

Napier City Council Long Term Plan 2015 - 2025

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Napier City Council
231 Hastings Street
Private Bag 6010
NAPIER 4142

Phone: 06 835 7579
Fax: 06 835 7574
Web: www.napier.govt.nz
Email: info@napier.govt.nz

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INTRODUCTION

CONSULTATION FOR THE 2015-2025 LONG TERM PLAN

INFORMATION, CONSULTATION AND THE RESULTS:

Pre-engagement

Following on from Napier City Council's adoption of the Stakeholder Engagement Strategy for the Long Term Plan (LTP) on 5 November 2014 for the 2015-2025 Long Term Plan, pre-engagement ran from 10 December 2014 to 16 February 2015.

The Strategy resulted from legislative change in August 2014, when amendments to the Local Government Act 2002 changed the way local authorities could communicate information about their Long Term Plans to communities, and how they could gather feedback, or engage with, communities. It more clearly defined the difference between the consultation process - using a consultation document - and the LTP, which formed the basis for on-going accountability to communities.

Our pre-engagement was designed as a campaign of awareness (of the LTP) and encouragement to people to share their ideas for Napier in an informal way with us. It comprised advertising, media releases, social media posts, meeting with stakeholders, and passing information onto various groups and organisations. People could 'have their say' via freepost postcards, or by commenting on a newly established 'Talk to Us' website.

Formal Engagement

The community was informed of upcoming formal consultation using media releases, social media posts, advertising, posters and an article in our monthly publication, Proudly Napier. Regular updates were also given to other stakeholders.

The 2015-2025 Long Term Plan Consultation Document (the Document) was adopted by Council on 10 April. The Document and related material went live on the Council website on 13 April, the start of a month-long period of consultation. Printed copies of the Document were delivered to Napier households from 22 April and were also available from Council facilities.

Councillors led eight consultation events over 11 days, comprising four three-hour long Pop Up Shops in the Central Business District, and public meetings at four schools.

Results

This was the first time social media was part of an LTP process. Raising awareness of the LTP, both during pre-engagement and formal engagement, generated a lot of comments on the Council's Facebook page. Between 13 April and 13 May the number of people following the Council also grew, from 1412 to 1516.

The total number of submissions to the 2015-2025 Long Term Plan was 700, of which 61.7%

were submitted online. In comparison, the average number of submissions each year to Council through the Annual Plan or Long Term Plan process since 2009 is 83. Including submissions just on Marineland, between 2010-12, the average increases to 235.

Changes to the draft LTP

Following the hearing of submissions between 8 June and 10 June, Napier City Council decided to make the following changes:

- To remove the 'Waverider' wave generating pool from the draft LTP
- Move the Destination Playground earlier to 2015/16 and increase the spend to \$2.5m
- Bring forward the, War Memorial Conference Centre upgrade have moved to 2015/16 and 2016/17 years, to enable earthquake strengthening work to be carried out at the time of the upgrade
- Property purchase amount has been reduced to \$1.5m of which \$1m has been moved into year 2 with the balance of \$1m of funding reallocated to fund the Destination Playground
- \$30,000 has been granted to the Arts Advisory Panel, funded from Reserves
- Council has also approved additional funding for Creative Arts Napier of \$18,500, to bring funding levels up to \$1 per ratepayer.
- A one off grant for \$5,000 to Te Matau a Maui Voyaging Trust in 2015/16 year
- Eskview Tennis Club grant of \$20,000 available once funding for the balance of the project has been secured, funded from Reserves
- Increase in funding of \$41,000 has been approved for the Art Deco Trust, funded from rates
- The promotion levy collect on behalf of Taradale Marketing Association will be increased by \$14,600 per annum (pa)
- \$100,000 has been provided in year 2015/16 for the Poll to determine whether Local Government Commission's final reorganization proposal for Hawke's Bay is to proceed, funded from Council Reserves
- Additional funding of \$100,000 over the 10 year period has been included for the ongoing maintenance requirements associated with the purchase of the boat ramp, funded from Rates
- Ongoing costs of \$20,000pa has been included for the provision of Wi-Fi in Napier
- Increased legal costs for years 1 and 2 funded from Council Reserves
- Increased staffing costs (\$350,000) to accommodate resource requirements associated with capital programme. Net impact on rates is nil, as staff costs charged to capital projects only.

NAPIER CITY

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.
- Marine Parade - the iconic Norfolk Pines and tourist attractions with a growing emphasis on family attractions.
- Other important heritage locations in the City (e.g. Ahuriri and Meeanee areas).
- The MTG Hawke's Bay - museum, theatre and art gallery 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.
- Napier's Community Arts Centre, Arts Trails and the 'Creative Napier' community arts organisation.
- Public libraries.
- The community/social infrastructure of service clubs and arts/ craft organisations.
- Public reserve and recreational areas, including the Botanical Gardens and pathways network.

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

NAPIER CITY CONTINUED

Centre, Par2 MiniGolf, War Memorial Conference Centre, Ocean Spa Pools, MTG Hawke's Bay, Junior Bike Track and Bike Pump Track.

- 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 Park Island regional sports and recreational complex, which is the basis for a wide range of regional, national and some international sport and 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 and business Hub, housing a wide range of commercial and governmental organisations.
- The industrial areas of Onekawa West, Pandora, Awatoto and the Airport Business Park.
- The suburban-based retailing/commercial areas (e.g. Marewa, Onekawa, Pirimai, Taradale and Bay View)
- The Port of Napier shipping/freight complex is now the major container handling Port in the lower North Island and now the fourth largest container terminal in New Zealand, following Auckland, Tauranga and Lyttleton.
- 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 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

Projected total City population growth over the life of the LTP is 2,090 or 3.53%. This is slightly higher than the projected population growth in the Heretaunga Plains Urban Development Study of 3.26%.

Projected population for the year ending June 2015 is 59,090 and the population is projected to grow to 61,240 by 2025.

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

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. This will 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 remains well on its way to providing the desired community wellbeing:

- Over 84% of the households surveyed had Internet access, whether at home or elsewhere.
- The vast majority (96.2%) of households continue to remain more than satisfied with the quality of their current homes.

NAPIER CITY CONTINUED

- 80% of the households surveyed owned their homes and 20% 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.
- 25 % of those surveyed in 2012 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.
- 50% of the survey respondents felt that their overall quality of life in Napier had improved over the past five years, with almost 46% reporting no improvement.

Demographic Outlook

The projected total City household growth over the life of the LTP is 1,580 or 6.38%. This is slightly lower than the 10 year household growth projected in the Heretaunga Plains Urban Development Study of 6.51%.

Total household numbers are projected to be 24,525 in 2014-15, growing to 26,330 by 2024-25. The projected development split for the period is for 43% as infill, 54% as greenfield and 3% as rural.

From 2005 to 2015, there were 1,977 new or resited dwellings in Napier and 3,906 alterations and additions to dwellings. In all, there were 10,648 domestic/residential building consents granted.

ECONOMIC PROFILE

Council's aim is to support and encourage a thriving Napier and Hawke's Bay economy and business culture which will help nurture and grow local start-ups, provide support to help existing businesses expand and prosper, kickstart new investment and attract new residents and businesses to the area.

The latest key annual economic indicators for Napier are as follows:

- Some 5,856 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 around \$2 billion, comprising primary production 2%, manufacturing/ processing 14% and services 84%.
- Total employment of some 25,790, comprising primary production 4%, manufacturing/processing 11% and services 85%.
- 264,640 visitors to Napier stayed in commercial accommodation in the City over the year to February 2014.

Napier's largest industry sectors in GDP terms are commercial/business services, wholesale, retail and hospitality services, processing and manufacturing, and health, education and community services.

Economic Trends

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

Real GDP is forecast to grow by 2.8% on average over the four years to March 2018.

It is expected that the Hawke's Bay economic outlook will remain positive over the life of the plan with annual GDP growth of 1.5 - 2.5% over the period.

The following recent trends in the Napier economy are noted:

- The total number of businesses in the Napier economy has grown to just under 6,000.
- Economic growth has fluctuated in Napier over the past decade, with periods of decline alternating with recovery and moderate growth.
- Total employment in Napier City for the December 2013 year was 25,790 and was up 1.5% on the previous December year. Employment increased over 2007-2009, fell during the following two years but has increased overall since then by 2.6%.
- The largest industries in terms of employee numbers in Napier are, in order, health and community services, trade and hospitality services, commercial/business services,

NAPIER CITY CONTINUED

utility and construction services, and manufacturing/processing activity other than food processing.

- Since 2007, industry employment growth in the City has been highest for food and beverage processing/manufacturing, community (health, education and welfare) services, public sector administration, and business and professional services. Overall employment decline has occurred most in primary production, utility and construction services, non-food processing and manufacturing, and trade and hospitality services.
- Unemployment numbers in Napier have fluctuated in recent years, with a marked increase from 2008 to 2009, and have remained relatively steady between 2,200 and 2,400 from 2009 to the present.

Sluggish regional growth forecasts suggest a surge in local and regional productivity, innovation, investment and collaboration is required to maintain Napier's economic performance.

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 considerable recent 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.

Projected growth in visitor numbers over the life of the LTP is 180,000 or 33%. These visitor numbers are for arrivals staying at least one night (excludes cruise ships).

Projected visitor numbers for 2015 are 545,000, an annual growth rate of 1%. By 2025, visitor numbers are projected to be 725,010, a 3% growth rate. An annual 3% growth rate is projected from 2018 onwards.

STRATEGIC PRIORITIES

OUR MISSION

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

OUR VISION

Over the next 10 years we will continue to grow and maintain a vibrant Napier which surpasses expectations and embraces new opportunities for all aspects of the city.

OUR FOCUS

While much of the Long Term Plan is 'business as usual', we want to increase investment to grow Napier. The key areas focused on are: Community and Facilities, Development and Planning, Events and Tourism, and Infrastructure.

- Community and Facilities

Among the key projects consulted on were the Pandora Pond Water Sports Project and Multi-use Velodrome. The next step for these projects will be a full business case.

Feedback indicated Napier residents wanted the Destination Playground, another key consultation project, to be constructed sooner than 2019/20 as originally proposed. The project will commence in 2015/16.

Work has started on the development of Park Island's northern sports hub development, and will continue through to 2017.

The plan includes enhancement to Napier's other sports grounds, and are undertaking a review of McLean Park will be undertaken.

- Development & Planning

Further development of the links between our reserves is underway, including the enhancement of links between Poraiti and EIT.

Currently Napier City and Hastings District councils as owners of the Omarunui Landfill are consulting on the management of Solid Waste, including the Landfill's future.

Over the next five years we will be progressing the City Vision: small city, BIG ideas. This project, concentrating mainly on the city centre and Ahuriri, encompasses heritage, transport, parking, design and recreational issues. Submissions to the Consultation Document included many new ideas for these projects.

Work has also commenced to make West Quay and Ahuriri more user friendly for both those who work in the area and locals.

We supported collaboration between the region's economic development agencies and

along with other agencies and stakeholders, are a supporter of Business Hawke's Bay and its focus on strategic regional projects and business development and growth.

- Events & Tourism

We now have dedicated funding for events attraction, to work towards encouraging promoters of major events to Hawke's Bay. This builds on our well established long term support of home-grown events, and new ones, such as the Storm vs Dragons NRL game in July, and inaugural Hawke's Bay Marathon in May 2016.

Planned upgrading of facilities such as the Napier i-SITE between 2017-19 and War Memorial Conference Centre between 2015-2017 will also enhance the city and ties in with the expectation of more visitors.

- Infrastructure

Proposals for further work on Napier's Cycling Trails were popular with submitters to the LTP, and work outlined in our Napier Cycling Strategy in 2014 will proceed. The strategy sets out the region's priorities for further cycling infrastructure, building on the more than 200km of on and off-road paths already in existence. We are part of the Regional Cycling Governance Group, set up in 2014 which include representatives from all five Hawke's Bay Councils.

We actively promote protection of our city's Art Deco heritage and have set aside \$1.5m for work associated with seismic strengthening of Council owned buildings, including the Memorial Square building in Clive Square, and the Taradale Plunket rooms. Assessments of all Council buildings are currently underway. This will determine the priorities for future work.

The plan includes an upgrade of the Civic Building in Hastings Street, starting in 2016. The project will address seismic issues and bring the building up to a standard for efficient use for current and future working conditions.

Several major infrastructure projects are already underway, including the Taradale stormwater upgrade and four-laning of Prebensen Drive.

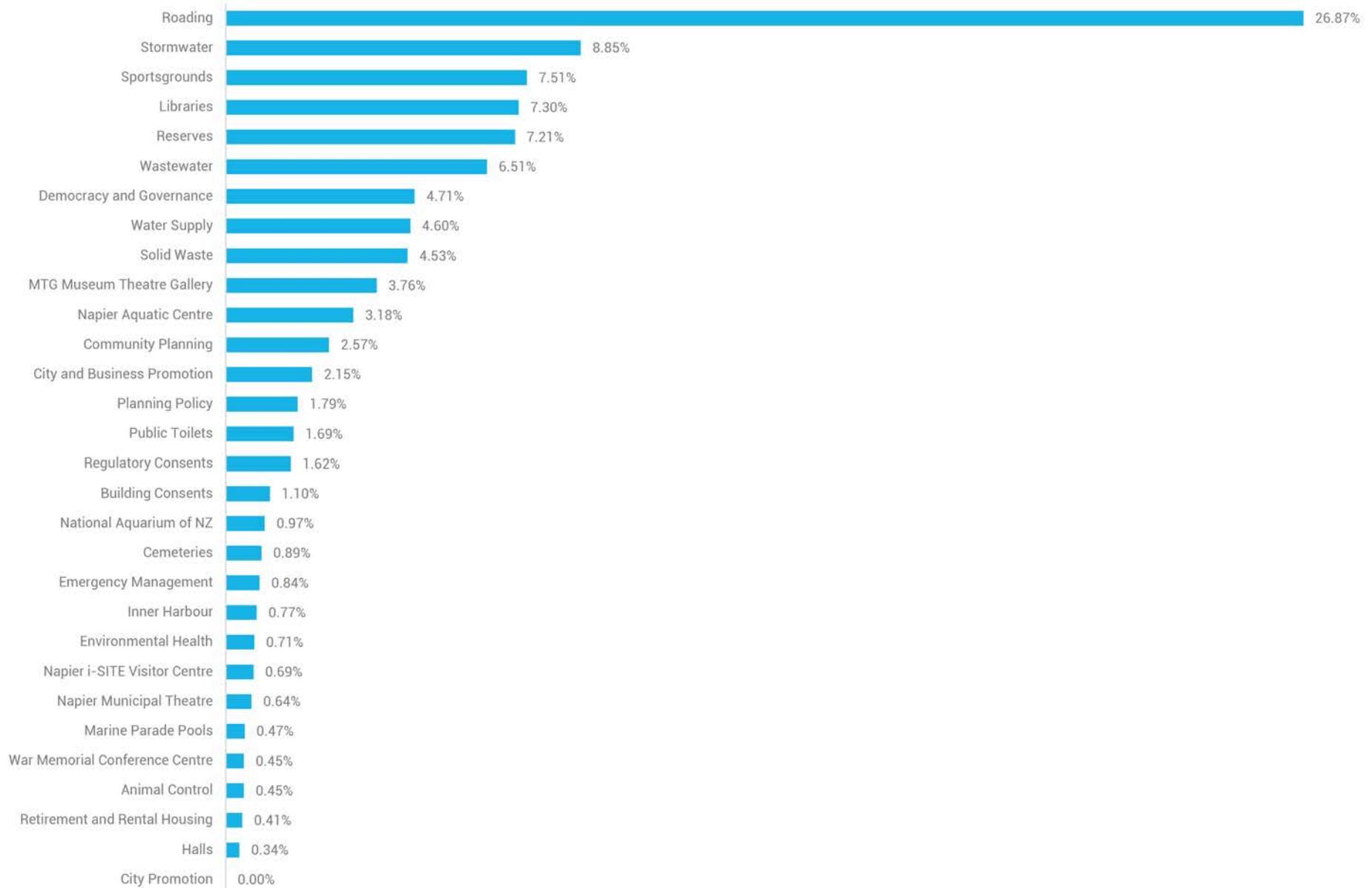
The replacement of the wastewater marine outfall pipe has been signalled, outside the timeframe of this LTP, and we are already begun putting money aside for this project.

