditure**

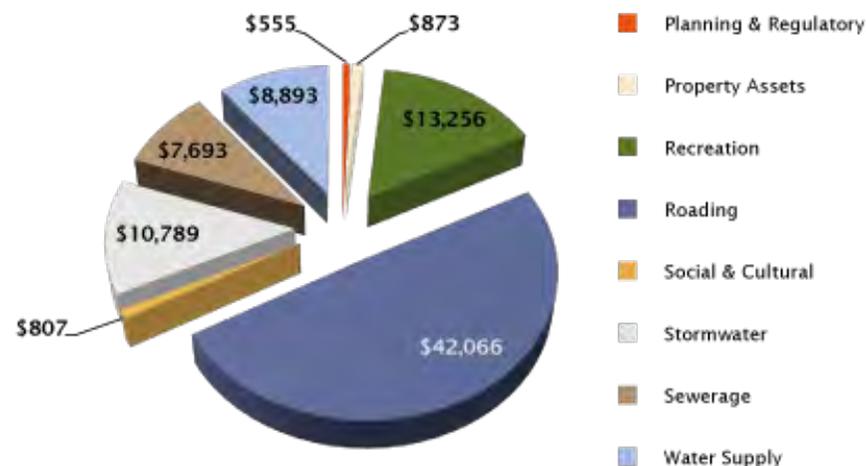


The inflated Ten Year Capital Plan for 2012-2022 includes \$319 million of expenditure. This comprises the activity group expenditure shown in Diagram 1 of \$299 million plus \$20 million of expenditure for support units. The capital cost of support unit equipment, which includes plant, computers and software is part of the total capital plan. These costs are allocated over activities, through an annual recharge and are included in the annual activity costs.

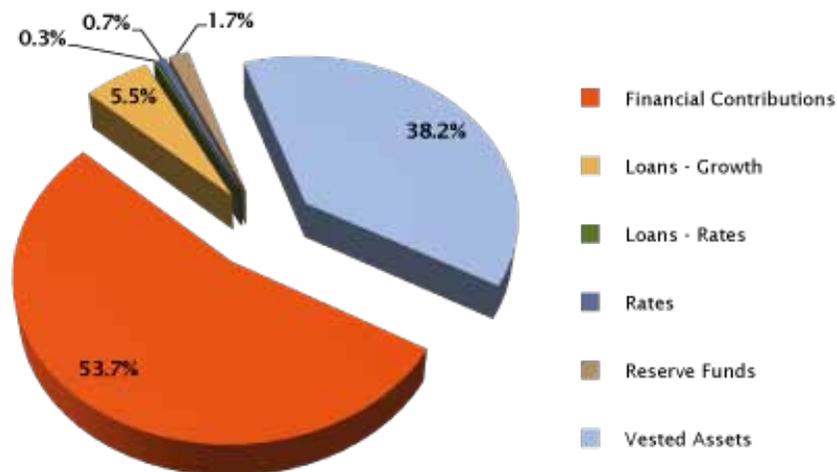
Roading, Sewerage, Stormwater, Recreation and Water Supply comprise 88% of the capital plan expenditure. As also shown, 49% of the proposed capital plan is to maintain existing levels of service, 23% of expenditure is targeted to improving current levels of service and 28% is related to growth projects.

**Capital Plan - Growth Projects 2012-2022**

**Diagram 4: Growth Projects by Activity Group (000's)**



**Diagram 5: Growth Projects Funding**



# FINANCIAL STRATEGY CONTINUED

The Ten Year Plan includes growth in the number of city households of around 1,900 residences over the ten year period. While this is a modest rate of growth of between 0.5% and 1% per annum, it is based on the medium high scenario for the District Plan and there will be additional infrastructural capacity required to cater for city growth. If this capacity is not added, growth will lead to a reduction in the levels of service provided to the community overtime.

Growth related projects included in the plan total \$84.9 million. Of this \$34.2 million comprises infrastructure assets vested to Council by the developer. This includes roads, stormwater, water supply and sewer systems. The most significant focus for other projects are Roothing \$27.1 million, Stormwater \$5.0 million, Water Supply \$6.0 million and Recreation (sportsgrounds, reserves and playground) \$12.1 million.

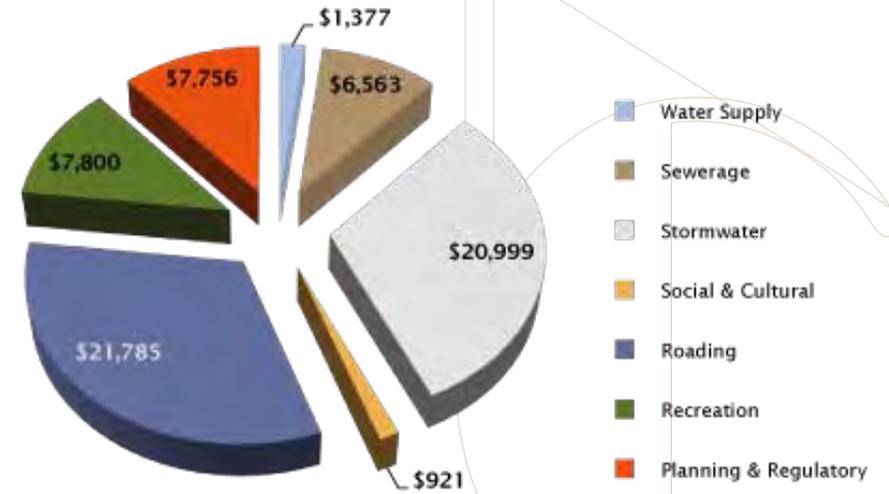
Funding of these projects comprises \$45.6 million from financial and development contributions, \$4.9 million from loans, \$0.6 million from rates and \$1.4 million from reserve funds.

The plan includes \$40.6 million of financial and development contribution income. The risk in regard to growth projects is centred on the expenditure funded from the financial and development contributions income in that the expenditure could occur but the financial and development contribution income received is lower due to lower growth. Napier City mitigates this risk by delaying growth related expenditure until it is required as a result of actual growth, i.e. the financial and development contributions have been received or are receivable.

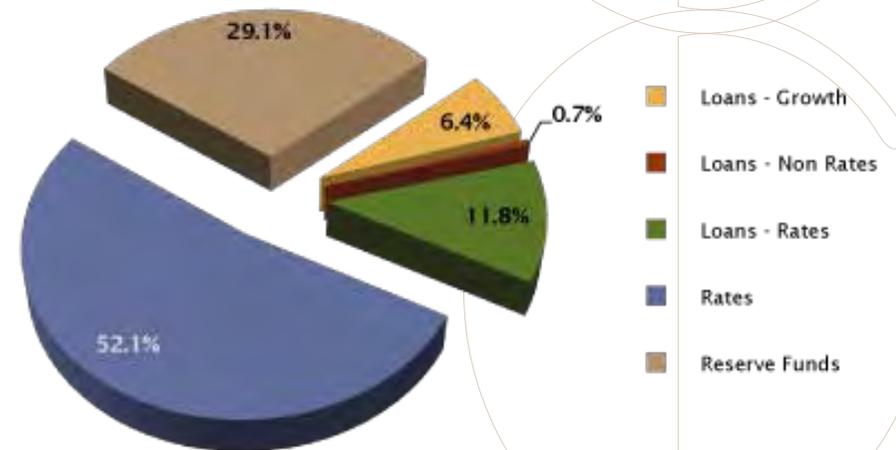
# PLAN

## Capital Plan - Levels of Service Projects 2012-2022

**Diagram 6: Levels of Service Projects by Activity Group (000's)**



**Diagram 7: Levels of Service Projects Funding**



Levels of Service (LOS) projects are categorized as those that improve the service delivered to existing ratepayers. The total inflated cost of LOS projects included in the plan is \$77 million. This is 23% of the total activity related capital plan. However, it must be noted that while these projects are classed as improvements to existing LOS, these projects may actually be lifting the service levels in some areas of the city to the level already enjoyed in other parts of the city rather than lifting the LOS across the whole city. This particularly applies to the stormwater projects. Due to changes in design standards over time, the older parts of the city are being delivered a lower level of service than the newer parts. The design standards for older areas were based on a stormwater pipe capacity to cope with a one in two year event for rainfall whereas newer parts of the city were built under newer design standards which are now based on a one in ten year event. The different standards applying are clearly apparent when the city experiences a significant rain event and the capacity of the older reticulated stormwater systems is exceeded in some areas. Given the increase in single event precipitation it is essential that the LOS in the affected areas is improved to safeguard these areas. Further information on LOS projects by activity is contained in Part 3 - Activity Groups of this plan.

The funding source for LOS projects is predominantly rates. LOS projects would generally be viewed as projects with intergenerational impacts and therefore be funded by loans. However, 89% of the LOS projects are funded annually over a long period. This means that the spread of costs across generations is achieved by annual funding and that rates is the appropriate funding source.

### Capital Plan - Renewals Projects 2012-2022

Diagram 8: Renewal Projects by Activity Group (000's)

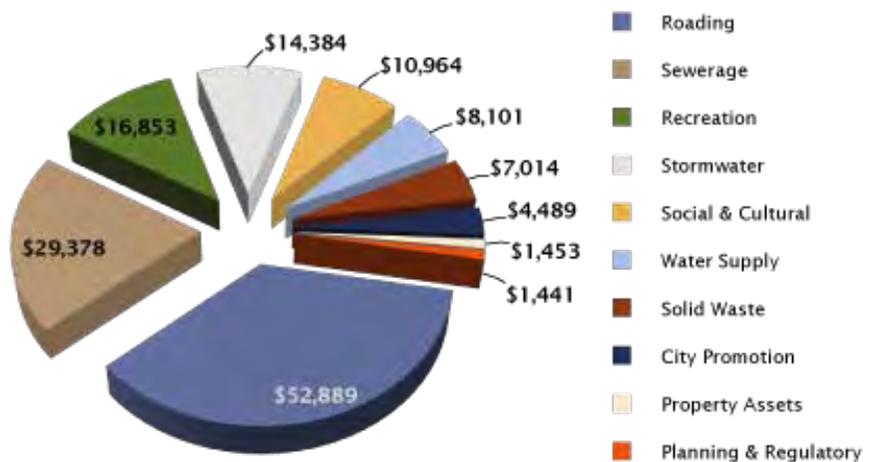
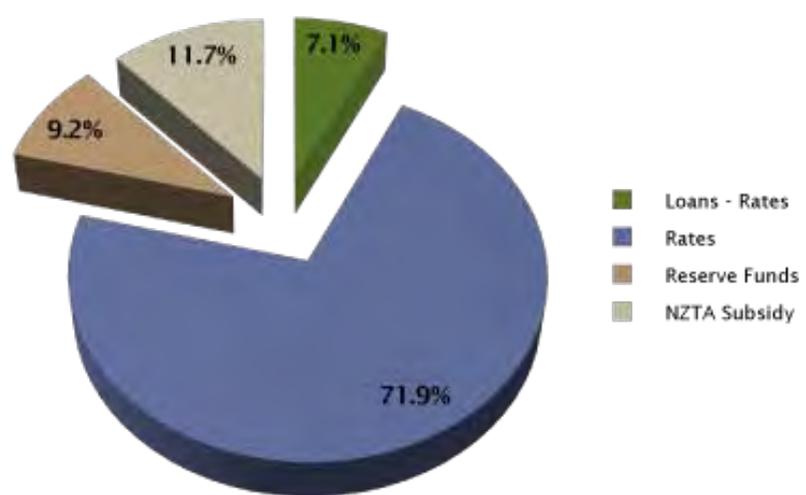


Diagram 9: Renewal Projects Funding



# TEN YEAR PLAN

Renewal projects are projects for the replacement or renewal of existing assets. Renewals expenditure is essential to the maintenance of existing levels of service. These projects comprise \$147 million or 49% of the inflated activity related capital plan. 88% of renewals expenditure is related to Roading, Stormwater, Sewerage, Water Supply, Recreation and Solid Waste. Roading is the most significant cost for city renewals at 36% of the total.

For major infrastructure asset renewal costs are funded annually. As a result the predominant funding tool for this category of capital expenditure is rates.

Renewals are a combination of planned and reactive replacements. The level of renewals of infrastructure assets planned on an annual basis, are based on assessments and plans developed over ten years ago. These plans are in the process of being revised. As a part of this revision, work will be undertaken in the coming year to check the condition of the below ground wastewater pipes. This work will also include a reassessment of the likely life of these pipes.

Renewals projects are also closely linked to a number of increased levels of service projects. The renewal of a pipe with increased capacity, for example, is both a renewal and an increased level of service project. City Engineers assess the proportion of renewal versus increased level of service and funding of combined projects is determined based on this estimated split.

Renewals of infrastructure assets are not linear in the same manner that the age of these assets is not linear. Consequently the level of renewal expenditure required in any one year is an estimate. Funds included in rates for renewals and not expended at the end of any year are transferred to the renewals reserve. These funds are invested and the interest earned added to the reserve to protect the amounts held against prices changes (inflation). Funds held in this reserve are then applied to renewal costs on an as required basis. The current level of funds accumulated in this reserve is significant in terms of the total amount. The fund is expected to be around \$13 million at the beginning of the 2012 financial year. However, in terms of the amount invested in below ground assets alone the amount is less significant. The current cost of replacement of these assets is around \$400 million so renewals reserves are 3.3% of the current replacement cost. The funding of infrastructure asset

# PLAN

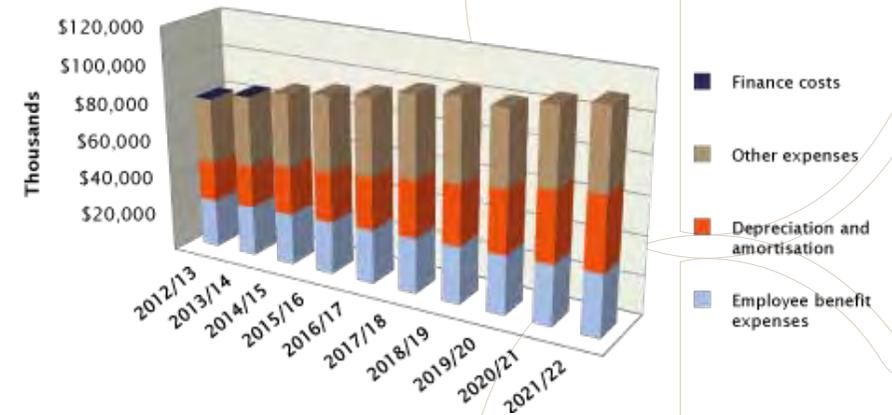
renewals on the linear basis protects the community from excessive rates swings and provides surety of funding in the event of significant infrastructure renewal requirements.

As noted above, the review of asset management plans and the condition assessments of below ground assets may result in a change to the levels of renewals funding in future years. Any revision would be proposed for implementation with the next Long Term Plan in 2015.

Discrete projects and minor capital requirements comprise the balance of the renewals capital plan. Renewals projects proposed are detailed under each Group in Part 3 - Activity Groups of this plan.

## Operating Expenditure 2012-2022

**Graph 3: Operating Expenditure - Annual**



Other expenses and employee benefit expenses have been inflated for the plan at the appropriate BERL rates of inflation. Employee count remains at the 2011/12 level for the term of the plan. The BERL indices used for the plan indicate employee costs will increase at a rate below CPI for the term of the plan.

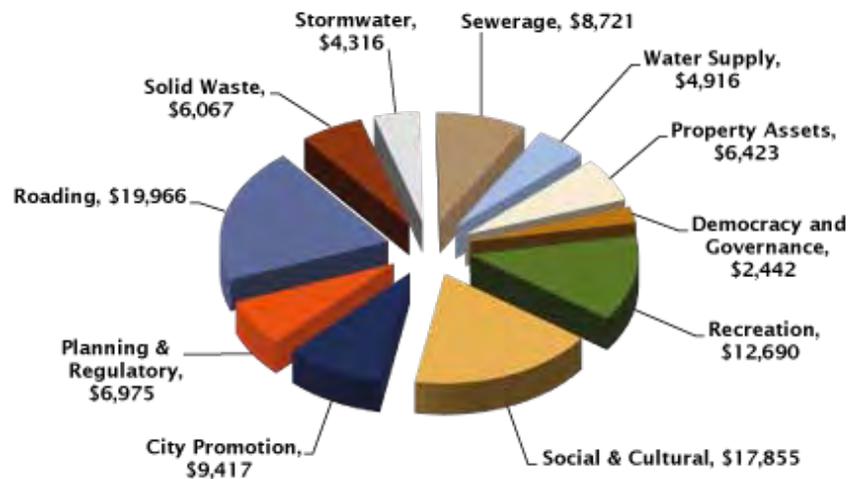
Other expenses include all expenditure for operating and maintenance of Council assets. While depreciation is not inflated, the plan model includes three yearly revaluations of all assets except plant,

equipment, motor vehicles, library books and commercial property. The revaluations are assessed using the BERL indices appropriate for the asset type. These revaluations, along with asset additions have the effect of increasing the value of depreciation in total. The next revaluation of assets will be in the 2013/14 year. The dip in other expenses, shown above, reflects the first year following completion of the Parklands Residential Development. Operating costs arising from the development of these sections will finish in the 2018/19 year along with the last of the section sales.

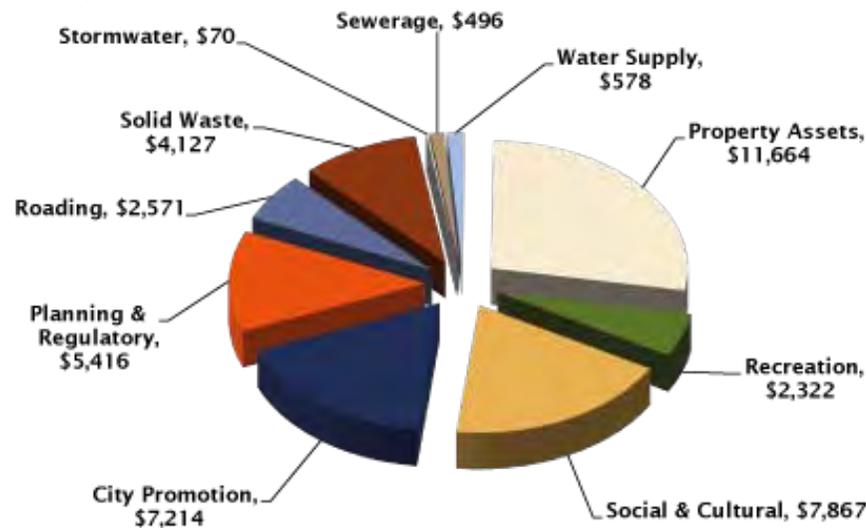
Finance costs represent the amount paid to entities outside Council on loan funds used. As mentioned earlier external finance costs are minimal for the term of the plan due to Council utilizing internal sources of cash to fund the capital plan.

Diagram 10 displays the average expenditure per annum by group. This includes operating expenses, depreciation, employee expenses and interest costs. Shown alongside this diagram is other revenue by group. Diagram 11 shows average operating revenue per annum only by group. It excludes all rates revenue, capital subsidies and grants, financial and development contributions and vested assets which are also to offset capital costs. More detail for each group is contained within Part 3 - Activity Groups of this plan.

**Diagram 10: Operating Expenditure by Group - 10 year average (000's)**



**Diagram 11: Other Revenue by Group - 10 year average (000's)**



## RISK MANAGEMENT

While Council operates a Civil Defence function to assist the community in the event of a civil emergency, Council also has internal management plans to ensure critical operations can continue in the event of a disaster or an emergency event. Following a disaster, the major concern for the community is recovery and a return of services. A component of the recovery of the community is the replacement of community assets. To ensure Council is able to replace community assets Council has insurance policies in place. The policies are reviewed annually to ensure they are appropriate to the value of assets insured. Assets are also regularly valued to ensure the value used for insurance purposes is appropriate.

As a part of Council's insurance and risk management strategy Council also owns a shareholding in New Zealand Local Government Insurance Corporation Ltd. This organisation is one of a number of providers of insurance to Local Government in New Zealand. However, Council selects insurers on a competitive basis and works with other Councils within Hawke's Bay to place its insurances.

As for the rest of the community, insurance premiums have increased significantly in the light of the Christchurch earthquakes. In the current year the cost of Council policies has increased from \$0.6 million in 2010/11 to \$1.45 million in 2011/12. To put this increase in context, the 2010-2012 increase is the equivalent of a 1.8% increase in rates and constitutes 3.3% of rates in total. Early indications are that insurance premiums will increase by a further 15% in the 2012/13 year. Insurance costs are included in the operating costs of each activity.

Council's insurance policies cover: Buildings, Contents, Plant and Machinery, Motor Vehicles and Mobile Plant, Certain Business Interruption, Travel, Fidelity Guarantee, Statutory Liability, Employer's Liability, Museum Collection, Public Liability and Professional Indemnity with appropriate levels of excess where applicable.

Insurance covers that are specific local authority issues are:

### *Underground Infrastructure*

This policy covers the underground pipeline assets, pump station underground structures and associated pipe work, along with the marine outfall.

In general upon a major disaster the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means.

It is generally accepted that no more than 25% of the underground infrastructure would be seriously damaged in a major disaster. Council's insurance cover is based around 40% of this exposure.

Napier City Council, under its Insurance Policy must meet the first \$20 million of any insurance claim and the maximum it can claim in any one event is \$20 million. Funding over and above any insurance recovery would be provided from a combination of reserve funds, debt and the reprioritisation of its planned capital and operating expenditure.

### *Uninsured Risks - Roading Network*

Roads and associated assets are not covered by Council's insurance. In the event of a major disaster, support is anticipated to come from Central Government to reinstate the roading network.

Increased insurance cover of underground infrastructure and the roading network would increase the costs of insurance considerably.

## FINANCIAL POLICIES

The key financial policies underlying the Ten Year Plan (included in Appendix A) and their general functions are as follows:

- Revenue and Financing Policy – records the policy decisions Council has made regarding funding of all activities on an activity by activity basis.
- Liability Management Policy – records Council's rules and self imposed limits regarding Council's borrowing.
- Investment Policy – records Council's own rules regarding Council's management of financial assets.
- Development Contributions and Financial Contributions Policy – records Council's policy regarding charges associated with expenditure for capital work to support infrastructure costs arising from growth of the city.

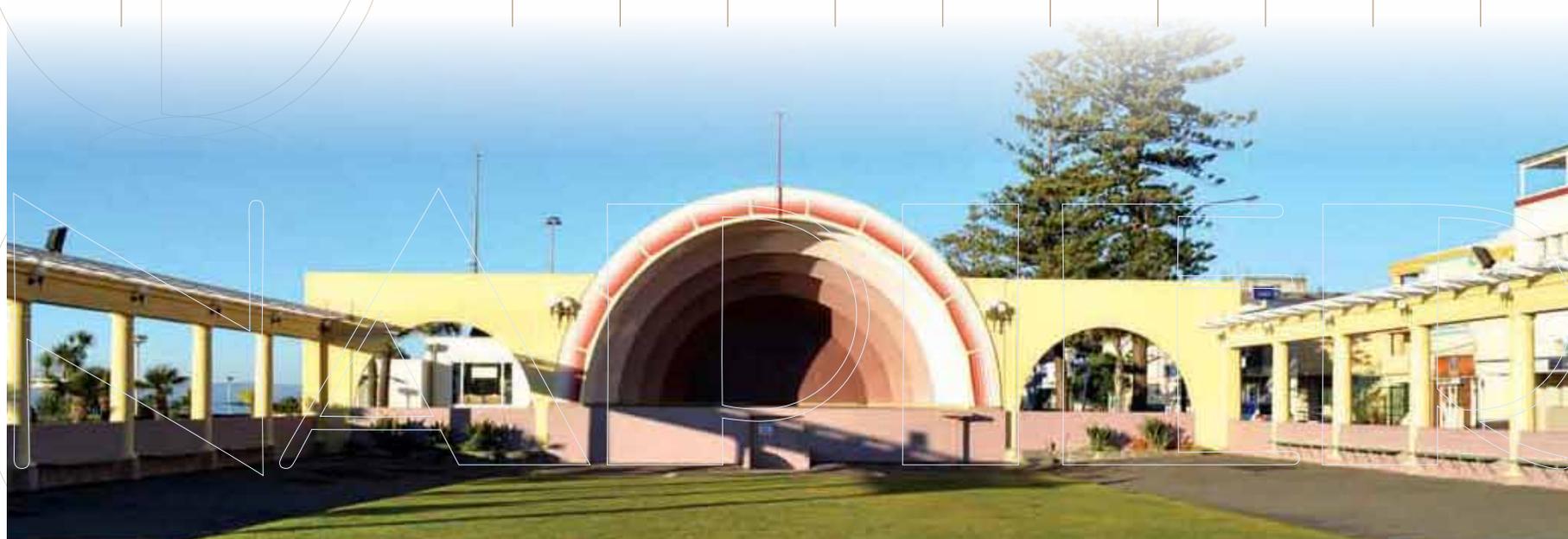
# FINANCIAL PERFORMANCE MEASURES

# TEN YEAR PLAN

INTRODUCTION

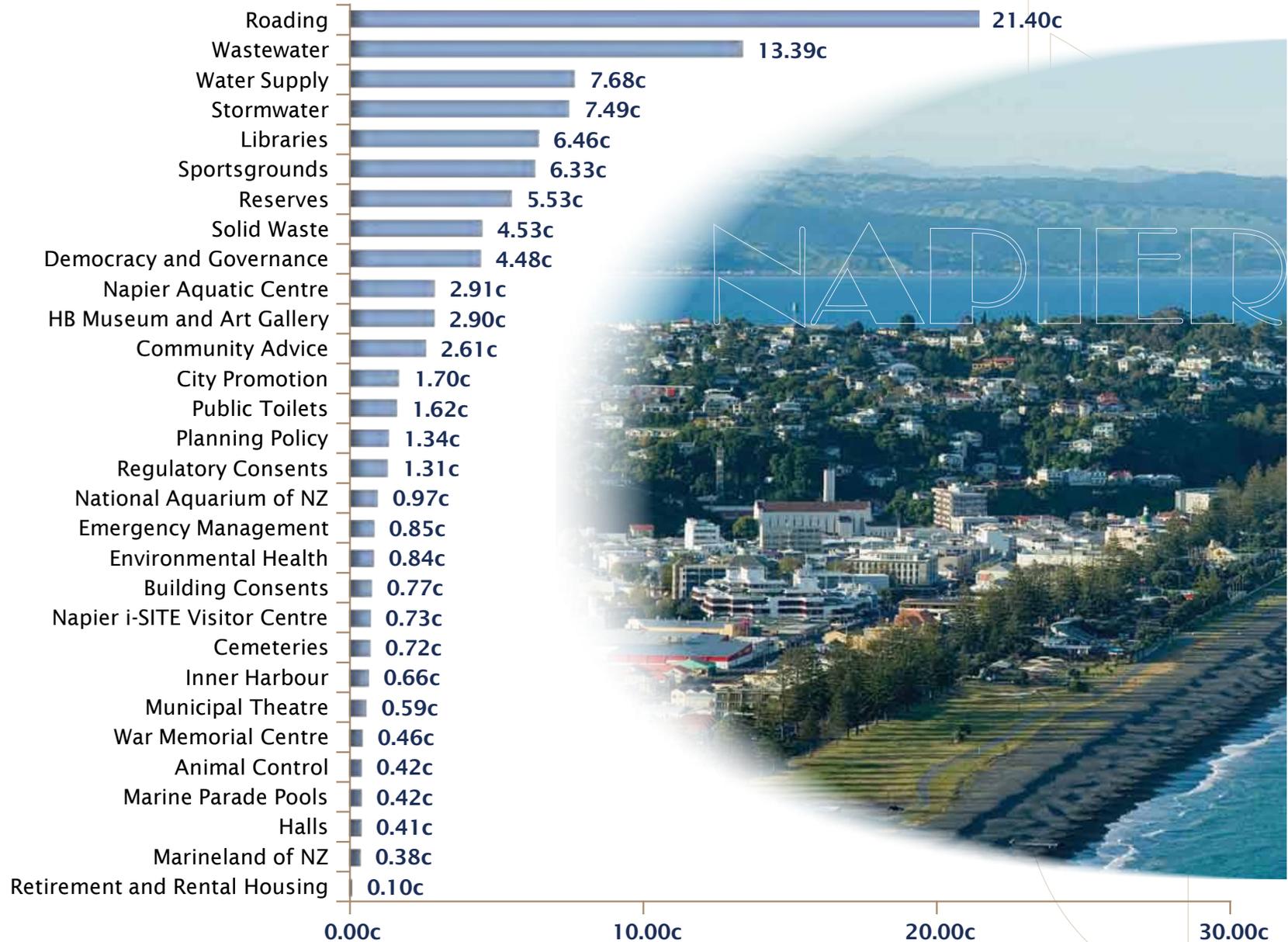
Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
44,379	Rates Revenue	45,466	47,273	48,846	51,051	52,958	54,644	56,701	58,708	59,442	61,902
21,056	Net Surplus	16,216	12,587	10,478	11,534	12,513	12,111	12,314	8,421	5,816	6,495
26,825	Working Capital	24,642	10,718	8,142	9,804	18,796	14,975	14,173	9,492	20,535	12,793
2,637	Net Public Debt (External)	950	13	5	-	-	-	-	-	-	-
34,311	Internal Debt	44,880	56,076	60,222	62,835	59,699	56,452	53,260	54,137	51,612	58,330
<b>1,363,960</b>	<b>Total Assets</b>	<b>1,379,746</b>	<b>1,460,488</b>	<b>1,470,159</b>	<b>1,480,724</b>	<b>1,580,468</b>	<b>1,592,689</b>	<b>1,604,945</b>	<b>1,705,315</b>	<b>1,710,194</b>	<b>1,719,064</b>
44.7%	% Rates Revenue to Total Revenue	46.8%	48.2%	48.6%	48.7%	48.7%	48.3%	48.8%	53.2%	52.7%	52.8%
0.2%	Net Public Debt as a percentage of Total Assets	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11.4%	Proportion of Rates Revenue applied to service Total Debt (%)	9.3%	10.2%	10.3%	10.6%	10.5%	10.2%	9.8%	9.5%	7.3%	6.7%
	Rates increase to existing ratepayers year on year *	2.2%	3.8%	3.1%	4.3%	3.5%	3.0%	3.5%	3.3%	1.0%	3.9%

\* 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 2011/12 Ten Year Plan. The prospective financial statements have been prepared on the basis of the June 2011 CPI increase of 3.3%.