Otherwise it is 'business as usual', as the last major Asset Management Review (February 2014) of our infrastructure found our funding of current asset renewals was sufficient, that there was no serious backlog of work, and that our assets would have no problem maintaining current service levels. Our maintenance of core infrastructural assets cost \$5.2m in 2013/14. The Review said the our very low debt levels, higher than average equity per ratepayer, and our cost effective and efficient management of our roading network put us in a highly enviable position when compared with most city councils.

FINANCIAL PERFORMANCE MEASURES

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
47,081	Rates Revenue	48,610	50,776	53,403	55,918	58,266	60,716	63,101	65,148	66,860	69,716
7,730	Net Surplus	10,129	20,233	12,245	13,707	16,202	16,648	16,406	16,939	14,847	16,812
15,937	Working Capital	41,413	18,194	9,504	20,870	24,054	26,837	35,460	48,174	59,039	68,311
4	Net Public Debt (External)	-	-	4,000	4,000	4,000	4,000	4,000	-	-	-
54,252	Internal Debt	41,714	47,219	49,113	48,809	52,856	50,036	47,270	52,091	53,211	54,130
1,454,344	Total Assets	1,480,277	1,547,265	1,566,910	1,583,379	1,671,529	1,694,926	1,717,663	1,815,602	1,838,943	1,865,706
1,436,118	Total Net Equity	1,459,875	1,527,171	1,542,481	1,561,278	1,648,287	1,671,258	1,694,851	1,796,954	1,820,356	1,846,493
52.2%	% Rates Revenue to Total Revenue	51.0%	46.9%	50.3%	50.8%	51.1%	51.4%	52.1%	53.7%	55.3%	55.4%
0.0%	Net Public Debt as a percentage of Total Assets	0.0%	0.0%	0.3%	0.3%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%
8.2%	Proportion of Rates Revenue applied to service Total Debt (%)	7.0%	8.0%	8.4%	9.0%	9.0%	7.6%	6.7%	6.7%	6.4%	6.0%
1.8%	Rates increase to existing ratepayers year on year *	2.9%	4.2%	5.0%	4.5%	4.0%	4.0%	3.8%	3.1%	2.5%	4.1%
25,538	Number of rating units	25,763	25,943	26,123	26,303	26,483	26,663	26,833	27,003	27,173	27,343
	* Excludes expected rating revenue increase arising from growth in the rating base.										

WHERE YOUR RATES DOLLAR GOES



COUNCIL COMMUNITY OUTCOMES

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

The community outcomes provide a long term perspective on the development of Napier City and provide the Napier City Council with a framework for contributing to these community

aspirations through Council activities. Each of Council's activities contributes to some or all of the Community Outcomes. Through this Long Term Plan Council provides a specific focus and determines priorities for the activity contribution to these outcomes.

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

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

COUNCIL COMMUNITY OUTCOMES CONTINUED

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

COUNCIL COMMUNITY OUTCOMES CONTINUED

Outcome	Outcome Definition	Council Activity	Details of service provided
Safe and secure communities	The people of Napier work together to build an environment where everyone can live confidently in the knowledge they are safe.	Community Planning	Council promotes community safety with an emphasis on implementing crime prevention measures.
		Emergency Management	Council puts processes in place to ensure the Napier community is prepared and knows how to survive during and recover after an emergency.
		Retirement and Rental Housing	Providing a safe environment for tenants in council housing. Council staff are available to support /assist tenants when required.
		Planning Policy	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their health (food handling, water quality), safety (building changes, animal nuisance) and wellbeing (noise and environmental effects).
		Building Consents	
		Regulatory Consents	
		Environmental Health	
		Animal Control	
Strong leadership that is connected to its community.	The Napier community is guided by strong leadership focused on achieving and maintaining economic, environmental, cultural and social wellbeing for its citizens. All people have the opportunity to participate in a democratic environment and achieve a sense of belonging.	Democracy and Governance	Democratic principles are the key structure of New Zealand society. These are effected through representatives community knowledge and the application of this knowledge in decision making processes. This is reflective of strong leadership.
		Community Planning	Council regularly liaises with community groups, social services and key community organisations and agencies to share community information and advice.

REGIONAL COLLABORATION AND SHARED SERVICES

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

In addition to the services provided by HBLASS the Hawke's Bay Councils undertake a number of joint activities with the aim of reducing the cost of performing those activities for the community at large. For example the Councils cooperate in the areas of rating valuation services, purchase of insurance, and strategy development such as the Heretaunga Plains Urban Development Strategy (HPUDS). The Omarunui Landfill is an example where the Councils jointly operate a facility for the benefit of the collective communities at Napier and Hastings where it is unlikely that one council on its own could achieve such benefits.

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

Initiatives	Hawke's Bay Regional Council	Wairoa District Council	Napier City Council	Hastings District Council	Central Hawke's Bay District Council
COMMUNITY SERVICES					
Pettigrew Green Arena			✓	✓	
Sport Hawke's Bay	✓	✓	✓	✓	✓
Shared Library Service			✓	✓	
Pathway Development	✓		✓	✓	
Hawke's Bay Museum Trust			✓	✓	
Settlement Support Service			✓	✓	
Youth Transition Service			✓	✓	
Regional Cultural Archives	✓		✓	✓	
Road Safety Initiatives	✓	✓	✓	✓	✓
CORPORATE SUPPORT					
Joint Property Valuation Contract	✓	✓	✓	✓	✓
Joint Insurance	✓	✓	✓	✓	✓
Joint Energy Procurement	✓	✓	✓	✓	✓
Information technology - purchasing	✓	✓	✓	✓	✓
Fleet management	✓	✓	✓	✓	✓
GIS	✓	✓	✓	✓	✓
ECONOMIC					
Hawke's Bay Airport Ltd			✓	✓	
Business Hawke's Bay	✓	✓	✓	✓	✓
Tourism Hawke's Bay	✓	✓	✓	✓	✓

REGIONAL COLLABORATION AND SHARED SERVICES CONTINUED

Initiatives	Hawke's Bay Regional Council	Wairoa District Council	Napier City Council	Hastings District Council	Central Hawke's Bay District Council
ESSENTIAL INFRASTRUCTURE					
Recreational Water Quality Monitoring	✓	✓	✓	✓	✓
Joint Recycling and Refuse Collection Contracts			✓	✓	
STRATEGY AND PLANNING					
Omarunui Joint Landfill			✓	✓	
Stormwater Drainage	✓		✓	✓	
Regional Transportation Strategy	✓	✓	✓	✓	✓
Heretaunga Plains Urban Growth	✓		✓	✓	
Napier / Hastings Joint District Plan	✓		✓	✓	
Solid Waste Management Plan			✓	✓	
Regional Community Outcomes	✓	✓	✓	✓	✓
Community Outcome Monitoring	✓	✓	✓	✓	✓
Regional Strategic Coordination Group	✓	✓	✓	✓	✓
Civil Defence Group	✓	✓	✓	✓	✓
Policy Sharing	✓	✓	✓	✓	✓
Joint Alcohol Strategy			✓	✓	
Joint Regulatory Training		✓	✓	✓	✓
Joint Regulatory Purchasing			✓	✓	
Local Alcohol Policy			✓	✓	
Environmental services	✓	✓	✓	✓	✓

CONTRIBUTIONS TO DECISION - MAKING PROCESSES BY MAORI

Maori play an important role in Napier City Council's decision-making.

In recognition of the special place Maori hold in this city we have a Maori Consultative Committee, and a Council Kaumatua.

The role of the Committee members, who meet every six weeks, is to make recommendations to the Council or the appropriate Council standing committees on any matters they consider relevant, and pass on any relevant information to the people they represent.

The Committee comprises two representatives each from Te Taiwhenua O Te Whanganui A Orotu (Napier Taiwhenua) and Pukemokimoki Marae, one independent member, the Mayor or Deputy Mayor, Council Kaumatua, and a chairperson.

We also have one Councillor representative on the Pukemokimoki Marae Trust. We set up special groups in recognition of the role Maori have here, on a case by case basis. The most recent was the Kaitiaki Liaison Group, which acted as advisors on the Biological Trickling Filter waste water treatment plant project.

Legislation outlined in the Local Government Act says local authorities must establish and maintain processes to provide opportunities for Maori to contribute to decision making, foster development of the way Maori can contribute to decision making, and provide information to Maori.

INFRASTRUCTURE STRATEGY

NAPIER CITY

Background

Napier is a geographically small territory comprising 106 km² and most of its population of some 58,000 people live within a compact urban area. Napier is the 4th most densely populated Territorial Local Authority within New Zealand.

Urban and rural areas

Services in the urban areas are provided to a high standard and include footpaths, street lights, and reticulated water, wastewater and stormwater.

Roads and other services in Bay View, Jervoistown and Meeanee are to a rural standard and the residents in those areas value their rural ambience, created by narrow carriageways, high road crowns, open drains and grass berms. The whole of Bay View is serviced by a metered reticulated water supply but in Meeanee and Jervoistown water is drawn from artesian private wells. All three areas rely on on-site wastewater systems for the disposal of sewage, with the exception of the Bay View Township, which is serviced by a reticulated sewerage system.

Poraiti Hill is dominated by rural lifestyle blocks and the area is serviced by rural standard roads and open drains. Residents obtain water through a mix of private wells into a limestone aquifer and rainwater supplies, and wastewater is disposed via on site systems.

The areas surrounding Meeanee, west of Taradale and the area separating Napier and Bay View are rural and lot sizes are generally large. Services are limited in these areas.

Growth

At present most growth within Napier City occurs in three areas:

- Infill development
- Parklands
- Te Awa

In Te Awa almost all of the development is concentrated in the Te Awa Estates development. The Te Awa structure plan zoned an area totalling 125 hectares as urban but the cost of development in this area is relatively high due to challenging stormwater drainage issues. To date market conditions have not been strong enough for development in the larger structure plan area to be attractive.

Parklands and the balance of the Te Awa Estates development have room for a further 400 to 600 lots, and with development in the balance of the Te Awa structure plan area and the Mission Heights development area reliant on private developers, Napier will have to consider development of other areas within the next three years to ensure a continued supply of greenfields lots.

Most of the easy infill lots have been utilised. The number of residents per household will continue to decline and to maintain population density levels, household densities need to increase. This is becoming more challenging and is an issue requiring on-going consideration.

THIS INFRASTRUCTURE STRATEGY

This is Napier City Council's first Infrastructure Strategy. It has been prepared from our 2015 suite of Activity Management Plans and the Long Term Plan of which it forms part.

The issues discussed reflect the current legislative environment and the communities' priorities across the city. We do not propose any big changes to the way the assets are managed. The annual Communitrak resident opinion survey does not indicate any significant issues with the service that is provided by us. Levels of service will therefore be maintained, with the exception of the following improvements:

- The programme to improve the stormwater reticulation system to convey water from storm events with a one in 10 year return period, will be continued.
- Provision of additional cycle paths during the first six years of the Plan.
- Roads that do not meet modern design standards, referred to as deferred capital works, will continue to be improved as part of bulk funded works.

The financial forecasts are estimates and the reliability of the forecasts decreases beyond 10 years and towards the 30 year planning horizon.

INFRASTRUCTURE STRATEGY CONTINUED

Strategy Layout

The Strategy document sections and corresponding Local Government Act 2002 sections are tabled below:

Table 1: Strategy Layout

Strategy Section	LGA 2002 (Section 101B)	
1	Identifies the city/district and provides context	2 (a)
2	Identifies the core infrastructure included in this strategy	2(a) and 6
	Discuss the significant infrastructure issues and the associated assumptions	2(a) & 4(c)
3	Illustrate the linkage between strategic documents	2 & 3
4	Documents the strategic statements that will guide decision-making for the next 30 years	2(b)
5	Identifies the response options for the significant issues and documents benefits, cost, when and funding source	2(b); 3(a) to (e) & 4(a)
6	Identifies the costs associated with the actions proposed	4(a) to (c)

CORE INFRASTRUCTURE

The Local Government Act 2002 Section 101B - Infrastructure Strategy states:

(1) A local authority must, as part of its Long Term Plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years

And

(6) In this section, infrastructure assets includes-

- a. existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:
 - i. water supply:
 - ii. sewerage and the treatment and disposal of sewage:
 - iii. stormwater drainage:
 - iv. flood protection and control works:
 - v. the provision of roads and footpaths; and
- b. any other assets that the local authority, in its discretion, wishes to include in the strategy.

Core Infrastructural Assets

The core Napier City Infrastructure Assets are tabled below:

Table 2: Napier City's Infrastructure Assets

Asset	Description	Replacement Value June 2014 (\$ million)	Depreciated Replacement Value June 2014 (\$ million)	* Annual Depreciation 2013/14 (\$000)	Annual Renewal budget 2015/16 (\$000)
Water Supply	Water extraction and distribution	\$137	\$81	\$1,512	\$734
Sewerage	Wastewater collection, treatment and discharge	\$281	\$127	\$3,763	\$1,499
Stormwater	Stormwater collection and discharge	\$166	\$104	\$1,921	\$458
Roads and footpaths	Roads (arterial, collectors, local; curbs and gutters), bridges, footpaths	\$327	\$186	\$5,430	\$5,671
TOTAL		\$911 million	\$498 million	\$12,626	\$8,362

* As per valuation

INFRASTRUCTURE STRATEGY CONTINUED

Roads and Transportation

The Roothing Group comprises:

- 357km of Roads (100% sealed)
- 301km Urban Standard Roads (approx. 10% not constructed to our current urban standards)
- 56km Rural Roads (70% requiring widening to cope with current traffic volumes)
- 46.4km State Highways (additional)
- 18 Vehicle or Pedestrian Bridges, 61 Culverts over 900mm diameter
- 5,441 sumps and manholes to be cleaned
- 480km of kerb and channel to be swept
- Over 12,000 street lights or amenity lights
- 12 sets of traffic signals
- 15 level crossings



The Roads and Transportation activity contributes to community outcomes as shown on the Table below:

Table 3: Contribution of Roads and Transportation activity to Community Outcomes

Wellbeing	Community Outcomes	How the Activity Contributes
Economic	Transport infrastructure and services that are safe, effective and integrated	By residents being satisfied (very satisfied or fairly satisfied with 'roads' in the NRB public opinion survey).
		By residents being satisfied (very satisfied or fairly satisfied with 'footpaths' in the NRB public opinion survey).
Environmental Wellbeing	An environment that is appreciated, protected and sustained for future generations	By the road Surface and Pavement being maintained in a timely manner
Environmental Wellbeing	Safe and Secure communities	By road surface providing a comfortable and smooth ride.
		By roads being safe by minimising number of injury crashes in accordance with the NZTS and associated GPS, as well as the Regional Transport Strategy

Water Supply

Napier City's water assets are as follows:

- Critical Mains: 47km; 14 mains
- Collection Mains: 424km
- Reservoirs: 11 tanks over 8 sites
- Service connections: 25,500
- Source Pump Stations: 10
- Booster Pump Stations: 8

The age distribution of the water supply pipework is shown below, indicative of the relatively young age of the network.