# WHERE YOUR RATES DOLLAR GOES

The graph below shows the split of rates expenditure (average 2012-2022) between Council's activities.

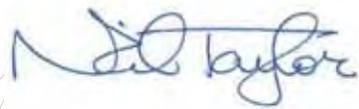


Photograph courtesy of Peter Scott

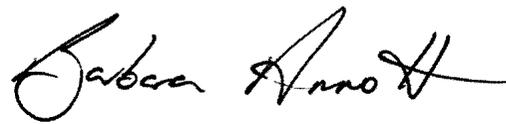
# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Draft Ten Year Plan was adopted and authorised for issue by Napier City Council on 4 April 2012. The final Ten Year Plan was presented to the Napier City Council for authorisation and adoption, following public consultation, on 26 June 2012.

As the authorising body, Napier City Council is responsible for the Ten Year Plan presented along with the underlying assumptions and all other required disclosures. The Ten Year Plan is based on financial statements for the year ended 30 June 2011.



Neil Taylor  
**CHIEF EXECUTIVE**  
26 June 2012



Barbara Arnott  
**MAYOR**  
26 June 2012

# AUDIT NEW ZEALAND REPORT

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

To the readers of  
Napier City Council  
Long-Term Plan  
for the ten years commencing 1 July 2012

The Auditor-General is the auditor of Napier City Council (the City Council). The Auditor-General has appointed me, Mark Maloney, using the staff and resources of Audit New Zealand, to report on the Long Term Plan (LTP), on her behalf. We have audited the City Council's LTP, incorporating the LTP and Appendix A dated 26 June 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

### Opinion

#### Overall Opinion

In our opinion the City Council's LTP, incorporating the LTP and Appendix A dated 26 June 2012 provides a reasonable basis for long term integrated decision-making by the City Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the City Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

#### Opinion on Specific Matters Required by the Act

##### In our view:

- the City Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and
- the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 26 June 2012. This is the date at which our opinion is expressed.

FAC 2012 LTP Audit Opinion

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

### Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the City Council's LTP. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, and implications it faces and provides for participation by the public in decision making processes;
- the City Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;
- the City Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the City Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;

FAC 2012 LTP Audit Opinion

- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the City Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

### Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The Council's responsibilities arise from Section 93 of the Act.

### Responsibilities of the Auditor

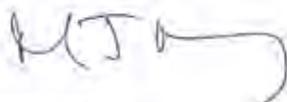
We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

### Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the City Council.



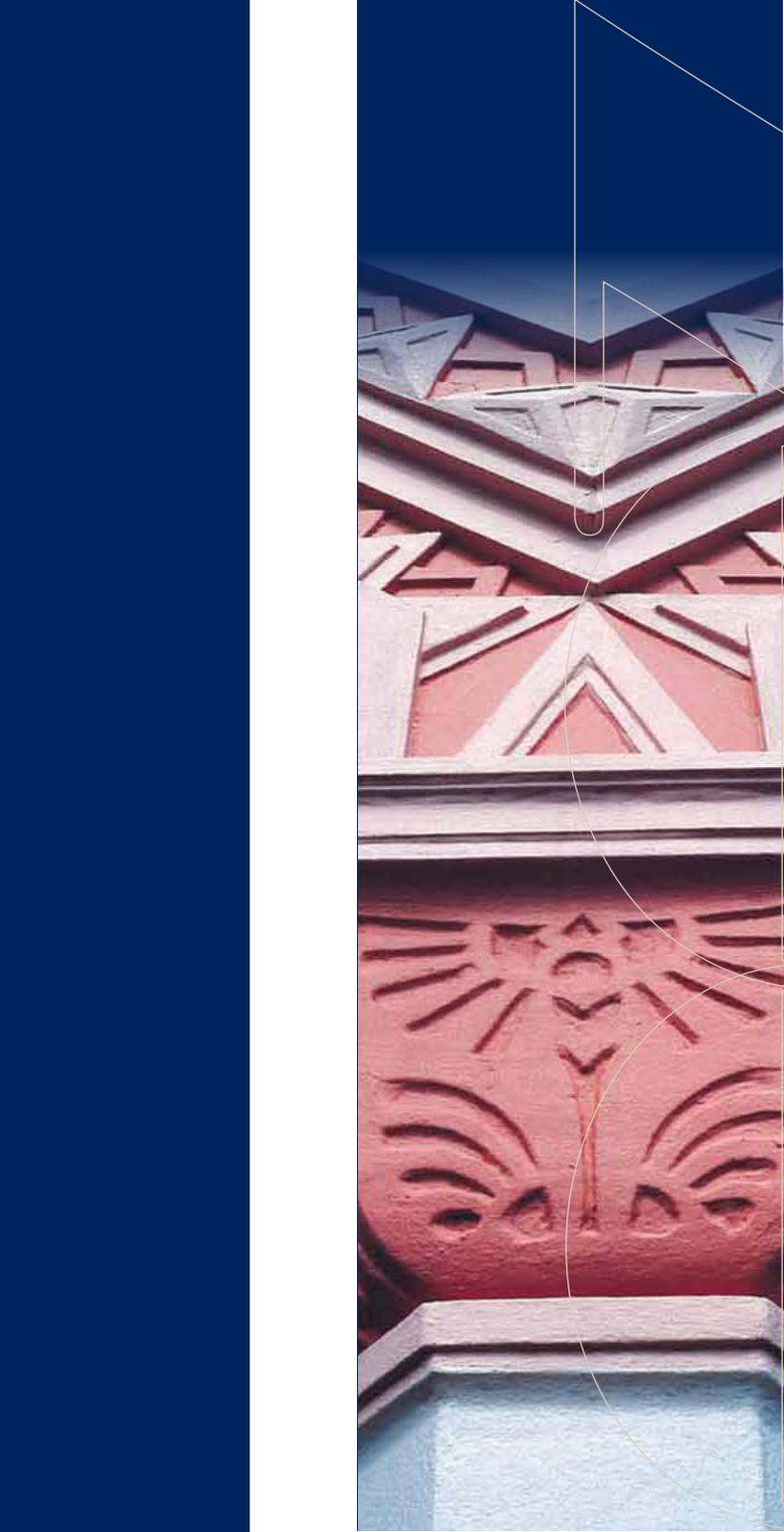
Mark Maloney  
 Audit New Zealand  
 On behalf of the Auditor-General  
 Palmerston North, New Zealand

### Matters Relating to the Electronic Presentation of the Report to readers of the Long-Term Plan

This audit report relates to the Long-Term Plan of Napier City Council (the City Council) for the ten years commencing 1 July 2012 included on the Council's website. The City Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of the City Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since they were initially presented on the website.

The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 26 June 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



# 2

## PROSPECTIVE FINANCIAL STATEMENTS

# TEN YEAR PLAN

# 2022

# 2022

# STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the 2012/13 to 2021/22 Ten Year 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 Ten Year 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

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

The reporting entity consists of Napier City Council and its council controlled organisations Hawke's Bay Museums Trust (classified as an associate entity for financial reporting purposes) and Hawke's Bay Airport Limited.

The prospective 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 Limited 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

### Statement of Compliance

These prospective financial statements are for the Council as a separate legal entity and have been prepared in accordance with Section 93 of the Local Government Act 2002 which requires local authorities to prepare and adopt a Ten Year Plan before the commencement of the year to which it relates, and continues in force until the close of the third consecutive year to which it relates.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting

Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-2022 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards. These prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 93 and Part 1 of Schedule 10.

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.

### Measurement Base

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

### Functional and Presentation Currency

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

## CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy.

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

- Public Benefit Entity Standards. Draft Public Benefit Entity Standards are due for release in April 2012. It is expected that these standards will apply from 1 July 2013. As draft standards have not yet been released Council has not assessed the effect of the new standards and these will not be early adopted.

## 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 Ten Year Plan periods covered are likely to vary from the information presented and the variations may be material.

As a forecast, the Ten Year Plan has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur associated with the actions Council reasonably expects to take, as at the date the information was prepared. The Significant Forecasting Assumptions are included on pages 3 to 11 of Appendix A of the Ten Year Plan.

The Ten Year Plan is based on financial statements for the year ended 30 June 2011. The final adopted Ten Year Plan will be updated no later than 30 June 2015.

The Draft Ten Year Plan was adopted and authorised for issue by the Council on 4 April 2012. The final Ten Year Plan was authorised and adopted by the Council following public consultation on 26 June 2012. As the authorising body, the Council is responsible for the Ten Year Plan presented along with the underlying assumptions and all other required disclosures.

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

## PRINCIPLES OF CONSOLIDATION

Consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intra-group balances, transactions, income, and expenses are eliminated on 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 investment is accounted for in the financial statements using the equity method. An associate is an entity over which

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

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

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

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

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

### Subsidiaries

As at 30 June 2011 the Council held no subsidiaries. The Council is not forecast to have any subsidiaries as at 30 June 2012.

### 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 each of the Council's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements

## STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

## **INCOME TAX**

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

The income tax expense 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 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

# TEN YEAR PLAN

## STATEMENT OF ACCOUNTING POLICIES CONTINUED

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 as held for trading 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. Those with maturities greater than 12 months after the Statement of Financial Position date are classified as non current assets.

#### ***Held to Maturity Investments***

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

#### ***Financial Assets at Fair Value through Comprehensive Income***

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 income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as fair value through comprehensive income are recognised in comprehensive income in the fair value investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the 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 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

# STATEMENT OF ACCOUNTING POLICIES CONTINUED

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.

## **PROPERTY, PLANT AND EQUIPMENT**

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

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

Assets which are revalued (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 and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers

from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the 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 and structural improvements	2 to 10%
Fixed plant and equipment	5 to 20%
Mobile plant and equipment	5 to 50%
Motor vehicles	10 to 33.33%
Furniture and fittings	4 to 20%
Office equipment	8 to 66.67%
Library bookstock	7 to 25%

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

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

<b>Roading</b>	<b>Years</b>
Base course	70
Surfacings	12
Concrete pavers	70
Footpaths and pathways/walkways	15 - 80
Drainage	14 - 80

Bridges and structures	20 – 100
Road lighting	4 – 50
Traffic services and safety	10 – 25
<b>Water</b>	
Reticulation	56 – 107
Reservoirs	100
Pump stations	15 – 80
<b>Stormwater</b>	
Reticulation	80 – 100
Pump stations	15 – 80
<b>Sewerage</b>	
Reticulation	80 – 100
Pump stations	15 – 80
Milliscreen	10 – 80
Outfall	60
<b>Others</b>	
Grandstands, community and sports halls	50
Sportsgrounds, parks and reserves improvements	10 – 50
Buildings on reserves	10 – 50
Pools	10 – 50
Inner harbour	20 – 50

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Cash and Cash Equivalents, page 50).

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 estimated useful lives of 3 to 5 years.

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

## 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

## STATEMENT OF ACCOUNTING POLICIES CONTINUED

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 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 Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (revised 2007) in accordance with the transitional provisions which are applicable to public benefit entities.

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 Leave and Sick Leave***

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

#### ***Long Service Leave and Gratuities***

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

### **Retirement Benefit Obligations**

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

The Council's capital is its equity (or Ratepayers' Funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' Funds are managed largely as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has Asset Management Plans in place for major classes of assets, detailing renewal and maintenance programmes to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing Policy in Appendix A of the Ten Year Plan .

Napier City Council has the following Council Created Reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

# STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

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

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

## BUDGET FIGURES

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

## COST ALLOCATION

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

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

### 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 (36.32%).

### ***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 Ten Year 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.



# PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

## FORECAST FOR THE TEN YEARS 2012/13 TO 2021/22

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Income</b>										
44,379	Rates revenue	45,466	47,273	48,846	51,051	52,958	54,644	56,701	58,708	59,442	61,902
1,500	Finance income	1,657	882	720	750	1,089	1,461	1,799	1,862	2,140	2,048
2,280	Development and financial contributions	1,789	1,855	2,308	2,382	2,664	2,754	3,049	4,590	4,741	4,891
10,833	Subsidies and grants	7,238	4,637	4,169	4,303	4,450	4,596	4,748	4,908	5,082	5,266
39,770	Other revenue	39,620	42,319	43,375	45,232	46,425	48,312	48,616	38,965	40,051	41,525
1,187	Other gains/(losses)	1,374	1,098	1,094	1,125	1,198	1,275	1,187	1,221	1,344	1,523
<b>99,949</b>	<b>Total income</b>	<b>97,144</b>	<b>98,064</b>	<b>100,512</b>	<b>104,843</b>	<b>108,784</b>	<b>113,042</b>	<b>116,100</b>	<b>110,254</b>	<b>112,800</b>	<b>117,155</b>
	<b>Expenditure</b>										
24,873	Employee benefit expense	25,513	26,360	27,026	27,674	28,339	29,075	29,831	30,547	31,250	32,062
22,099	Depreciation and amortisation	20,835	22,255	25,131	26,373	27,323	29,868	31,305	32,926	36,234	37,763
31,743	Other expenses	34,515	36,995	38,196	39,569	40,929	42,325	43,025	38,755	39,914	41,268
307	Finance costs	278	141	-	-	-	-	-	-	-	-
<b>79,022</b>	<b>Total expenditure</b>	<b>81,141</b>	<b>85,751</b>	<b>90,353</b>	<b>93,616</b>	<b>96,591</b>	<b>101,268</b>	<b>104,161</b>	<b>102,228</b>	<b>107,398</b>	<b>111,093</b>
20,927	Operating surplus/(deficit) before tax	16,003	12,313	10,159	11,227	12,193	11,774	11,939	8,026	5,402	6,062
129	Share of associate surplus/(deficit)	213	274	319	307	320	337	375	395	414	433
<b>21,056</b>	<b>Surplus/(deficit) before tax</b>	<b>16,216</b>	<b>12,587</b>	<b>10,478</b>	<b>11,534</b>	<b>12,513</b>	<b>12,111</b>	<b>12,314</b>	<b>8,421</b>	<b>5,816</b>	<b>6,495</b>
-	- Income tax expense	-	-	-	-	-	-	-	-	-	-
<b>21,056</b>	<b>Surplus/(deficit) after tax</b>	<b>16,216</b>	<b>12,587</b>	<b>10,478</b>	<b>11,534</b>	<b>12,513</b>	<b>12,111</b>	<b>12,314</b>	<b>8,421</b>	<b>5,816</b>	<b>6,495</b>
	<b>Other comprehensive income</b>										
-	- Valuation gains/(losses) taken to equity	-	-	70,055	-	-	87,778	-	-	90,795	-
<b>21,056</b>	<b>Total comprehensive income</b>	<b>16,216</b>	<b>12,587</b>	<b>80,533</b>	<b>11,534</b>	<b>12,513</b>	<b>99,889</b>	<b>12,314</b>	<b>8,421</b>	<b>96,611</b>	<b>6,495</b>

# PROSPECTIVE INCOME STATEMENT

FORECAST FOR THE TEN YEARS 2012/13 TO 2021/22

# TEN YEAR PLAN

PROSPECTIVE FINANCIAL STATEMENTS

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Total operating revenue (Activity Cost of Service Statements)</b>										
8,997	Roading	5,852	6,097	6,542	6,902	7,231	7,598	7,971	9,065	9,379	9,707
4,739	Solid Waste	5,149	5,659	5,800	5,985	6,177	6,386	6,609	6,835	7,060	7,293
1,009	Stormwater	811	860	948	1,034	1,092	1,176	1,241	1,455	1,503	1,548
7,842	Sewerage	8,419	7,675	9,029	9,342	9,440	10,158	10,369	10,650	11,406	11,650
4,264	Water Supply	4,435	4,641	4,979	5,167	5,308	5,608	5,778	6,055	6,424	6,589
2,640	Recreation	2,404	2,516	2,682	2,785	2,896	2,984	3,107	3,148	3,250	3,354
12,551	Social and Cultural	9,181	7,479	7,025	7,239	7,464	7,705	7,967	8,258	8,518	8,788
5,722	City Promotion	6,446	6,677	6,827	7,031	7,241	7,471	7,716	7,963	8,210	8,466
4,711	Planning and Regulatory	4,841	4,899	4,940	5,248	5,305	5,368	5,713	5,780	5,847	6,223
12,708	Property Assets	14,618	15,045	15,423	15,932	16,406	17,204	16,168	5,831	6,058	6,389
<b>65,183</b>	<b>Total operating revenue</b>	<b>62,156</b>	<b>61,548</b>	<b>64,195</b>	<b>66,665</b>	<b>68,560</b>	<b>71,658</b>	<b>72,639</b>	<b>65,040</b>	<b>67,655</b>	<b>70,007</b>
	<b>Other income (as per Statement of Comprehensive Income)</b>										
32,334	Non targeted rates	32,417	34,686	34,625	36,424	38,101	38,852	40,553	42,207	41,822	43,878
1,500	Interest income	1,657	882	720	750	1,089	1,461	1,799	1,862	2,140	2,048
596	Rendering of services	596	617	632	653	673	696	721	745	770	795
336	Other income	318	331	340	351	361	375	388	400	413	427
<b>99,949</b>	<b>Total income</b>	<b>97,144</b>	<b>98,064</b>	<b>100,512</b>	<b>104,843</b>	<b>108,784</b>	<b>113,042</b>	<b>116,100</b>	<b>110,254</b>	<b>112,800</b>	<b>117,155</b>
	<b>Total operating expenditure (Activity Cost of Service Statements)</b>										
2,049	Democracy and Governance	2,105	2,177	2,232	2,304	2,380	2,464	2,553	2,643	2,735	2,829
16,530	Roading	14,128	15,409	16,732	17,977	19,164	20,218	21,433	23,448	24,882	26,270
4,996	Solid Waste	5,141	5,437	5,597	5,732	5,913	6,103	6,310	6,589	6,838	7,005
3,165	Stormwater	3,439	3,608	3,919	4,057	4,108	4,412	4,506	4,761	5,123	5,232
5,958	Sewerage	6,656	6,896	8,201	8,412	8,478	9,100	9,274	9,516	10,235	10,439
3,740	Water Supply	3,995	4,183	4,479	4,622	4,733	4,991	5,139	5,394	5,741	5,884
10,456	Recreation	10,339	10,906	11,604	11,992	12,358	12,945	13,338	13,930	14,590	14,900
14,099	Social and Cultural	14,206	15,981	16,568	17,058	17,557	18,132	18,757	19,404	20,256	20,940
7,585	City Promotion	8,317	8,533	8,756	8,971	9,205	9,519	9,787	10,052	10,379	10,653
6,036	Planning and Regulatory	6,188	6,315	6,466	6,639	6,814	7,032	7,243	7,460	7,686	7,905
6,971	Property Assets	7,709	8,117	8,321	8,675	8,914	9,199	8,487	1,555	1,621	1,635
<b>81,585</b>	<b>Total operating expenditure</b>	<b>82,223</b>	<b>87,562</b>	<b>92,875</b>	<b>96,439</b>	<b>99,624</b>	<b>104,115</b>	<b>106,827</b>	<b>104,752</b>	<b>110,086</b>	<b>113,692</b>

# PROSPECTIVE INCOME STATEMENT CONTINUED

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000	
	<b>Other expenditure (as per Statement of Comprehensive Income)</b>										
(3,559)	Internal expenditure	(1,952)	(2,624)	(3,342)	(3,597)	(3,752)	(3,534)	(3,305)	(3,081)	(3,121)	(2,940)
200	Rates remissions	160	160	160	160	160	160	160	160	160	160
796	Other expenses	710	653	660	614	559	527	479	397	273	181
<b>79,022</b>	<b>Total expenditure</b>	<b>81,141</b>	<b>85,751</b>	<b>90,353</b>	<b>93,616</b>	<b>96,591</b>	<b>101,268</b>	<b>104,161</b>	<b>102,228</b>	<b>107,398</b>	<b>111,093</b>
<b>20,927</b>	<b>Operating surplus/(deficit) before tax (as per Statement of Comprehensive Income)</b>	<b>16,003</b>	<b>12,313</b>	<b>10,159</b>	<b>11,227</b>	<b>12,193</b>	<b>11,774</b>	<b>11,939</b>	<b>8,026</b>	<b>5,402</b>	<b>6,062</b>
129	Share of associate surplus/(deficit)	213	274	319	307	320	337	375	395	414	433
<b>21,056</b>	<b>Surplus/(deficit) before tax (as per Statement of Comprehensive Income)</b>	<b>16,216</b>	<b>12,587</b>	<b>10,478</b>	<b>11,534</b>	<b>12,513</b>	<b>12,111</b>	<b>12,314</b>	<b>8,421</b>	<b>5,816</b>	<b>6,495</b>
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
<b>21,056</b>	<b>Surplus/(deficit) after tax</b>	<b>16,216</b>	<b>12,587</b>	<b>10,478</b>	<b>11,534</b>	<b>12,513</b>	<b>12,111</b>	<b>12,314</b>	<b>8,421</b>	<b>5,816</b>	<b>6,495</b>

# PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

FORECAST FOR THE TEN YEARS 2012/13 TO 2021/22

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
690,735	Retained earnings at beginning of period	709,780	731,702	743,873	754,271	765,447	777,605	789,233	800,852	808,570	813,674
21,056	Surplus/(deficit) after tax	16,216	12,587	10,478	11,534	12,513	12,111	12,314	8,421	5,816	6,495
(526)	Transfers to/from restricted reserves	5,706	(416)	(80)	(358)	(355)	(483)	(695)	(703)	(712)	(715)
<b>711,265</b>	<b>Retained earnings at close of period</b>	<b>731,702</b>	<b>743,873</b>	<b>754,271</b>	<b>765,447</b>	<b>777,605</b>	<b>789,233</b>	<b>800,852</b>	<b>808,570</b>	<b>813,674</b>	<b>819,454</b>
	<b>Other reserves</b>										
621,885	Revaluation reserves at beginning of period	620,898	620,898	690,953	690,953	690,953	778,731	778,731	778,731	869,526	869,526
7,977	Restricted reserves at beginning of period	8,890	3,184	3,600	3,680	4,038	4,393	4,876	5,571	6,274	6,986
111	Fair value through equity reserve at beginning of period	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)
<b>629,973</b>	<b>Other reserves at beginning of period</b>	<b>629,681</b>	<b>623,975</b>	<b>694,446</b>	<b>694,526</b>	<b>694,884</b>	<b>783,017</b>	<b>783,500</b>	<b>784,195</b>	<b>875,693</b>	<b>876,405</b>
	<b>Movements</b>										
-	Valuation gains/(losses) on revaluation	-	70,055	-	-	87,778	-	-	90,795	-	-
526	Transfers to/from retained earnings	(5,706)	416	80	358	355	483	695	703	712	715
<b>526</b>	<b>Total movements in other reserves</b>	<b>(5,706)</b>	<b>70,471</b>	<b>80</b>	<b>358</b>	<b>88,133</b>	<b>483</b>	<b>695</b>	<b>91,498</b>	<b>712</b>	<b>715</b>
621,885	Revaluation reserves at close of period	620,898	690,953	690,953	690,953	778,731	778,731	778,731	869,526	869,526	869,526
8,503	Restricted reserves at close of period	3,184	3,600	3,680	4,038	4,393	4,876	5,571	6,274	6,986	7,701
111	Fair value through equity reserve at close of period	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)
<b>630,499</b>	<b>Other reserves at close of period</b>	<b>623,975</b>	<b>694,446</b>	<b>694,526</b>	<b>694,884</b>	<b>783,017</b>	<b>783,500</b>	<b>784,195</b>	<b>875,693</b>	<b>876,405</b>	<b>877,120</b>
<b>1,341,764</b>	<b>Total Equity</b>	<b>1,355,677</b>	<b>1,438,319</b>	<b>1,448,797</b>	<b>1,460,331</b>	<b>1,560,622</b>	<b>1,572,733</b>	<b>1,585,047</b>	<b>1,684,263</b>	<b>1,690,079</b>	<b>1,696,574</b>

Closing equity as per the 2011/12 Annual Plan and opening equity for 2012/13 differ due to the timing of these relative forecasts and the impact of actual revaluation and financial movements that have occurred during 2010/11 and the financial year to date.