INFRASTRUCTURE STRATEGY CONTINUED

Figure 1: Water mains age distribution

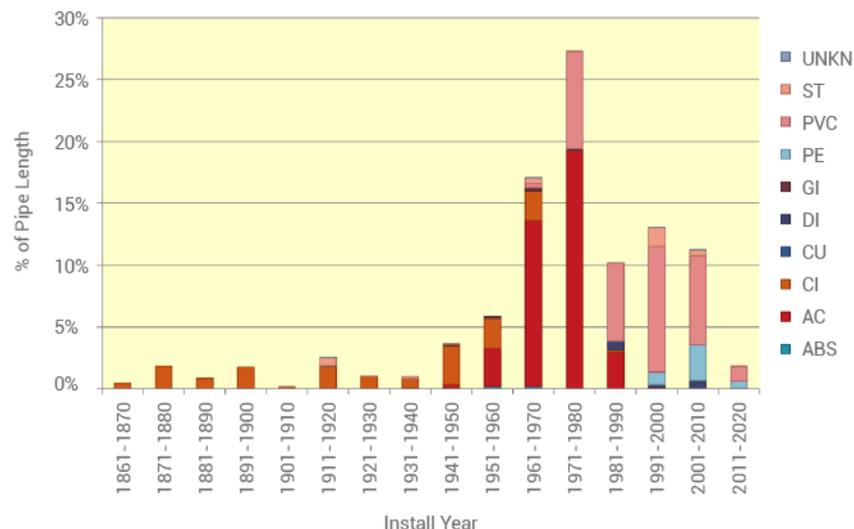
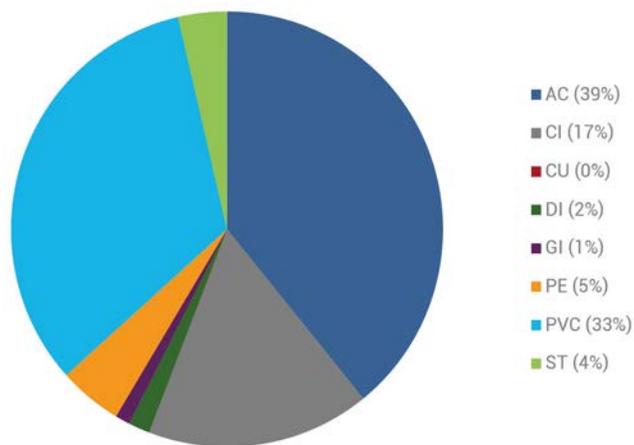


Figure 2: Water main material distribution



The Water Supply activity contributes to community outcomes as shown on the Table below:

Table 4: Contribution of Water Supply activity to Community Outcomes

Wellbeing	Community Outcomes	How the Activity Contributes
Environmental	Safe and secure communities	By providing water for domestic use, industrial and commercial purposes, and for fire fighting and other emergencies.
Environmental	An environment that is appreciated, protected and sustained for future generations	By actively promoting water conservation to help ensure efficient use of water from the Heretaunga Plains aquifer
Environmental	A lifetime of good health and well-being	By providing water suitable for human consumption
Economic	Infrastructure and services that are safe, effective, and integrated	By ensuring a safe, reliable and affordable supply of water is always available

Wastewater

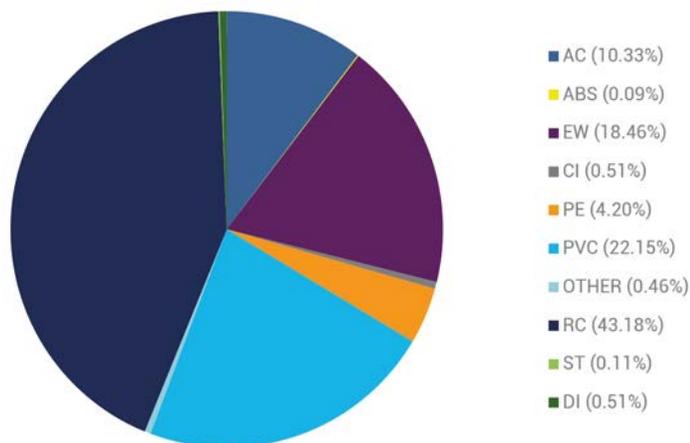
- Critical Mains: 43km
- Collection Mains: 335km
- Manholes: 6,203
- Pump Stations: 44
- Primary Treatment Facility: 1 (Milliscreen)
- Secondary Treatment Facility: 1 (Biological Trickling Filter plant)
- Disposal (via outfall): 1.5km pipeline

Table 5: Wastewater materials

Material	Length 2011 (m)	Length 2014 (m)	% of total
Reinforced Concrete	165,656	163,584	43.18
Earthenware	71,893	69,933	18.46
Asbestos Cement	40,156	39,138	10.33
PVC	78,665	83,908	22.15
Cast Iron	1,880	1,933	0.51
PE	6,881	15,900	4.20
ABS		348	0.09
Steel		425	0.09
Other (CLS etc)	1,916	1,741	0.46

INFRASTRUCTURE STRATEGY CONTINUED

Figure 3: Wastewater mains material distribution



The Wastewater activity contributes to community outcomes as shown on the Table below:

Table 6: Contribution of Wastewater activity to Community Outcomes

Community Outcomes	How the Activity Contributes
Safe and secure communities	Protects public health by means of collection, conveyance and disposal of wastewater from urban areas
An environment that is appreciated, protected and sustained for future generations	Protects the environment from adverse effects of wastewater by compliance with discharge consents and conditions
Infrastructure and Services that are safe, effective and integrated	By providing and maintaining a wastewater system with adequate wastewater capacity

Stormwater

- Critical Mains: 719m
- Collection Mains: 222km
- Open drains: 46.4km
- Manholes: 4,818
- Pump Stations: 10
- Outfalls: 7
- Detention Dams: 1

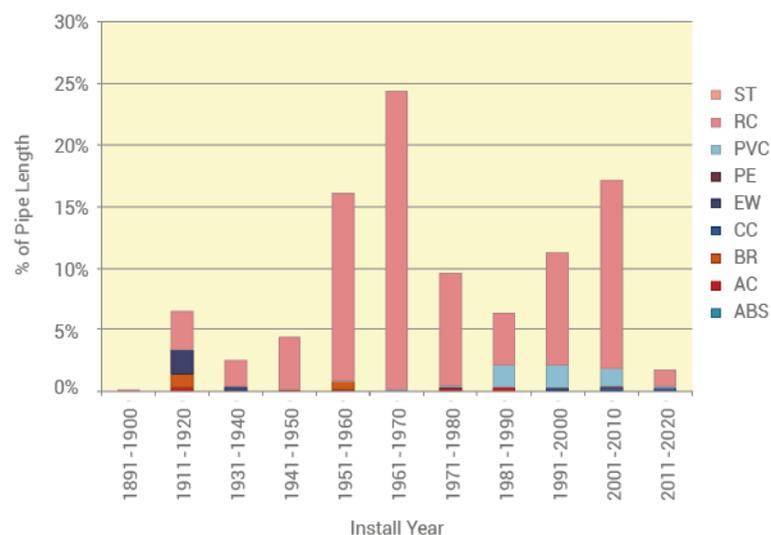
The length of stormwater mains by material is shown below:

- Reinforced Concrete: 194,645m
- PVC Plastic: 11,769m
- Earthenware: 5,555m
- Brick channel: 4,026m
- Asbestos Cement: 2,600m
- CC: 1,684m
- Poly-ethylene: 405m
- Steel: 115m
- ABS: 78m

The age profile of the stormwater reticulation is shown below:

INFRASTRUCTURE STRATEGY CONTINUED

Figure 4: Stormwater mains age distribution



The Stormwater activity contributes to community outcomes as shown on the Table below:

Table 7: Contribution of Stormwater activity to Community Outcomes

Wellbeing	Community Outcomes
Environmental	<ul style="list-style-type: none"> A lifetime of good health and wellbeing Safe and secure communities An environment that is appreciated, protected and sustained for future generations
Economic	<ul style="list-style-type: none"> Transport infrastructure and services that are safe, effective and integrated A strong prosperous and thriving economy
Social and Cultural	<ul style="list-style-type: none"> Strong leadership Supportive, caring and inclusive communities Safe and accessible recreational facilities Communities that value and promote their unique culture and heritage

Other Activities

Solid waste management and disposal

The Omarunui Regional Landfill is the final disposal point for refuse generated by the combined populations of Hastings District and Napier City. The landfill is jointly owned by both the Hastings District (63.68%) and Napier City Councils (36.32%) and is expected to receive refuse until around 2068, depending on refuse volumes.

The day-to-day management and consenting requirements are carried out by the Hastings District Council (HDC), though both Councils have input via the Omarunui Joint Landfill Committee.

The continued operation of the Omarunui Landfill requires capital expenditure in several areas. The landfill consists of four main areas numbered from A to D. Area A was developed first. It is full and is capped.

Area D was developed second. It is approximately half full and at current waste disposal rates, will take another 10 to 12 years to fill. Current waste disposal rates of 71,000 tonnes per year are low compared to historical rates, which peaked at 140,000 tonnes in 2005 and averaged about 100,000 tonnes per year prior to that.

Area C will be developed next, for which resource consent will be required. To be able to place solid waste in Area C by 2027 the consenting process should start no later than 2016, to allow time for an assessment of effects to be produced, consultation, hearings, a possible appeal process, detailed design and construction.

The cost to develop Area C will be significant. At this point only indicative costs are available. The first stage, sufficient for the first five years at current rates of disposal, will cost in the order of \$15 million to develop. As a whole, the indicative development cost for Area C, with a capacity for 50 to 60 years at current rates of disposal, is approximately \$50 million which includes the initial \$15 million development cost. Napier's share of the development costs would be in proportion to its shareholding.

The Napier City and Hastings District Councils have resolved that the cost to develop Area C is sufficiently high to warrant a full options study of all waste disposal options. Alternatives to landfill, such as energy recovery, waste reduction, outsourcing, or a mix, have been successfully implemented elsewhere and are being investigated through the Waste Futures study.

The outcome of the study is expected to have a strong influence on the future direction for waste disposal in Hawke's Bay and how significant amounts of capital will be spent. It is also likely to impact on our ability to give effect to the purpose of Local Government, which is to enable democratic local decision making and action by, and on behalf of, communities; and to meet the current and future needs of communities for good quality local infrastructure,

INFRASTRUCTURE STRATEGY CONTINUED

local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

For the purposes of the Long Term Plan it has been assumed that Area C at Omarunui Landfill will be developed as described above, but if a viable alternative solution is identified through the Waste Futures study the future of solid waste management and disposal may look quite different.

McLean Park sportsground

Napier City's premier sportsground, McLean Park, will be in need of significant renewal within the span of this 30-year strategy. The Council and community will need to make a decision within the next five years whether we fund the structural renewal of McLean Park's Centennial Events Centre (currently no ongoing renewal funding in place) and Stand or alternative options for distribution of cost, such as community fundraising are analysed. The Harris Stand and Chapman Pavilion will also be reaching the end of their useful lives towards the end of the 30-year strategy. A decision about the replacement or renovation of the Harris Stand and Chapman Pavilion will need to be reached by 2025-2030.

Infrastructure Performance

An Asset Management Lifecycle review was carried out by Waugh Consultants in February 2014. The report found:

- No observable backlog of renewals
- Assets can provide current service levels
- Napier has adequate funding provision for current renewal needs
- Required levels of renewals for the Wastewater, Stormwater and Water Supply systems are expected to increase substantially through the period 2030 to 2050.
- Napier Roding management is currently meeting service levels, national requirements, and has been evaluated as efficient and cost effective when compared to peer group
- Napier Roding provides 'value for money' through using the appropriate technology for the given traffic volume. Napier has slightly rougher roads than other urban networks mostly because of the high roughness from the Hill.

SIGNIFICANT INFRASTRUCTURE ISSUES FOR THE NEXT 30 YEARS

The key issues facing Napier over the next 30 years with regards to its infrastructure relate to deteriorating condition of assets, growth and a changing environment.

Asset condition and renewal requirements

Our roading network is being maintained (which includes the replacement of assets) over the 30 year period to meet the current level of service. This is demonstrated in Figure 5 - "Roads and Transportation projected Renewals & Depreciation", where the renewal expenditure (replacement of assets) over the 30 years is approximately the same value as the depreciation expense. This demonstrates that there is no significant backlog of renewal expenditure for Roding. An independent review was conducted by AECOM (letter to Wayne Jack, Napier City Council, from Ian Martin, AECOM, dated 10 March 2015) which agreed with Council assumptions.

Because the water, wastewater and stormwater assets are relatively young (these generally have a life of 80 to 120 years and a large portion of pipelines was constructed during the 1960s and 1970s) it is expected that over the next 30 years the required level of renewals (replacement) of these assets will increase but will peak in approximately 30 to 50 years. This is reflected in Figures 7-12 which show an increase in renewal expenditure whilst the depreciation expense remains relatively constant. We undertook a specific assessment of our asbestos pipes and these are expected to last another 30 to 50 years. As part of that assessment we also looked at other pipe assets and noted the newer post World War II cast-iron pipes will need to be replaced sooner than the pre-World War II cast iron pipes. The reason for this is the condition of the pipe is not solely based on age but is also related to the quality of raw materials the pipe has been manufactured from, soil conditions and the quality of installation.

The stormwater assets are in very good condition and not showing any signs of deterioration. However these pipes will need to be either duplicated or replaced with larger pipes to reflect the improved level of service associated with the stormwater catchment upgrade programme. Where a catchment upgrade can be achieved only by retiring an existing main early and replacing it with a larger one, the depreciated portion of the main that is being retired is recognised as a renewal expense. This is the main driver for renewal expenditure on stormwater mains.

The Waugh report commented that renewal requirements for wastewater pipes are expected to peak during the period 2030-2060 and for water pipes during the period 2040-2060. Future renewal requirements are particularly sensitive to variations in the rate of deterioration of the wastewater reticulation. This is also the asset that is exposed to the most corrosive

INFRASTRUCTURE STRATEGY CONTINUED

environment. Three scenarios have therefore been developed to test the sensitivity and the financial impact. The scenarios are as follows:

Scenario 1:

- This is the considered to be the most likely scenario and the capital plan is therefore based on it:
- Water Supply and Wastewater assets require renewing as expected, as shown on page 26 'Water Supply' and page 27 'Wastewater'
- Stormwater system upgrade programme with associated renewals continue as planned, as shown on page 27
- Additional funding equivalent to 2.9% in rate required over the 30 year period. This is a gradual increase of 0.1% in rates per year.

Table 8: Pipe Renewals Scenario 1

Asset	Renewal provision 2015/16	Renewal provision 2044/45 (uninflated)	Depreciation 2015/16	Depreciation 2044/45 (uninflated)	Gap between depreciation and renewals (2044/45)
Water supply mains	\$607,000	\$1,102,000	\$1,267,000	\$1,276,000	\$174,000
Wastewater mains	\$1,009,000	\$1,582,000	\$2,708,000	\$2,753,000	\$1,171,000
Stormwater mains	\$458,000	\$600,000	\$1,544,000	\$2,036,000	\$1,436,000
Total renewals and depreciation	\$2,074,000	\$3,284,000	\$5,519,000	\$6,065,000	\$2,781,000
	Provision 2015/16	Provision 2044/45			
Stormwater catchment upgrades	\$847,000	\$1,010,000			
Total catchment upgrades and renewals	\$2,921,000	\$4,294,000			

Scenario 2:

Required funding levels the same as for scenario 1:

- Water Supply assets require renewing as expected, as shown on page 26
- Wastewater asset deteriorates at a rate faster than expected
- Stormwater system upgrade programme with associated renewals funding gradually transferred to wastewater so that wastewater mains renewals matches depreciation levels by 2044/45

Table 9: Pipe Renewals Scenario 2

Asset	Renewal provision 2015/16	Renewal provision 2044/45 (uninflated)	Depreciation 2015/16	Depreciation 2044/45 (uninflated)	Gap between depreciation and renewals (2044/45)
Water supply mains	\$607,000	\$1,102,000	\$1,267,000	\$1,276,000	\$174,000
Wastewater mains	\$1,009,000	\$2,753,000	\$2,708,000	\$2,753,000	\$0
Stormwater mains	\$458,000	\$158,000	\$1,544,000	\$2,036,000	\$1,878,000
Total renewals and depreciation	\$2,074,000	\$4,013,000	\$5,519,000	\$6,065,000	\$2,052,000
	Provision 2015/16	Provision 2044/45			
Stormwater catchment upgrades	\$847,000	\$281,000			
Total catchment upgrades and renewals	\$2,921,000	\$4,294,000			

Scenario 3:

Additional funding sources equivalent to 4.6% of current rates levels required by 2044/45, this would be a gradual increase of 0.15% per year:

- Water Supply assets require renewing as expected, as shown on page 26
- Wastewater asset deteriorates at a rate faster than expected
- Rate of stormwater system upgrade programme maintained at 2015/16 levels throughout the 30 year period
- Additional funding gradually made available so that wastewater mains renewals

INFRASTRUCTURE STRATEGY CONTINUED

matches depreciation levels by 2044/45

Table 10: Pipe Renewals Scenario 3

Asset	Renewal provision 2015/16	Renewal provision 2044/45 (uninflated)	Depreciation 2015/16	Depreciation 2044/45 (uninflated)	Gap between depreciation and renewals (2044/45)
Water supply mains	\$607,000	\$1,102,000	\$1,267,000	\$1,276,000	\$174,000
Wastewater mains	\$1,009,000	\$2,753,000	\$2,708,000	\$2,753,000	\$0
Stormwater mains	\$458,000	\$458,000	\$1,544,000	\$2,036,000	\$1,578,000
Total renewals and depreciation	\$2,074,000	\$4,313,000	\$5,519,000	\$6,065,000	\$1,752,000
	Provision 2015/16	Provision 2044/45			
Stormwater catchment upgrades	\$847,000	\$847,000			
Total catchment upgrades and renewals	\$2,921,000	\$5,160,000			

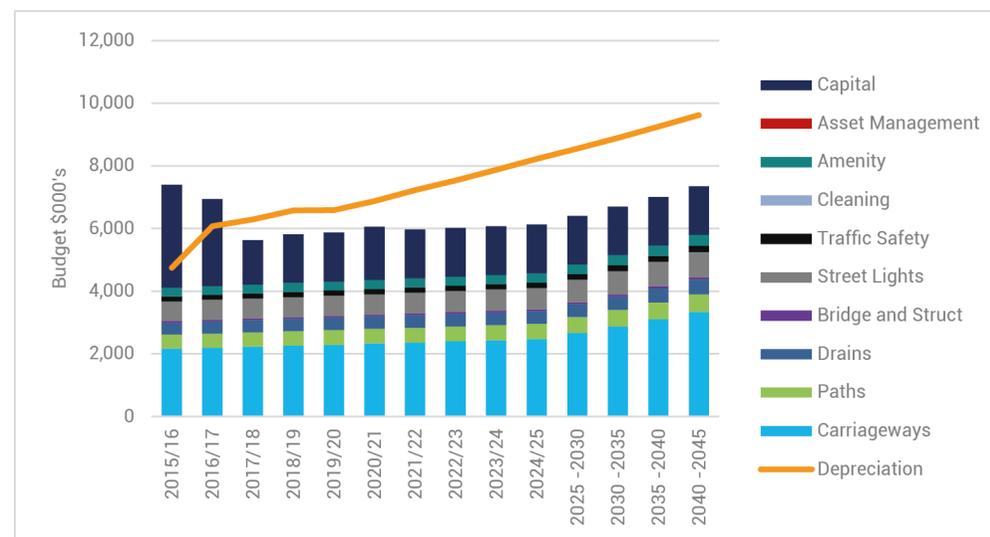
We fund renewals from depreciation charges and are not accumulating loans to fund renewal budgets because the cumulative interest charges would exceed annual renewals within a 10 to 15 year period if renewals were loan funded. Any change in the level of renewals therefore directly reflects on rates. The effect of the aging piped assets on rates is expected to be 0.1% per year over the next 30 years, it may be as high as 0.17% per year over the next 30 years but it is also possible that it may be lower. The cost estimates are based on the cost to replace pipes using technology that is currently available but trenchless technologies are continually improving and it is possible that more cost effective solutions will be developed during the next two or three decades.

Council decided to adopt Scenario 1 for the first three years of the Long Term Plan and that further detailed condition assessment work of the wastewater reticulation be undertaken over that period, to inform the next Long Term Plan round.

Roads and transportation

For the roading network renewals are being carried out at a rate almost equal to the rate at which the asset is depreciating. The condition of the road network is carefully monitored by us and the New Zealand Transport Authority (NZTA) using Key Performance Indicators such as the Surface Condition Index, Smooth Travel Exposure and the Pavement Integrity Index. Napier's roads are currently scoring higher than average and NZTA is suggesting there may be a need to reduce the standards Napier's roads are currently maintained at. Our view is that the current rate of renewals has resulted in the road asset being operated at optimal cost and that the net result of a reduced investment in renewals will be an increase in the overall cost associated with the roading network.

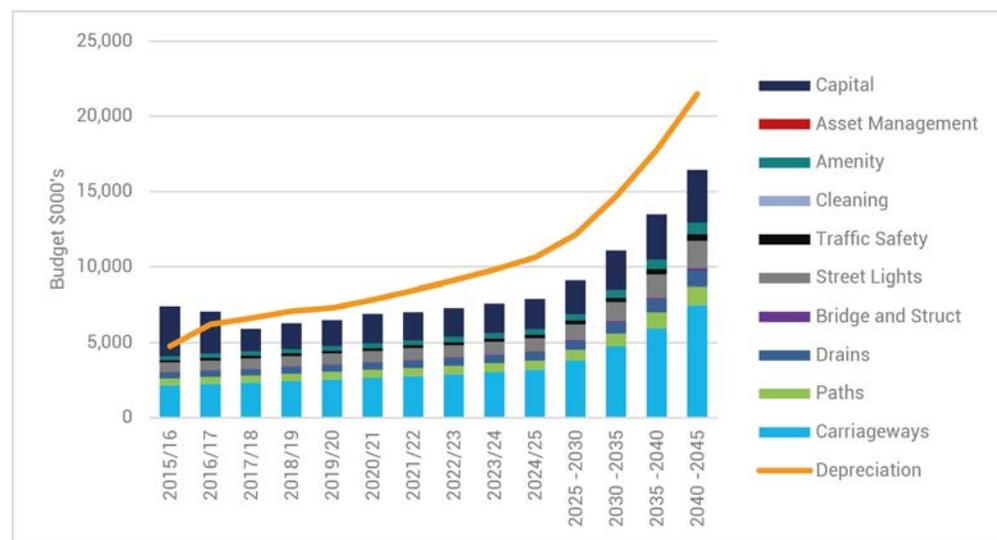
Figure 5: Roads and Transportation projected Renewals & Depreciation - Uninflated



Note: The amounts shown for the five year blocks are the annual averages for each five year period

INFRASTRUCTURE STRATEGY CONTINUED

Figure 6: Roads and Transportation projected Renewals & Depreciation - Inflated



Note: The amounts shown for the five year blocks are the annual averages for each five year period

Water Supply

Reticulation

Most of the water supply mains were installed during the 1960s and 1970s. The network is therefore still relatively young and a renewal peak is projected to occur in future.

Half of the principal mains are asbestos cement (AC) mains and were installed during the late 1950s, 1960s and 1970s. In 1995 and 2008 samples of AC mains were removed from the network and analysed in laboratories to determine their remaining life. Typically AC mains have a relatively short life, in the order of 40 to 60 years, but in Napier the soil conditions are alkaline and the water contains sufficient calcium for asbestos cement pipes to not be attacked to any great extent. The studies found that AC pipes in Napier will last for at least 85 years and in some cases significantly longer.

Napier's water supply system also contains post-World War II cast iron pipes and they are expected to not last too much longer. We may also see a requirement to renew metallic service connections.

To deal with these issues and the renewal peak 30 to 50 years from now, the level of mains renewals will be gradually increased by 50% over the next 30 years.

Figure 7: Projected Renewals & Depreciation for water supply mains: Uninflated

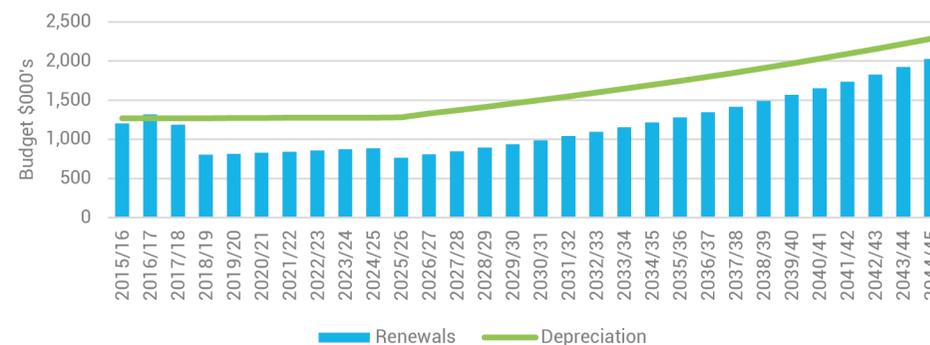


Figure 8: Projected Renewals & Depreciation for water supply mains: Inflated



Above ground assets

The above ground assets in the water supply activity consist of pump stations, reservoirs and water meters. The strategy provides for pump station renewals in the amount of \$6.6 million and renewal of water meters in the amount of \$1.06 million. No reservoir renewals are expected during the 30 year period.

INFRASTRUCTURE STRATEGY CONTINUED

Stormwater

Reticulation

The provision for renewal of stormwater mains in the amount of \$150,000 in the first year is relatively small when expressed as a percentage of depreciation because the stormwater network is not showing signs of deterioration.

Renewals of stormwater mains are driven by the stormwater catchment upgrade programme. The capacity of the stormwater reticulation is being upgraded to improve the level of service from a 1 in 2 year event with 26% runoff to a 1 in 10 year event with 55% runoff. This change is being made to provide the service to a modern urban standard and to service more intense development. The catchment upgrade programme commenced in 1995 and will continue through the next 30 years.

As far as possible stormwater mains are duplicated when catchments are upgraded but sometimes mains have to be retired early, and the depreciated portion of those mains' values is treated as a renewal expense.

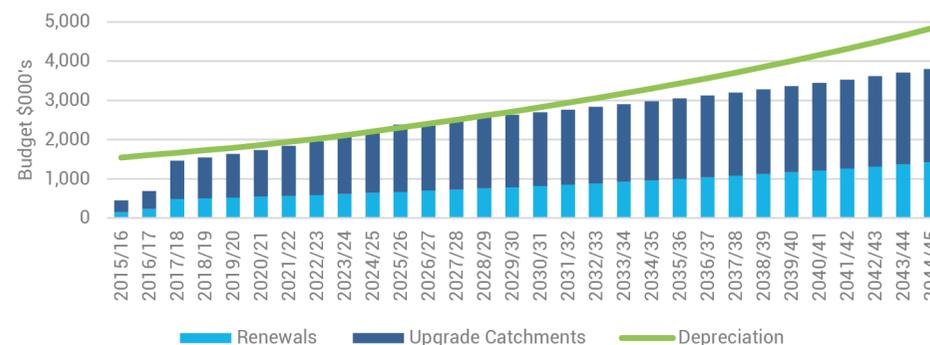
Rainfall intensity is expected to increase as a result of climate change and the catchments are being upgraded to the intensity expected at the end of this century.

Should it become necessary to increase the renewal provision for the stormwater asset, we will have the choice to provide additional funding or to slow the upgrading programme down by transferring funding from the upgrade budget to the renewal budget, or a combination.

Figure 9: Projected Renewals & Depreciation for stormwater mains: Uninflated



Figure 10 : Projected Renewals & Depreciation for stormwater mains: Inflated



Above ground assets

The above ground assets in the stormwater system consist of pump stations and open drains. Open drains are maintained to a level where renewals are not required. Stormwater pumps run for relatively short hours and no renewal requirements have been identified for the duration of the plan.

Wastewater

Reticulation

The biggest issue in sewerage systems is the corrosive environment created by sulphides. Approximately half of the sewer mains are concrete or asbestos cement and both of these materials are prone to corrosion caused by sulphides. A fifth of the reticulation is comprised of earthenware pipe which is not prone to sulphide corrosion, but is prone to cracking and joint displacements. The remainder of the pipe is plastic (PE and PVC) which perform well in sewer systems.

Maintenance records show that the number of pipe blockages in the sewer system is trending downwards which is an indicator that the system is performing well. On the other hand, about 40km of the earthenware pipe has already lasted longer than was expected and a Closed Circuit TV (CCTV) inspection has shown that up to 30% of those mains may need replacement. This work may cost up to \$6 million to \$7 million. The sewer renewal reserve currently has a balance of \$6.1 million and funding for replacement of the earthenware pipes will be from this reserve and from the sewer mains renewal budget. The exact funding mix will be a function of the timeframe over which the earthenware pipes need to be replaced. Detailed inspections of earthenware pipe will be carried out over the next 12 to 18 months to determine the timeframe over which the work needs to be carried out. If the work needed

INFRASTRUCTURE STRATEGY CONTINUED

to be carried out over a short timeframe (within 5 years) it could be funded from the sewer renewal reserve.

The concrete and asbestos cement pipes are at risk where hydrogen sulphide (H₂S) gas is released from the sewage. For this to occur the sewage must have gone through an anaerobic or anoxic stage, conditions which are necessary for H₂S gas to form. The gases are typically released where flow conditions are turbulent, for example where pumping mains discharge into gravity mains.

The condition of the sewer mains are carefully monitored and more CCTV work will be carried out over the next three years to get a more detailed picture of the condition of all reticulation mains that fit the profile for mains that may be candidates for condition based renewals.

For all three water assets the condition of critical mains are assessed individually to ensure they are replaced or renovated before they fail.

Figure 11: Projected Renewals & Depreciation for wastewater mains: Uninflated



Figure 12: Projected Renewals & Depreciation for wastewater mains: Inflated



Above ground assets

The above ground assets for the wastewater activity consist of pump stations and treatment plants.

The treatment plant consists of the milliscreen plant, constructed in 1990, for which the strategy includes a renewal provision of \$12.2 million and a Biological Trickling Filter treatment plant, opened in 2014, for which the strategy includes a renewal provision of \$4.4 million.

Provision in the amount of \$11 million has been included for the renewal of sewer pump stations. Refurbishment or replacement of components in some of the pump stations will be required in the foreseeable future. The pump station renewal budget and renewal reserve (current balance \$1.1 million) will be used to do this work as required.

Marine outfall

The outfall at Awatoto was constructed in 1973 and is expected to require replacement in year 13 of the plan. It is estimated that the outfall will cost between \$18 million and \$30 million (uninflated) to replace.

Provision in the amount of \$517,000 per year is being made for the replacement of the outfall. This is a charge against the wastewater activities' operating budget and funds are accumulated in a reserve. The reserve is projected to have \$8.7 million in it by 2018-19. The balance of the outfall renewal project will be funded from rates funded loans.

INFRASTRUCTURE STRATEGY CONTINUED

Growth

As part of a partnership between Hastings District Council and Hawke's Bay Regional Council, Napier City Council engaged in producing a regionally focused development strategy in 2010. The resulting document, known as the Heretaunga Plains Urban Development Strategy (HPUDS), assists in planning for urban growth during the period 2015-2045. During the interim period to 2015, Napier City had forecasted growth, through previous detailed urban growth strategies within the territorial boundaries.

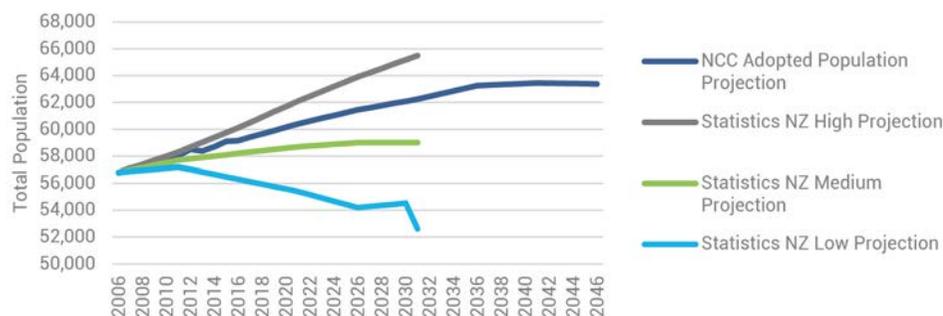
The HPUDS model intends to preserve fertile soils for production, which has led to a preferred scenario of long term intensification of existing urban areas and limiting of urban sprawl. This model should result in efficient and effective utilisation of the current network, while containing inefficient network growth.

The forecasting of growth is a critical part of understanding demand for the future. Alongside dwelling numbers and occupancy rates, changing population figures provide a significant impact on water demand. In order to provide an encompassing view of the future demands on Napier's infrastructure, the forecasts in the Asset Management Plan are provided to 2045.

Napier City Council engaged Economic Solutions Ltd to provide an independent update, based on 2013 census data, of growth scenarios for the length of the planning period, with reference to HPUDS' directives. The projections following are extracted from the final Economic Solutions Ltd report 'Updated Napier City Population and Household Growth Projections'.

Napier City Council has adopted a medium-high growth scenario for all long term planning, as also adopted under HPUDS, with projections refined to a census area unit level.