# PROSPECTIVE STATEMENT OF FINANCIAL POSITION

## FORECAST FOR THE TEN YEARS 2012/13 TO 2021/22

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>ASSETS</b>										
<b>Current assets</b>										
6,798	8,074	6,293	2,976	3,529	2,171	4,269	6,583	15,015	10,080	9,763
11,333	11,874	12,249	12,450	12,840	13,195	13,597	13,013	6,134	6,260	6,449
2,328	3,683	4,662	4,662	4,662	4,162	2,997	340	340	340	340
344	300	300	300	200	200	200	200	200	200	200
18,504	20,000	5,000	5,033	5,184	15,339	10,499	10,514	5,380	20,241	14,949
<b>39,307</b>	<b>43,931</b>	<b>28,504</b>	<b>25,421</b>	<b>26,415</b>	<b>35,067</b>	<b>31,562</b>	<b>30,650</b>	<b>27,069</b>	<b>37,122</b>	<b>31,701</b>
<b>Non current assets</b>										
1,274,871	1,285,221	1,375,197	1,392,916	1,402,540	1,493,849	1,494,537	1,490,914	1,587,865	1,580,543	1,587,320
543	792	789	811	839	864	884	899	910	917	929
1,892	2,000	6,625	5,053	3,480	1,658	-	-	-	-	-
38,395	36,614	37,712	38,806	39,931	41,129	42,404	43,591	44,812	46,156	47,680
3,998	4,313	4,587	4,906	5,213	5,533	5,870	6,244	6,640	7,054	7,487
4,954	6,875	7,074	2,246	2,306	2,368	17,431	32,647	38,019	38,402	43,947
<b>1,324,653</b>	<b>1,335,815</b>	<b>1,431,984</b>	<b>1,444,738</b>	<b>1,454,309</b>	<b>1,545,401</b>	<b>1,561,126</b>	<b>1,574,295</b>	<b>1,678,246</b>	<b>1,673,072</b>	<b>1,687,363</b>
<b>1,363,960</b>	<b>1,379,746</b>	<b>1,460,488</b>	<b>1,470,159</b>	<b>1,480,724</b>	<b>1,580,468</b>	<b>1,592,689</b>	<b>1,604,945</b>	<b>1,705,315</b>	<b>1,710,194</b>	<b>1,719,064</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
9,613	13,945	14,441	13,859	13,218	12,799	13,028	12,827	13,842	12,768	15,093
2,861	3,336	3,337	3,416	3,393	3,472	3,560	3,650	3,735	3,819	3,815
8	2,008	8	4	-	-	-	-	-	-	-
<b>12,482</b>	<b>19,289</b>	<b>17,786</b>	<b>17,279</b>	<b>16,611</b>	<b>16,271</b>	<b>16,588</b>	<b>16,477</b>	<b>17,577</b>	<b>16,587</b>	<b>18,908</b>
<b>Non current liabilities</b>										
2,169	1,420	1,472	1,524	1,576	1,628	1,680	1,732	1,784	1,836	1,888
1,901	1,304	1,040	780	520	260	-	-	-	-	-
1,624	2,044	1,867	1,779	1,686	1,687	1,688	1,689	1,691	1,692	1,694
4,020	12	4	-	-	-	-	-	-	-	-
<b>9,714</b>	<b>4,780</b>	<b>4,383</b>	<b>4,083</b>	<b>3,782</b>	<b>3,575</b>	<b>3,368</b>	<b>3,421</b>	<b>3,475</b>	<b>3,528</b>	<b>3,582</b>
<b>22,196</b>	<b>24,069</b>	<b>22,169</b>	<b>21,362</b>	<b>20,393</b>	<b>19,846</b>	<b>19,956</b>	<b>19,898</b>	<b>21,052</b>	<b>20,115</b>	<b>22,490</b>

# PROSPECTIVE STATEMENT OF FINANCIAL POSITION CONTINUED

# TEN YEAR PLAN

# PROSPECTIVE FINANCIAL STATEMENTS

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>EQUITY</b>										
711,265	Retained earnings	731,702	743,873	754,271	765,447	777,605	789,233	800,852	808,570	813,674	819,454
630,499	Other reserves	623,975	694,446	694,526	694,884	783,017	783,500	784,195	875,693	876,405	877,120
<b>1,339,461</b>	<b>Total public equity</b>	<b>1,355,677</b>	<b>1,438,319</b>	<b>1,448,797</b>	<b>1,460,331</b>	<b>1,560,622</b>	<b>1,572,733</b>	<b>1,585,047</b>	<b>1,684,263</b>	<b>1,690,079</b>	<b>1,696,574</b>
<b>1,361,657</b>	<b>Total liabilities and equity</b>	<b>1,379,746</b>	<b>1,460,488</b>	<b>1,470,159</b>	<b>1,480,724</b>	<b>1,580,468</b>	<b>1,592,689</b>	<b>1,604,945</b>	<b>1,705,315</b>	<b>1,710,194</b>	<b>1,719,064</b>

# PROSPECTIVE STATEMENT OF CASH FLOWS

## FORECAST FOR THE TEN YEARS 2012/13 TO 2021/22

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Cash flows from operating activities</b>										
44,379	Receipts from rates revenue	45,446	47,240	48,818	51,011	52,924	54,614	56,663	58,673	59,429	61,857
1,500	Interest received	1,657	882	720	750	1,089	1,461	1,799	1,862	2,140	2,048
46,642	Receipts from other revenue	45,376	45,643	46,761	48,256	49,845	51,557	53,439	51,658	45,919	47,564
(55,945)	Payments to suppliers and employees	(61,543)	(61,975)	(64,188)	(66,275)	(67,234)	(68,206)	(70,256)	(68,148)	(72,101)	(70,954)
(307)	Interest paid	(278)	(141)	-	-	-	-	-	-	-	-
<b>36,269</b>	<b>Net cash from operating activities</b>	<b>30,658</b>	<b>31,649</b>	<b>32,111</b>	<b>33,742</b>	<b>36,624</b>	<b>39,426</b>	<b>41,645</b>	<b>44,045</b>	<b>35,387</b>	<b>40,515</b>
	<b>Cash flows from investing activities</b>										
-	Proceeds from sale of property, plant and equipment	186	215	213	223	198	261	236	204	263	322
(345)	Proceeds from withdrawal of investments	40,004	20,000	5,000	5,033	5,184	15,339	10,499	10,514	5,380	20,241
(43,699)	Purchase of property, plant, equipment and intangibles	(43,545)	(46,438)	(40,428)	(33,198)	(27,963)	(27,365)	(24,337)	(35,579)	(25,340)	(40,902)
6,840	Acquisition of investments	(15,701)	(5,199)	(205)	(5,244)	(15,401)	(25,563)	(25,730)	(10,752)	(20,624)	(20,493)
<b>(37,204)</b>	<b>Net cash from investing activities</b>	<b>(19,056)</b>	<b>(31,422)</b>	<b>(35,420)</b>	<b>(33,186)</b>	<b>(37,982)</b>	<b>(37,328)</b>	<b>(39,332)</b>	<b>(35,613)</b>	<b>(40,321)</b>	<b>(40,832)</b>
	<b>Cash flows from financing activities</b>										
-	Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-
(8)	Repayment of borrowings	(2,008)	(2,008)	(8)	(4)	-	-	-	-	-	-
<b>(8)</b>	<b>Net cash from financing activities</b>	<b>(2,008)</b>	<b>(2,008)</b>	<b>(8)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(943)</b>	<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>9,594</b>	<b>(1,781)</b>	<b>(3,317)</b>	<b>552</b>	<b>(1,358)</b>	<b>2,098</b>	<b>2,313</b>	<b>8,432</b>	<b>(4,934)</b>	<b>(317)</b>
7,741	Cash, cash equivalents and bank overdrafts at beginning of period	(1,520)	8,074	6,293	2,976	3,529	2,171	4,269	6,583	15,014	10,081
<b>6,798</b>	<b>Cash, cash equivalents and bank overdrafts at close of period</b>	<b>8,074</b>	<b>6,293</b>	<b>2,976</b>	<b>3,529</b>	<b>2,171</b>	<b>4,269</b>	<b>6,583</b>	<b>15,014</b>	<b>10,081</b>	<b>9,764</b>

## RESERVE FUNDS

As defined by the Local Government Act 2002 (the Act), a reserve fund means money set aside by a local authority for a specific purpose. Under Schedule 10 Section 16, of the Act, the Long Term Plan must identify the following in regard to each reserve: The purpose of the fund, the activities to which the fund relates, the opening balance of the fund, the closing balance of the fund, the amount expected to be deposited into the fund, and the amount expected to be withdrawn from the fund over the term of the plan. These values are shown in the table below.

The Council's Reserve Funds are classified into three categories:

- Council Created Reserves - established by Council for specific purposes.
- Restricted Reserves - where there are legal obligations which restrict the use of the funds.
- Bequest and Trust Funds - amounts received from Bequests, Donations or Funds held on behalf of a community organisation.

TITLE	Activity to which fund relates	Opening 1 July 2012 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
<b>COUNCIL CREATED RESERVES</b>					
<b>Advanced Wastewater Treatment Establishment Fund</b>					
Accumulation of Advanced Wastewater Levies collected from Napier ratepayers along with interest earned on these funds.	Wastewater	(6,999)	(1,555)	8,554	-
<b>Dog Control Fund</b>					
This fund is a requirement under the Dog Control Act 1996. Income includes dog related fees received and expenditure includes the operating and capital costs of the dog related activity of Animal Control.	Animal Control	(181)	(5,691)	5,867	(5)
<b>General Reserve No.1</b>					
Derived from rates arising from NZ Railway land in Munro and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Roading, Stormwater, Parking	(62)	(1,472)	1,141	(393)
<b>Hawke's Bay Museum and Art Gallery</b>					
Income through donations and government grants and expenditure for the Museum Redevelopment Project.	Hawke's Bay Museum & Art Gallery	(8,500)	(4,332)	12,832	-
<b>Financial Contributions</b>					
Financial contributions received from the subdivision of land and various land use activities. Used to fund growth related capital works and services.	Roading, Stormwater, Wastewater, Water Supply, Sportsgrounds, Marine Parade Pools, Reserves, Libraries	(5,286)	(42,067)	51,221	3,868
<b>Infrastructural Asset Renewal and Upgrade Funds</b>					
Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply	(14,240)	(75,480)	76,989	(12,731)

TITLE	Activity to which fund relates	Opening 1 July 2012 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
<b>Keep Napier Beautiful</b>					
Originally derived from surplus revenue in Keep Napier Beautiful project. Currently credited with annual grant for garden competition and used for competition expenses and administration costs.	Reserves	(1)	-	-	(1)
<b>Marine Parade Disability Hoist</b>					
Funds donated for the purchase of a disability hoist at the Marine Parade Pools.	Marine Parade Pools	(3)	-	-	(3)
<b>Pensioner Housing Upgrade Reserve</b>					
Reserve to provide capital upgrade to Pensioner Housing facilities.	Retirement & Rental Housing	(638)	(21)	658	-
<b>Parking Contributions Account</b>					
Funds derived for the provision of parking facilities.	Parking	(1,918)	(2,899)	634	(4,183)
<b>Parking Account</b>					
Funds are derived from net surplus of the Parking Business Unit. Applied to parking facilities within the Central Business District.	Parking	2,542	(28,473)	25,323	(608)
<b>Parking Equipment Reserve Account</b>					
Fund for renewal of parking equipment transferred from Parking Account annually.	Parking	(434)	(1,157)	1,157	(434)
<b>Taradale Parking Meters</b>					
Funds collected from Parking Meters in Taradale Town Centre to fund the upgrade of the Town Centre (including parking).	Parking	52	(2,200)	2,549	401
<b>Regional Landfill Account</b>					
Net revenue received from the Omarunui Landfill. Applied to fund capital development, including loan servicing of related loans.	Solid Waste	622	(23,505)	13,857	(9,026)
<b>Reserve Subdivision of Land</b>					
Contributions received on the subdivision of land. Applied to the development of reserves.	Reserves	(1,050)	(652)	-	(1,702)
<b>Subdivision and Urban Growth Fund</b>					
Funded from increase in rates revenue from growth and applied to servicing of growth related loans.	All Activities	(962)	(11,617)	6,151	(6,427)
<b>Total Council Created Reserves</b>		<b>(31,824)</b>	<b>(156,854)</b>	<b>153,163</b>	<b>(35,513)</b>

TITLE	Activity to which fund relates	Opening 1 July 2012 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
<b>RESTRICTED RESERVES</b>					
<b>Advanced Wastewater Treatment Establishment Fund (HB Regional Council Distribution)</b>					
Established in 1999/2000 by a special distribution from HBRC for Advanced Wastewater Treatment. These funds are held in separate investments.	Wastewater	(5,999)	(132)	6,131	-
<b>Creative New Zealand</b>					
Income and expenditure relating to Creative New Zealand Grants.	Community Planning	(4)	(379)	379	(4)
<b>Endowment Land Account</b>					
Account purpose is for the sale and purchase of endowment land.	Property Holdings	(1,168)	(725)	-	(1,893)
<b>Hawke's Bay Harbour Board Endowment Land Income Account</b>					
Net revenue from lease income of residential and commercial property leases. Applied to the operating and capital costs of the inner harbour, foreshore reserves and Lagoon Farm.	Inner Harbour, Reserves	(2)	(26,465)	23,458	(3,010)
<b>Loan Reserve</b>					
Established to manage internal loan requirements	Corporate	(1,430)	(904)	-	(2,334)
<b>Total Restricted Reserves</b>		<b>(8,603)</b>	<b>(28,605)</b>	<b>29,968</b>	<b>(7,241)</b>

TITLE	Activity to which fund relates	Opening 1 July 2012 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
<b>BEQUESTS AND TRUST FUNDS</b>					
<b>Colenso Bequest</b>					
Bequest funds received for the relief of poverty in the community and in support of education in Napier.	Community Planning	(34)	(21)	-	(56)
<b>Estate Henry Hodge</b>					
Bequest for the development of rental flats.	Retirement & Rental Housing	(128)	(80)	-	(208)
<b>Eskdale Cemetery Trust</b>					
Funds held for the maintenance and upkeep of Eskdale Cemetery.	Cemeteries	(19)	(12)	-	(31)
<b>Hawke's Bay Municipal Theatre</b>					
Funds for the Municipal Theatre.	Napier Municipal Theatre	(2)	(1)	-	(4)
<b>John Close Bequest</b>					
• Bequest funds received for the relief of poverty in the community.	Community Planning	(57)	(35)	-	(92)
<b>Morecroft Bequest</b>					
Funds to provide a Municipal gymnasium or gymnasium equipment, as a separate building or as part of any memorial or centennial hall.	Sportsgrounds	(11)	(7)	-	(18)
<b>Napier Christmas Cheer</b>					
For community fundraising through the Hawke's Bay Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	(11)	(7)	-	(18)
<b>Total Bequests Trust Funds</b>		<b>(262)</b>	<b>(163)</b>	<b>-</b>	<b>(427)</b>

# BORROWING PROGRAMME

FORECAST FOR THE TEN YEARS 2012/13 TO 2021/22

	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>New loans</b>										
- Rate funded	12,234	8,758	5,792	1,784	-	-	213	220	163	9,339
- Growth funded	715	1,267	1,061	3,710	-	-	-	4,287	-	-
- Non rate funded	-	3,709	-	-	-	-	-	-	-	-
	<b>12,949</b>	<b>13,734</b>	<b>6,853</b>	<b>5,494</b>	-	-	<b>213</b>	<b>4,507</b>	<b>163</b>	<b>9,339</b>
Less repayments (net)	4,388	4,546	2,714	2,886	3,136	3,247	3,405	3,630	2,687	2,621
	<b>8,561</b>	<b>9,188</b>	<b>4,139</b>	<b>2,608</b>	<b>(3,136)</b>	<b>(3,247)</b>	<b>(3,192)</b>	<b>877</b>	<b>(2,524)</b>	<b>6,718</b>
Opening public debt	38,339	46,900	56,088	60,226	62,835	59,699	56,452	53,260	54,137	51,612
<b>Gross public debt</b>	<b>46,900</b>	<b>56,088</b>	<b>60,226</b>	<b>62,835</b>	<b>59,699</b>	<b>56,452</b>	<b>53,260</b>	<b>54,137</b>	<b>51,612</b>	<b>58,330</b>
Internal funding	44,880	56,076	60,222	62,835	59,699	56,452	53,260	54,137	51,612	58,330
<b>Net public debt</b>	<b>2,020</b>	<b>12</b>	<b>4</b>	<b>-</b>						

# COUNCIL CONTROLLED ORGANISATIONS

The Local Government Act 2002 (the Act) provides for Council Organisations and Council Controlled Organisations. These are briefly described below.

## COUNCIL ORGANISATIONS

These are organisations in which one or more local authorities control any proportion of the voting rights or have the right to appoint one or more of the directors, trustees or managers.

The following have been identified as Council Organisations for Napier City Council:

- HB Regional Stadium
- HB Trust for the Elderly
- Napier Inner City Marketing
- HB Holt Planetarium Trust
- HB Medical Research Foundation
- Historic Places Trust
- Pettigrew Green Arena

Each of these organisations includes one Trustee nominated by the Napier City Council.

### Other Organisations In Which Council Has A Significant Interest

#### Omarunui Landfill Operation

The Omarunui Landfill site is the disposal point of refuse from Napier City and Hastings District. The site is a 180 hectare farm located off Omarunui Road in the Hastings District.

The facility is jointly owned and operated by the two Councils in the ratio:

Hastings District Council	63.68%
Napier City Council	36.32%

and is operated as a commercial venture with the charges set at a level to cover all operating and capital costs and give Council a reasonable return on its investment.

## COUNCIL CONTROLLED ORGANISATIONS

These can be best described as any organisation in which one or more local authorities control 50 per cent or more of the voting rights or have the right to appoint 50 per cent or more of the directors. These include the following:

- A company in which equity securities carrying 50 per cent or more of the voting rights at any shareholders' meetings are held or controlled (directly or indirectly) by one or more local authorities, or where one or more local authorities has the right (directly or indirectly) to appoint 50 per cent or more of the directors.
- An organisation where one or more local authorities have control (either directly or indirectly) of 50 per cent or more of the votes at any meeting of the members or controlling body of the organisation, or the right to appoint 50 per cent or more of the directors of the organisation.

The following Council Controlled Organisations have been established to assist the Napier City Council to achieve its objectives:

### Hawke's Bay Airport Limited

#### Policies and Objectives Regarding Ownership and Control

Hawke's Bay Airport Limited (HBAL) is incorporated under the Companies Act and is owned by the Crown 50%, Hastings District Council 24% and Napier City Council 26%. The HBAL produces separate annual accounts.

No payments are forecast to be made by Council to HBAL during the 10 year plan period.

There are no Council specific objectives, policies or targets for HBAL. Council reviews and confirms HBAL objectives.

#### Nature and Scope of Activities

HBAL's core business is to be an efficient airport operator providing appropriate facilities for all airport users and the travelling public.

Hawke's Bay Airport Limited will:

- Provide smart and efficient airport and terminal facilities that encourage use by airlines, aviation businesses, passengers and the businesses that serve these groups.
- In the normal course of managing the airport, seek to obtain an appropriate commercial rate of return on its assets and keep its costs to a minimum consistent with its objectives and meeting safety and other regulatory standards.

- In conjunction with airline partners, explore innovative ways to increase passenger numbers and improve aviation revenue.
- Actively pursue new approaches and opportunities to maximise concessions and rental income.
- Proactively develop and secure innovative opportunities for property development on its land.

**Performance Targets**

Performance targets for HBAL are:

**Objective 1 - Deliver sustainable growth in revenue and earnings.**

	Year to 30 June		
	2013	2014	2015
Landing Charges	1,967,888	2,157,677	2,438,798
Other Revenue	1,654,000	1,738,300	1,817,200
<b>Total Revenue</b>	<b>3,621,888</b>	<b>3,895,977</b>	<b>4,255,998</b>
Other Revenue % of Total	45.7%	44.6%	42.7%
<b>Profit before Income Tax</b>	<b>1,250,804</b>	<b>908,393</b>	<b>994,514</b>
<b>Profit after Tax</b>	<b>897,779</b>	<b>651,243</b>	<b>713,250</b>
<b>Dividend</b>	<b>240,000</b>	<b>270,000</b>	<b>290,000</b>

**Objective 2 - Provide appropriate infrastructure to meet future needs.**

**Objective 3 - Deliver a high level of customer service to all airport users.**

**Hawke’s Bay Museums Trust**

The Hawke’s Bay Museums Trust (HBMT) is a Council Controlled Organisation as three of the five-member Board are Council nominees. This is in accordance with the revised Constitution and Rules adopted 30 October 2006, which were amended to reflect the change in role to that of owner and guardian of the regional collection.

**HBMT Objectives**

The objectives of the HBMT are:

- To hold and protect the collection for the people of Hawke’s Bay.
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke’s Bay.
- To advance and promote cultural heritage and the arts through the use of the collection.
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council.
- To oversee collection development through the regulation of the acquisition and disposal of collection items.
- To manage the bequests vested in the Trust in a way in which maximises benefit to the collection.

There are no Council specific objectives, policies or targets for HBMT. Council reviews and confirms HBMT objectives.

**Nature And Scope Of Activities**

The nature and scope of activities to be undertaken by the HBMT for the regional collection are the provision of:

- Care - to ensure conservation standards are met and conservation practice is ongoing.
- Development - to grow in accordance with Collection Policies.
- Housing - to ensure proper storage/protection of collection items.
- Exhibition/Display - to present the collection in line with the Management agreement with Hawke’s Bay Museum & Art Gallery and other associated entities.
- Access to the Collection - to ensure appropriate access to the collection is maintained.
- A collection that reflects the history of Hawke’s Bay.

# TEN YEAR PLAN

## COUNCIL CONTROLLED ORGANISATIONS CONTINUED

The ratio of consolidated shareholders' funds to total assets is expected not to be less than 95%.

### Performance Targets

Key Result Area	Performance Indicator	Target/Reporting Method		
		2012/13	2013/14	2014/15
Protection	Insurance cover as percentage of total collection value.	100%	100%	100%
	Air quality meeting predefined standards for each storage area.	98%	98%	98%
	Number of reported incidents of damage to collection items.	0	0	0
Quality	HBMT Collection Strategy and Policies have been reviewed and agreed by the HBMT Board.	Yes	Yes	Yes
	New items accepted into the Collection.	150	150	150
	Items that have been removed from the Collection.	5	5	5
Access	Number of HBMT collection enquires per annum.	100	2,000	2,000
	Number of Regional Archive research visits per annum.	10	2,000	2,000
	Number of days staff available for collection enquiries.	249	249	249
Development	Percentage of bequest funds income used for acquisition.	100%	100%	100%
	Percentage of conservation funds income used for collection care.	100%	100%	100%
	Te Ropu Kaiawhina Taonga hui held	3 per annum	3 per annum	3 per annum

## COUNCIL CONTROLLED TRADING ORGANISATIONS

These are Council Controlled Organisations that operate a trading undertaking with the intent of making a profit.

The Napier City Council does not operate any Council Controlled Trading Organisations.



# TEN YEAR PLAN

# NCC

# NCC



3

## ACTIVITY GROUPS

# TEN YEAR PLAN

# 2022

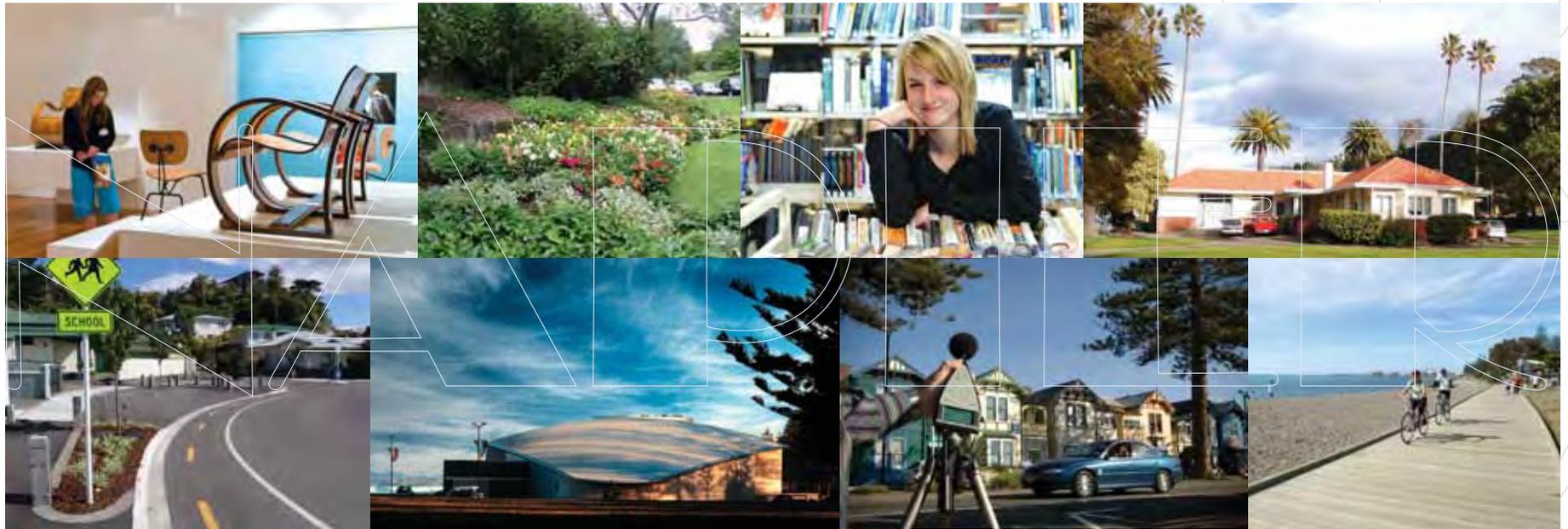
# 2022

# INTRODUCTION

This section provides details on Council's activities summarised into the following groups:

- Democracy and Governance
- Rooding
- Solid Waste
- Stormwater
- Sewerage
- Water Supply
- Recreation
- Social and Cultural
- City Promotion
- Planning and Regulatory
- Property Assets

Details include the Scope, Key Issues, Performance Measures, Capital Plan and Funding Impact Statement for each group for the next ten years. Unless otherwise specified, the level of service provided by the activities within the groups will continue at the current level.



## COUNCIL RATIONALE FOR DELIVERY OF ACTIVITY GROUPS

Group	Activity	Community Outcomes	Negative Effects	Rationale
Democracy and Governance	Democracy & Governance	<ul style="list-style-type: none"> <li>Strong leadership.</li> </ul>	The democratic process can mean some actions will take longer than a non-democratic process.	Through Democracy and Governance Council provides a democratic and consultative system of decision making. The Council, consisting of a Mayor and twelve Councillors, is elected three yearly. Through its structure of Committees, Sub-Committees, Working Parties and Forums, Council carries out the requirements of the Local Government Act 2002 and other related legislation.
Roading	Roading	<ul style="list-style-type: none"> <li>Transport infrastructure and services that are safe, effective and integrated.</li> </ul>	Traffic creates carbon footprint, noise and visual impacts.	Council is the only viable provider of this activity on behalf of the whole community and for the wellbeing of the whole community.
Solid Waste	Refuse Transfer Station	<ul style="list-style-type: none"> <li>A lifetime of good health and wellbeing.</li> <li>An environment that is appreciated, protected and sustained for future generations.</li> </ul>	Localised visual and environmental impacts.	Council is the only viable provider of this activity on behalf of the whole community and for the well being of the whole community.
Stormwater	Stormwater	<ul style="list-style-type: none"> <li>A lifetime of good health and wellbeing.</li> <li>An environment that is appreciated, protected and sustained for future generations.</li> </ul>	Environmental impacts.	Council is the only viable provider of this activity on behalf of the whole community and for the well being of the whole community.
Sewerage	Wastewater	<ul style="list-style-type: none"> <li>A lifetime of good health and wellbeing.</li> <li>An environment that is appreciated, protected and sustained for future generations.</li> </ul>	Environmental and cultural impacts.	Council is the only viable provider of this activity on behalf of the whole community and for the well being of the whole community.
Water Supply	Water Supply	<ul style="list-style-type: none"> <li>A lifetime of good health and wellbeing.</li> </ul>	Possible economic negative effect where there is competition for the resource.	Council is the only viable provider of this activity on behalf of the whole community and for the well being of the whole community.
Recreation	Sportsgrounds Napier Aquatic Centre Marine Parade Pools Reserves Inner Harbour	<ul style="list-style-type: none"> <li>Safe and accessible recreational facilities.</li> <li>An environment that is appreciated, protected and sustained for future generations.</li> <li>A strong, prosperous and thriving economy.</li> </ul>	The cost of operations of recreational activities may be perceived as a negative economic effect on the community as the cost is borne by the whole community and not related to individual usage. In addition loss of productive land may be perceived as a negative effect.	Recreational facilities are a requirement for healthy urban environments as these offer the community a range of recreational choices and enhance the social and cultural wellbeing of the community. Because there is little or no economic return for an alternative provider Council is the only viable option to provide these facilities.

Group	Activity	Community Outcomes	Negative Effects	Rationale
<b>Social and Cultural</b>	Libraries War Memorial Conference Centre (Memorial Eternal Flame and Roll of Honour) Napier Municipal Theatre Hawke's Bay Museum and Art Gallery Community Planning Halls Retirement and Rental Housing Cemeteries Public Toilets Emergency Management	<ul style="list-style-type: none"> <li>• Safe and accessible recreational facilities.</li> <li>• Communities that value and promote their unique culture and heritage.</li> <li>• Supportive, caring and inclusive communities.</li> <li>• Safe and secure communities.</li> <li>• A lifetime of good health and wellbeing.</li> </ul>	The cost of operations of social and cultural activities may be perceived as a negative economic effect on the community as the cost is borne by the whole community and not related to individual usage. In addition loss of productive land may be perceived as a negative effect particularly where there is land and buildings.	Social and Cultural activities are provided to enhance the social and cultural wellbeing of the community. However, this comes at an economic cost.
<b>City Promotion</b>	City and Business Promotion War Memorial Conference Centre National Aquarium of NZ Napier i-SITE Visitor Centre Par 2 Mini Golf Kennedy Park Top 10 Resort	<ul style="list-style-type: none"> <li>• A strong, prosperous and thriving economy.</li> </ul>	There are no negative economic effects of the self funded activities however some community members may perceive negative economic effects from other activities such as National Aquarium, i-SITE and Par 2 MiniGolf as alternative use of these sites may produce a higher economic return to Council.	City Promotion activities are undertaken to support the economic wellbeing of the community through the promotion of tourism and visitors to the city.
<b>Planning and Regulatory</b>	Planning Policy Regulatory Consents Building Consents Environmental Health Animal Control Parking	<ul style="list-style-type: none"> <li>• Communities that value and promote their unique culture and heritage.</li> <li>• Safe and secure communities.</li> <li>• An environment that is appreciated, protected and sustained for future generations.</li> <li>• A lifetime of good health and wellbeing.</li> <li>• Transport infrastructure and services that are safe, effective and integrated.</li> </ul>	Planning and regulatory activities directly interface with specific sections of the community but impact the living environment of the whole community. It may be perceived by those directly impacted by these activities that there is a negative economic effect of these activities.	There is a statutory requirement for a number of these activities. However, all activities within this group are to ensure the environmental, cultural and social wellbeing of the wider community.
<b>Property Assets</b>	Lagoon Farm Parklands Residential Development Property Holdings	<ul style="list-style-type: none"> <li>• A strong, prosperous and thriving economy.</li> </ul>	Environmental negative effect through the loss of open spaces and productive land. Alternative use of sites may produce a higher economic return to Council.	Due to the nature of Council's activities and due to historic decisions made by previous authorities Council will hold land in various forms on behalf of the whole community. This separate activity provides professional management of these resources.

ACTIVITY PERFORMANCE MEASURING

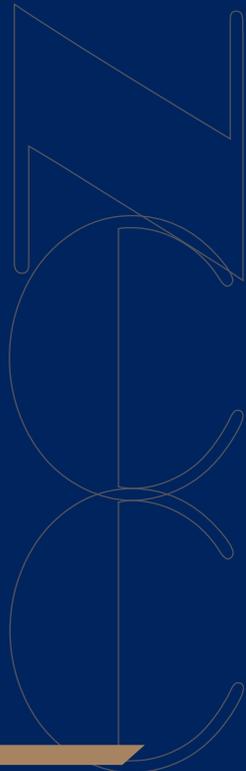


**Economic and Financial Performance**

Government has signalled its intention to set specific measures to enable Council benchmarking prior to the 2015/16 Long Term Plan.

In anticipation of these benchmarks, Council has provided some measures which are termed Economic and Financial Performance in this Ten Year Plan to provide some specific cost per service delivered information.

Note: The Economic and Financial Performance Indicators have taken into account all rateable properties for calculation purposes, and are therefore an average for indicative purposes only.



# DEMOCRACY AND GOVERNANCE

## SCOPE

The Democracy and Governance Group comprises:

### *Democracy and Governance*

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

Through Democracy and Governance, Council provides a democratic and consultative system for decision making. The Council, consisting of a Mayor and twelve Councillors, is elected three yearly. Through its structure of Committees, Subcommittees, Working Parties and Forums, Council carries out the requirements of the Local Government Act 2002 and other related legislation.