Figure 13: Population Projection to 2045 (ESL, Statistics NZ)



The effects of the increased demand that will be associated with growth have been considered and the Asset Management Plans for Roads, Water Supply, Wastewater and Stormwater identifies the infrastructure projects that will be required to maintain the current level of service. In addition to vested assets which are funded by private developers, these are as follows:

Table 11: Growth Projects - Uninflated

Asset	Growth project	Amount
Roads and Transportation	Transportation proposals. This is intersection upgrades and road widening projects to make capacity improvements to provide for the additional traffic generated by growth.	\$19 million during the first 10 years
	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$11.6 million for the complete development
Water Supply	New reservoir in Taradale, to provide storage for growth	\$2.77 million
	New reservoir in Greenmeadows, required during the latter half of the 30 year period, to provide for growth	\$8.2 million
	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$1.3 million for the complete development
Wastewater	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$3 million for the complete development
	Upgrading of stormwater catchments, to provide additional stormwater capacity for infill development	\$1.8 million during the first 10 years
Stormwater	Upgrade of Taipo Stream, to provide capacity for development in the catchment. This project also addresses level of service issues and funding has been apportioned accordingly	\$310,000 growth funded \$273,000 rates funded
	Ellison Street pump station, to address level of service issues and to provide for growth	\$886,000 growth funded \$3.54 million rates loans funded
	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$15.7 million for the complete development

INFRASTRUCTURE STRATEGY CONTINUED

Table 12: Growth Projects - Inflated

Asset	Growth project	Amount
Roads and Transportation	Transportation proposals. This is intersection upgrades and road widening projects to make capacity improvements to provide for the additional traffic generated by growth.	\$22.9 million during the first 10 years
	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$14.2 million for the complete development
Water Supply	New reservoir in Taradale, to provide storage for growth	\$2.77 million
	New reservoir in Greenmeadows, required during the latter half of the 30 year period, to provide for growth	\$11.6 million
	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$1.6 million for the complete development
Wastewater	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$3.5 million for the complete development
Stormwater	Upgrading of stormwater catchments, to provide additional stormwater capacity for infill development	\$2.1 million during the first 10 years
	Upgrade of Taipo Stream, to provide capacity for development in the catchment. This project also addresses level of service issues and funding has been apportioned accordingly	\$327,000 growth funded \$289,000 rates funded
	Ellison Street pump station, to address level of service issues and to provide for growth	\$980,000 growth funded \$3.9 million rates loans funded
	Te Awa Structure Plan, to provide infrastructure to facilitate development in the Te Awa Structure Plan area.	\$18 million for the complete development

Te Awa Structure Plan Area

A significant amount of infrastructure is required to provide roads, stormwater, water supply and wastewater services in the Te Awa structure plan area. The land is held in multiple ownerships and to facilitate development we have agreed to provide the infrastructure that will be shared by developments within the area and to recover the costs through financial contributions. At present the area is developed to a rural standard and upfront investment is needed for urban development. The Te Awa structure plan shows development to occur in six stages, to limit our financial exposure. Stages 1 and 2 can proceed now and we will provide the necessary infrastructure when landowners proceed with development. A \$6.5 million storm water pump station is required when Stage 3 proceeds and the structure plan therefore requires Stages 1 and 2 to be developed to 65% in order for us to be obliged to provide infrastructure for Stage 3. Council's financial exposure will be at a maximum when it has provided infrastructure for Stage 3, estimated at \$13.9 million.

Changing Environment

Demographic Changes

The population is aging and the number of people per household is declining. Unless population density levels are maintained or increased, this will result in a larger asset base that will have to be maintained by a population with a lower disposable income. This will place significant downwards pressure on service levels. It is therefore important to maintain a compact city to contain the size of the infrastructure asset base that is required to service the population.

The demand for water services from an older population is expected to be similar to existing but the demand roads and transportation services is likely to increase because the number of car and bicycle trips are higher for retired people.

Changing Government Priorities and Legislative Environment

The National Infrastructure Plan, March 2011, states that:

There are two key outcomes the government would like to drive through its infrastructure strategy:

- Better Use of Existing Infrastructure
- Better Allocation of New Investment

The Governments focus on growth and the economy as detailed in the Business Growth Agenda is a key influence on investment prioritisation.

The Governments' focus is moving on from drinking water quality as this has been addressed through the Health Act (Drinking Water) Amendment Act 2007 and the Drinking

INFRASTRUCTURE STRATEGY CONTINUED

Water Standards for New Zealand and the focus is now changing to water quantity and the sensible, sustainable management thereof.

Discharges of treated wastewater and stormwater into the natural environment are subject to resource consent, and consent conditions are becoming more stringent over time. This is likely to impact on commercial and industrial properties in terms of the standard trade waste must be treated to before it is discharged into the reticulated system and also in terms of on-site practices to ensure that stormwater runoff is not contaminated. In some catchments additional treatment of stormwater prior to discharge into the natural environment may be required.

Infrastructure resilience

Customers have a high expectation of continuing functionality and service delivery. Resilience is based on a design philosophy which acknowledges that failure will occur. Resilience requires early detection and recovery, but not necessarily through re-establishing the failed system.

We have to consider managing and mitigating the risks to, and the resilience of, our infrastructure assets from natural disasters.

Forward planning has been carried out and in many cases already implemented to ensure that the infrastructure systems are resilient, as described in this section.

Care is also taken to ensure that infrastructure is constructed to a high and appropriate standard, by ensuring that all infrastructure complies with the requirements of Volume II of the District Plan; the Code of Practice for Subdivision and Land Development.

In order to further improve resilience we:

- Actively participate in CDEM planning and activities, at both regional and local levels
- Regularly investigate options for alternative service provision and system redundancy
- Identify critical assets and ensure mitigation methods are developed
- Obtain insurance where this is deemed to be the most cost effective approach

Risks

Napier is a low lying coastal community in an earthquake prone area. It is exposed to tsunamis, subject to earthquakes and at risk of flooding. As a Council, Napier City will continue its active participation in both CDEM and the Engineering Lifelines groups regionally, whilst maintaining insurance where it is deemed cost-effective and appropriate. The significant risks to infrastructure are:

Risks to the water supply system

- Contamination of the water source. Napier enjoys an abundant supply of very high quality water from the Heretaunga Plains confined aquifer. No treatment is required or carried out and the water is not chlorinated or fluoridated. If the source became contaminated to a degree that treatment is required, significant capital investment would be required to introduce water treatment.
- Contamination of the water supply. In the absence of a residual disinfectant, contamination of the water supply can potentially have more serious consequences to human health than in most chlorinated supplies.
- Natural hazards. Events such as large earthquakes, tsunamis and breaches of the Tutaekuri stopbank could potentially impact significantly on the water supply system's ability to meet demand.

Risks to the sewerage system

- Natural hazards. Events such as large earthquakes, tsunamis and breaches of the Tutaekuri stopbank could potentially impact significantly on the sewerage system's ability to drain sewage.
- Loss of ability to discharge sewage through the ocean outfall. The diffuser structure is suffering from outlets that block from time to time and regular maintenance is required to keep a sufficient number of outlets operative. This is becoming harder because the diffuser is slowly becoming deeper and deeper embedded within the seabed. The outfall is suffering from corrosion at the beach head and a fibreglass repair about one third along its length limits its operating pressure. Consequently the flow rate that can be discharged is restricted to approximately 80% of the consented discharge. Due to the high consequences associated with a failure of the outfall it should be replaced proactively.

Risks to the stormwater system

- Natural hazards. Events such as large earthquakes, tsunamis and breaches of the Tutaekuri stopbank could potentially impact significantly on the stormwater system's ability to provide adequate drainage.
- Sea level rise will necessitate construction of more stormwater pump stations and the raising of sections of stop banks.

INFRASTRUCTURE STRATEGY CONTINUED

Risks to roads and transportation

- Central government provides significant funding for roads. Funding levels are subject to change and cuts in funding can potentially impact on the local communities' ability to fund roads to the level that is required to maintain levels of service.
- Natural hazards. Events such as large earthquakes can cause significant damage to roads and floods (including flooding caused by tsunamis and breaches of the Tutaekuri stopbank) can render roads temporarily impassable.
- Regular surveys of structures are carried out to ensure that bridges and culverts are safe.

Mitigation

The approach to provide resilience against natural hazards is outlined below.

Pipe reticulations

Differential ground movement and liquefaction during significant earthquakes place large loads on pipelines and structures. It is not possible to eliminate all pipe breaks and structural failures but the number of breaks and failures can be greatly reduced by using suitable materials and design standards. Large parts of the reticulated system have been constructed using brittle materials that are at greater risk of failure than modern, more ductile materials. Replacement of the older material types is an on-going programme that is carried out as part of asset renewals, where other considerations are the main drivers. It is only for critical assets, where risk of failure during earthquake events has significant consequences, that early replacement or duplication of an asset is considered.

Water Supply

Napier City's water source is currently extracted in the Taradale and Meeanee/Awatoto areas and at present it is of a high quality that does not require treatment. Water is required throughout the urban area which means that it has to be pumped to the central and northern parts of the city. At present production capacity is concentrated in the Taradale area and conveyance for peak demand is reliant on one DN450 steel trunk main.

Development of a second bore field in the Awatoto area has commenced and provision has already been made for the installation of a second well and a trunk main to convey water to the central part of the city. This will result in a resilient system because different scenarios apply to the Taradale and Awatoto areas. In the event of a breach of the Tutaekuri stopbank the Awatoto area is likely to be unaffected, and in the event of a tsunami the bores in the Taradale area are likely to be unaffected. In the event of an earthquake failure of both main trunk lines (the one from Awatoto and the one from Taradale) would have to occur in order to significantly impact on the ability to convey water.

In the event of contamination of the water source, or a significant change to water supply standards, requiring treatment of water, the approach of two well defined and consolidated bore fields in Taradale and Awatoto will enable all water to be treated using treatment plants located in the vicinities of Taradale Park area and the Awatoto golf course.

Wastewater

The installation of the Taradale Road pump station and pumping main in 2013 has significantly improved the resilience and capacity for growth of Napier's wastewater system. This trunk main, provides backup for the Latham Street pumping main and for the Greenmeadows pumping main, albeit under wet weather flow conditions, not at the same time. In response to Napier's natural hazards, the trunk main was constructed from ductile polyethylene for improved resilience. No other significant issues with regards to system resilience or exposure to natural hazards, other than what is covered under general reticulation issues, have been identified.

Stormwater

The Cross Country Drain intercepts and links the upper portions of the Purimu, County and Plantation catchments. It increased the resilience of the stormwater system and provides capacity for urban growth.

The big issue with the stormwater system is that until 1991 the reticulation was designed for 1 in 2 year rain events with a coefficient of runoff of 0.26. Following the introduction of the Building Act in 1991 which required stormwater to be discharged during 1 in 10 year events without causing a nuisance, and intensification of development, the design standard for stormwater reticulation has been changed to provide for 1 in 10 year rain events and a coefficient of runoff of 0.55. As a result the flow for which the stormwater reticulation is designed has increased by a factor of approximately 3.8. This poses the issue that simple duplication of existing stormwater mains is not sufficient, large scale upgrades are required.

In response to this issue we embarked in the 1990s on a long term stormwater reticulation upgrade programme. Funding for the programme is approximately \$1.1 million per year (uninflated average over 30 years) and is expected to take a further 40 to 60 years to complete. To minimise costs upgrades are installed in conjunction with road reconstruction projects but where there are significant issues specific areas are targeted. The current Long Term Plan provides for significant upgrades in the Central Business District, Taradale and Marewa South.

INFRASTRUCTURE STRATEGY CONTINUED

Roads

The road network is well developed, in general, with sufficient provision for alternative routes. All the main routes in and out of Napier cross large rivers and the bridges are the most vulnerable component of the roading network. The bridges closest to the coast are at most risk from tsunamis but there are sufficient numbers of bridges further inland for this to not be a critical issue.

Provision has already been made for increased capacity to Napier Port. Future demand for east / west movement is expected to increase and additional roading capacity along that axis will be required.

Insurance

The piped reticulations are covered through an insurance policy that provides cover for major disaster events such as earthquakes, relying on a contribution from central government.

Discrete assets such as pump stations and buildings are insured on a case by case basis.

Climate Change

The IPCC predicts that the impact of climate change on the east coast of New Zealand will be a rise in sea levels and more extreme weather patterns in the form of droughts and intense rain storms.

Impact on the stormwater system

Large parts of Napier are low lying and flat. Over the next 30 years it is unlikely that the impact of sea level rise will be noticeable but over the longer term infrastructure solutions will be required to enable people to live in parts of the flood plain. Beyond the 30 year horizon this is likely to require a pump station for the Taipo Stream and possibly northwards relocations of the Purimu, County, Plantation and Georges Drive pump stations. This does not have any immediate impact, other than ensuring that options are kept open.

The standard that is applied for the stormwater reticulation system already requires designs to provide for the rainfall intensities anticipated 80 years into the future.

Impact on the water supply system

Peak demand is likely to increase as a result of prolonged dry periods. This will not necessarily require an infrastructure solution because demand management techniques can be used, for example water restrictions. If the abundance of the water resource declined significantly it may be necessary to introduce universal water metering. This would be a last resort because of the high cost associated with installation and operation of water meters. The water supply system can be aligned to lower the threshold for universal water metering through installation of meter manifolds instead of tobies. Manifolds are currently being installed for a number of reasons, including improvement of public health because the check valve in manifolds provide a degree of prevention against backflow, and can serve as leak detection aids.

Impact on the wastewater system

An increase in intense rainfall events will likely cause more inflow and infiltration into the wastewater network. However, through an on-going asset renewals programme, it is possible to limit the future impact of inflow and infiltration on the wastewater reticulation system.

Wet weather overflow events will likely increase in frequency and volume during more intense rainfall events. Longer dry spells may also increase the likelihood of blockages. No other issues related to climate change have been identified in regards to the wastewater system.

Impact on the road network

Napier's road network is likely to see an increase in disruption through the rise in extreme weather patterns, although this is not foreseen to have a noticeable impact over the next 30 year period, it is most likely to result in changed maintenance needs to maintain the asset to the current agreed service levels.

INFRASTRUCTURE STRATEGY CONTINUED

ASSUMPTIONS

Significant Assumptions

The significant assumptions underpinning the infrastructure strategy are shown below.

Table 13: Significant Assumptions

Significant Assumptions	Risk & Impact
<p>Service levels will remain unchanged with the exception of:</p> <ul style="list-style-type: none"> Stormwater upgrade programme, funded from rates Additional cycle paths during the first six years of the Plan, funded from rates, external grants and NZTA subsidy Upgrading of sub-standard roads, funded from rates 	That service levels are perceived unaffordable to the community resulting in rates pressure.
That climate change will impact on the City similar to that noted in the Ministry for the Environment guidance	There is uncertainty around the rate of climate change and the impact it will have.
Population growth and change within Napier City will occur as stated in Council's adopted forecasts and strategies.	There is a risk that growth and changes in demographic composition will occur faster or slower than expected
It is assumed that there will be no major adverse events	The risk that the City suffers a major natural disaster in areas of high population density
Assets will be replaced at the end of their economic life	The risk that asset lives are shorter than expected leading to inadequate replacements reserves, or assets lives significantly longer than expected leading to overcharging of depreciation
No sudden (i.e. un-signalled) significant change to legislation	Sudden legislative change results in either an increase or reduction in Council's expenditure or income levels (particularly rates). It is not possible to quantify this risk because legislative changes are outside Council's control.

Significant Assumptions	Risk & Impact
There is expected to be continued pressure for more stringent environmental standards	There is pressure for more stringent regulatory requirements relating to discharges of stormwater and wastewater to the natural environment. Provision has been made to meet current standards but there always is a risk that new resource consent conditions will impose a greater cost on the community. The communities' ability to pay is always a consideration during consenting processes but it is not a matter that is under Council's control so it is not possible to quantify the extent of this risk but it should be able to be managed through the normal RMA consent and appeal processes.
It is assumed that the average price inflation over the forecast period is expected to remain consistent	Should the price level change differ from those assumed, expenditure, revenue and costs will likely differ from that forecast.
It is assumed that unit replacement costs will be in keeping with inflation	Technological changes may reduce unit replacement costs but to ensure that sufficient provision has been made for sustainable management of the infrastructure the assumption is that unit replacement costs will increase at the same rate as inflation. It is not possible to quantify the potential cost reduction with any degree of certainty because the technological breakthroughs will occur in future.
NZTA subsidy rate to remain at 51% for the life of the plan	If subsidy levels are lower than assumed, the Council may need to increase its rates or reduce the size of the works programme to match the funding available.
Revaluations will occur 3 yearly and in line with price level adjustments.	Revaluations affect depreciation expenses and therefore rates

INFRASTRUCTURE STRATEGY CONTINUED

Asset lives

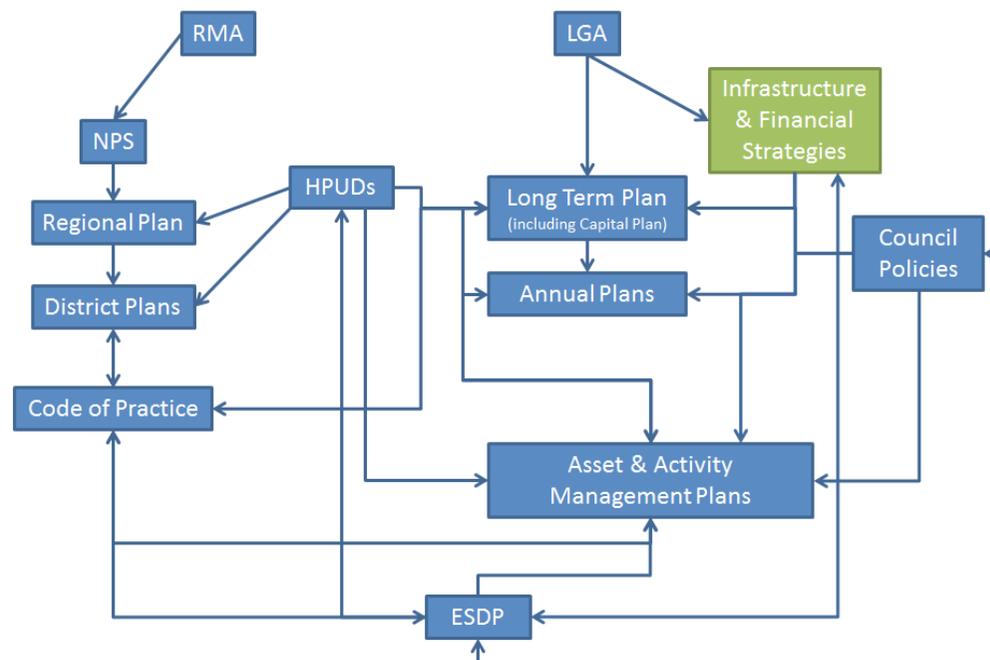
The base lives of infrastructure assets are shown on the Tables below.