### AHURIRI WARD

Population 9,230

### TARADALE WARD

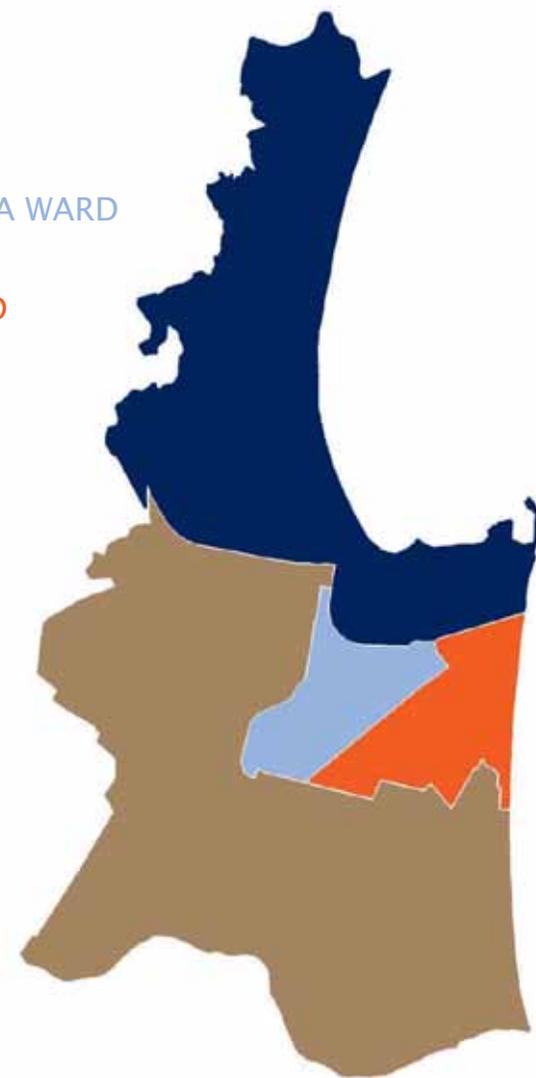
Population 20,500

### ONEKAWA-TAMATEA WARD

Population 9,640

### NELSON PARK WARD

Population 18,450



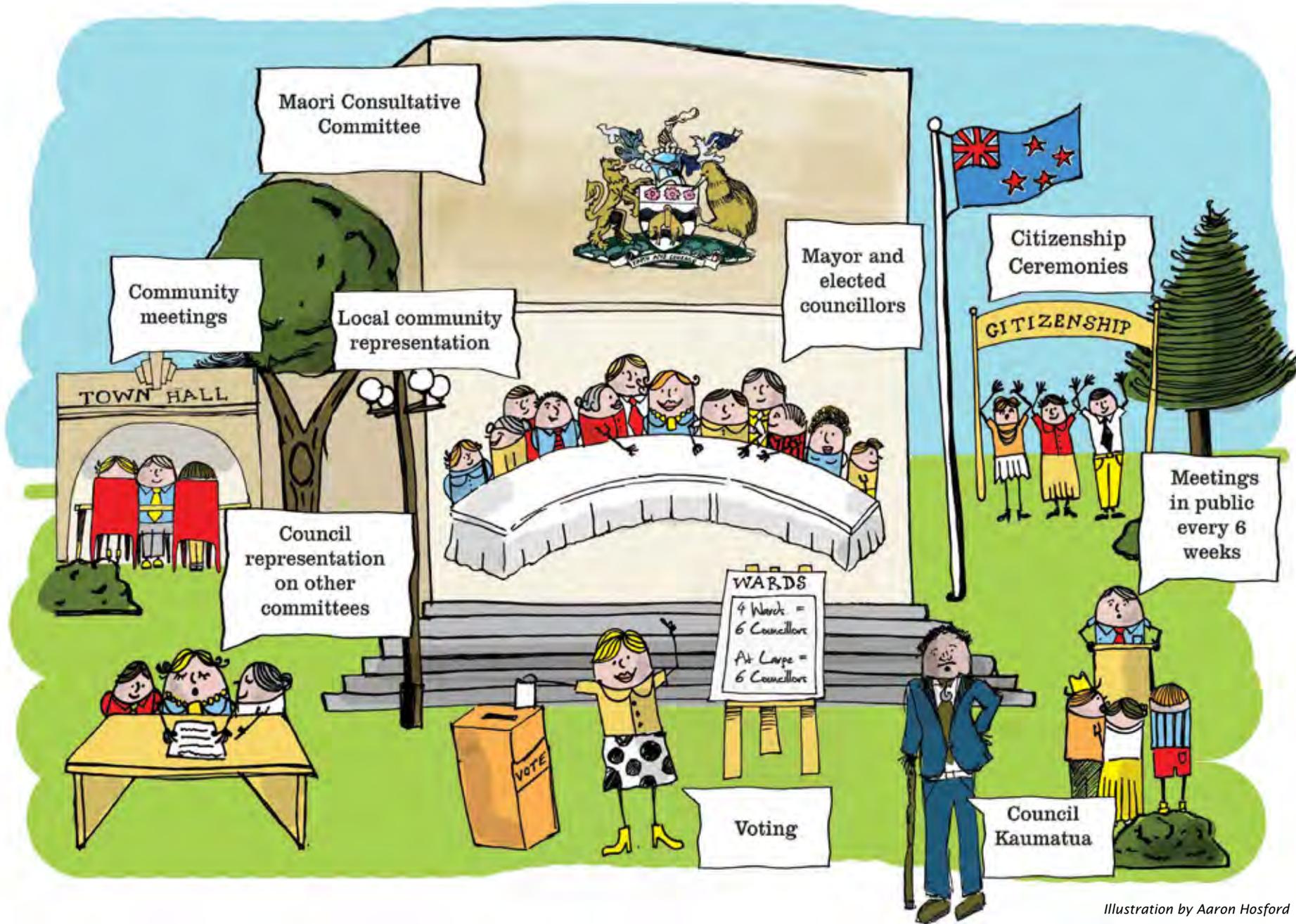


Illustration by Aaron Hosford

## PERFORMANCE MEASURES

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council holds regular Council and Council Committee meetings that are accessible and notified to the local community.	Number of Council meeting cycles.	8 cycles	7 cycles	7 cycles	7 cycles	7 cycles
	All significant issues as defined by the Policy on Significance are subject to public consultation.	Report on all consultation carried out	100%	100%	100%	100%
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with the 'Sufficiency of Public Information' in the NRB Public Opinion Survey.		75%	80%	80%	80%	80%

## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Sources of operating funding</b>										
2,049	General rates, uniform annual general charges, rates penalties	2,105	2,177	2,232	2,304	2,380	2,464	2,553	2,643	2,735	2,829
	- Targeted rates (other than water by meter charges)	-	-	-	-	-	-	-	-	-	-
	- Subsidies & grants for operating purposes	-	-	-	-	-	-	-	-	-	-
	- Fees, charges & targeted rates for water supply	-	-	-	-	-	-	-	-	-	-
	- Internal charges & overhead recoveries	-	-	-	-	-	-	-	-	-	-
	- Local authorities fuel tax, fines, infringement fees, & other receipts	-	-	-	-	-	-	-	-	-	-
<b>2,049</b>	<b>Total operating funding (A)</b>	<b>2,105</b>	<b>2,177</b>	<b>2,232</b>	<b>2,304</b>	<b>2,380</b>	<b>2,464</b>	<b>2,553</b>	<b>2,643</b>	<b>2,735</b>	<b>2,829</b>
	<b>Applications of operating funding</b>										
	- Payments to staff & suppliers	-	-	-	-	-	-	-	-	-	-
	- Finance costs	-	-	-	-	-	-	-	-	-	-
2,049	Internal charges & overhead applied	2,105	2,177	2,232	2,304	2,380	2,464	2,553	2,643	2,735	2,829
	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>2,049</b>	<b>Total applications of operating funding (B)</b>	<b>2,105</b>	<b>2,177</b>	<b>2,232</b>	<b>2,304</b>	<b>2,380</b>	<b>2,464</b>	<b>2,553</b>	<b>2,643</b>	<b>2,735</b>	<b>2,829</b>
	<b>- Surplus/(deficit) of operating funding (A-B)</b>	<b>-</b>									

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of capital funding</b>										
- Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
- Development & financial contributions	-	-	-	-	-	-	-	-	-	-
- Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-
- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
- <b>Total sources of capital funding (C)</b>	-	-	-	-	-	-	-	-	-	-
<b>Application of capital funding</b>										
<b>Capital expenditure</b>										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
- Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-
- Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
- <b>Total application of capital funding (D)</b>	-	-	-	-	-	-	-	-	-	-
- <b>Surplus/(deficit) of capital funding (C-D)</b>	-	-	-	-	-	-	-	-	-	-
- <b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-
<b>Note: Excluded from above</b>										
- Group depreciation & amortisation	-	-	-	-	-	-	-	-	-	-
- Capital items in progress consulted in prior years plans, excluded from prospective capital plan	-	-	-	-	-	-	-	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.

# ROADING

## SCOPE

The Roading Group comprises:

### *Roading*

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

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



## KEY ISSUES

The entire plan is based around the assumption that there will not be any changes to New Zealand Transport Agency (NZTA) subsidies. If subsidies were reduced by NZTA, Council would need to reevaluate the priorities as well as the impact on rates.

Growth, changing public perceptions and a desire for a better road environment are giving rise to a demand for environmental projects in the CBD and residential suburbs. A number of projects have been identified throughout the City as a result of various studies undertaken over the last few years. The Ten Year Plan will see the following roading projects implemented:

### *Roading Bulk Funded Non-Subsidised*

Council is currently bulk funding some of the \$41 million deferred capital works. For deferred capital works it is allocating expenditure of \$1.822 million per annum from rates.

In addition to bulk funding, major transportation projects are funded through financial contributions from developers aimed at mitigating the direct effect of new residential and commercial developments.

### *Roading Transportation Proposals*

#### *Miscellaneous Transportation Deficiencies*

The Heretaunga Plains Transportation Study 2004 (for the period 2001 to 2026) identified \$51.9 million of transportation projects in the first 20 years of the plan. The Ten Year Plan includes funding for these works at \$2.705 million per annum, funded from financial contributions.

In the short to medium term Prebensen Drive requires four-laning. Several intersections, particularly through Meeanee Rd and Kennedy Road will require capacity improvements as will the West Quay/Pandora Road intersection.

#### *CBD Transportation and Environmental Improvements*

\$12.4 million of transportation and environmental projects is identified in the CBD area. Council's Ten Year Plan has budgeted for only some of these projects to be undertaken. These include:

# TEN YEAR PLAN

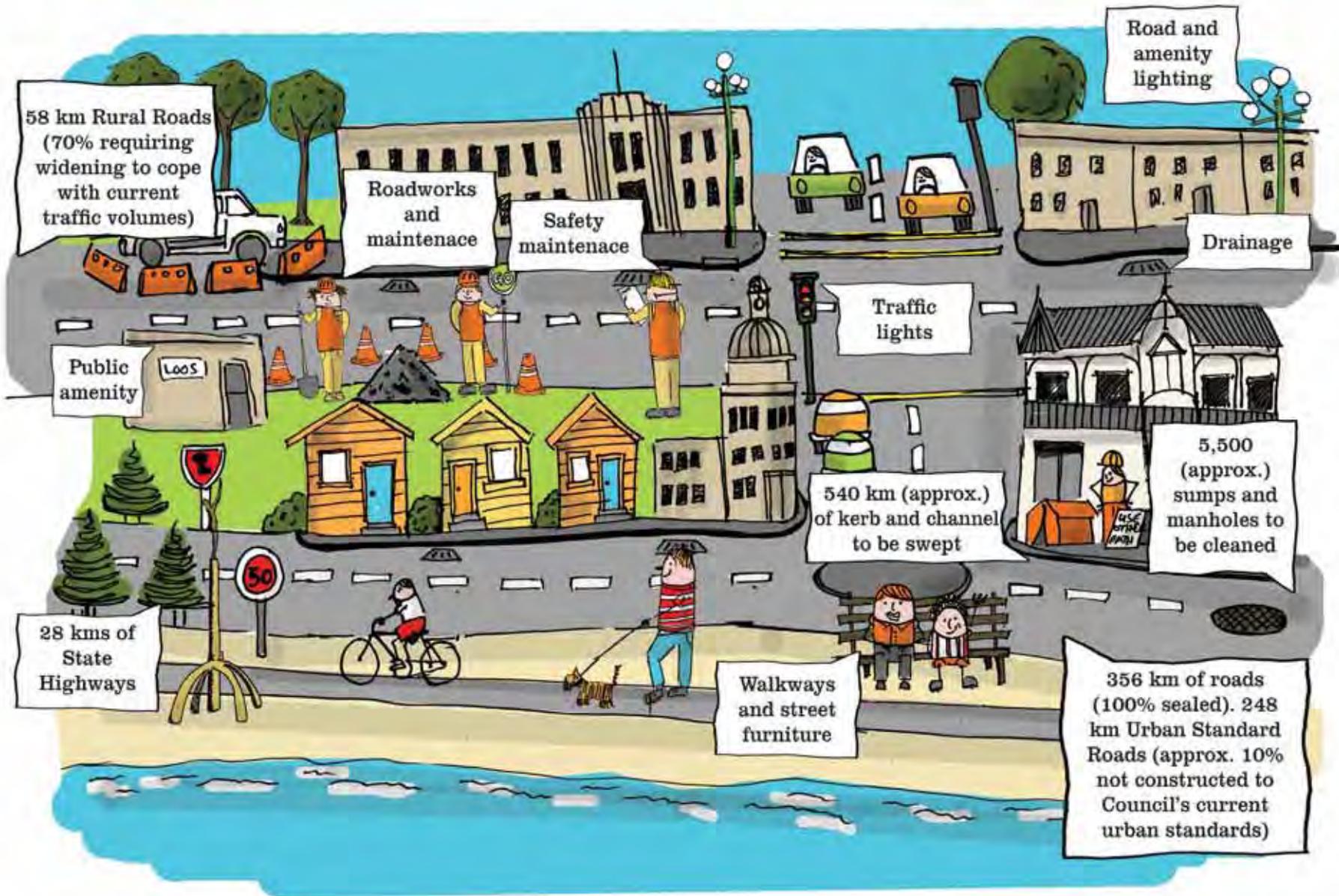


Illustration by Aaron Hosford

## TEN YEAR PLAN

- **Herschell Street:** Herschell Street is designated a cultural precinct and will be upgraded to reflect this and coincide with the reopening of the Hawke's Bay Museum and Art Gallery mid 2013.
- **Hastings Street:** A redevelopment over three years and in three stages will see upgrades from Vautier Street to Albion Lane in Stage 1, Albion Lane to Tennyson Street in Stage 2 and Tennyson Street to Shakespeare Road in Stage 3 at a cost of \$2.85 million. The redevelopment will add to the revitalisation of the CBD, and result in improved parking, while traffic calming measures will ensure a safer street environment.
- **Emerson Street:** Within the next 10 years, Council will be undertaking a review of Emerson Street with a view to refurbishing this environment. Details will be defined in a concept plan which is yet to be prepared, and will look at the carriageway, kerb and channels, pavers and painting of hardware in the street.
- **Street signage:** Street signs in the CBD will be replaced during the term of this plan with black and white Art Deco style signs.

No ramping up of the budget is contemplated for pedestrian pavements during the period of this plan: however, close monitoring of the accelerating tree root problem is required and future budgets may need adjusting.

## PERFORMANCE MEASURES

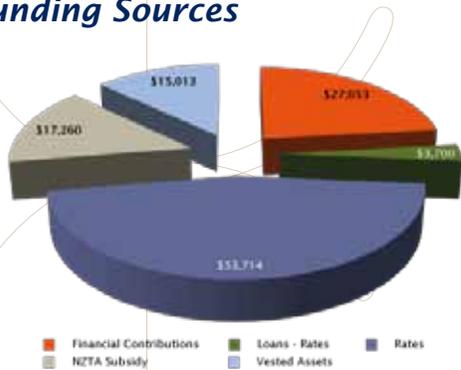
Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a transport system that is safe and efficient and enables users to move around effectively.	Number of Injury crashes in Napier City.	Reduce by 4% on previous year (119)	Same as previous year (119)	Reduce by 4% on previous year (114)	Reduce by 4% on previous year (110)	Reduce by 4% on previous year (103)
	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	Less than 100 NAASRA	Less than 100 NAASRA
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Roads in the NRB Public Opinion Survey.		87%	87%	87%	87%	87%
Percentage of residents satisfied with Footpaths in the NRB Public Opinion Survey.		82%	82%	82%	82%	82%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
Rating cost per rateable property.		New measure 2012/13	\$569	\$616	\$665	\$845

## CAPITAL PLAN

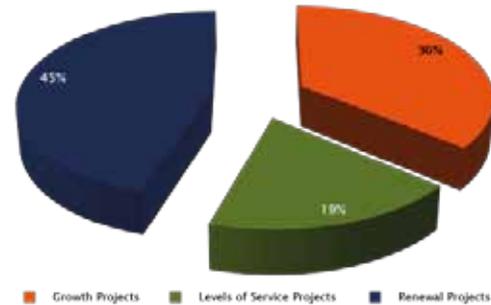
G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000												G	L	R
<b>ROADING</b>															
<b>Roading</b>															
Roothing I.A.R.	2,614	2,744	2,847	2,979	3,117	3,262	3,416	3,532	3,649	3,769	31,929	Rates			100
	1,395	1,463	1,523	1,594	1,668	1,748	1,833	1,920	2,011	2,105	17,260	NZTA Subsidy			100
	<b>4,009</b>	<b>4,207</b>	<b>4,370</b>	<b>4,573</b>	<b>4,785</b>	<b>5,010</b>	<b>5,249</b>	<b>5,452</b>	<b>5,660</b>	<b>5,874</b>	<b>49,189</b>				
Roothing Vested Assets	1,125	1,181	1,225	1,412	1,441	1,612	1,669	1,725	1,782	1,841	15,013	Vested Assets		100	
Roothing Capital Projects (Bulk Funded)	1,882	1,950	1,997	2,060	2,126	2,199	2,276	2,353	2,431	2,511	21,785	Rates			100
Transportation Proposals	1,862	2,186	2,238	2,582	2,664	2,900	3,001	3,103	3,206	3,311	27,053	Financial Cont		100	
Hastings Street Redevelopment	1,400	1,450	-	-	-	-	-	-	-	-	2,850	Loans - Rates			100
Herschell Street Precinct	850	-	-	-	-	-	-	-	-	-	850	Loans - Rates			100
<b>ROADING TOTAL</b>	<b>11,128</b>	<b>10,974</b>	<b>9,830</b>	<b>10,627</b>	<b>11,016</b>	<b>11,721</b>	<b>12,195</b>	<b>12,633</b>	<b>13,079</b>	<b>13,537</b>	<b>116,740</b>				

### Funding Sources



### Expenditure Classification



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
10,775	10,430	11,101	11,708	12,325	12,907	13,365	13,832	14,248	14,861	15,404
163	163	163	163	163	163	163	163	163	163	163
1,782	1,793	1,888	1,979	2,041	2,112	2,178	2,243	2,315	2,396	2,484
37	37	38	40	41	42	44	45	47	48	50
690	801	843	851	878	907	937	856	63	66	68
385	385	385	385	385	385	385	385	385	385	385
<b>13,832</b>	<b>13,609</b>	<b>14,418</b>	<b>15,126</b>	<b>15,833</b>	<b>16,516</b>	<b>17,072</b>	<b>17,524</b>	<b>17,221</b>	<b>17,919</b>	<b>18,554</b>
<b>Applications of operating funding</b>										
6,566	6,763	7,226	7,667	7,993	8,369	8,718	9,067	9,447	9,872	10,342
-	-	-	-	-	-	-	-	-	-	-
1,812	1,529	1,637	1,746	1,905	1,980	1,938	1,892	1,809	1,884	1,850
-	-	-	-	-	-	-	-	-	-	-
<b>8,378</b>	<b>8,292</b>	<b>8,863</b>	<b>9,413</b>	<b>9,898</b>	<b>10,349</b>	<b>10,656</b>	<b>10,959</b>	<b>11,256</b>	<b>11,756</b>	<b>12,192</b>
<b>5,454</b>	<b>5,317</b>	<b>5,555</b>	<b>5,713</b>	<b>5,935</b>	<b>6,167</b>	<b>6,416</b>	<b>6,565</b>	<b>5,965</b>	<b>6,163</b>	<b>6,362</b>
<b>Sources of capital funding</b>										
1,446	1,395	1,464	1,523	1,594	1,668	1,748	1,834	1,920	2,011	2,105
1,147	955	978	1,227	1,266	1,420	1,468	1,633	2,511	2,593	2,679
194	2,250	1,450	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>2,787</b>	<b>4,600</b>	<b>3,892</b>	<b>2,750</b>	<b>2,860</b>	<b>3,088</b>	<b>3,216</b>	<b>3,467</b>	<b>4,431</b>	<b>4,604</b>	<b>4,784</b>

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
6,320	- to meet additional demand	2,987	3,367	3,464	3,994	4,105	4,512	4,670	4,829	4,988	5,152
2,235	- to improve the level of service	1,882	1,950	1,997	2,060	2,126	2,199	2,276	2,353	2,431	2,511
4,098	- to replace existing assets	6,259	5,658	4,370	4,573	4,785	5,010	5,249	5,452	5,660	5,874
(4,412)	Increase/(decrease) in reserves	(1,211)	(1,528)	(1,368)	(1,832)	(1,761)	(2,089)	(2,163)	(2,238)	(2,312)	(2,391)
	- Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>8,241</b>	<b>Total application of capital funding (D)</b>	<b>9,917</b>	<b>9,447</b>	<b>8,463</b>	<b>8,795</b>	<b>9,255</b>	<b>9,632</b>	<b>10,032</b>	<b>10,396</b>	<b>10,767</b>	<b>11,146</b>
<b>(5,454)</b>	<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(5,317)</b>	<b>(5,555)</b>	<b>(5,713)</b>	<b>(5,935)</b>	<b>(6,167)</b>	<b>(6,416)</b>	<b>(6,565)</b>	<b>(5,965)</b>	<b>(6,163)</b>	<b>(6,362)</b>
	<b>- Funding balance ((A-B) + (C-D))</b>	<b>-</b>									
	<b>Note: Excluded from above</b>										
8,842	Group depreciation & amortisation	6,637	7,388	8,170	8,957	9,722	10,500	11,331	12,254	13,191	14,148
	Capital items in progress consulted in prior years plans, excluded from prospective capital plan	1,899	500	8,859	500	500	1,000	359	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.

# SOLID WASTE

## SCOPE

The Solid Waste Group comprises:

- Domestic refuse collection
- Kerbside recycling
- Litter control
- Redclyffe Transfer Station
- Omarunui Landfill Joint Venture

Council provides a domestic refuse collection service for both residential and commercial properties within the City as follows:

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

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

Currently Napier disposes of approximately 18,000 tonnes of refuse annually at the landfill from the domestic collection, litter collection and the Transfer Station.

The Omarunui Landfill is the final disposal point for waste generated by the combined populations of Hastings District and Napier City. It is jointly owned by both the Hastings District and Napier City Councils and is managed on a day to day basis by the Hastings District Council.

## KEY ISSUES

The Napier City Council draft Solid Waste Bylaw 2012 included a Transitional Provision to prohibit the commingling of green waste with general refuse. The Provision is part of Council's desire to divert more green waste from the landfill as this material creates leachate and green house gases. Both of these are unwanted by-products which must be carefully managed and add significant costs to operating the landfill.

Several local businesses made submissions on the Green Waste Transitional Provision. They consider that green waste diversion

could be increased without a Bylaw that prohibits commingling. This could be done by educating existing customers as well as residents and businesses, especially in regards to options for green waste.

At the hearing Council considered this approach to be worth pursuing. Council will work with the solid waste industry to promote the diversion of green waste, which can be carried out as part of the existing Waste Minimisation activity. Based on a solid waste survey carried out in March 2012, the amount of green waste Napier residents send to landfill is in the order of 1,600 tonnes per year. This initiative will be considered a success if an additional 1,000 tonnes of green waste is diverted. If the diversion of green waste from landfill does not increase, Council may wish to consider future options.



## PERFORMANCE MEASURES

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a kerbside refuse collection service weekly to city residents to ensure city household waste is able to be removed from kerbside. In addition this activity provides a user pays facility at the Transfer Station for disposal of non-household refuse. These services are provided to promote community health through the prevention and spread of disease.	Weekly household kerbside waste collection.	100%	100%	100%	100%	100%
	Transfer Station open for 362 days per year.	New measure 2012/13	100%	100%	100%	100%
Council provides a kerbside recycling collection service fortnightly to reduce the quantity of waste to landfill. Council also actively promotes waste minimization activities and responsible solid waste management decisions through education initiatives and a hazardous waste collection programme. Council also provides green waste and recycling facilities at the Redclyffe Transfer Station.	Waste to Landfill per capita.	Less than 428kg	306kgs	306kgs	306kgs	306kgs
	Refuse Diversion Rate.	25%	31%	31%	31%	31%
	Compliance with Resource Consent conditions.	100%	100%	100%	100%	100%
	Education and waste reduction promotion programmes in place.	Programme in place	1,000 students per annum			
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Refuse Collection in the NRB Public Opinion Survey.		92%	92%	92%	92%	92%
Percentage of residents satisfied with Control of Litter, Graffiti and Vandalism in the NRB Public Opinion Survey.		New measure 2012/13	87%	87%	87%	87%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Cost per rateable property.		New measure 2012/13	\$207	\$218	\$222	2015/22 (average) \$245

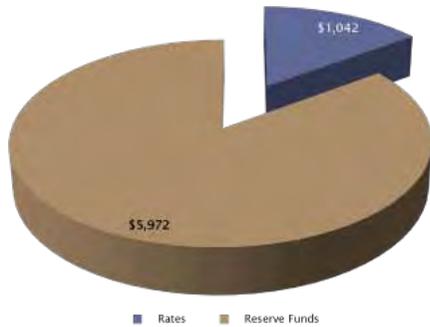
SOLID WASTE CONTINUED

CAPITAL PLAN

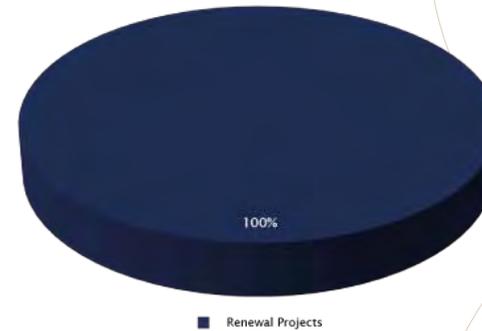
G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
													G	L	R
\$000															
<b>SOLID WASTE</b>															
<b>Solid Waste</b>															
Omarunui Development - Valley D	313	262	176	654	260	243	584	389	355	221	3,457	Regional Landfill Income			100
Omarunui Development - Plant	63	348	56	151	12	1	357	146	-	-	1,134	Regional Landfill Income			100
Omarunui Development - Forestry	3	6	2	2	2	2	2	3	3	3	28	Regional Landfill Income			100
Omarunui Development - Valleys B & C	117	121	124	128	132	137	141	146	151	156	1,353	Regional Landfill Income			100
Solid Waste I.A.R.	90	93	95	99	102	105	109	113	116	120	1,042	Rates			100
<b>SOLID WASTE TOTAL</b>	<b>586</b>	<b>830</b>	<b>453</b>	<b>1,034</b>	<b>508</b>	<b>488</b>	<b>1,193</b>	<b>797</b>	<b>625</b>	<b>500</b>	<b>7,014</b>				

Funding Sources



Expenditure Classification



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
431	430	447	454	468	481	494	510	527	541	558
General rates, uniform annual general charges, rates penalties										
1,725	1,786	1,929	1,980	2,048	2,119	2,197	2,279	2,364	2,447	2,533
Targeted rates (other than water by meter charges)										
173	173	173	173	173	173	173	173	173	173	173
Subsidies & grants for operating purposes										
1,337	1,439	1,576	1,619	1,671	1,724	1,783	1,845	1,908	1,971	2,036
Fees, charges & targeted rates for water supply										
-	-	-	-	-	-	-	-	-	-	-
Internal charges & overhead recoveries										
1,505	1,751	1,981	2,028	2,093	2,160	2,234	2,312	2,391	2,470	2,551
Local authorities fuel tax, fines, infringement fees, & other receipts										
<b>5,171</b>	<b>5,579</b>	<b>6,106</b>	<b>6,254</b>	<b>6,453</b>	<b>6,657</b>	<b>6,881</b>	<b>7,119</b>	<b>7,363</b>	<b>7,602</b>	<b>7,851</b>
<b>Total operating funding (A)</b>										
<b>Applications of operating funding</b>										
4,026	4,208	4,468	4,572	4,714	4,861	5,023	5,194	5,366	5,538	5,717
Payments to staff & suppliers										
-	-	-	-	-	-	-	-	-	-	-
Finance costs										
239	236	236	234	233	232	230	235	247	255	264
Internal charges & overhead applied										
-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications										
<b>4,265</b>	<b>4,444</b>	<b>4,704</b>	<b>4,806</b>	<b>4,947</b>	<b>5,093</b>	<b>5,253</b>	<b>5,429</b>	<b>5,613</b>	<b>5,793</b>	<b>5,981</b>
<b>Total applications of operating funding (B)</b>										
<b>906</b>	<b>1,135</b>	<b>1,402</b>	<b>1,448</b>	<b>1,506</b>	<b>1,564</b>	<b>1,628</b>	<b>1,690</b>	<b>1,750</b>	<b>1,809</b>	<b>1,870</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>										
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
Subsidies & grants for capital expenditure										
-	-	-	-	-	-	-	-	-	-	-
Development & financial contributions										
-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt										
-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets										
-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions										
-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>										

## TEN YEAR PLAN

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>									
	<b>Capital expenditure</b>									
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
398	586	831	454	1,034	508	488	1,193	796	625	500
508	549	571	994	472	1,056	1,140	497	954	1,184	1,370
	-	-	-	-	-	-	-	-	-	-
<b>906</b>	<b>1,135</b>	<b>1,402</b>	<b>1,448</b>	<b>1,506</b>	<b>1,564</b>	<b>1,628</b>	<b>1,690</b>	<b>1,750</b>	<b>1,809</b>	<b>1,870</b>
<b>(906)</b>	<b>(1,135)</b>	<b>(1,402)</b>	<b>(1,448)</b>	<b>(1,506)</b>	<b>(1,564)</b>	<b>(1,628)</b>	<b>(1,690)</b>	<b>(1,750)</b>	<b>(1,809)</b>	<b>(1,870)</b>
	-	-	-	-	-	-	-	-	-	-
	<b>Note: Excluded from above</b>									
733	697	733	792	785	820	850	881	977	1,045	1,024
	-	-	-	-	-	-	-	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.



## SCOPE

The Stormwater Group comprises:

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

Council provides and maintains a stormwater disposal system for the 13 separate drainage areas or catchments in the City with the aim to minimise the effects of flooding. The system, serving approximately 97% of the City's population, consists of open drains, stormwater mains and pump stations with about 75% of the City reliant on pumped systems for stormwater drainage.

## KEY ISSUES

The continued investment in the upgrading of the City stormwater catchments (\$30.8 million over the next 10 years), including the CBD and Taradale, will be funded from a combination of rates and financial contributions. The construction of a new pump station to the south of the City at a cost of \$5.358 million is planned for 2019/20.

### ***Napier CBD - Tennyson Street***

The stormwater upgrade in Tennyson Street will be undertaken in conjunction with the redevelopment of Hastings Street. The deep, large diameter stormwater main will be installed along Tennyson Street through to Marine Parade and end in a pier on the land side of Mean High Water Springs.

### ***Upgrade Taipo Stream***

The Taipo Stream forms a major drainage channel on the western boundary of the Napier City area and provides drainage to a significant part of Taradale and the rural area from Avenue Road to Ahuriri Estuary, including Poraiti. Two of the upper tributaries are protected with flood detention dams (Halliwell's Dam and O'Dowd Road Dam). Taipo Stream will undergo upgrade works in 2015/16 at a cost of \$654,000 funded by a combination of rates and financial contributions.

### ***Stormwater Drain Improvements***

Planned developments include large scale pipe upgrading in the CBD, Taradale and Greenmeadows areas. Ongoing upgrades and renewals of network and pump stations, to meet the demands of growth and development, will continue.

### ***Ellison Stormwater Pump Station***

Large scale upgrading for Napier South and Marewa includes a proposed new pumping station at Ellison Street and beach outfall. This is programmed for 2019/20, funded through loan funding and financial contributions at a total cost of \$5.358 million.

### ***Te Awa Stormwater Pond***

Financial contributions from developers in the Te Awa Structure Plan area will fund the \$1.697 million required to develop alternative flood pond storage within land north of Kenny Road. This is programmed for 2014/15. The Serpentine area is subject to a structure plan process at present. No explicit provision for infrastructure for the area, other than development of the stormwater detention pond in the Te Awa Estates development, is made in the plan until the outcome of the structure plan process is known.



PERFORMANCE MEASURES

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides this service, which collects, transports and disposes of stormwater, to protect the health and provide safety from flooding of the city's population by providing protection against flooding.	Reported number of properties inundated during events smaller than a 1 in 50 year return period.	New measure 2012/13	0	0	0	0
	Percentage time total pumping capacity available to prevent flooding.	97%	97%	97%	97%	97%
Council provides this service, which collects, conveys and disposes of stormwater, with no significant adverse environmental effects to protect the environment and the health of the city's population.	Compliance with discharge consent conditions.	100%	100%	100%	100%	100%
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey.		85%	87%	87%	87%	87%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Cost per hectare drained.		New measure 2012/13	\$1,274	\$1,336	\$1,451	\$1,704 (average)



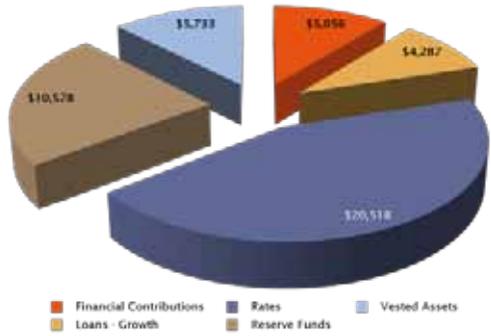
## CAPITAL PLAN

G = Growth, L = Increased Level of Service, R = Renewal

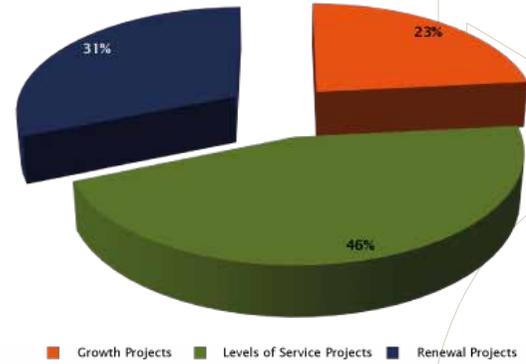
Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %			
	\$000												G	L	R	
<b>STORMWATER</b>																
<b>Stormwater</b>																
Upgrading Stormwater Catchments I.A.R.	641	664	680	702	724	749	775	801	828	855	7,419	Rates		100		
	135	159	162	187	193	210	218	225	232	240	1,961	Financial Cont		100		
	<b>776</b>	<b>823</b>	<b>842</b>	<b>889</b>	<b>917</b>	<b>959</b>	<b>993</b>	<b>1,026</b>	<b>1,060</b>	<b>1,095</b>	<b>9,380</b>					
Stormwater I.A.R.	450	466	477	493	963	526	544	1,692	2,493	2,719	10,823	Rates			100	
Stormwater Vested Assets	429	451	468	539	550	616	637	659	681	703	5,733	Vested Assets		100		
Extend Outfalls Marine Parade	-	55	-	-	-	62	-	-	-	71	188	Rates			100	
Georges Drive Drain	13	13	14	14	15	15	16	16	17	17	150	Rates		100		
Upgrade Taipo Stream	-	-	-	327	-	-	-	-	-	-	327	Rates		100		
	-	-	-	327	-	-	-	-	-	-	327	Financial Cont		100		
	-	-	-	<b>654</b>	-	-	-	-	-	-	<b>654</b>					
Dalton Street Pump Replacement	200	-	-	-	-	-	-	-	-	-	200	Rates			100	
Drain Improvements	58	60	62	63	66	68	809	73	75	77	1,411	Rates		100		
Ellison Street Pump Station	-	-	-	-	-	-	-	4,287	-	-	4,287	Loans - Growth			100	
	-	-	-	-	-	-	-	1,071	-	-	1,071	Financial Cont		100		
	-	-	-	-	-	-	-	<b>5,358</b>	-	-	<b>5,358</b>					
CBD Stormwater Upgrade	2,000	2,072	1,061	-	-	-	-	-	-	-	5,133	S/W Catchment Upgrade		70	30	
Taradale Stormwater Upgrade	50	52	2,122	1,752	1,469	-	-	-	-	-	5,445	S/W Catchment Upgrade		70	30	
Te Awā Stormwater Pond	-	-	1,697	-	-	-	-	-	-	-	1,697	Financial Cont		100		
<b>STORMWATER TOTAL</b>	<b>3,976</b>	<b>3,992</b>	<b>6,743</b>	<b>4,404</b>	<b>3,980</b>	<b>2,246</b>	<b>2,999</b>	<b>8,824</b>	<b>4,326</b>	<b>4,682</b>	<b>46,172</b>					

STORMWATER CONTINUED

Funding Sources



Expenditure Classification



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
2,667	3,023	3,044	3,115	3,574	3,837	3,538	4,314	4,824	5,738	6,127
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
189	213	223	226	233	240	248	233	69	71	73
61	61	63	65	67	69	71	74	76	79	81
<b>2,917</b>	<b>3,297</b>	<b>3,330</b>	<b>3,406</b>	<b>3,874</b>	<b>4,146</b>	<b>3,857</b>	<b>4,621</b>	<b>4,969</b>	<b>5,888</b>	<b>6,281</b>
<b>Applications of operating funding</b>										
906	985	1,061	1,121	1,163	1,203	1,246	1,293	1,337	1,383	1,434
-	-	-	-	-	-	-	-	-	-	-
722	812	864	903	956	1,012	1,020	1,030	1,060	1,101	1,115
-	-	-	-	-	-	-	-	-	-	-
<b>1,628</b>	<b>1,797</b>	<b>1,925</b>	<b>2,024</b>	<b>2,119</b>	<b>2,215</b>	<b>2,266</b>	<b>2,323</b>	<b>2,397</b>	<b>2,484</b>	<b>2,549</b>
<b>1,289</b>	<b>1,500</b>	<b>1,405</b>	<b>1,382</b>	<b>1,755</b>	<b>1,931</b>	<b>1,591</b>	<b>2,298</b>	<b>2,572</b>	<b>3,404</b>	<b>3,732</b>
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
430	321	346	415	429	473	489	530	721	745	765
794	-	-	-	-	-	-	-	4,287	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>1,224</b>	<b>321</b>	<b>346</b>	<b>415</b>	<b>429</b>	<b>473</b>	<b>489</b>	<b>530</b>	<b>5,008</b>	<b>745</b>	<b>765</b>

## TEN YEAR PLAN

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>									
	<b>Capital expenditure</b>									
518	429	451	2,165	539	550	616	637	659	681	703
1,161	2,897	3,020	4,100	3,373	2,466	1,042	1,817	6,474	1,152	1,190
1,007	650	521	477	493	963	588	544	1,692	2,493	2,790
(173)	(2,155)	(2,241)	(4,945)	(2,221)	(1,575)	(166)	(170)	(1,245)	(177)	(186)
-	-	-	-	-	-	-	-	-	-	-
<b>2,513</b>	<b>1,821</b>	<b>1,751</b>	<b>1,797</b>	<b>2,184</b>	<b>2,404</b>	<b>2,080</b>	<b>2,828</b>	<b>7,580</b>	<b>4,149</b>	<b>4,497</b>
<b>(1,289)</b>	<b>(1,500)</b>	<b>(1,405)</b>	<b>(1,382)</b>	<b>(1,755)</b>	<b>(1,931)</b>	<b>(1,591)</b>	<b>(2,298)</b>	<b>(2,572)</b>	<b>(3,404)</b>	<b>(3,732)</b>
-	-	-	-	-	-	-	-	-	-	-
	<b>Note: Excluded from above</b>									
1,726	1,855	1,906	2,120	2,171	2,133	2,394	2,417	2,433	2,711	2,756
-	453	-	-	-	-	-	-	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.

# SEWERAGE

# TEN YEAR PLAN

ACTIVITY GROUPS

## SCOPE

The Sewerage Group comprises:

### Wastewater

- 40 Pump Stations
- 365km Wastewater Mains
- Milliscreen Plant (Awatoto)
- 1,607m Marine Outfall
- 93% of Napier's population serviced by reticulation system

Council provides and maintains a safe domestic and industrial sewage collection, screening and disposal system to maintain the community's health. Properties are currently being connected to Stage 1 of the Bay View system.

## KEY ISSUES

### Wastewater Marine Outfall Replacement

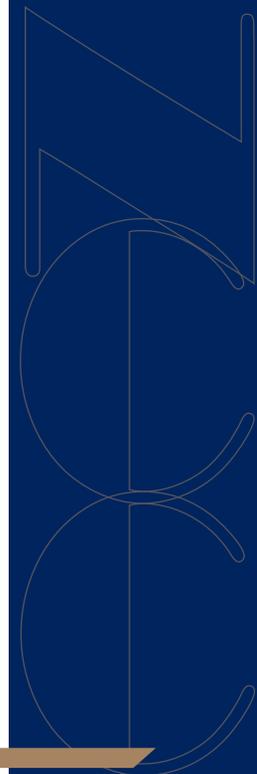
A condition assessment of the outfall indicates there is severe corrosion on the pipe that conveys sewage to the drain downstream of the pressure manhole on the beach of the Awatoto Marine Outfall. Replacement of the outfall is necessary to ensure reliable operation and to provide capacity into the future. Provision of \$9.3 million in 2021/22 is made in this plan and will require additional funding once detailed costs have been prepared. The plan also provides for an outfall renewal budget.



### Completion of Wastewater Treatment Plant

A major project included in the plan is the Biological Trickling Filter Wastewater Treatment Plant funded from the Advanced Wastewater Treatment Establishment Fund and scheduled to be completed in December 2013. Council committed to providing advanced sewage treatment following thorough investigations and a public consultation process which was initiated in 1993/94. There is no other single project with significant capital, operational and maintenance costs that has had a greater impact on Council's finances over the past two decades. There has been many investigations and delays in the progress towards this facility being completed. Council has now gained Resource Consent and has started the many steps required in order that the plant is fully operational.

The total cost of the project is \$32.7 million with much of this provided in past plans. The remaining \$2.642 million is included in 2013/14.



## PERFORMANCE MEASURES

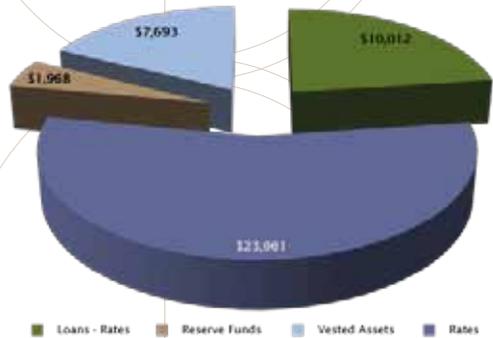
Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides this service, which collects, conveys and disposes of household waste water, to protect the health of the city's population.	Number of reticulated properties unable to dispose of wastewater for longer than 6 hours.	0	0	0	0	0
	Blockage resulting in overflow.	New measure 2012/13	0	0	0	0
Council provides this service, which collects, conveys and disposes of household waste water, with no significant adverse environmental effects to protect the environment and health of the city's population.	Compliance with discharge consent conditions.	100%	100%	100%	100%	100%
	Number of complaints relating to odour.	New measure 2012/13	0	0	0	0
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Wastewater in the NRB Public Opinion Survey.		90%	90%	90%	90%	90%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
Cost per m <sup>3</sup> of wastewater.		New measure 2012/13	\$0.73	\$0.76	\$0.90	\$1.03
Cost per km of wastewater mains.		New measure 2012/13	\$18,236	\$18,892	\$22,470	\$25,618
Cost per rateable property.		New measure 2012/13	\$268	\$276	\$326	\$360

## CAPITAL PLAN

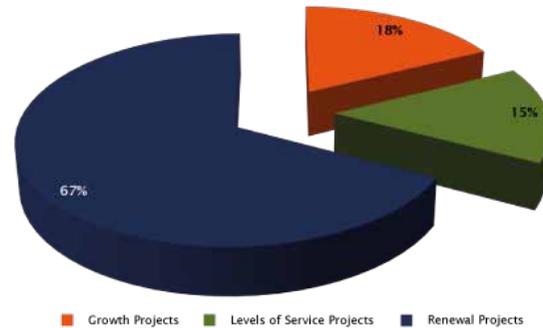
G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000												G	L	R
<b>SEWERAGE</b>															
<b>Wastewater</b>															
Wastewater Pipe I.A.R.	1,210	1,076	1,131	1,069	1,385	1,652	1,301	1,345	1,390	1,436	12,995	Rates			100
Milliscreen I.A.R.	249	258	264	273	281	291	301	311	322	332	2,882	Rates			100
Wastewater Pump Stations I.A.R.	225	233	239	246	254	263	272	281	291	300	2,604	Rates			100
Wastewater Treatment Plant I.A.R.	-	-	-	-	-	-	60	-	-	133	193	Rates			100
Wastewater Outfall I.A.R.	-	518	530	547	565	584	605	625	646	667	5,287	Rates			100
BTF Wastewater Treatment Plant	-	1,968	-	-	-	-	-	-	-	-	1,968	Adv. W/W Trtmnt Est Fund			100
	-	673	-	-	-	-	-	-	-	-	673	Loans - Rates			100
	-	2,642	-	-	-	-	-	-	-	-	2,642				
Wastewater Vested Assets	577	605	628	724	738	826	855	884	913	943	7,693	Vested Assets			100
Wastewater Outfall Replacement	-	-	-	-	-	-	-	-	-	9,339	9,339	Loans - Rates		42	58
<b>SEWERAGE TOTAL</b>	<b>2,261</b>	<b>5,331</b>	<b>2,792</b>	<b>2,859</b>	<b>3,223</b>	<b>3,616</b>	<b>3,394</b>	<b>3,446</b>	<b>3,562</b>	<b>13,150</b>	<b>43,634</b>				

### Funding Sources



### Expenditure Classification



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
-	-	-	-	-	-	-	-	-	-	-
6,634	7,330	6,542	7,840	8,040	8,095	8,705	8,855	8,998	9,701	9,890
-	-	-	-	-	-	-	-	-	-	-
420	432	447	457	471	485	501	517	534	551	568
69	79	83	84	86	89	92	83	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>7,123</b>	<b>7,841</b>	<b>7,072</b>	<b>8,381</b>	<b>8,597</b>	<b>8,669</b>	<b>9,298</b>	<b>9,455</b>	<b>9,532</b>	<b>10,252</b>	<b>10,458</b>
<b>Applications of operating funding</b>										
2,042	2,129	2,244	2,336	2,427	2,514	2,611	2,713	2,811	2,913	3,027
-	-	-	-	-	-	-	-	-	-	-
915	1,048	1,125	1,358	1,415	1,475	1,480	1,486	1,504	1,544	1,570
-	-	-	-	-	-	-	-	-	-	-
<b>2,957</b>	<b>3,177</b>	<b>3,369</b>	<b>3,694</b>	<b>3,842</b>	<b>3,989</b>	<b>4,091</b>	<b>4,199</b>	<b>4,315</b>	<b>4,457</b>	<b>4,597</b>
<b>4,166</b>	<b>4,664</b>	<b>3,703</b>	<b>4,687</b>	<b>4,755</b>	<b>4,680</b>	<b>5,207</b>	<b>5,256</b>	<b>5,217</b>	<b>5,795</b>	<b>5,861</b>
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
120	80	82	104	108	122	126	142	233	241	249
682	-	673	-	-	-	-	-	-	-	9,339
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>802</b>	<b>80</b>	<b>755</b>	<b>104</b>	<b>108</b>	<b>122</b>	<b>126</b>	<b>142</b>	<b>233</b>	<b>241</b>	<b>9,588</b>

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
669	- to meet additional demand	577	605	628	724	738	826	855	884	913	943
6,906	- to improve the level of service	-	2,642	-	-	-	-	-	-	-	-
1,887	- to replace existing assets	1,684	2,085	2,164	2,135	2,486	2,790	2,539	2,563	2,648	12,207
(4,494)	Increase/(decrease) in reserves	2,483	(874)	1,999	2,004	1,578	1,717	2,004	2,003	2,475	2,299
-	Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>4,968</b>	<b>Total application of capital funding (D)</b>	<b>4,744</b>	<b>4,458</b>	<b>4,791</b>	<b>4,863</b>	<b>4,802</b>	<b>5,333</b>	<b>5,398</b>	<b>5,450</b>	<b>6,036</b>	<b>15,449</b>
<b>(4,166)</b>	<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(4,664)</b>	<b>(3,703)</b>	<b>(4,687)</b>	<b>(4,755)</b>	<b>(4,680)</b>	<b>(5,207)</b>	<b>(5,256)</b>	<b>(5,217)</b>	<b>(5,795)</b>	<b>(5,861)</b>
-	<b>Funding balance ((A-B) + (C-D))</b>	-	-	-	-	-	-	-	-	-	-
	<b>Note: Excluded from above</b>										
3,071	Group depreciation & amortisation	3,559	3,610	4,592	4,657	4,578	5,101	5,158	5,200	5,778	5,843
-	Capital items in progress consulted in prior years plans, excluded from prospective capital plan	6,000	12,377	-	-	-	-	-	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.

# WATER SUPPLY

## SCOPE

The Water Supply Group comprises:

- 9.8 million m<sup>3</sup> water consumed annually
- 10 wells
- 10 ground water and 8 booster Pump Stations
- 8 reservoir sites
- 30 million litres storage facilities
- 463km mains
- 95.5% of Napier's population serviced by reticulation system

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

## KEY ISSUES

Upgrades to the City's Water Supply will continue with emphasis on managing demand and achieving a more stable overall pressure. Irrigation of Council's sportsgrounds will be looked at to ensure all irrigation systems are designed to meet industry best practice standards. \$18.4 million have been allocated in this Ten Year Plan to Water Supply projects.

Approximately 96% of the City's population is serviced by the public water supply, with Poraiti, Meeanee, Jervoistown and Awatoto serviced by private wells and/or rain water supplies. Key capital activities that will be undertaken during the term of this plan in order to ensure that levels of service are maintained in the city's water supply include:

- New reservoir in Taradale
- Development of a new well in Awatoto
- New trunk main from Awatoto (will be undertaken in two stages)

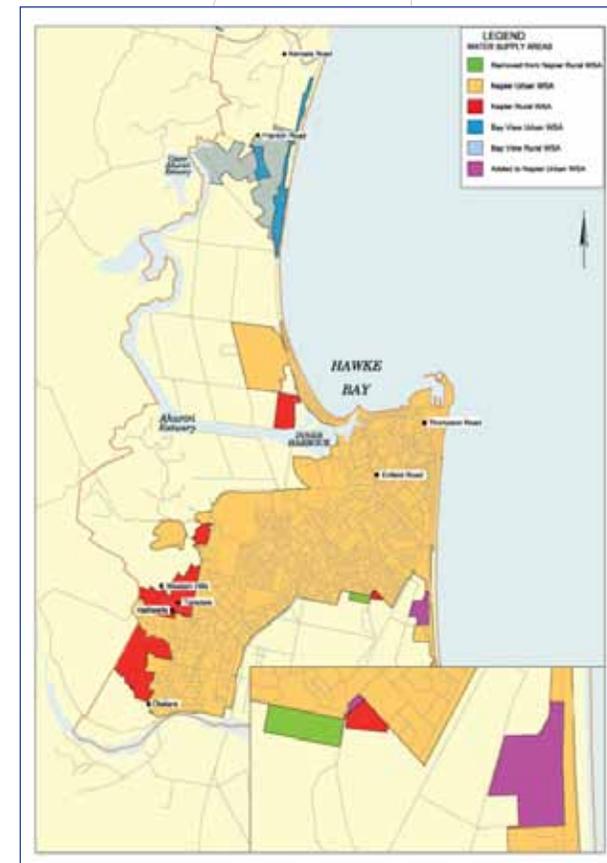
\$6.066 million has been included in the plan to cover these upgrades funded by financial contributions.

## Water Bylaw Change

An adjustment to the boundary of the Napier Urban Water Supply Area (WSA) was made to include the properties in the Te Awa Estates development. A resource consent has been granted for the development and all the properties will be serviced to an urban standard from the Council's reticulation. The developer has contributed to increasing supply capacity into the area to support the development.

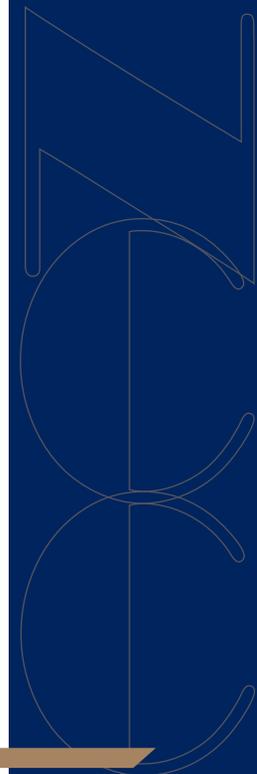
A further change to the Water Supply Area boundaries was made to correct two minor errors to the position of the boundaries made during the 2008 revision of the boundaries. One error resulted in one property being included in the Napier Rural WSA when it should have been included in the Napier Urban WSA. The other error included one rural property in the Napier Rural WSA when it was not intended to include the property in any water supply area.

The Council did not receive any submissions on the proposed changes to the Water Supply Area boundaries resulting from the public consultation in 2012 for the Council's Long Term Plan.



## PERFORMANCE MEASURES

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides this service to transport clean water to protect the health of the city and city safety through fire fighting capability.	Compliance with Resource Consent conditions.	100%	100%	100%	100%	100%
	Water quality adherence to Drinking Water Standards for New Zealand 2005 (Revised 2008).	100%	100%	100%	100%	100%
	Percentage of water mains >100mm in diameter cleaned.	20%	20%	20%	20%	20%
	No fire hydrants reported by NZ Fire Service not meeting code of practice pressure and flow requirements.	New measure 2012/13	0	0	0	0
<b>Community Perception</b>		<b>Annual Plan Target 2011/12</b>	<b>Targets</b>			
Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey.		90%	90%	90%	90%	90%
<b>Economic and Financial Performance</b>		<b>Annual Plan Target 2011/12</b>	<b>Targets</b>			
Cost per m <sup>3</sup> of water.		New measure 2012/13	\$0.41	\$0.43	\$0.46	\$0.53
Cost per km of water mains.		New measure 2012/13	\$8,629	\$9,035	\$9,673	\$11,263
Operating cost per rateable property.		New measure 2012/13	\$161	\$167	\$178	\$182



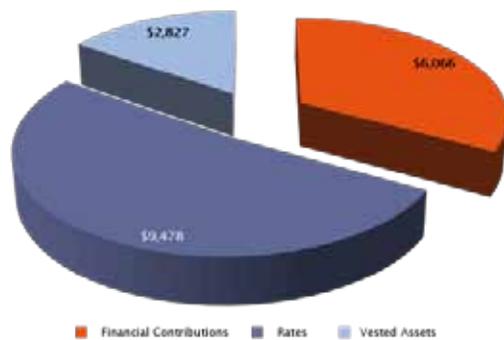
# WATER SUPPLY CONTINUED

## CAPITAL PLAN

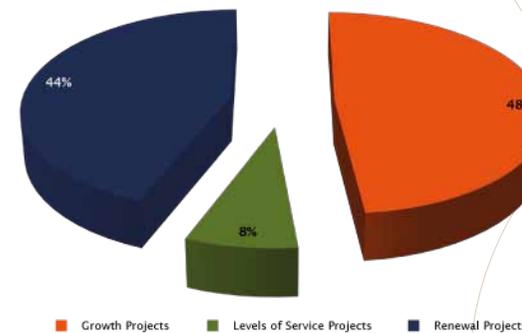
G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
													G	L	R
<b>WATER SUPPLY</b>															
<b>Water Supply</b>															
Water Pipes I.A.R.	590	611	626	646	667	689	713	738	762	787	6,829	Rates			100
Water Pump Stations I.A.R.	88	91	93	96	99	103	106	110	114	117	1,017	Rates			100
Water Meters I.A.R.	22	23	23	24	25	26	27	28	28	29	255	Rates			100
Water Supply - Capital Upgrade Associated with I.A.R.	119	123	126	130	134	139	144	149	154	159	1,377	Rates		100	
Water Supply Vested Assets	212	222	230	266	271	304	314	325	336	347	2,827	Vested Assets		100	
New Well - Awatoto	-	860	-	-	-	-	-	-	-	-	860	Financial Cont		100	
New Reservoir Taradale	-	-	-	2,933	-	-	-	-	-	-	2,933	Financial Cont		100	
Awatoto Trunk Main	-	-	2,273	-	-	-	-	-	-	-	2,273	Financial Cont		100	
<b>WATER SUPPLY TOTAL</b>	<b>1,031</b>	<b>1,930</b>	<b>3,371</b>	<b>4,095</b>	<b>1,196</b>	<b>1,261</b>	<b>1,304</b>	<b>1,350</b>	<b>1,394</b>	<b>1,439</b>	<b>18,371</b>				

### Funding Sources



### Expenditure Classification



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
-	-	-	-	-	-	-	-	-	-	-
3,363	3,605	3,780	4,064	4,194	4,292	4,535	4,650	4,770	5,096	5,217
-	-	-	-	-	-	-	-	-	-	-
464	488	506	518	535	552	571	591	611	631	652
98	109	115	116	119	123	127	115	-	-	-
11	11	12	12	12	13	13	14	14	15	15
<b>3,936</b>	<b>4,213</b>	<b>4,413</b>	<b>4,710</b>	<b>4,860</b>	<b>4,980</b>	<b>5,246</b>	<b>5,370</b>	<b>5,395</b>	<b>5,742</b>	<b>5,884</b>
<b>Applications of operating funding</b>										
1,903	1,998	2,144	2,264	2,355	2,444	2,541	2,647	2,747	2,849	2,966
-	-	-	-	-	-	-	-	-	-	-
554	687	726	754	796	836	849	863	885	916	932
-	-	-	-	-	-	-	-	-	-	-
<b>2,457</b>	<b>2,685</b>	<b>2,870</b>	<b>3,018</b>	<b>3,151</b>	<b>3,280</b>	<b>3,390</b>	<b>3,510</b>	<b>3,632</b>	<b>3,765</b>	<b>3,898</b>
<b>1,479</b>	<b>1,528</b>	<b>1,543</b>	<b>1,692</b>	<b>1,709</b>	<b>1,700</b>	<b>1,856</b>	<b>1,860</b>	<b>1,763</b>	<b>1,977</b>	<b>1,986</b>
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
172	119	121	155	160	180	186	209	336	347	359
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>172</b>	<b>119</b>	<b>121</b>	<b>155</b>	<b>160</b>	<b>180</b>	<b>186</b>	<b>209</b>	<b>336</b>	<b>347</b>	<b>359</b>

## TEN YEAR PLAN

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
253	- to meet additional demand	212	1,082	2,504	3,199	271	304	314	325	336	347
115	- to improve the level of service	119	123	126	130	134	139	144	149	154	159
678	- to replace existing assets	700	725	743	766	791	818	846	875	904	934
605	Increase/(decrease) in reserves	616	(266)	(1,526)	(2,226)	684	781	765	750	930	905
	- Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>1,651</b>	<b>Total application of capital funding (D)</b>	<b>1,647</b>	<b>1,664</b>	<b>1,847</b>	<b>1,869</b>	<b>1,880</b>	<b>2,042</b>	<b>2,069</b>	<b>2,099</b>	<b>2,324</b>	<b>2,345</b>
<b>(1,479)</b>	<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(1,528)</b>	<b>(1,543)</b>	<b>(1,692)</b>	<b>(1,709)</b>	<b>(1,700)</b>	<b>(1,856)</b>	<b>(1,860)</b>	<b>(1,763)</b>	<b>(1,977)</b>	<b>(1,986)</b>
	<b>- Funding balance ((A-B) + (C-D))</b>	<b>-</b>									
	<b>Note: Excluded from above</b>										
1,381	Group depreciation & amortisation	1,419	1,428	1,576	1,591	1,577	1,728	1,745	1,763	1,977	1,986
	Capital items in progress consulted in prior years plans, excluded from prospective capital plan	-	-	-	-	-	-	-	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.