Table 14: Base lives of infrastructure assets

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

LINKAGE WITH OTHER DOCUMENTS

Figure 14: Infrastructure Strategy- Linkages with other Documents



INFRASTRUCTURE STRATEGY CONTINUED

THIRTY YEAR STRATEGY

In its role as Local Authority the Napier City Council will comply with the relevant New Zealand legislation, while the following Strategic Statements will guide decision-making over the next 30 years. These statements have been derived from Council's Community Outcome Statements and Long Term Plan.

Table 15: Strategic Outcomes

Strategy #	Strategic Outcome
1	To provide infrastructure and services to support good health and wellbeing
2	A strong prosperous and thriving economy
3	An environment that is appreciated, protected and sustained for future generations
4	Transport infrastructure and services that are safe, efficient and integrated
5	Safe and accessible recreational facilities
6	Safe and secure communities

Applying the Strategic Statements to Infrastructure Planning

We will supply infrastructure that satisfy the needs of the community

To support this strategic statement:

- We will provide access to infrastructure services that are fit for purpose
- We will provide infrastructure that is affordable
- We will provide infrastructure that meets the requirements of relevant New Zealand legislation
- We will ensure Council's policies, plans and practices comply with statutory and best appropriate practice requirements

We will identify our different peoples and consider their needs and impacts on our infrastructure

To support this strategic statement:

- We will monitor demographic changes within our community to consider the impacts on service delivery
- We will consider changes in technology to ensure our service delivery is fit for purpose
- We will ensure that core infrastructure services and land use are planned to cope with the expected changes over the 30-year period.
- We will consider the impacts of climate change on demand and availability as it affects Napier City

We will consider risk in the context of affordability, practicality and legality

To support this strategic statement:

- We will improve infrastructure resilience to ensure our infrastructure can deal with disruptions and changing circumstances
- We will implement design and construction standards and operational practices to minimise the risk of failing to deliver a safe continuous service to communities
- We will identify and manage cross-sectorial dependencies, such as power supply for communications infrastructure, etc.
- We will review charging mechanisms with a view to ensure that the charges fund the annual operating costs, including depreciation or renewal costs of the service.
- We will participate in Lifelines processes
- We will implement design and construction standards and operational practices to minimise the risk of failing to deliver a safe continuous service to communities

We will support growth tempered with affordability

To support this strategic statement:

- We will ensure infrastructure planning and city/district planning proceed in an effective integrated manner
- We will ensure that core infrastructure and land use are planned to cope with the expected growth over the 30-year period.
- We will regularly review funding mechanisms (including user-pays, development contributions, metering, trade waste bylaw and charging)
- We will review charging mechanisms with a view to ensure that the charges fund the annual operating costs, and contribute to the depreciation or renewal costs of the service.
- We will consider sustainability when making any significant decision that affects changes to the installation, renewal, management and operation of the infrastructure assets
- We will consider planning across territorial boundaries to maximize infrastructure and investment

INFRASTRUCTURE STRATEGY CONTINUED

The Organisations' Priorities

At high level, our priority is to:

- Manage the impacts of growth and maintain a compact city
- Foster strong communities through the provision of high levels of amenity and levels of service, for example by providing open spaces and meeting of drinking water standards
- Reflect inter-generational benefit in the funding of large projects

Asset and Service Management Strategy

In providing services to residents and visitors through the use of infrastructural assets, our strategy is to manage the infrastructure in an effective, efficient, affordable and sustainable manner and to verify that all performance criteria are fulfilled.

Assets are renewed when they reach the end of their service lives. Critical assets are replaced earlier than non-critical assets because critical assets are considered to have reached the end of their service lives when the risk of failure becomes unacceptably high.

Roads have a relatively short service life when compared with utility reticulations. Funding for road renewals are close to depreciation levels because the system is in equilibrium and roads are renewed at approximately the rate of depreciation. Maintenance of the road system is carried out by private contractors, to comply with NZTA requirements in order to access subsidies.

Water, sewerage and stormwater reticulations are still relatively young and the required level of renewals is therefore still substantially lower than depreciation levels. Some change is expected to occur to this situation within the 30 year planning period and it is proposed to increase provisions for renewals as shown on the graphs below. Required levels of renewals for stormwater is expected to stay relatively low due to the benign, non-corrosive environment stormwater mains are exposed to. It is possible that depreciation levels for stormwater mains are overstated and this is an area that requires further work. Maintenance of the water, sewerage and stormwater systems is carried out primarily by Council's Services Department but aspects such as electrical maintenance is contracted out.

Cost Effective Delivery of Services

In terms of section 10 (Purpose of local government) there is a clear requirement to meet the current and future needs of communities for good-quality local infrastructure, local public services, in a way that is most cost-effective for households and businesses.

(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are-

- (a) efficient; and
- (b) effective; and
- (c) appropriate to present and anticipated future circumstances

In order to demonstrate that the delivery of services are efficient, effective and appropriate; We survey our community annually and compare the cost to our ratepayers against the cost to ratepayers in other Districts. Satisfaction levels are generally high and the cost at which services are delivered in Napier compares very favourably with other councils.

Napier City Council was also comparatively analysed in an issues paper prepared for LGNZ by Castalia Strategic Advisors, "Exploring the issues facing New Zealand's water, wastewater and stormwater sector". The operating and maintenance costs for Napier City's water and wastewater infrastructure per m³, in terms of reticulation and treatment, was one of the lowest amongst comparable Councils surveyed.

Significant Decisions Required

Taking a long term view to the management of infrastructural assets, we need to make key decisions in a timely manner. In addressing community desires and priorities the following key decisions have been identified:

INFRASTRUCTURE STRATEGY CONTINUED

Table 16: Key Decisions Required

Issue and question	Timing for decision	Principal options	Scale of costs (uninflated)
Waste futures disposal (in conjunction with HDC): How should solid waste be managed and should an Alternative Waste Technology approach be adopted?	Year 1	Extension of current Omarunui landfill area and continuation of traditional disposal	\$18.2 million*
		Alternative waste minimisation options	\$20 million to \$30 million**
Wastewater outfall: When should the outfall be replaced and at what capacity?	Years 8 to 12	Do not replace	No capital but risk of failure with significant consequential costs
		Replace like with like	\$10 million to \$20 million
		Increase capacity, resilience (usage of ductile material) and provide backup for the current Milliscreen facility. This is currently the preferred option.	\$18 million to \$30 million
What is the best way to mitigate the loss of the Taipo Stream being able to drain naturally?	Year 30	Napier City Council constructs a pump station itself	\$10 million
		A pump station is constructed in partnership with the Hawke's Bay Regional Council. This is the preferred option	HBRC may contribute to the costs, reducing the direct cost to NCC but ratepayers will still meet the bulk of the costs
		Extensive community consultation to find a different solution to this problem	Unknown
What is the best way to mitigate the loss of ability of the Old Tutaekuri River to drain naturally?	Years 20 to 30	Relocate the existing Purimu pump station to the flood gate at the Southern bank of the estuary	\$10 million
		Increase the height of the stopbanks downstream of the pump station	Less costly, however the practicality of this option has yet to be investigated
		Extensive community consultation to find a different solution to this problem	Unknown

Issue and question	Timing for decision	Principal options	Scale of costs (uninflated)
What is the best way to accommodate rising sea levels for the County, Plantation and Georges Drive pump stations?	Years 20 to 30	Increase the height of the stopbanks downstream of the pump stations	Less costly, however practicality of this option has yet to be investigated
		Replace all three pump stations with one in the vicinity of the eastern flood gate on the southern bank of the estuary alongside the expressway	\$15 million
		Various options to relocate individual pump stations	\$5 to \$20 million
		Extensive community consultation to find a different solution to this problem	Unknown
If it became necessary for the introduction of water treatment, how would it be done?	This would be an extraordinary circumstance	Two treatment plants, one in Taradale and the second in Awatoto	Dependent on the standard of treatment required but the cost will run into tens of millions of dollars
Should universal water metering be introduced?	This may be driven by changes to the cost of water or regulation	Do not install universal water meters	Slightly higher consumption but no more than what can be produced by one well, total capital cost approximately \$500,000 and annual operating cost \$50,000
		Install universal water meters	Capital cost \$6 million to \$7 million. Annual operating cost \$270,000 to \$380,000 per year
Sports grounds Renewal of McLean Park stands	Year 10	Renewal of current stand infrastructure, continued level of service	Capital cost \$35 million
		Asset disposal/Council exit from service provision	

*Calculated based on NCC's 36.32% shareholding of Omarunui Landfill (Total cost estimate \$50 million)

**Calculated based on a 50:50 split between NCC & HDC (Total cost estimate \$40 million to \$60 million)

INFRASTRUCTURE STRATEGY CONTINUED

SIGNIFICANT INFRASTRUCTURE ISSUES

The Local Government Act 2002 Amendment Bill Section 101B - Infrastructure Strategy states:

(2) The purpose of the infrastructure strategy is to-

“(a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and

“(b) identify the principal options for managing those issues and the implications of those options.

In developing this 30 Year Strategy we identified the anticipated significant infrastructure issues over the 30 years and considered each significant action and the benefits of the action. The significant infrastructure issues faced by Napier City Council with the benefits and costs are tabled below.

Water Supply

Napier City Council's goal for the water activity is:

- To support and underpin the health, wellbeing and financial prosperity of the community by providing a lawful, reliable, sustainable and cost effective supply of water to meet the needs of the consumer, whilst maintaining water storage levels adequate for emergency purposes.

Issue	What are we doing?	What is the benefit?	How much will it cost? (uninflated)	How much will it cost? (inflated)	When are we doing it	Growth	LoS	Renew
Aging Infrastructure, Capacity	Constructing additional well, as replacement of 2 currently aging wells	Improve public health	\$836k	\$836k	2015/16	√		√
	Assumptions	Community population growth will be as forecast						
Water Supply Capacity	Additional reservoir to be constructed	Manage water peak demand	\$2.7M	\$2.7M	2015/16	√		
	Assumptions	Community population growth will be as forecast						
Water Supply Capacity	Additional reservoir to be constructed	Provide storage capacity for peak demand and emergencies	\$8.2M	\$11.6M	2026 - 29	√		
	Assumptions	Community population growth will be as forecast						
Aging Infrastructure	Mains Renewals	Ensure continuity of service in a reliable manner	\$800k pa average over 30 years	\$1.6M per year over 30 years	2015 - 45			√
	Assumptions	The mains renewals programme will be refined based on performance and condition						

INFRASTRUCTURE STRATEGY CONTINUED

Wastewater

Napier City Council's goal for the wastewater activity is:

- To provide and maintain the Napier City wastewater system to protect community health and minimise adverse environmental effects.

Issue	What are we doing?	What is the benefit?	How much will it cost? (uninflated)	How much will it cost? (inflated)	When are we doing it	Growth	LoS	Renew
Aging Infrastructure	Mains Renewals	Ensure continuity of service in a reliable manner	\$1.2M pa average over 30 years	\$2.1M pa average over 30 years	2015-45			√
	Assumptions	The mains renewals programme will be refined based on performance and condition						
Aging Infrastructure, Legal Compliance	Replacement of Marine Outfall	Ensure continuity of service, increases currently limited capacity	\$18-30M	\$23-38M	2025 30			√
	Assumptions	The Wastewater Marine Outfall will be able to discharge to current conditions of resource consent of 1400L/s to the ocean						

Stormwater

Napier City Council's goal for the stormwater activity is:

- To provide for the collection and disposal of stormwater to an adequate standard, thus protecting public safety, property and the environment in general

Issue	What are we doing?	What is the benefit?	How much will it cost? (uninflated)	How much will it cost? (inflated)	When are we doing it	Growth	LoS	Renew
Aging Infrastructure	Mains Renewals	Ensure continuity of service in a reliable manner	\$525k pa average over 30 years	\$848k pa average over 30 years	2015-45			√
	Assumptions	The mains renewals programme will be refined based on performance and condition						
Capacity Improvements	Stormwater Catchment Upgrades	Increase capacity	\$1.1M pa average over 30 years	\$1.45M pa average over 30 years	2015-45	√	√	
	Assumptions	The upgrades programme will be further refined based on performance and condition						
Capacity Improvements	Additional pumping station	Improve capacity	\$4.4M	\$4.9M	2019/20	√	√	
	Assumptions	Community population growth will be as forecast						

INFRASTRUCTURE STRATEGY CONTINUED

Roads and Footpaths

Napier City Council's goal for the roads and footpaths activity is:

- To provide, maintain and enhance a network of roads, footpaths and cycle ways for the safe transport of people, motor vehicles and freight, in an efficient, affordable, effective and sustainable manner to meet the environmental, economic and social needs of Napier City.

Issue	What are we doing?	What is the benefit?	How much will it cost? (uninflated)	How much will it cost? (inflated)	When are we doing it	Growth	LoS	Renew
Aging Infrastructure	Renewals	Ensure continuity of service in a reliable manner	\$6.5M pa average over 30 years	\$9.9M pa average over 30 years	2015-45			√
	Assumptions	The roading system is in equilibrium and components are renewed when it reaches the end of its useful life						
Capacity Improvements	Improving older roads to meet modern day standards and provide for the increasing number of trips that people make	Improves the standard of roads and provides for the natural growth in traffic volumes	\$389,000 pa average over 30 years	\$615,000 pa average over 30 years	2015-45	√	√	
	Assumptions	Standards will not change materially over the planning period						
Transportation proposals	Road improvements to provide capacity for traffic which results from new developments	Traffic congestion that would result from new development if roads were not upgraded is avoided	\$1.3M pa average over 30 years	\$1.7M pa average over 30 years	2015-45	√		
Cycleways	Cycle strategy, demand management	Reduction in motor vehicle usage and increased capacity	\$6M	\$6.4M	2015-21		√	
	Assumptions	The uptake of cycling as an option over car travel will reduce vehicle usage and prolong expected lives of the infrastructure						

INFRASTRUCTURE STRATEGY CONTINUED

Other Scenarios Considered

This strategy assumes that Napier will continue to function as an autonomous district and that regional cooperation will continue in areas of common interest, for example solid waste disposal.

Alternative service delivery models, for example contracting out of maintenance of utility infrastructure, is not considered to be a cost effective option.

The infrastructure strategy also assumes that Napier's growth will occur as per Council's projection of medium-high growth, as projected by Economic Solutions Ltd using Statistics NZ's population growth figures.

FINANCIAL ESTIMATES

The Local Government Act 2002 Amendment Bill Section 101B - Infrastructure Strategy states:

(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must-

“(a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets-

“(i) in each of the first 10 years covered by the strategy; and

“(ii) in each subsequent period of 5 years covered by the strategy

Total Expenditure

The following graphs in this section depict total infrastructure capital spend on renewals, growth and increased levels of service. The graph totals each year do not include budgets that were consulted on in prior years, and have been deferred from the original timing, such as the Whakarire Groyne project that is still undergoing consultation.