## SCOPE

The Recreation Group comprises:

### *Sportsgrounds*

- 15 sports parks (211 hectares)
- Major facilities – McLean Park Complex, Park Island, Nelson Park and Tareha Park.

Sportsgrounds are provided throughout the City to cater for a range of recreational and sporting needs.

### *Napier Aquatic Centre*

- Indoor facilities (heated) – 5 lane 25m pool, 6 lane 25m pool, 15m learner’s pool, 2 toddler pools, 2 spa pools, 2 water slides.

A comprehensive aquatic facility providing educational and recreational programmes, and a range of non aquatic outdoor activities.

### *Marine Parade Pools*

- 4 heated outdoor pools, 5 spa pools

A complex with a range of heated salt water pools and spas managed under contract.

### *Reserves*

- 36 neighbourhood parks, 46 greenbelt reserves, 9 foreshore reserves and 9 public gardens
- 75m<sup>2</sup> recreational reserves per residential lot

A range of passive recreation facilities providing an open space network and formal gardens of a high standard throughout the City.

### *Inner Harbour*

- 95 berths

An area of wharves and catwalks in Ahuriri providing berths for commercial and recreational vessels, and popular for recreational fishing.

## KEY ISSUES

### *Sportsgrounds*

#### **Sportsgrounds Development**

A master plan for the Park Island sports facilities for the next 20 plus years will be completed during the term of this plan. The development of the master plan will include a formal needs assessment component, including consultation with sports clubs, Sport Hawke’s Bay, Iwi and the local community. The purpose is to strategically provide for the growth and change in local, regional and national outdoor sporting activity in the city and to further develop Park Island as an integral part of Napier’s open space network. It is envisaged that a staged approach will be taken in any development of the sports facilities at Park Island. \$5.32 million has been included in this plan towards this development.



Other sportsgrounds will also need to be upgraded to maintain levels of service for users. Napier’s sportsgrounds are well used and new demands are being put on facilities through an increase in people of all ages participating in sport, increase in tournaments and, extensions of sporting seasons. Added to this, new sports such as Futsal are emerging and some traditionally outdoor sports are moving to indoor facilities. \$1.541 million from loans and \$769,000 from financial contributions have been included for sportsgrounds development during the term of this plan.

## TEN YEAR PLAN

**Replace Rodney Green Centennial Event Centre Floor**

The Rodney Green Centennial Event Centre facility has been upgraded and the replacement of the floor will occur during this plan. The floor replacement will cost \$745,000 and is programmed for 2012/13 and 2013/14. The replacement will be funded from rates.

**Guppy Road Sports Village Stage 2**

Planning and development of the Guppy Road Sports Village concept will continue through the term of this plan. The proposed development will enable clubs and community groups to locate their clubrooms on land bought by Council. It is envisaged that by co-locating at the Guppy Road Sports Village, clubs/groups may be able to share resources and common facilities. \$351,000 has been included in 2015/16 for this and will be funded from rates.

**McLean Park Turnstiles**

McLean Park will continue to be upgraded to maintain its position as a nationally and internationally recognised sports facility. Part of the upgrade will include new perimeter access control (turnstiles) at a cost of \$442,000 funded from rates.

**Sport and Active Recreation Strategy**

Council is committed to ensuring that the development of sport and active recreation facilities and the provision of sport and active recreation services to the community is undertaken in a strategic, collaborative, transparent and affordable way. Council considers that an effective Sport and Active Recreation Strategy will contribute to this goal, and to this end Council will continue to work in partnership with other Councils in the region, regional sports organisations and Sport Hawke's Bay towards redeveloping the existing Sport and Active Recreation Strategy into a better plan for Hawke's Bay.

**Napier Aquatic Centre**

The need for an upgrade of the Old Lap Pool enclosure was identified in the previous Ten Year Plan. A detailed condition assessment report, recently carried out by a structural engineer, recommends improvements to the facility that include adequate roof insulation, a vapour barrier, new flooring to replace the deteriorated rubber studded tile, double glazed windows and ceiling replacement. The funding identified in the plan will be sufficient to cover this work.

## PLAN

Investigation into the addition of a dedicated Learn to Swim pool (as part of a regional strategy) may lead to additional requirements not budgeted for in this plan.

**Reserves**

This plan allows for additional Reserve facilities which will cater for Napier's population growth.

The major works proposed over the next 10 years concern the establishment and development of neighbourhood reserves (together with the provision of play equipment where appropriate), walkway reserves, and a number of greenbelt reserves in areas particularly subject to intensive infill development. The establishment and development of reserves in green-field areas is considered to be an on-site cost carried by each developer.

The Ten Year Plan makes provision for development of passive recreation reserves and the establishment of a new playground (location to be determined) at a total cost of \$926,000. Reserve development is funded from combination of rates and financial contributions.

**Tree Planting Programme**

A tree planting programme will continue throughout the term of this plan. Funds allocated to this are in excess of the normal Reserves budget and are in the plan as a response to the community's desire to enhance the City's physical environment. The planting will be funded from rates to a total of \$786,000 over the 10 years.

**Reserves Walkway/Cycleway Linkages**

A network of formed and unformed walkway/cycleway tracks are located throughout the city to promote and encourage healthy exercise and to provide for the enjoyment of all residents and visitors to the city. A conscious effort has been made to establish a series of linkages between various areas in order to maximise the enjoyment of these walkways/cycleways. Pathways extend through many of the Foreshore Reserves and linear reserves catering for the dual activities of walking and cycling. Over the next 10 years, Council will continue to develop walkway linkages and has included \$2.886 million for this, funded from loans.

## Marine Parade Playground and Landscaping

An extension to the Marine Parade playground is planned for later in 2012. This will include family friendly recreational areas (seating, shade covers and barbecues) and landscaping. \$740,000 has been budgeted for the playground extension and \$980,000 for foreshore landscaping north of the National Aquarium, which will be funded from special capital reserve funds.

## Inner Harbour

Investigation into whether the Meeanee Quay jetties should be renewed, or redeveloped with a view to providing additional berthage for the future is required. An engineering survey will be undertaken during the next 3 years to establish the remaining life and estimated replacement cost of the jetties.

There is no provision for the renewal of the Meeanee Quay jetties within the renewals programme for the next ten years.



Photograph courtesy of Peter Scott

## PERFORMANCE MEASURES

### Sportsgrounds

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community.	Sportsground area per 1000 residents.	3.129 Ha	3.5 Ha	3.5 Ha	3.5 Ha	3.5 Ha
	Number of sportsgrounds suitable for hosting national and regional outdoor events.	New measure 2012/13	Minimum of 3	Minimum of 3	Minimum of 3	Minimum of 3
	Number of sportsgrounds suitable for hosting premiere international and national outdoor sporting events.	New measure 2012/13	Minimum of 1	Minimum of 1	Minimum of 1	Minimum of 1
Community Perception		Annual Plan Target 2011/12	Targets			
	Percentage of residents satisfied with Parks and Sportsfields in the NRB Public Opinion Survey.	92%	90%	90%	90%	90%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
	Operating cost per rateable property.	New measure 2012/13	\$159	\$166	\$170	\$195
	Operating cost per hectare.	New measure 2012/13	\$18,675	\$19,675	\$20,244	\$23,400

**Napier Aquatic Centre**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community.	Accredited as meeting Poolsafe Standards.	100%	100%	100%	100%	100%
	Water quality adherence to NZ Water Treatment Standards 5826:2000	95%	100%	100%	100%	100%
	Number of users.	204,000	204,000	204,000	204,000	204,000
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
	Percentage of residents satisfied with Swimming Pools in the NRB Public Opinion Survey.	82%	82%	82%	82%	82%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
	Operating cost per rateable property.	New measure 2012/13	\$87	\$89	\$92	\$104

**Marine Parade Pools**

This activity is managed by an external contractor. There are no non financial performance measures.

**Reserves**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community.	Recreational land per residential lot.	75m <sup>2</sup>	75m <sup>2</sup>	75m <sup>2</sup>	75m <sup>2</sup>	75m <sup>2</sup>
	Complaints per annum.	New measure 2012/13	<60	<60	<60	<60
	Number of Playgrounds.	New measure 2012/13	32	32	32	33
	Playground accidents per annum.	New measure 2012/13	<10	<10	<10	<10
Council sustainably manages the development and use of reserves as a natural recreational resource for both local residents and visitors.	Annuals propagated and planted throughout the city.	180,000	195,000	195,000	195,000	200,000

Community Perception	Annual Plan Target 2011/12	Targets			
		2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Public Gardens, Street Beds and Trees in the NRB Public Opinion Survey. (See also Sportsgrounds)	97%	95%	95%	95%	95%

Economic and Financial Performance	Annual Plan Target 2011/12	Targets			
		2012/13	2013/14	2014/15	2015/22 (average)
Cost per rateable property.	New measure 2012/13	\$133	\$142	\$158	\$176
Operating cost per hectare of Reserve.	New measure 2012/13	\$8,307	\$8,922	\$9,971	\$11,486

### Inner Harbour

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels.	Berths available for commercial and recreational vessels.	95	98	98	98	98
	Channel depth sufficient for commercial and recreational vessels to maintain maximum time between depth soundings of inner harbour.	18 months	18 months	18 months	18 months	18 months



Photograph courtesy of Peter Scott

## CAPITAL PLAN

# TEN YEAR PLAN

G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
													G	L	R

### RECREATION

#### Sportsgrounds

Sportsgrounds I.A.R.	296	335	343	354	365	377	391	404	417	431	3,713	Rates				100
Sportsgrounds Development	715	826	-	-	-	-	-	-	-	-	1,541	Loans - Growth				100
	357	412	-	-	-	-	-	-	-	-	769	Financial Cont				100
	<b>1,072</b>	<b>1,238</b>	-	-	-	-	-	-	-	-	<b>2,310</b>					
Install Automatic Irrigation Systems	50	-	-	-	-	-	213	220	163	-	646	Loans - Rates		33	67	
Replace RGC Events Centre Floor	264	481	-	-	-	-	-	-	-	-	745	Rates			20	80
Guppy Road Sports Village Stage 2	-	-	-	351	-	-	-	-	-	-	351	Rates				100
McLean Park Turnstiles	-	-	-	22	420	-	-	-	-	-	442	Rates				100
McLean Park Returf	-	-	-	-	-	602	345	-	-	-	947	Rates				100
Park Island Expansion	-	-	1,061	2,082	-	-	-	-	-	-	3,143	Loans - Growth				100
	-	-	719	-	1,458	-	-	-	-	-	2,177	Financial Cont				100
	-	-	<b>1,780</b>	<b>2,082</b>	<b>1,458</b>	-	-	-	-	-	<b>5,320</b>					
<b>Sportsgrounds Total</b>	<b>1,682</b>	<b>2,054</b>	<b>2,123</b>	<b>2,809</b>	<b>2,243</b>	<b>979</b>	<b>949</b>	<b>624</b>	<b>580</b>	<b>431</b>	<b>14,474</b>					

#### Napier Aquatic Centre (NAC)

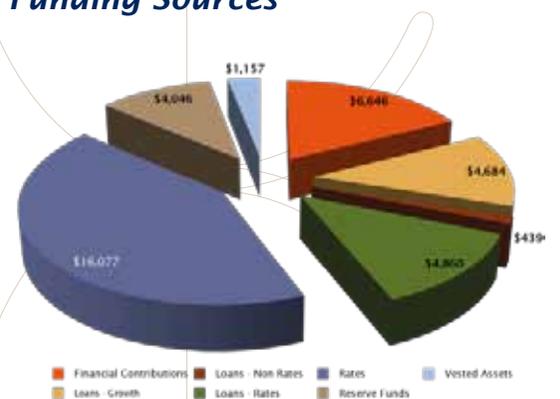
NAC I.A.R.	124	161	164	170	175	181	187	194	200	207	1,763	Rates				100
NAC Enclosure Building	-	306	1,022	-	-	-	-	-	-	-	1,328	Loans - Rates				100
<b>NAC Total</b>	<b>124</b>	<b>467</b>	<b>1,186</b>	<b>170</b>	<b>175</b>	<b>181</b>	<b>187</b>	<b>194</b>	<b>200</b>	<b>207</b>	<b>3,091</b>					

#### Reserves

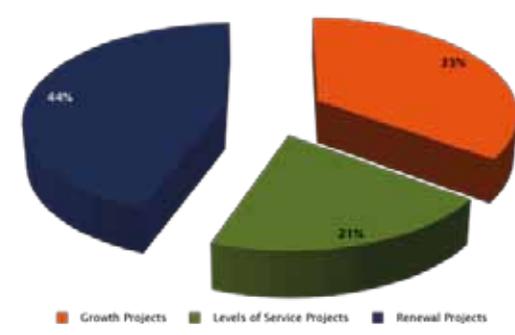
Reserves I.A.R.	467	526	539	556	574	593	614	635	656	678	5,838	Rates				100
Reserves Vested Assets	100	104	106	109	113	117	121	125	129	133	1,157	Vested Assets				100
Passive Recreation Reserves	100	104	106	-	3,390	-	-	-	-	-	3,700	Financial Cont				100
Tree Planting Programme	68	70	72	74	77	79	82	85	88	91	786	Rates				100
Playground Equipment	-	-	57	-	-	63	-	-	70	-	190	Rates				100

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000												G	L	R
Reserves, Pathways and Linkages	-	-	1,420	1,466	-	-	-	-	-	-	2,886	Loans - Rates		100	
Westshore Beach Reprofilng	-	439	-	-	-	-	-	-	-	-	439	Loans - Non Rates		100	
Marine Parade Playground	739	-	-	-	-	-	-	-	-	-	739	Capital Reserve		100	
Marine Parade Landscaping	1,015	-	-	-	-	-	-	-	-	-	1,015	Capital Projects Fund		100	
Hardinge Road Erosion	200	-	223	-	-	117	-	-	-	-	540	HB HB Endow. Land Income			100
New Playground	-	-	-	-	-	-	348	578	-	-	926	Rates	60	40	
Relocate Nursery	-	-	57	319	-	-	-	-	-	-	376	Rates			100
<b>Reserves Total</b>	<b>2,689</b>	<b>1,243</b>	<b>2,580</b>	<b>2,524</b>	<b>4,154</b>	<b>969</b>	<b>1,165</b>	<b>1,423</b>	<b>943</b>	<b>902</b>	<b>18,592</b>				
<b>Inner Harbour</b>															
Inner Harbour Facilities I.A.R.	113	161	164	170	175	181	187	194	200	207	1,752	HB HB Endow. Land Income			100
<b>Inner Harbour Total</b>	<b>113</b>	<b>161</b>	<b>164</b>	<b>170</b>	<b>175</b>	<b>181</b>	<b>187</b>	<b>194</b>	<b>200</b>	<b>207</b>	<b>1,752</b>				
<b>RECREATION TOTAL</b>	<b>4,608</b>	<b>3,925</b>	<b>6,053</b>	<b>5,673</b>	<b>6,747</b>	<b>2,310</b>	<b>2,488</b>	<b>2,435</b>	<b>1,923</b>	<b>1,747</b>	<b>37,909</b>				

Funding Sources



Expenditure Classification



TEN YEAR PLAN  
FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
6,795	7,183	7,847	7,631	8,490	8,497	8,960	9,223	9,353	9,121	9,304
-	-	-	-	-	-	-	-	-	-	-
24	24	24	24	24	24	24	24	24	24	24
1,402	1,434	1,466	1,495	1,530	1,571	1,616	1,663	1,451	1,499	1,548
217	196	206	208	214	221	229	208	10	10	11
535	569	632	698	752	775	801	829	856	884	913
<b>8,973</b>	<b>9,406</b>	<b>10,175</b>	<b>10,056</b>	<b>11,010</b>	<b>11,088</b>	<b>11,630</b>	<b>11,947</b>	<b>11,694</b>	<b>11,538</b>	<b>11,800</b>
<b>Applications of operating funding</b>										
7,046	6,856	7,180	7,305	7,526	7,754	8,002	8,265	8,519	8,776	9,054
-	-	-	-	-	-	-	-	-	-	-
1,752	1,648	1,752	2,061	2,165	2,261	2,283	2,306	2,348	2,418	2,447
2	2	2	2	2	2	2	2	3	3	3
<b>8,800</b>	<b>8,506</b>	<b>8,934</b>	<b>9,368</b>	<b>9,693</b>	<b>10,017</b>	<b>10,287</b>	<b>10,573</b>	<b>10,870</b>	<b>11,197</b>	<b>11,504</b>
<b>173</b>	<b>900</b>	<b>1,241</b>	<b>688</b>	<b>1,317</b>	<b>1,071</b>	<b>1,343</b>	<b>1,374</b>	<b>824</b>	<b>341</b>	<b>296</b>
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
366	276	289	358	371	412	427	469	693	714	736
1,022	765	1,571	3,503	3,548	-	-	213	220	163	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>1,388</b>	<b>1,041</b>	<b>1,860</b>	<b>3,861</b>	<b>3,919</b>	<b>412</b>	<b>427</b>	<b>682</b>	<b>913</b>	<b>877</b>	<b>736</b>

Annual Plan 2011/12 \$000		Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>										
	<b>Capital expenditure</b>										
1,348	- to meet additional demand	1,272	1,445	1,992	2,192	4,960	117	469	703	129	133
823	- to improve the level of service	1,872	510	1,550	1,914	497	143	295	305	320	91
1,016	- to replace existing assets	1,464	1,968	2,512	1,568	1,289	2,051	1,724	1,427	1,474	1,522
(1,626)	Increase/(decrease) in reserves	(2,667)	(822)	(1,505)	(438)	(5,263)	(541)	(432)	(698)	(705)	(714)
	- Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
<b>1,561</b>	<b>Total application of capital funding (D)</b>	<b>1,941</b>	<b>3,101</b>	<b>4,549</b>	<b>5,236</b>	<b>1,483</b>	<b>1,770</b>	<b>2,056</b>	<b>1,737</b>	<b>1,218</b>	<b>1,032</b>
<b>(173)</b>	<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(900)</b>	<b>(1,241)</b>	<b>(688)</b>	<b>(1,317)</b>	<b>(1,071)</b>	<b>(1,343)</b>	<b>(1,374)</b>	<b>(824)</b>	<b>(341)</b>	<b>(296)</b>
<b>-</b>	<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>									
	<b>Note: Excluded from above</b>										
1,874	Group depreciation & amortisation	2,029	2,179	2,444	2,513	2,562	2,887	2,973	3,071	3,404	3,408
	Capital items in progress consulted in prior years plans, excluded from prospective capital plan	578	2,947	-	3,544	-	-	-	-	-	-

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

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This statement is not GAAP compliant.

# SOCIAL AND CULTURAL

## SCOPE

The Social and Cultural Group comprises:

### Libraries

- 2 Libraries – Napier and Taradale
- 39,000 members

Libraries offer free-to-all services and a stimulating and pleasant environment. Services include recreational, educational, historical, genealogical, cultural and current affairs material together with online facilities, reading and outreach programmes.

### War Memorial Conference Centre

The facility houses the eternal flame and roll of honour as a memorial to Napier citizens who served and died in the conflicts of the 20<sup>th</sup> century.



### Napier Municipal Theatre

The Art Deco heritage building in Tennyson Street provides modern theatre facilities for local, national and international live theatre, performing arts, exhibitions, and other community functions and events. The auditorium has a seating capacity of 993. Other features include the Pan Pac Foyer for exhibitions, functions and conferences, bar and catering facilities and a Ticketing Box Office.

# PLAN

### Hawke's Bay Museum and Art Gallery

Arts, cultural and museum facilities and a regional archive are provided by the Hawke's Bay Museum and Art Gallery and Century Theatre. The regional collection of heritage, art and artefacts are managed under an agreement with the Hawke's Bay Museums Trust. The complex is currently closed to undertake a redevelopment project due to be completed in 2013.

### Community Planning

Community facilitation, administration of community grants, safer community, youth development and Settlement Support are the main components of Community Development. Community facilitation and grants support and encourage voluntary and community based organisations to address social issues in the City through self-help processes. Safer community's purpose is to develop community based crime prevention initiatives, promote safety in the community, and provide coordination and liaison between community groups and organisations. Youth development supports and fosters the role of young people in our community, providing opportunities for young people to participate and engage in decision making. Settlement Support ensures migrants, refugees and their families access appropriate information and responsible services that are available in the wider community.

### Halls

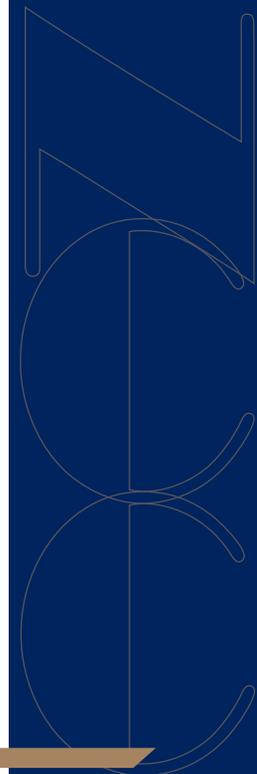
- 6 casual hire facilities, 2 leased facilities

Council provides a range of facilities with a good geographic spread for recreational, community or leisure activities at affordable prices.

### Retirement and Rental Housing

- 303 retirement flats in 9 villages – all 1 bedroom
- 72 rental flats in 3 villages - mostly 2 bedrooms

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



**Cemeteries**

- 6 cemeteries - 4 operational and 2 historic

Comprehensive areas for burials, ash interments, and ash scattering. The recently restored historic cemeteries ensure the historical and cultural significance is preserved. Records are available for genealogical enquiries. Note the crematorium for the Hawke’s Bay region, located in Hastings, is owned and operated by Hastings District Council.

**Public Toilets**

- 43 toilet facilities

Public toilets are provided in key areas generally related to tourism, recreation and shopping activities. Facilities are cleaned and inspected daily with the emphasis on hygiene, safety and mitigation of graffiti.

**Emergency Management**

- 1 Emergency Management Operations Centre
- 9 Civil Defence Centres

Emergency Management combines Council staff, volunteers, other organisations and agencies to facilitate a planned response to emergencies in Napier. Integration of policies and planning as a region is coordinated by the Hawke’s Bay Civil Defence Emergency Management Group.

**KEY ISSUES**

**Libraries**

E Books were made available to members in December 2011. It is anticipated that the take up of this service will be gradual. Changes in technology will be reflected in the services offered by the Libraries.

In the latter part of the plan, funding has been allocated for an upgrade of the Napier Library. The impact of electronic media on library services and library facilities required for the future will be assessed during the intervening time.

**Hawke’s Bay Museum & Art Gallery**

Reopening of the Museum after its redevelopment is on schedule for mid 2013.

**Community Planning**

Population changes present challenges in the medium to long term. Demand will come from both the ageing population and youth.

Youth unemployment is a growing concern and is exacerbated in a poor economic climate. Work is underway at a regional level to address this issue of which we are part of.

Technology has an important role to play in service provision (the use of online polling, consultation, information sharing etc) and for community organisations. It will be important for Council to utilise technology where possible and to support both the community and voluntary sector in this area.

**Maraenui**

The Maraenui Urban Renewal Plan Review and Maraenui Shopping Centre Crime Prevention Through Environmental Design (CPTED) Assessment were adopted by Council on 10 August 2011. The recommendations of these reports are being prioritised. The Maraenui Urban Renewal Plan contained sixty-nine specific recommendations to improve the area, with the overall recommendation being to enhance the shopping centre and reserve, ensuring it is safe, secure and functional, and with a view to encourage economic development in the area.

The first stages of the renewal project focus on the reserve by replacing and improving the playground area, skate park and toilets, and creating a larger open green space. This will be funded from existing CPTED capital and community development project budget. Further stages to upgrade roading, walkways and parking areas will be funded from other existing Council budgets and may require additional funding through the Annual Planning processes.

**Halls**

**Memorial Square Community Rooms**

The Memorial Square Community Rooms are becoming outdated and

## TEN YEAR PLAN

may no longer be meeting community needs. A refurbishment to modernize the facility may be required. Multiple community groups could be accommodated in the facility and a feasibility study is to be undertaken in early 2012 to ascertain future use. A proposal will be brought to Council regarding future use and required renovation. There is no funding included in the plan for this possible project.

### ***Retirement and Rental Housing***

#### **Background**

Napier City Council has a long and proud history of providing affordable Retirement and Rental Housing for people who have low assets and low income.

This fills a known gap in the rental market, as it provides both affordable housing and security of tenure with an emphasis on the social and community wellbeing of the tenants.

Due to modern medicine and equipment the elderly, despite physical disabilities and illnesses are being encouraged and supported to remain independent in their homes longer. In addition the average age of the general population is increasing.

This increases demand for retirement housing which provides functional and accessible accommodation and caters for all levels of disability.

To meet the growth in demand for retirement housing, Council also allocates its general rental flats to the more fit and able elderly, and the ground floor flats to the less mobile, who are in wheelchairs or require easy access.

#### **Current/Future**

In 2011 Council resolved that the funds in the Pensioner Housing Upgrade Reserve, that had been retained to finance additional flats, would be extended to include improvements to existing Retirement Flats.

From a feasibility study carried out in 2008, one of the main areas identified was the improvement of retirement flats insulation and ventilation. The insulation was upgraded during the past 3 years, and is now to the recommended standard for ceilings R2.9 and under floor R1.3.

## PLAN

During the first 2 years of this plan, the Pensioner Housing Upgrade Reserve will be utilised to improve kitchen and bathroom ventilation and, at the same time, renew bathroom fixtures and fittings. The total value of this work is expected to be \$658,000.

#### **Minor Capital Projects**

Bulk funding for minor capital projects is provided to maintain Council's flats to a reasonable standard. Funding has been included in this plan of \$1.2 million funded from rental income received.

#### **Public Toilets**

Investigation of vandal proof methods/means of improving public health protection may result in additional requirements not currently forecast in this plan.

#### **New Toilet Programme**

Council has developed a standardised precast design for new toilet facilities which can be relocated in future should the need occur. This standardised design has tiled floors and walls and improvements in natural lighting, significantly improving the overall standard of toilets in Napier. \$263,000 has been included in the Ten Year Plan for new public toilets, funded from rates.

Proposed new toilets will be located at Hardinge Road/Port Western Entrance. No 5 Battery/Shakespeare (Tram Shelter) will be decommissioned as a public toilet, on the construction of a new public toilet on the beach front. The existing toilets at Whitmore Park, Ahuriri Park and the Esplanade will be replaced.

#### **Emergency Management**

A review of the Hawke's Bay Civil Defence Emergency Management Group Plan is required to identify where regional priorities may conflict with this plan.