The projected capital expenditure associated with the significant infrastructure assets are graphically represented below:

Figure 15: Projected Capital Expenditure - Infrastructure Assets: Uninflated

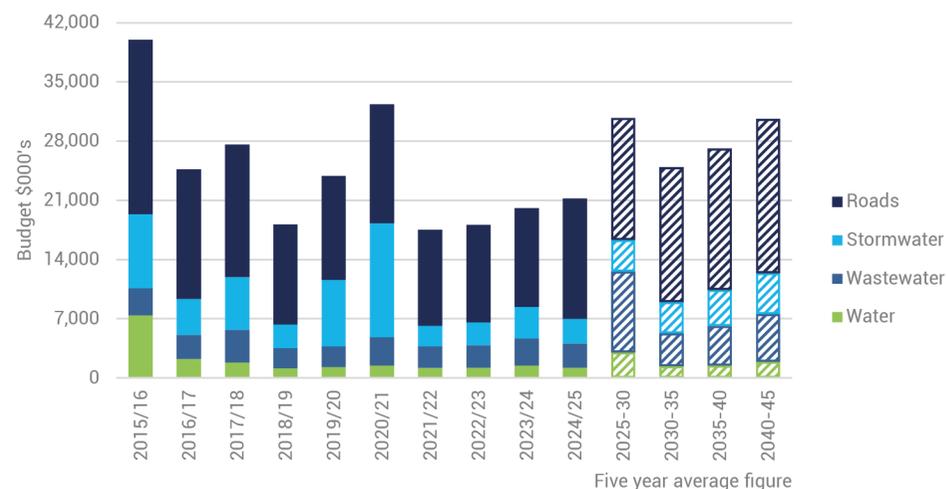
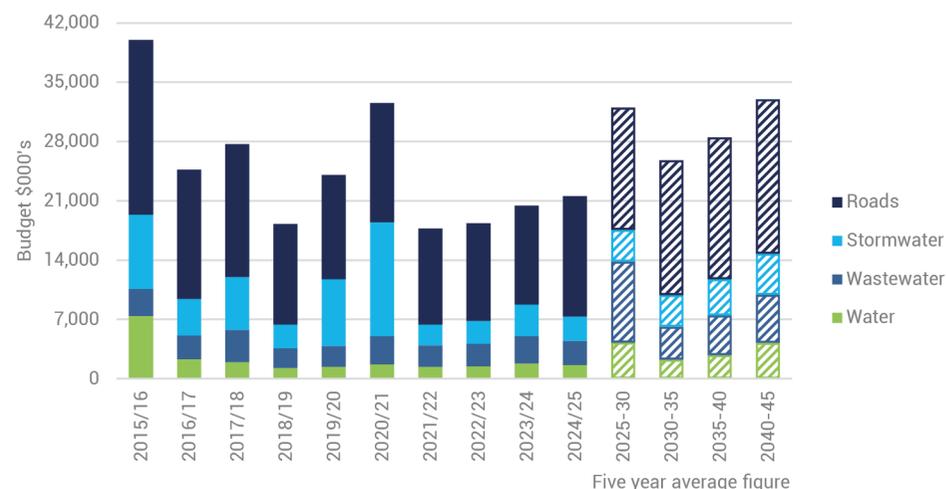


Figure 16: Projected Capital Expenditure - Infrastructure Assets: Inflated



INFRASTRUCTURE STRATEGY CONTINUED

Figure 17: Projected Operational Expenditure - Infrastructure Assets: Uninflated

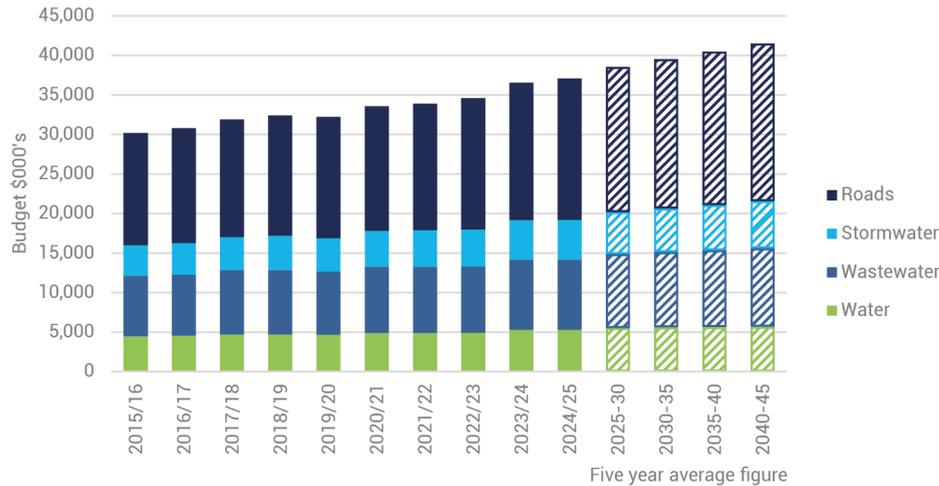
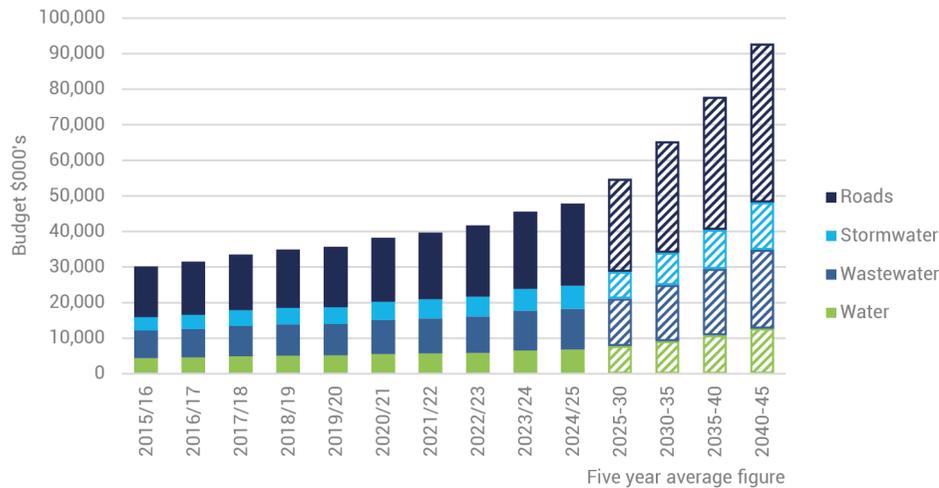


Figure 18: Projected Operational Expenditure - Infrastructure Assets: Inflated



Water Supply

The projected capital expenditure associated with the water infrastructure assets are graphically represented below:

Figure 19: Projected Capital Expenditure - Water Supply: Uninflated

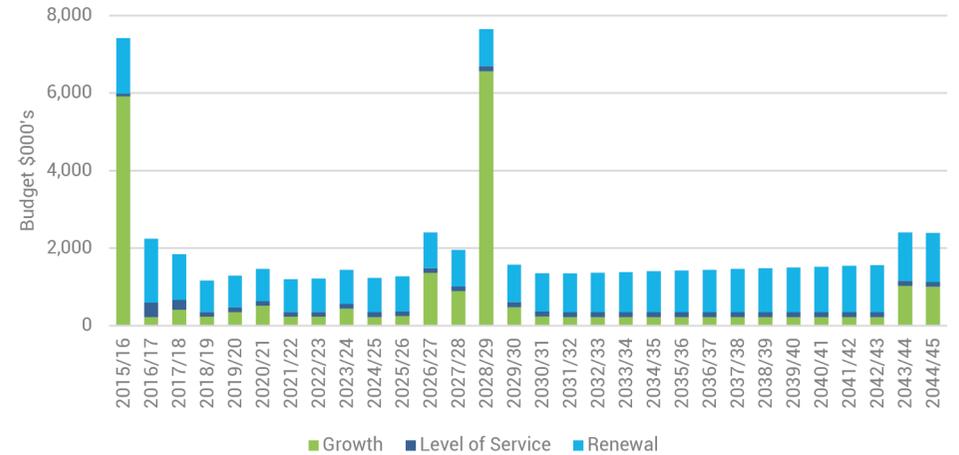
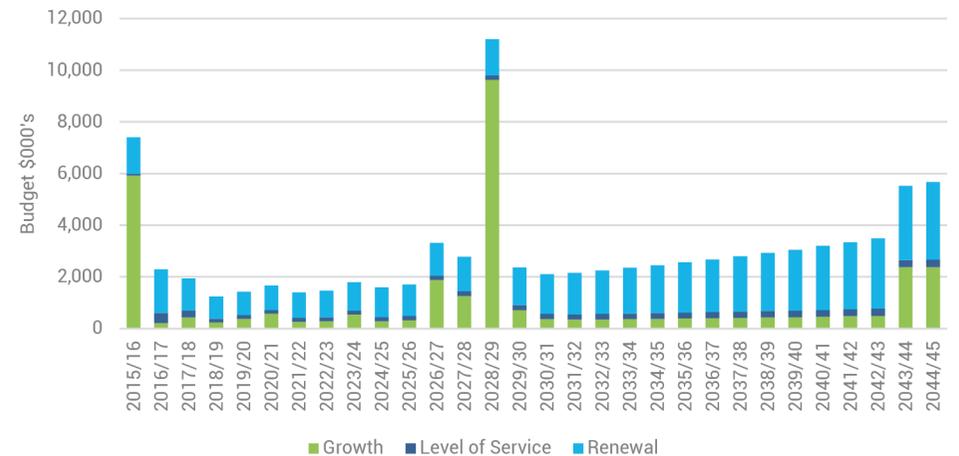


Figure 20: Projected Capital Expenditure - Water Supply: Inflated



INFRASTRUCTURE STRATEGY CONTINUED

Wastewater

Figure 21: Projected Capital Expenditure - Sewerage: Uninflated

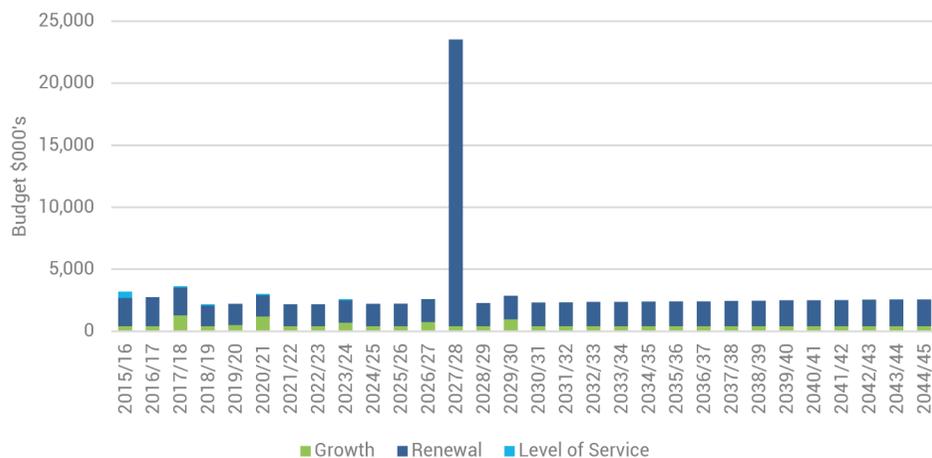
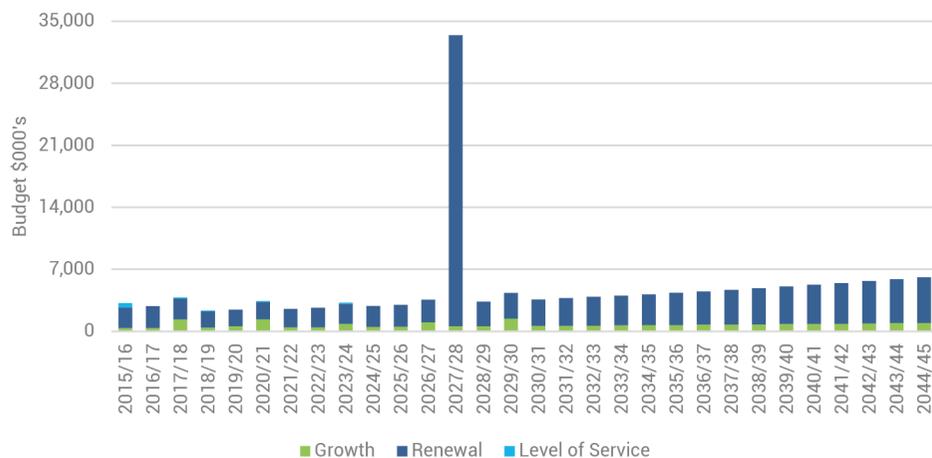


Figure 22: Projected Capital Expenditure - Sewerage: Inflated



Stormwater

Figure 23: Projected Capital Expenditure - Stormwater: Uninflated

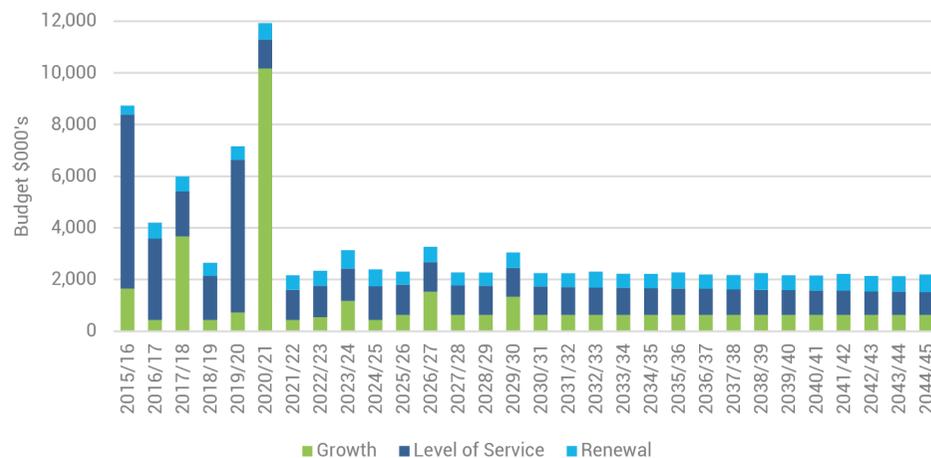
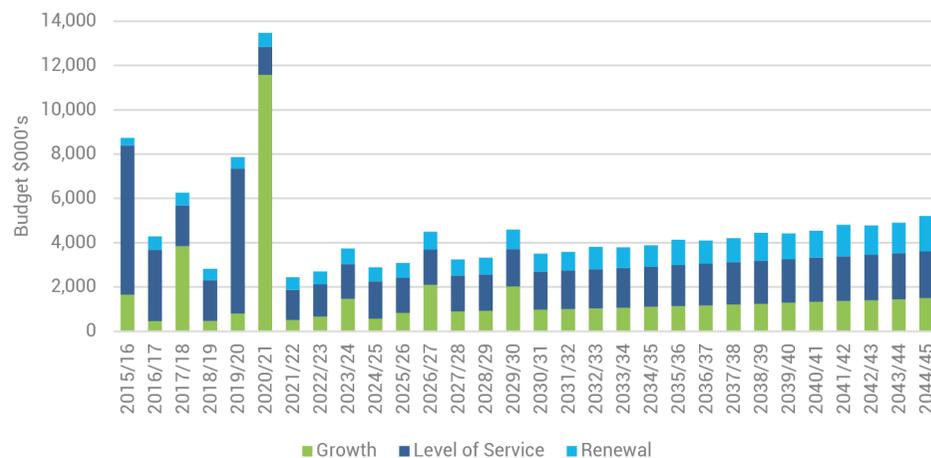


Figure 24: Projected Capital Expenditure - Stormwater: Inflated



INFRASTRUCTURE STRATEGY CONTINUED

Roads and Footpaths

Figure 25: Projected Capital Expenditure - Roading: Uninflated

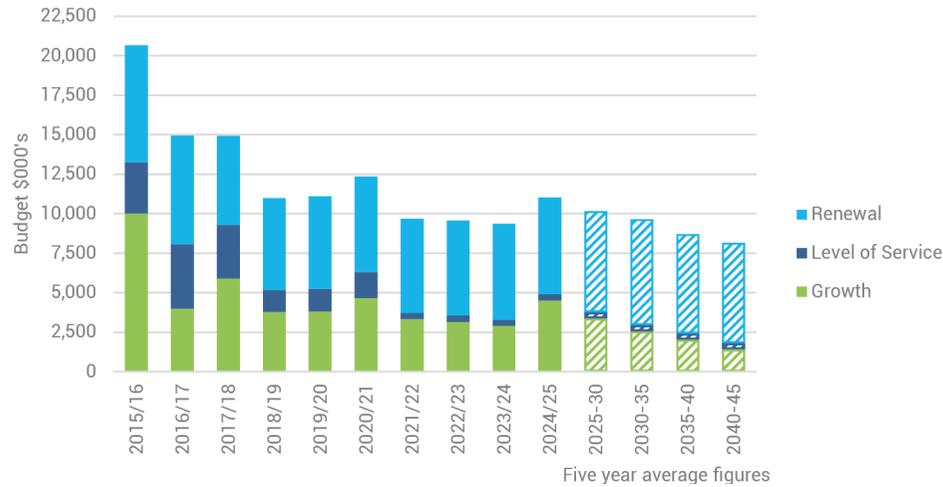
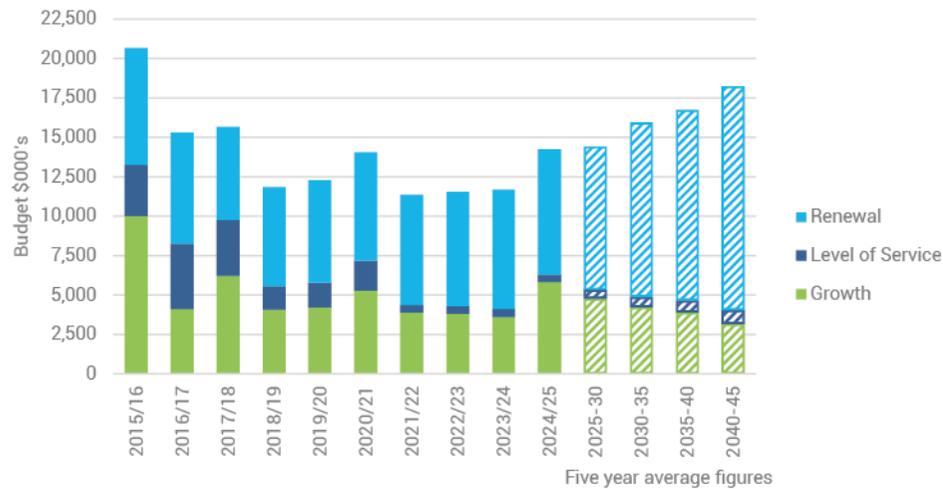


Figure 26: Projected Capital Expenditure - Roading: Inflated



FINANCIAL STRATEGY

EXECUTIVE SUMMARY

Our Financial Strategy describes how we plan to pay for the services we provide to our communities in a way that is financially affordable and sustainable both now and into the future. We must plan our expenditure in a way that is sustainable to ensure that the City will have the capacity and resources available to deliver affordable services to our residents and ratepayers in the long term.