Current legislation particularly the Civil Defence Emergency Management Act 2002 due to significant national events will need to be reviewed. This may place additional requirements on Council which are not included in this plan.

# TEN YEAR PLAN

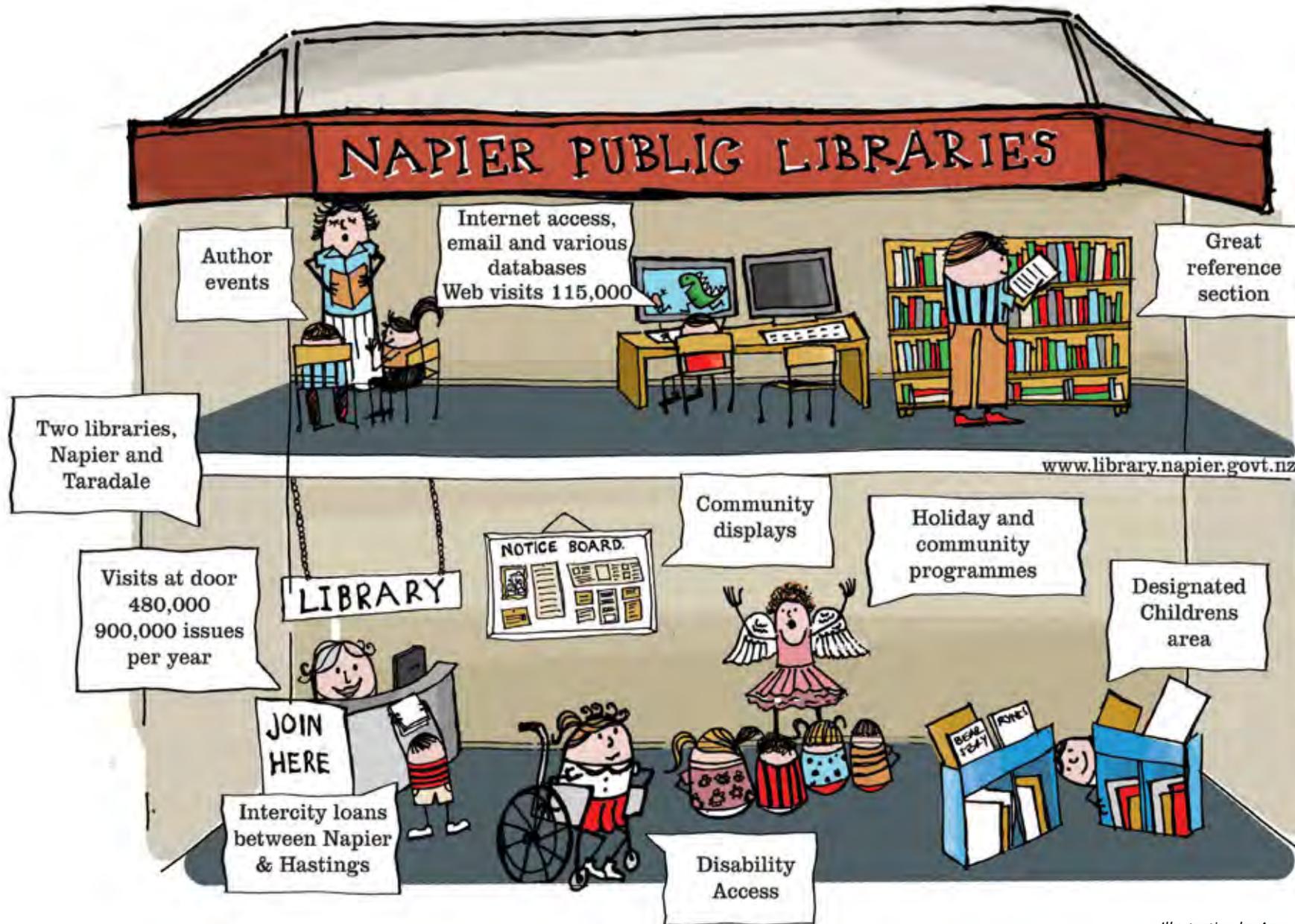


Illustration by Aaron Hosford

## PERFORMANCE MEASURES

### Libraries

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides library and library membership services to meet the community's recreational, social and educational needs.	Percentage of Napier City residents who are active borrowers.	New measure 2012/13	36%	37%	39%	39%
	New stock items per 1,000 residents - including electronic.	350	>350	>350	>350	>350
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Library Service in the NRB Public Opinion Survey.		New measure 2012/13	85%	85%	85%	85%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
Total cost per door and web entry.		New measure 2012/13	\$6	\$6	\$7	\$8
Rating cost per rateable property.		New measure 2012/13	\$119	\$125	\$130	\$155

### Napier Municipal Theatre

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a quality performing arts venue experience for local and visitor use.	Visitor and local entries to facility.	New measure 2012/13	173,000	173,000	173,000	173,000
	Number of hire days for theatrical and cultural events.	162	163	163	163	163
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
Operating cost per entry.		New measure 2012/13	\$12	\$12	\$12	\$14
Rating cost per rateable property.		New measure 2012/13	\$23	\$24	\$25	\$27

## Hawke's Bay Museum and Art Gallery

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a quality museum and art gallery experience for local and visitor use.	Visitor and local entries to Museum & Art Gallery.	Closed	Closed	690,000	680,000	680,000
	Number of events per annum.	Closed	Closed	12	12	12
Council provides secure facilities for the appropriate storage and display of museum and art gallery collections. Council provides displays and exhibitions on a regular basis that support and display the culture, values and treasures of the community.	Number of collection items lost or damaged.	New measure 2012/13	Closed	0	0	0
	Number of exhibitions per annum.	Closed	Closed	12	12	12
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Hawke's Bay Museum and Art Gallery (including Century Theatre) in the NRB Public Opinion Survey.		Closed	Closed	80%	80%	80%
173,000		Annual Plan Target 2011/12	Targets			
Operating cost per entry.		New measure 2012/13	Closed	\$5	\$6	\$6
Rating cost per rateable property.		New measure 2012/13	Closed	\$52	\$79	\$81



Photographs courtesy of Peter Scott

## Community Planning

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council offers financial support for community initiatives and to secure key community services through grants and service contracts. Council promotes community safety with an emphasis on implementing crime prevention measures. Council also supports youth initiatives in Napier.	Number of local community events coordinated.	New measure 2012/13	50	50	50	50
	Number of youth forums coordinated per annum.	18	18	18	18	18
	Minimum number of community based crime reduction strategies supported.	4	4	4	4	4
Council regularly liaises with community groups, social services and key community organisations and agencies to share community information and advice.	Number of community training and networking meetings facilitated per annum.	New measure 2012/13	20	20	20	20
	Satisfaction rating of attendees at workshops.	New measure 2012/13	95%	95%	95%	95%
	Number of community organisations receiving information via email 4 times per year.	120	120	120	120	120
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
	Percentage of residents satisfied with Safety Day in the NRB Public Opinion Survey.	New measure 2012/13	96%	96%	96%	96%
	Percentage of residents satisfied with Safety Night in the NRB Public Opinion Survey.	New measure 2012/13	61%	61%	61%	61%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
	Operating cost per rateable property.	New measure 2012/13	\$56	\$57	\$58	\$62

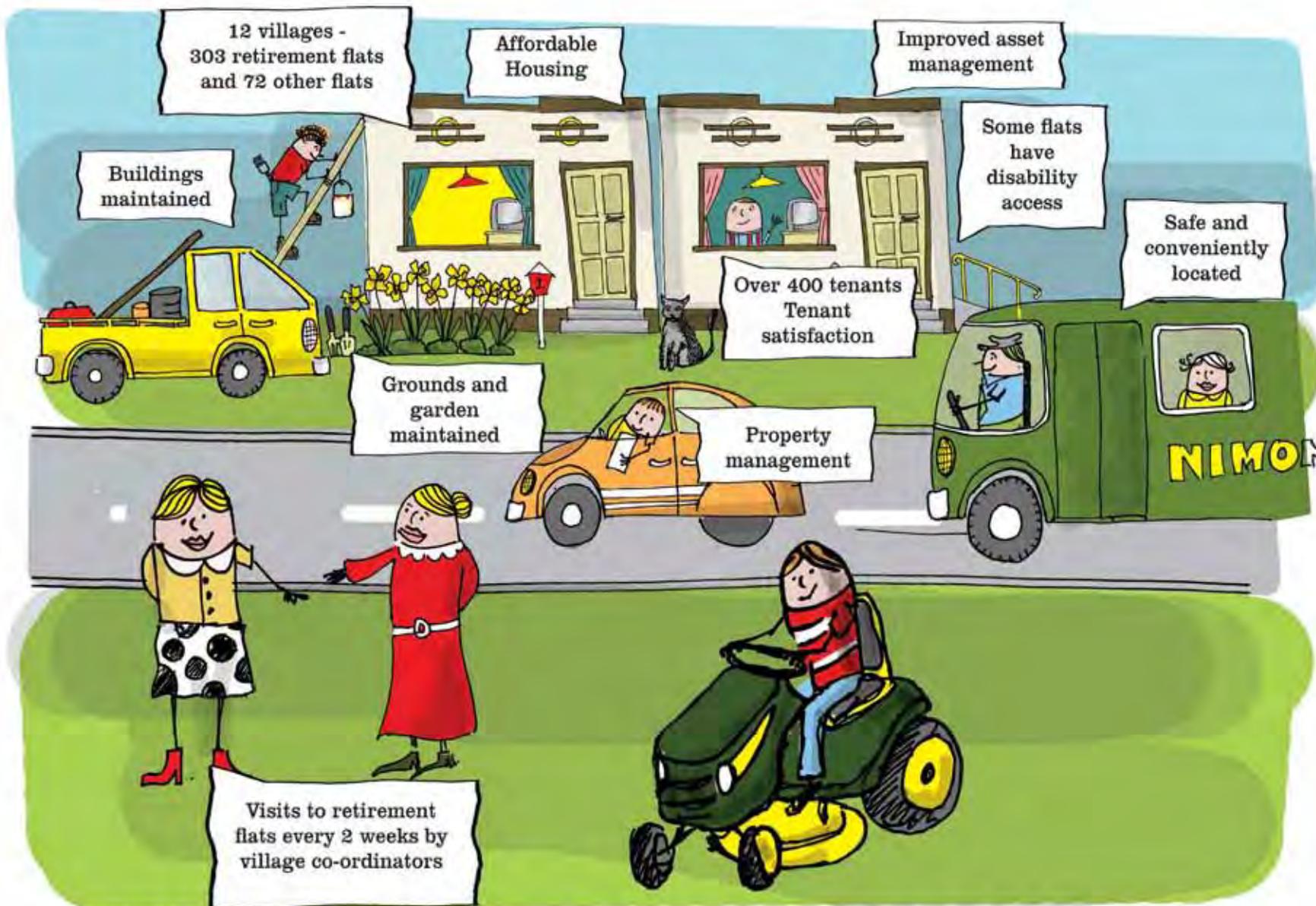


Illustration by Aaron Hosford

**Halls**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a sufficient number and range of cultural and social facilities to satisfy the needs of the community.	Number of Halls	New measure 2012/13	6	6	6	6
Community Perception		Annual Plan Target 2011/12	Targets			
Customer satisfaction survey.		95%	95%	95%	95%	95%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Average rating cost per Hall		New measure 2012/13	\$41,517	\$42,984	\$44,760	\$50,237

**Retirement and Rental Housing**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council promotes community safety by providing a safe environment for its tenants in council housing.	Village coordinators available during normal working hours and on call for emergencies after hours.	100%	100%	100%	100%	100%
	Inspections per unit per year: • Retirement Flats - fortnightly • Rental Flats - annually	New measure 2012/13	100% 100%	100% 100%	100% 100%	100% 100%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Occupancy Rate		97%	97%	97%	97%	97%

## Cemeteries

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides and maintains a tranquil environment for burial, reflection and placing of memorials to deceased family members. Council also maintains both the burial records and the historical features for all cemeteries managed.	Cemeteries records are well maintained and accessible.	New measure 2012/13	Online cemetery records system available 90% of the time	Online cemetery records system available 90% of the time	Online cemetery records system available 90% of the time	Online cemetery records system available 90% of the time
	Cemeteries are well maintained and provide a quiet environment for visitors.	New measure 2012/13	<10 complaints per annum			
	Interment and Burial spaces are available on request.	New measure 2012/13	100%	100%	100%	100%
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Cemeteries (including the maintenance of Cemeteries) in the NRB Public Opinion Survey.		95%	80%	80%	80%	80%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
Operating cost per rateable property.		New measure 2012/13	\$23	\$24	\$24	\$28

**Public Toilets**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
To ensure the health of the community through the appropriate disposal of human waste in high traffic community areas, Council provides adequate toilets that are accessible, available and appropriately located for use by the public through out the community.	Public toilets cleaned daily.	100%	100%	100%	100%	100%
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey.		80%	80%	80%	80%	80%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Operating cost per rateable property.		New measure 2012/13	\$31	\$32	\$33	\$38

**Emergency Management**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council protects communities by coordinating and integrating all activities necessary to build, sustain and improve the capability to mitigate against, prepare for, respond to, and recover from threatened or natural disasters or man-made events.	Public Warning Systems are in place.	New measure 2012/13	80% of population receive warnings			
	Population prepared, in accordance with national guidelines, for an emergency event.	New measure 2012/13	60% of survey respondents have an emergency kit	60% of survey respondents have an emergency kit	60% of survey respondents have an emergency kit	60% of survey respondents have an emergency kit
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Civil Defence Organisation in the NRB Public Opinion Survey.		New measure 2012/13	75%	75%	75%	75%

## CAPITAL PLAN

G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000											G	L	R	
<b>SOCIAL AND CULTURAL</b>															
<b>Libraries</b>															
Library Stock	498	516	528	545	563	582	602	623	643	664	5,764	Rates			100
	56	65	67	77	79	86	89	93	96	99	807	Financial Cont	100		
	<b>554</b>	<b>581</b>	<b>595</b>	<b>622</b>	<b>642</b>	<b>668</b>	<b>691</b>	<b>716</b>	<b>739</b>	<b>763</b>	<b>6,571</b>				
Napier Library Redevelopment	-	-	-	-	-	-	-	-	-	534	534	Rates			100
<b>Libraries Total</b>	<b>554</b>	<b>581</b>	<b>595</b>	<b>622</b>	<b>642</b>	<b>668</b>	<b>691</b>	<b>716</b>	<b>739</b>	<b>1,297</b>	<b>7,105</b>				
<b>Napier Municipal Theatre (NMT)</b>															
NMT Minor Capital	29	30	31	32	33	34	35	36	37	39	336	Rates			100
<b>NMT Total</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>39</b>	<b>336</b>				
<b>Hawke's Bay Museum and Art Gallery (HBMAG)</b>															
HBMAG Minor Capital	27	28	29	30	31	32	33	34	35	36	315	Rates			100
<b>HBMAG Total</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>315</b>				
<b>Retirement and Rental Housing</b>															
Retirement Housing Minor Capital	86	89	91	94	97	100	104	108	111	115	995	Rates			100
	203	192	194	-	-	-	-	-	-	-	589	Pen. Hous. Upgrade Res've	100		
	<b>289</b>	<b>281</b>	<b>285</b>	<b>94</b>	<b>97</b>	<b>100</b>	<b>104</b>	<b>108</b>	<b>111</b>	<b>115</b>	<b>1,584</b>				
Rental Housing Minor Capital	21	22	22	23	24	25	25	26	27	28	243	Rates			100
	20	24	25	-	-	-	-	-	-	-	69	Pen. Hous. Upgrade Res've	100		
	<b>41</b>	<b>46</b>	<b>47</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>312</b>				
<b>Retirement and Rental Housing Total</b>	<b>330</b>	<b>327</b>	<b>332</b>	<b>117</b>	<b>121</b>	<b>125</b>	<b>129</b>	<b>134</b>	<b>138</b>	<b>143</b>	<b>1,896</b>				
<b>Cemeteries</b>															
Western Hills Extension	-	49	374	-	-	-	-	-	-	-	423	Rates			100
Cemeteries I.A.R.	77	87	89	92	95	98	102	105	108	112	965	Rates			100
Cemeteries - Beams	12	12	13	13	14	14	15	15	15	16	139	Rates			100
<b>Cemeteries Total</b>	<b>89</b>	<b>148</b>	<b>476</b>	<b>105</b>	<b>109</b>	<b>112</b>	<b>117</b>	<b>120</b>	<b>123</b>	<b>128</b>	<b>1,527</b>				

SOCIAL AND CULTURAL CONTINUED

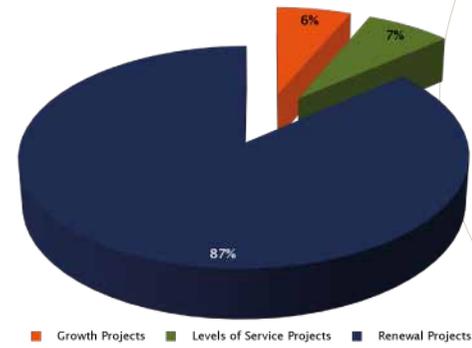
# TEN YEAR PLAN

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
													G	L	R
\$000															
<b>Public Toilets</b>															
Public Toilets I.A.R.	108	112	115	118	122	126	131	135	139	144	1,250	Rates			100
New Toilet Programme	-	39	40	-	43	44	-	48	49	-	263	Rates			100
<b>Public Toilets Total</b>	<b>108</b>	<b>151</b>	<b>155</b>	<b>118</b>	<b>165</b>	<b>170</b>	<b>131</b>	<b>183</b>	<b>188</b>	<b>144</b>	<b>1,513</b>				
<b>SOCIAL AND CULTURAL TOTAL</b>	<b>1,137</b>	<b>1,265</b>	<b>1,618</b>	<b>1,024</b>	<b>1,101</b>	<b>1,141</b>	<b>1,136</b>	<b>1,223</b>	<b>1,260</b>	<b>1,787</b>	<b>12,692</b>				

**Funding Sources**



**Expenditure Classification**



**FUNDING IMPACT STATEMENT**

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
7,443	7,659	8,099	8,617	8,414	8,673	8,885	9,062	9,340	9,562	10,289
-	-	-	-	-	-	-	-	-	-	-
297	349	353	353	355	356	357	358	360	361	363
3,021	3,143	4,097	4,195	4,329	4,467	4,617	4,779	4,941	5,103	5,270
1,723	1,362	1,923	1,968	2,031	2,096	2,168	2,239	2,284	2,359	2,437
2,189	2,265	2,371	2,428	2,505	2,585	2,672	2,766	2,858	2,954	3,049
<b>14,673</b>	<b>14,778</b>	<b>16,843</b>	<b>17,561</b>	<b>17,634</b>	<b>18,177</b>	<b>18,699</b>	<b>19,204</b>	<b>19,783</b>	<b>20,339</b>	<b>21,408</b>
<b>Applications of operating funding</b>										
9,112	9,396	10,299	10,549	10,840	11,140	11,468	11,814	12,151	12,487	12,853
-	-	-	-	-	-	-	-	-	-	-
4,929	4,473	5,522	5,641	5,807	5,974	6,134	6,304	6,492	6,678	6,857
-	-	-	-	-	-	-	-	-	-	-
<b>14,041</b>	<b>13,869</b>	<b>15,821</b>	<b>16,190</b>	<b>16,647</b>	<b>17,114</b>	<b>17,602</b>	<b>18,118</b>	<b>18,643</b>	<b>19,165</b>	<b>19,710</b>
<b>632</b>	<b>909</b>	<b>1,022</b>	<b>1,371</b>	<b>987</b>	<b>1,063</b>	<b>1,097</b>	<b>1,086</b>	<b>1,140</b>	<b>1,174</b>	<b>1,698</b>
<b>Sources of capital funding</b>										
7,000	3,388	619	-	-	-	-	-	-	-	-
45	38	39	48	50	56	58	65	98	101	104
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>7,045</b>	<b>3,426</b>	<b>658</b>	<b>48</b>	<b>50</b>	<b>56</b>	<b>58</b>	<b>65</b>	<b>98</b>	<b>101</b>	<b>104</b>

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>									
	<b>Capital expenditure</b>									
-	-	-	-	-	-	-	-	-	-	-
36	-	39	40	-	43	44	-	48	49	-
988	1,155	1,244	1,598	1,043	1,077	1,118	1,157	1,196	1,236	1,810
6,653	3,180	397	(219)	(6)	(1)	(7)	(6)	(6)	(10)	(8)
-	-	-	-	-	-	-	-	-	-	-
<b>7,677</b>	<b>4,335</b>	<b>1,680</b>	<b>1,419</b>	<b>1,037</b>	<b>1,119</b>	<b>1,155</b>	<b>1,151</b>	<b>1,238</b>	<b>1,275</b>	<b>1,802</b>
<b>(632)</b>	<b>(909)</b>	<b>(1,022)</b>	<b>(1,371)</b>	<b>(987)</b>	<b>(1,063)</b>	<b>(1,097)</b>	<b>(1,086)</b>	<b>(1,140)</b>	<b>(1,174)</b>	<b>(1,698)</b>
-	-	-	-	-	-	-	-	-	-	-
	<b>Note: Excluded from above</b>									
1,781	1,699	2,082	2,347	2,443	2,540	2,698	2,879	3,045	3,450	3,666
-	8,799	1,650	-	-	-	-	-	-	-	-

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.



## SCOPE

The City Promotion Group comprises:

### ***City and Business Promotion***

- Business advisory and facilitation services.
- Business re-focus.
- Business start up facilitation.
- The Enterprise Unit facilitates and assists existing and new businesses in the City to develop, expand and create employment.
- Council promotes Napier via the “Time of Your Life” city marketing programme – an ongoing major media advertising programme aimed at informing national and international audiences about Napier to attract migrants and visitors to Hawke’s Bay.
- Sister City relations – Tomakomai (Japan), Lianyungang (China), Victoria (Canada).
- Grants to key local tourism organisations.
- Art Deco bus service (expected to be operational July 2012)

Art Deco is an important tourism feature of the City and Council assists the Art Deco Trust in its promotion of Art Deco in Napier by way of a contract for service. Council also provides assistance for the marketing of the Central Business District.

### ***War Memorial Conference Centre***

A multi-functional facility located on the beach front along Marine Parade, consisting of a ballroom, an exhibition hall, a gallery and three breakout rooms. This venue is highly suitable for conferences, exhibitions, weddings and other functions. The facility also houses an eternal flame as a memorial to Napier citizens who served and died in the conflicts of the 20<sup>th</sup> century.

### ***National Aquarium of New Zealand***

The National Aquarium of New Zealand, on Marine Parade, houses sharks, stingray, live coral, tuatara, alligators, hundreds of fish species, reptiles and kiwi. There are shows and tours daily, diving

and photograph facilities, a themed souvenir shop and a café. The National Aquarium regularly hosts school groups, tour groups, birthday parties, sleep overs, and many other functions.

### ***Napier i-SITE Visitor Centre***

Napier i-SITE Visitor Centre on Marine Parade is part of the NZ Visitor Information Network and offers information and booking services including accommodation and travel, attractions and activities, itinerary planning and advice, gifts, souvenirs, stamps and phone cards, local business events and entertainment information, maps, guides and books.

### ***Par2 MiniGolf***

Two 18 hole themed miniature golf courses and a club house situated next to the Napier i-SITE Visitor Centre on Marine Parade providing entertainment for all ages. Services include group rates and coaching for schools, Big Day Out Programme incorporating Marine Parade Heritage features, and corporate business house competitions.

### ***Kennedy Park Top 10 Resort***

Kennedy Park Top 10 Resort is one of the busiest holiday parks in New Zealand set in spacious park like surroundings. Facilities include 91 rooms, 170 powered and non powered sites, as well as a restaurant, bar, conference facility, children’s playground, commercial laundry, service buildings, shop and a pool complex.

## KEY ISSUES

### ***National Aquarium of New Zealand***

This activity now includes the Marineland of NZ activity.

The Penguins will be moved to the new facility within the National Aquarium mid 2012. Any further changes are subject to the current legal proceedings.

# TEN YEAR PLAN

## PERFORMANCE MEASURES

### City and Business Promotion

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council has processes in place to encourage new business enterprises to establish in the City which contribute to the economic wellbeing of the city.	Growth in business numbers.	New measure 2012/13	To be reported	To be reported	To be reported	To be reported
	Number of visitor nights in commercial accommodation.	New measure 2012/13	590,000	600,000	615,000	687,000
	Cruise ship visitor numbers.	New measure 2012/13	140,000	108,000	95,000	95,000
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Council's Policies to Promote Job Opportunities in the NRB Public Opinion Survey.		80%	80%	80%	80%	80%
Percentage of residents satisfied with Tourism Promotion in the NRB Public Opinion Survey.		New measure 2012/13	88%	88%	88%	88%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
City GDP per capita.		New measure 2012/13	To be reported	To be reported	To be reported	To be reported



Photographs courtesy Hawke's Bay Today

**War Memorial Conference Centre**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a quality conference and events facility which enables events and services to be hosted that contribute to the economic wellbeing of the city.	Qualmark Rating maintained.	Rating maintained	Rating maintained	Rating maintained	Rating maintained	Rating maintained
	Number of National and International Hires.	296	290	290	290	290
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Rates cost per hire.		New measure 2012/13	2012/13	2013/14	2014/15	2015/22 (average)
			\$1,252	\$1,267	\$1,329	\$1,442

**National Aquarium of New Zealand**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a marine zoo and aquaria to attract visitors to Napier, offers a value-for-money visitor experience that contribute to the economic wellbeing of the city.	Visitor numbers per annum.	96,000	99,000	99,000	99,000	99,000
	Days Open	New measure 2012/13	364	364	364	364
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Rating cost per visitor.		New measure 2012/13	2012/13	2013/14	2014/15	2015/22 (average)
			\$10	\$10	\$10	\$11
Rating cost per rateable property.		New measure 2012/13	2012/13	2013/14	2014/15	2015/22 (average)
			\$111	\$112	\$114	\$123

**Napier i-SITE Visitor Centre**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides an i-SITE facility for visitors to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services to encourage visitors to stay longer and to revisit.	Visitor numbers per annum.	275,000	310,000	310,000	310,000	310,000
	Hours and Days Open	Minimum 8 hours/364 days	At least 8 hours, 364 days	At least 8 hours, 364 days	At least 8 hours, 364 days	At least 8 hours, 364 days

Economic and Financial Performance	Annual Plan Target 2011/12	Targets			
		2012/13	2013/14	2014/15	2015/22 (average)
i-SITE revenue per visitor.	New measure 2012/13	\$2	\$2	\$2	\$3
Rating cost per visitor.	New measure 2012/13	\$1.20	\$1.30	\$1.30	\$1.40

**Par2 MiniGolf**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides a Mini Golf facility as a visitor attraction and for local community use.	Visitor admissions per annum.	40,000	39,300	39,500	39,700	40,000

Economic and Financial Performance	Annual Plan Target 2011/12	Targets			
		2012/13	2013/14	2014/15	2015/22 (average)
Revenue per admission.	New measure 2012/13	\$8	\$8	\$9	\$10
Rating cost per visitor.	New measure 2012/13	\$0.15	\$0.15	\$0.15	\$0.18
Return on assets.	New measure 2012/13	12%	12%	13%	16%

**Kennedy Park Top 10 Resort**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides this facility to contribute to the promotion of Napier as a visitor destination and to provide, within a single location, a mixture of accommodation types and facilities for visitors.	Room nights per annum.	33,000	25,000	25,000	25,000	25,000

Economic and Financial Performance	Annual Plan Target 2011/12	Targets			
		2012/13	2013/14	2014/15	2015/22 (average)
Return on assets.	New measure 2012/13	6%	6%	6%	6%

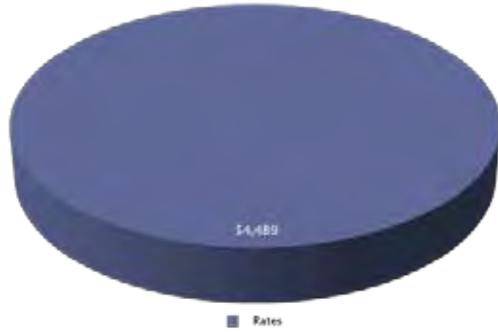
## CAPITAL PLAN

G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000												G	L	R
<b>CITY PROMOTION</b>															
<b>War Memorial Conference Centre (WMC)</b>															
WMC Minor Capital	18	19	19	20	20	21	22	23	23	24	209	Rates			100
<b>WMC Total</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>209</b>				
<b>National Aquarium of New Zealand (NANZ)</b>															
NANZ Minor Capital	20	21	21	22	23	23	24	25	26	27	232	Rates			100
NANZ Plant & Equipment	34	35	36	37	38	40	41	43	44	45	393	Rates			100
<b>NANZ Total</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>59</b>	<b>61</b>	<b>63</b>	<b>65</b>	<b>68</b>	<b>70</b>	<b>72</b>	<b>625</b>				
<b>Napier i-SITE Visitor Centre</b>															
i-SITE Minor Capital	12	12	13	13	14	14	15	15	15	16	139	Rates			100
<b>Napier i-SITE Visitor Centre Total</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>139</b>				
<b>Par2 MiniGolf</b>															
Par 2 Minor Capital	6	6	6	7	7	7	7	8	8	8	70	Rates			100
<b>Par2 MiniGolf Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>70</b>				
<b>Kennedy Park Top 10 Resort</b>															
Kennedy Park I.A.R.	124	192	196	203	209	216	224	231	239	247	2,081	Rates			100
Kennedy Park Minor Capital	118	122	125	129	133	138	143	148	152	157	1,365	Rates			100
<b>Kennedy Park Total</b>	<b>242</b>	<b>314</b>	<b>321</b>	<b>332</b>	<b>342</b>	<b>354</b>	<b>367</b>	<b>379</b>	<b>391</b>	<b>404</b>	<b>3,446</b>				
<b>CITY PROMOTION TOTAL</b>	<b>332</b>	<b>407</b>	<b>416</b>	<b>431</b>	<b>444</b>	<b>459</b>	<b>476</b>	<b>493</b>	<b>507</b>	<b>524</b>	<b>4,489</b>				

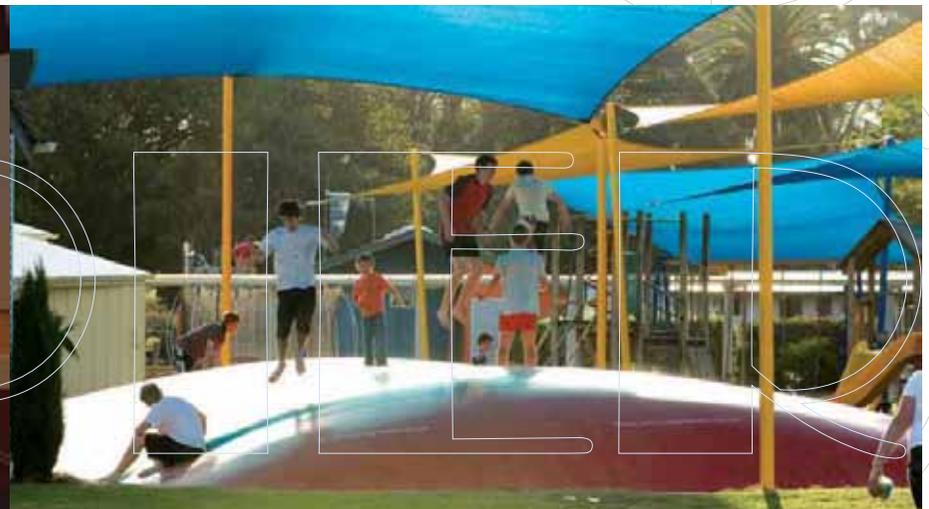
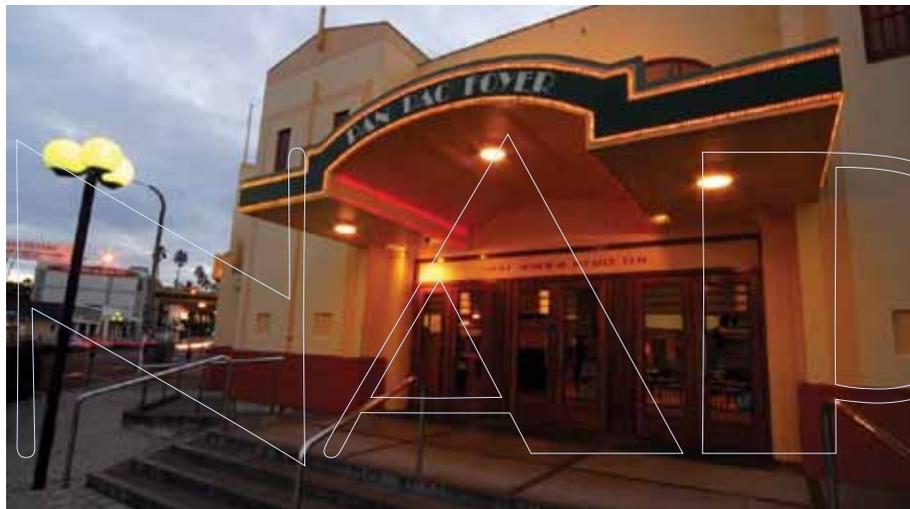
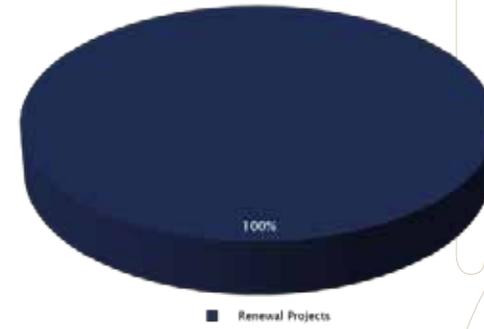
# CITY PROMOTION CONTINUED

*Funding Sources*



# PLAN

*Expenditure Classification*



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
1,326	1,223	1,281	1,297	1,310	1,320	1,329	1,336	1,338	1,334	1,352
160	165	171	175	181	187	193	200	207	213	221
111	117	117	117	117	117	117	117	117	117	117
5,403	6,125	6,348	6,494	6,690	6,892	7,116	7,352	7,591	7,830	8,076
75	71	73	75	77	80	82	85	88	91	94
48	39	41	42	43	44	46	47	49	51	52
<b>7,123</b>	<b>7,740</b>	<b>8,031</b>	<b>8,200</b>	<b>8,418</b>	<b>8,640</b>	<b>8,883</b>	<b>9,137</b>	<b>9,390</b>	<b>9,636</b>	<b>9,912</b>
<b>Applications of operating funding</b>										
5,853	6,290	6,486	6,638	6,819	7,005	7,211	7,426	7,637	7,847	8,076
-	-	-	-	-	-	-	-	-	-	-
1,067	1,136	1,157	1,165	1,188	1,211	1,234	1,257	1,283	1,305	1,336
-	-	-	-	-	-	-	-	-	-	-
<b>6,920</b>	<b>7,426</b>	<b>7,643</b>	<b>7,803</b>	<b>8,007</b>	<b>8,216</b>	<b>8,445</b>	<b>8,683</b>	<b>8,920</b>	<b>9,152</b>	<b>9,412</b>
<b>203</b>	<b>314</b>	<b>388</b>	<b>397</b>	<b>411</b>	<b>424</b>	<b>438</b>	<b>454</b>	<b>470</b>	<b>484</b>	<b>500</b>
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>									
	<b>Capital expenditure</b>									
2,500	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
303	314	389	398	411	424	438	453	469	484	500
(2,600)	-	(1)	(1)	-	-	-	1	1	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>203</b>	<b>314</b>	<b>388</b>	<b>397</b>	<b>411</b>	<b>424</b>	<b>438</b>	<b>454</b>	<b>470</b>	<b>484</b>	<b>500</b>
	<b>Total application of capital funding (D)</b>									
<b>(203)</b>	<b>(314)</b>	<b>(388)</b>	<b>(397)</b>	<b>(411)</b>	<b>(424)</b>	<b>(438)</b>	<b>(454)</b>	<b>(470)</b>	<b>(484)</b>	<b>(500)</b>
	<b>Surplus/(deficit) of capital funding (C-D)</b>									
-	-	-	-	-	-	-	-	-	-	-
	<b>Funding balance ((A-B) + (C-D))</b>									
	<b>Note: Excluded from above</b>									
739	962	963	1,028	1,041	1,068	1,157	1,189	1,221	1,318	1,336
-	-	-	-	-	-	-	-	-	-	-
	Group depreciation & amortisation Capital items in progress consulted in prior years plans, excluded from prospective capital plan									

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

The FIS is intended to disclose the sources and applications of Council funds.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation.

This statement is not GAAP compliant.

## SCOPE

These activities are legislative requirements except Parking. The Planning and Regulatory Group comprises:

### **Planning Policy**

Planning Policy manages the development of the natural and built environment of Napier, via the District Plan, under the Resource Management Act 1991 (RMA) in a sustainable manner, ensuring the quality and quantity of the City's resources are maintained and enhanced.

### **Regulatory Consents**

Council ensures that development of the City is within the RMA and the policies of the District Plan through Regulatory Consents. This includes processing non notified Resource Consents and Land Information Memorandum, preparing resource applications for land subdivisions and an annual environmental programme to gauge the effectiveness of Council's environmental management policies. Also covered is enforcement work to ensure compliance with Resource Consent approvals and the operative District Plan.

### **Building Consents**

The Council ensures that building development within the City is in accordance with the Building Act 2004 through the process of the Building Consents. Services include counter advisory service, processing Building Consent applications, providing Codes of Compliance and Building Warrants of Fitness, and investigating complaints.

### **Environmental Health**

Council deals with the environmental problems of noise, smoke, smell and refuse pollution through its Environmental Health Services through investigation and enforcement under a range of Acts. Licences are processed and premises inspected for food premises, hairdressers, offensive trades, camping grounds, skin piercing, mobile shops, funeral directors and street occupation. Also covered is the administration of matters relating to the Sale of Liquor Act, monitoring compliance with household swimming pool regulations,

and investigations and advice on environmental and any other health matters and nuisances such as vermin, pests and fire hazards.

### **Animal Control**

Animal Control ensures that all animals within the City are under proper control. Dogs are the primary animal and these must all be registered. Emphasis is placed on responsible dog ownership, education and classification of dogs and owners in line with the provisions of the Dog Control Act 1996.

### **Parking**

- Public Parking Spaces: CBD - 2,499; Taradale - 339

Parking areas are provided in the Central Business District and Taradale Shopping Centre as well as the smaller commercial areas of the City with long and short term spaces providing parking to meet reasonable public expectations. In addition to fees from parking meters, car park ticket machines and leased spaces, parking is funded through a levy on rates on commercial and retail properties in Napier and Taradale and other smaller suburban shopping and commercial areas. Monitoring and enforcement of parking bylaws ensures equitable use.



**KEY ISSUES*****Animal Control***

Council has good news for responsible dog owners: this plan does not include any increase in total dog registration fees collected during the next ten years. However, those dog owners who fail to take their dog ownership obligations seriously will be faced with increased penalties.

Council's focus during the next ten years will be on communicating the importance of being a responsible dog owner within the provisions of the Dog Control Act 1996 and Council's Dog Control Bylaws, and penalising those dog owners who fail to comply with these requirements.

***Parking***

The evolution of technology in the field of parking services is rapid and is likely to have a large impact over the next 10 year period. The Parking Department is monitoring the deployment of new forms

of technology nationally and will seek to see deployment of proven technologies if they are appropriate to Napier's situation.

***CBD Parking***

Capital expenditure is in place for several inner city projects including additional CBD parking, parking for cyclists and motorcyclists, development of walkways from parking facilities to inner city areas and security for major parking facilities.

Provision has been made for future growth in parking needs in the CBD through a programme of property acquisition. As demand begins to show signs of increase, Council will seek to expand the availability of parking. An option being pursued as part of current planning is to build multi-level parking facilities to minimise the need for land purchase in the CBD.

\$7,756 million has been included over the period of this plan for CBD Parking projects, funded from Parking Reserve Funds.

**PERFORMANCE MEASURES*****Planning Policy***

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance).	Ensure the integrity of the District Plan is maintained through strategic reviews.	Report on progress	Report on progress	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	Report on progress	Report on progress
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22 (average)
Operating cost per rateable property.		New measure 2012/13	\$26	\$26	\$26	\$29

## Regulatory Consents

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety through the resource consent process.	Land information memorandums processed within the statutory time frame of 10 working days.	100%	100%	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 investigated within 3 days				

## Building Consents

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance).	Audit 20% of all buildings (100% over 5 years) requiring warrants of fitness registered from owners of buildings, subject to code of compliance schedule.	20%	20%	20%	20%	20%
	Maintain Building Consent Authority (BCA) accreditation.	Accreditation maintained	Accreditation maintained	Accreditation maintained	Accreditation maintained	Accreditation maintained
	Process Building Consents within 20 working days.	100%	100%	100%	100%	100%
	Process code compliance certificates within 20 working days.	100%	100%	100%	100%	100%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Rates cost per building consent.		New measure 2012/13	2012/13	2013/14	2014/15	2015/22 (average)
			\$402	\$401	\$410	\$437

**Environmental Health**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their health (food handling, water quality) and wellbeing (noise and environmental effects).	Proportion of Food premises inspected twice per year (including re-checking) and non-food premises inspected once per year.	100%	100%	100%	100%	100%
	Number of water samples taken compared to number of the National Standard.	165%	165%	165%	165%	165%
	Requests for swimming pool fencing inspections initiated within 10 days.	100%	100%	100%	100%	100%
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Noise Control in the NRB Public Opinion Survey.		80%	80%	80%	80%	80%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Operating cost per rateable property.		New measure 2012/13	\$25	\$26	\$27	\$30

**Animal Control**

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance).	Number of service requests / Number of licensed dogs.	New measure 2012/13	43%	42%	41%	40%
	Number of licensed dog owners.	18%	20%	20%	22.5%	25%
Community Perception		Annual Plan Target 2011/12	Targets			
Percentage of residents satisfied with Animal Control in the NRB Public Opinion Survey.		75%	75%	75%	75%	75%
Economic and Financial Performance		Annual Plan Target 2011/12	Targets			
Rating cost per rateable property.		New measure 2012/13	\$7	\$8	\$8	\$11

## Parking

Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council provides on and off street parking facilities <ul style="list-style-type: none"> <li>to provide sufficient parking to meet reasonable public expectations,</li> <li>to ensure the equitable sharing of parking resources, and</li> <li>to ensure safe and effective passenger vehicle flow.</li> </ul>	CBD parking occupancy rate (on and off street).	Range 50-85%	Less than 75%	Less than 75%	Less than 75%	Less than 75%
	Taradale parking occupancy rate (on and off street).	Range 50-85%	Less than 75%	Less than 75%	Less than 75%	Less than 75%
Community Perception		Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Percentage of residents satisfied with Parking in the CBD in the NRB Public Opinion Survey.		60%	60%	60%	60%	60%
Percentage of residents satisfied with Parking in Taradale & Other Suburbs in the NRB Public Opinion Survey.		80%	80%	80%	80%	80%



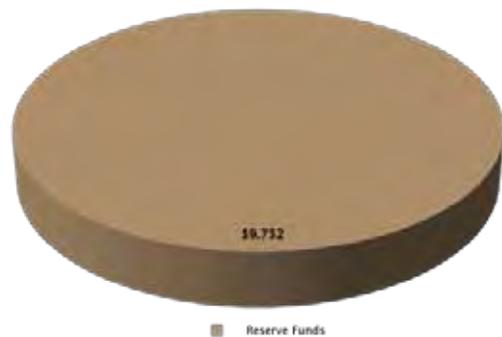
PLANNING AND REGULATORY CONTINUED

**CAPITAL PLAN**

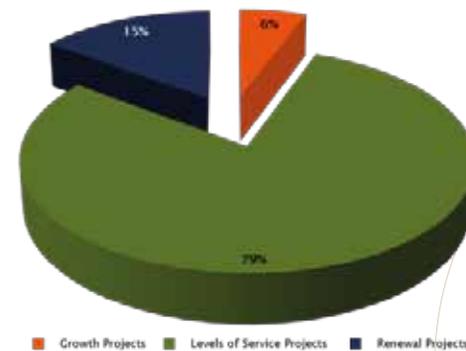
G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000												G	L	R
<b>PLANNING AND REGULATORY</b>															
<b>Animal Control</b>															
Animal Control Minor Capital	-	52	-	-	-	-	-	-	-	-	52	Dog Control Account			100
<b>Animal Control Total</b>	-	52	-	-	-	-	-	-	-	-	52				
<b>Parking</b>															
CBD Parking Projects	-	-	-	-	-	2,337	-	2,751	-	2,668	7,756	Parking Account			100
Suburban Parking	-	555	-	-	-	-	-	-	-	-	555	Parking Contributions Acc	100		
Parking Minor Capital	20	21	21	22	23	23	24	25	26	27	232	Parking Account			100
Parking Equipment Replacement	100	104	106	109	113	117	121	125	129	133	1,157	Parking Equipment			100
<b>Parking Total</b>	120	680	127	131	136	2,477	145	2,901	155	2,828	9,700				
<b>PLANNING &amp; REGULATORY TOTAL</b>	120	732	127	131	136	2,477	145	2,901	155	2,828	9,752				

**Funding Sources**



**Expenditure Classification**



## FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Sources of operating funding</b>										
2,181	2,170	2,210	2,264	2,318	2,376	2,440	2,506	2,579	2,642	2,712
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
3,782	3,861	3,916	3,954	4,169	4,225	4,284	4,526	4,591	4,655	4,917
131	137	142	145	150	154	160	165	170	176	182
929	981	983	985	1,078	1,081	1,083	1,186	1,189	1,192	1,305
<b>7,023</b>	<b>7,149</b>	<b>7,251</b>	<b>7,348</b>	<b>7,715</b>	<b>7,836</b>	<b>7,967</b>	<b>8,383</b>	<b>8,529</b>	<b>8,665</b>	<b>9,116</b>
<b>Applications of operating funding</b>										
3,350	3,477	3,576	3,664	3,759	3,857	3,965	4,077	4,184	4,291	4,410
-	-	-	-	-	-	-	-	-	-	-
2,406	2,419	2,473	2,524	2,593	2,667	2,748	2,834	2,936	3,023	3,112
-	-	-	-	-	-	-	-	-	-	-
<b>5,756</b>	<b>5,896</b>	<b>6,049</b>	<b>6,188</b>	<b>6,352</b>	<b>6,524</b>	<b>6,713</b>	<b>6,911</b>	<b>7,120</b>	<b>7,314</b>	<b>7,522</b>
<b>1,267</b>	<b>1,253</b>	<b>1,202</b>	<b>1,160</b>	<b>1,363</b>	<b>1,312</b>	<b>1,254</b>	<b>1,472</b>	<b>1,409</b>	<b>1,351</b>	<b>1,594</b>
<b>Sources of capital funding</b>										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Application of capital funding</b>									
	<b>Capital expenditure</b>									
6,432	-	555	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,337	-	2,751	-	2,668
125	120	176	127	131	136	140	145	150	155	160
(5,290)	1,133	471	1,033	1,232	1,176	(1,223)	1,327	(1,492)	1,196	(1,234)
-	-	-	-	-	-	-	-	-	-	-
<b>1,267</b>	<b>1,253</b>	<b>1,202</b>	<b>1,160</b>	<b>1,363</b>	<b>1,312</b>	<b>1,254</b>	<b>1,472</b>	<b>1,409</b>	<b>1,351</b>	<b>1,594</b>
<b>(1,267)</b>	<b>(1,253)</b>	<b>(1,202)</b>	<b>(1,160)</b>	<b>(1,363)</b>	<b>(1,312)</b>	<b>(1,254)</b>	<b>(1,472)</b>	<b>(1,409)</b>	<b>(1,351)</b>	<b>(1,594)</b>
-	-	-	-	-	-	-	-	-	-	-
	<b>Note: Excluded from above</b>									
411	430	408	422	435	444	478	497	510	548	565
-	253	-	-	-	-	2,000	-	2,200	-	2,000

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This statement is not GAAP compliant.

# PROPERTY ASSETS

# TEN YEAR PLAN

ACTIVITY GROUPS

## SCOPE

The Property Assets Group comprises:

### **Lagoon Farm**

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

As residential or business park development occurs, farming operations will reduce. The farming operation has already been impacted upon by construction of the Prebensen Drive extension, which bisects the farm. As these activities progressively impact on the farm operations, it is likely that Council will cease to operate Lagoon Farm as a commercial farm, and move to long term cropping leases.

### **Parklands Residential Development**

The Council's Parklands Residential Development on 120 hectares of former Lagoon Farm land providing 440 residential sections for sale during 2012-2022. This plan includes land for sportsgrounds.

The rate of development will be driven by market demand.

### **Property Holdings**

Leasehold Properties:

- Commercial - 80
- Residential - 36

This business unit is responsible for the management of leases and licences which have been established for parks, reserves, commercial, industrial and residential properties. The majority of leases are perpetually renewable.

It is also responsible for the management, including maintenance and renewal, of all Council buildings not specifically allocated to other activities.

## KEY ISSUES

### **Lagoon Farm Business Park**

Council has approval for a District Plan change for the Business Park zone. A concept plan is currently being prepared on staged development of the area.

The land is considered a strategic asset and will remain Council-owned as leasehold land.

\$873,000 is included in the Ten Year Plan for development of this area, funded from the Capital Projects Fund.



2022

## PERFORMANCE MEASURES

### Lagoon Farm

The Lagoon Farm is a strategic land holding maintained without subsidy from rates. The land holding is transaminating during the period of the plan from farming to residential and commercial land. The key performance target is that the farm is managed within budget and that it is self funding. There are no specific non-financial measures.

Economic and Financial Performance	Annual Plan Target 2011/12	Targets			
		2012/13	2013/14	2014/15	2015/22 (average)
Net operating profit.	New measure 2012/13	\$13,600	\$18,689	\$17,133	\$25,661

### Parklands Residential Development

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 June 2019.

Economic and Financial Performance	Annual Plan Target 2011/12	Targets						
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Target for sections sold.	64	64	65	64	64	64	64	56

### Property Holdings

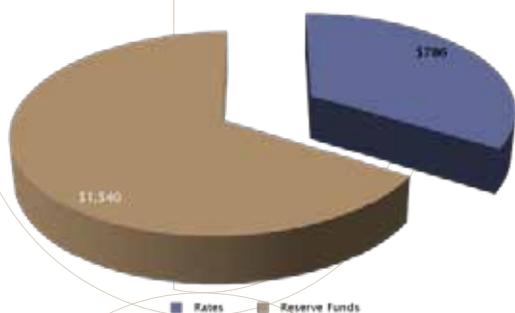
Level of Service	Service Performance Measures	Annual Plan Target 2011/12	Targets			
			2012/13	2013/14	2014/15	2015/22
Council maintains and manages both its commercial and leasehold land portfolio in accordance with legislation where applicable and in accordance with individual lease agreements.	All freeholding requests handled in accordance with Council policy.	100%	100%	100%	100%	100%
	Buildings comply with Building Act and Health & Safety Act and hold current warrant of fitness certificates.	100%	100%	100%	100%	100%
Economic and Financial Performance	Annual Plan Target 2011/12	Targets				
Return on assets.	New measure 2012/13	7%	6%	7%	7%	

## CAPITAL PLAN

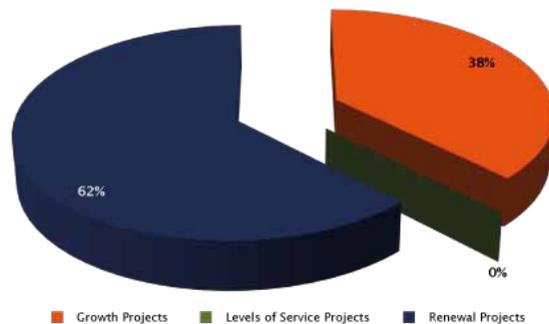
G = Growth, L = Increased Level of Service, R = Renewal

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
													G	L	R
\$000															
<b>PROPERTY ASSETS</b>															
<b>Property Holdings</b>															
Lagoon Farm Business Park	429	444	-	-	-	-	-	-	-	-	873	Capital Projects Fund	100		
Civic Building	-	-	-	-	-	-	-	-	-	667	667	Capital Projects Fund		100	
<b>PROPERTY ASSETS TOTAL</b>	<b>429</b>	<b>444</b>	<b>-</b>	<b>667</b>	<b>1,540</b>										

### Funding Sources



### Expenditure Classification



TEN YEAR PLAN  
FUNDING IMPACT STATEMENT

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
	<b>Sources of operating funding</b>									
	General rates, uniform annual general charges, rates penalties									
	-	-	-	-	-	-	-	-	-	-
	Targeted rates (other than water by meter charges)									
	-	-	-	-	-	-	-	-	-	-
	Subsidies & grants for operating purposes									
	-	-	-	-	-	-	-	-	-	-
397	Fees, charges & targeted rates for water supply									
	448	464	475	491	507	523	542	560	579	598
1,575	Finance costs									
	1,580	1,636	1,673	1,724	1,777	1,836	1,898	1,962	2,027	2,094
2	Internal charges & overhead recoveries									
	2	2	2	2	2	2	2	2	2	2
11,122	Local authorities fuel tax, fines, infringement fees, & other receipts									
	12,794	13,480	13,853	14,314	14,700	15,404	14,437	4,048	4,133	4,266
<b>13,096</b>	<b>Total operating funding (A)</b>									
	<b>14,824</b>	<b>15,582</b>	<b>16,003</b>	<b>16,531</b>	<b>16,986</b>	<b>17,765</b>	<b>16,879</b>	<b>6,572</b>	<b>6,741</b>	<b>6,960</b>
	<b>Applications of operating funding</b>									
6,221	Payments to staff & suppliers									
	6,769	7,078	7,211	7,425	7,646	7,881	7,358	1,917	1,982	2,048
	- Finance costs									
	-	-	-	-	-	-	-	-	-	-
1,959	Internal charges & overhead applied									
	2,170	2,269	2,300	2,371	2,442	2,511	2,386	959	985	1,008
	- Other operating funding applications									
	-	-	-	-	-	-	-	-	-	-
<b>8,180</b>	<b>Total applications of operating funding (B)</b>									
	<b>8,939</b>	<b>9,347</b>	<b>9,511</b>	<b>9,796</b>	<b>10,088</b>	<b>10,392</b>	<b>9,744</b>	<b>2,876</b>	<b>2,967</b>	<b>3,056</b>
<b>4,916</b>	<b>Surplus/(deficit) of operating funding (A-B)</b>									
	<b>5,885</b>	<b>6,235</b>	<b>6,492</b>	<b>6,735</b>	<b>6,898</b>	<b>7,373</b>	<b>7,135</b>	<b>3,696</b>	<b>3,774</b>	<b>3,904</b>
	<b>Sources of capital funding</b>									
	Subsidies & grants for capital expenditure									
	-	-	-	-	-	-	-	-	-	-
	Development & financial contributions									
	-	-	-	-	-	-	-	-	-	-
	Increase/(decrease) in debt									
	-	-	-	-	-	-	-	-	-	-
	Gross proceeds from sale of assets									
	186	6,784	212	221	198	261	199	204	263	322
	Lump sum contributions									
	-	-	-	-	-	-	-	-	-	-
	<b>Total sources of capital funding (C)</b>									
	<b>186</b>	<b>6,784</b>	<b>212</b>	<b>221</b>	<b>198</b>	<b>261</b>	<b>199</b>	<b>204</b>	<b>263</b>	<b>322</b>

Annual Plan 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Application of capital funding</b>										
<b>Capital expenditure</b>										
104	429	444	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	667
4,811	5,642	12,575	6,704	6,956	7,096	7,634	7,334	3,900	4,037	3,559
-	-	-	-	-	-	-	-	-	-	-
<b>4,915</b>	<b>6,071</b>	<b>13,019</b>	<b>6,704</b>	<b>6,956</b>	<b>7,096</b>	<b>7,634</b>	<b>7,334</b>	<b>3,900</b>	<b>4,037</b>	<b>4,226</b>
<b>(4,915)</b>	<b>(5,885)</b>	<b>(6,235)</b>	<b>(6,492)</b>	<b>(6,735)</b>	<b>(6,898)</b>	<b>(7,373)</b>	<b>(7,135)</b>	<b>(3,696)</b>	<b>(3,774)</b>	<b>(3,904)</b>
<b>1</b>	<b>-</b>									
<b>Note: Excluded from above</b>										
365	351	406	483	604	603	641	641	641	682	673
-	756	-	1,219	-	-	-	-	-	-	-

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# SUPPORT UNITS

# YEAR

# PLAN

## SCOPE

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

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

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



## CAPITAL PLAN

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Ten Year Total	Funding	Improvement Split %		
	\$000											G	L	R	
<b>SUPPORT UNITS</b>															
<b>Support Units &amp; General Provisions</b>															
Minor Capital General Provision	68	70	72	74	77	79	82	85	88	91	786	Rates			100
Replacement of Mobile Plant and Vehicle	886	915	803	1,098	1,371	1,237	1,331	2,050	1,373	1,001	12,065	Plant Purchase & Renewals			100
Software Replacement and Upgrades	40	41	42	44	45	47	48	50	52	53	462	Rates			100
PC and Printer Replacement	69	71	73	76	78	81	83	86	89	92	798	Rates			100
Corporate IT Network	13	13	14	14	15	15	16	16	17	17	150	Rates			100
Technology Equipment Renewals	566	586	600	620	639	661	684	708	731	755	6,550	Tech. Equip. Renew Res've			100
<b>SUPPORT UNITS TOTAL</b>	<b>1,642</b>	<b>1,696</b>	<b>1,604</b>	<b>1,926</b>	<b>2,225</b>	<b>2,120</b>	<b>2,244</b>	<b>2,995</b>	<b>2,350</b>	<b>2,009</b>	<b>20,811</b>				

# GLOSSARY OF TERMS

# TEN YEAR PLAN

## **Activities and Activity Groups**

The main elements of the Council's services offered to the Napier community are divided into Activities. These Activities are described in detail in the Activity Groups section of the plan including the performance measures and targets and the financial budgets for 2012/13 to 2021/22.

## **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 Customer Satisfaction Survey (Communitrak™)**

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

## **Prospective Financial Statements**

Refers to future-oriented financial statements.

## **Targeted Rate**

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