Napier has significant resources that have deliberately accumulated from contributions from the people of Napier and therefore should be used by them. These resources include:

- cash and investments accumulated for the replacement of existing assets or acquisition of new assets,
- leasehold land and accumulated surpluses
- land available for sale (Parklands residential development) and accumulated surpluses

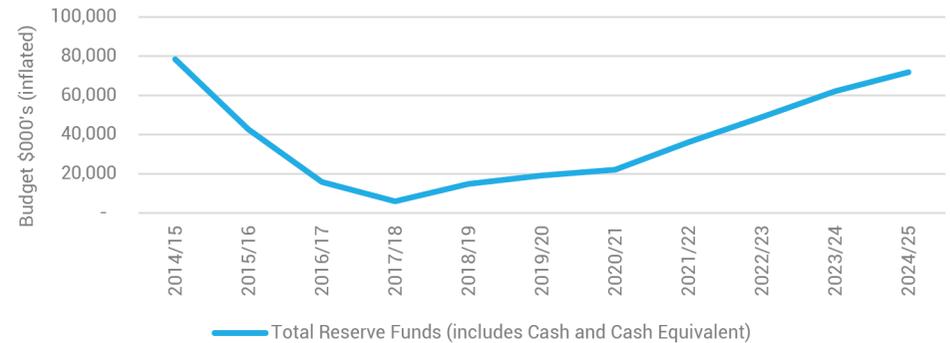
These reserves have provided an opportunity for the Napier ratepayer to fund the following projects in our Long Term Plan, including:

- Destination Playground
- Pandora Pond Water Sports Project
- Multi-use Velodrome
- Economic Development

What's happening with our Investments?

These resources (investments) generate income for Council, and as these investments are utilised to acquire additional assets, the income from these current resources, will progressively decline until 2021. This will require us over a period of time to increase rates to ensure the same levels of service are being achieved. We have considered carefully the needs of the ratepayer in terms of the services being required and the long-term affordability.

Graph 1: Investments



The movement in investment levels backed by cash and term investments depicted in Graph 1 is influenced by two factors:

- a. Capital works programme (summarised in the Graph 2 below)

Significant capital expenditure planned within the first three years will be funded from accumulated reserves. These are currently held as cash reserves and will therefore reduce the level of funds invested.

- b. Internal borrowing.

We manage debt on a net portfolio basis, and borrow externally only when it is commercially prudent. By borrowing internally, utilising our own cash reserves, we create efficiencies by eliminating the external borrowing margin.

Planned borrowing for capital works during the first four years will be raised internally and therefore also reduces the level of cash funds available for investment. Beyond 2020/21 the level of borrowing and capital expenditure is lower and less fluctuating. This results in a steady increase in reserve and investment funds during the last four years of the plan.

FINANCIAL STRATEGY CONTINUED

Graph 2: Whole of Council Capital Expenditure by Type



The above graph depicts whole-of-Council capital spend on renewals, growth and increased levels of service. The graph totals each year do not include budgets that were consulted on in prior years, and have been deferred from the original timing, such as the Whakarire Groyne project that is still undergoing consultation.

As part of our strategy after 2021/22 we are proposing to transfer funds to our reserve funds from Continued funding for the replacement of existing assets, particularly the sewer ocean outfall and financial contributions for growth areas.

One of the significant impacts on affordability is that in 2019/20 internal debt raised 15 years ago will be fully repaid, and with a lower level of new debt being required there is the ability to reduce the impact of rate increases over the 10 year period. This provides us with further capacity and options after that date.

Over the next 10 years we intend to:

- Maintain (including replace or renew) the infrastructure
- Undertake key growth, facility and amenity projects to enhance Napier City
- Continue to invest in visitor and tourist related activities to enhance the economic performance of Napier City, including funding to bring events to Napier and stimulate the local economy

This will result in the following:

- The overall rates increases will be limited to inflation based on the Local Government Cost Index (LGCI) plus up to 3.0% each year. The actual impacts on individual properties might be considerably more than this, depending on the targeted rates for sewerage and water
- Total rates will be approximately 53% of our total income¹
- Net rate funded debt per capita will not exceed \$1,500. This was previously \$1,000. For most of the 10 years of this Long Term Plan debt will be substantially below this level.

Graph 3: Planned Percentage Rates Increases

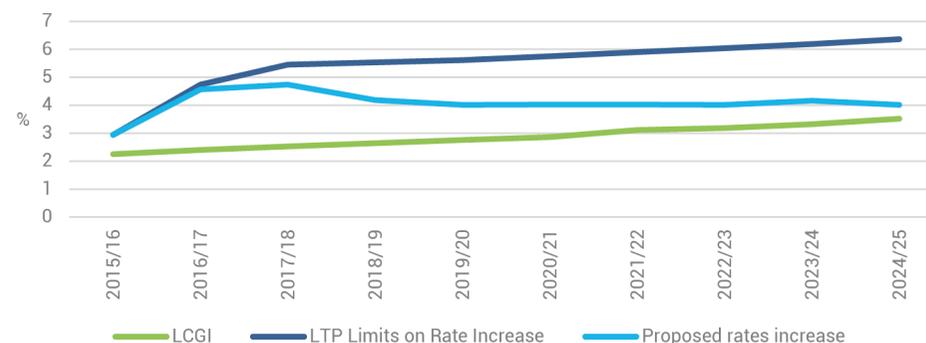


Table 1 below summarises the dollar value of planned rates increase in comparison to the quantified dollar limits specified in the LTP.

	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000
Limit	48,610	50,776	53,403	55,918	58,266	60,716	63,101	65,148	66,860	69,716
Planned	48,609	50,745	53,372	55,886	58,234	60,682	63,066	65,112	66,823	69,678

¹ Total income is defined as total revenue less vested (gifted) assets, as this transaction is non cash

FINANCIAL STRATEGY CONTINUED

Our overall approach to funding is that we fund approximately 50% (with a range over the 10 years of 48% to 52%) of operating costs from rates with 41% (with a range over the 10 years of 39% to 44%) from other sources including user fees and charges, or subsidies (such as Government agencies such as NZTA and MOH) and

To ensure that the users of the City's assets pay their fair share we:

- fund depreciation and this funding is used to pay for renewals, and;
- use our existing financial resources that have been accumulated over a period of time to fund relevant capital expenditure and; when it is not possible;
- we use borrowing to spread the cost of new capital expenditure over a longer period thereby recognising intergenerational equity.

PURPOSE OF THE FINANCIAL STRATEGY

Our Financial Strategy sets out how we plan to pay for the services we provide to our communities in a way that is financially affordable and sustainable both now and into the future. We must ensure that the City and the different communities within it, have clear information about the proposed projects and the likely costs to them of the services we are proposing to provide in the medium and long term so they can make informed comment on our plans.

In developing our Financial Strategy we have considered the likely future demand for services, what that will cost, the ability and willingness of our ratepayers to pay for services, fairness in allocation of rates, as well as applying good financial management and prudent decision-making.

Introduction

The Financial Strategy is an essential element of the 2015-2025 Long Term Plan. We must be financially sustainable to continue delivering services to our communities into the future. This involves a balancing act; delivering services while keeping rates affordable, ensuring equity between current and future generations and sharing the costs of services across users in a fair and equitable manner.

This financial strategy is designed to provide an understanding of our current financial situation and how it has arisen, the main factors that influence the cost and demand for Council services, and the financial challenges we are likely to face in the future.

Importantly the financial strategy sets out the key financial aspects of our Strategic Direction and how we plan to manage our financial performance over the next 10 years. In essence the financial strategy establishes a financial endpoint or destination for us to work towards and provides some defined parameters to guide us on our journey.

Key changes from our previous LTP Strategy include:

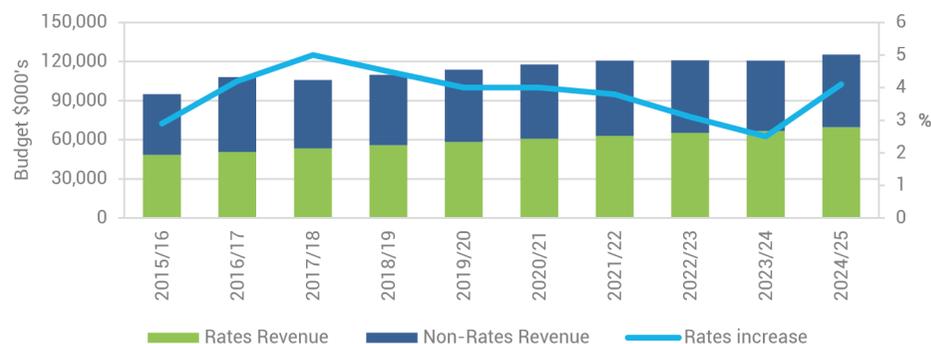
- A desire and need to invest in the growth and development of Napier City whilst being prudent and maintaining the existing assets and the strong financial position of Council
- An Increase of rate funded debt limits from \$1,000 to \$1,500 per capita
- A change from Consumer Price Index (CPI) to the Local Government Cost Index (50%) for rates increases
- A Increase in annual capital expenditure

Funding of the Cities' infrastructure, services and operations for the 2015-2025 period is shown in the graph below. Rates percentage increases forecast in the graph are within the percentage limits set in the LTP.

Revenue Streams

Funding of the Cities' infrastructure, services and operations for the 2015-2025 period is shown in the graph below. Rates percentage increases forecast in the graph are within the percentage limits set in the LTP.

Graph 4: Council Revenue Sources



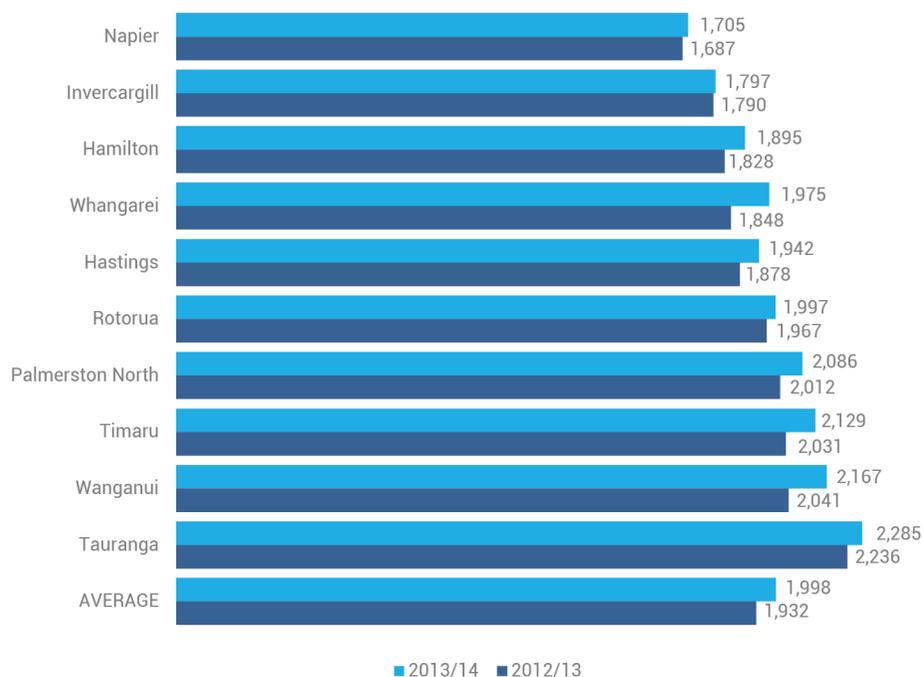
FINANCIAL STRATEGY CONTINUED

Rate Revenue

Rate revenue is the primary source of funding for Council activities over the life of the Long Term Plan making up 53% of the Council's total revenue stream. Rates are allocated between different groups of ratepayers based on our Revenue and Financing Policy contained in this Long Term Plan.

We are acutely aware that affordability is a critical issue for this community and have, in prior years, maintained our average rates increases at, or close to, CPI. We have had an underlying philosophy for a number of years to wherever possible align rate increases to movements in the CPI. This has been achieved by managing operational efficiencies whilst focusing on quality, best total cost and affordability. This philosophy combined with a strong financial position and a continued focus on maximising other non-rate funding streams has enabled us to keep average residential rates below the average of peer Councils for a number of years. (as shown in graph below)

Average Residential Rates



Whilst an excellent outcome in terms of community affordability, there is an increasing concern that the alignment of rate increases with the CPI is eroding our capacity to deliver quality services over time. This is due to the CPI not necessarily being a good measure of cost change in the Local Government Sector, particularly for construction costs as these are directly related to building and maintaining infrastructure.

The CPI is a measure of the changes in the price level of consumer goods and services purchased by households. However, cost changes which significantly impact Council, particularly in the area of capital expenditure are reflected in other indices such as the Capital Goods Price Index (CGPI), the Producers Price Index (PPI) and Labour Cost Index (LCI). CGPI and PPI indices move differently to CPI. This is due to the components within the indices. Items such as electricity, gas, oil and oil products, concrete and iron/steel are significant components within CGPI and PPI whereas food and housing costs are significant components within CPI. Due to the different components of these measures significant variances arise between CPI and PPI and CGPI. PPI and CGPI have, on average, been well above CPI over recent years. This has meant that pressures on Council expenditure from price increases have been above that measured by CPI.

In recognition of the above disparities the Local Government Sector (via the Society of Local Government Managers (SOLGM)) for a number of years now, has commissioned Business and Economic Research Limited (BERL) to develop a set of forecasts for price level change adjusters that local authorities can use when undertaking long term financial forecasting (Long Term Planning). These forecast price level change adjusters are known as the Local Government Cost Indices (LGCI) and have become widely recognized as an excellent tool for forecasting cost change in the Local Government sector over time. The LGCI is based on the cost structures of local authorities and includes operating and capital expenditure variables.

For this LTP, Council has decided to use the LGCI as the starting point for determining self-imposed limits on rate income. BERL have forecast 10 year average LGCI to be 2.86% for the 2015 - 2025 period. We intend to limit annual rate increase over the 10 year period to the forecast 10 year average of 2.86% plus an allowance to enable investment in growth and development over time.

We recognise that by keeping rates aligned to or below inflation in the past means we have got out of step with our peers and with increasing costs over time in terms of appropriate income levels. Further, we want to make the most of opportunities to invest in the growth and development of Napier City. In recognition of the fact that we are starting from a comparatively low base in terms of rate income, we propose to put in place a rates cap that allows for increased investment over time.

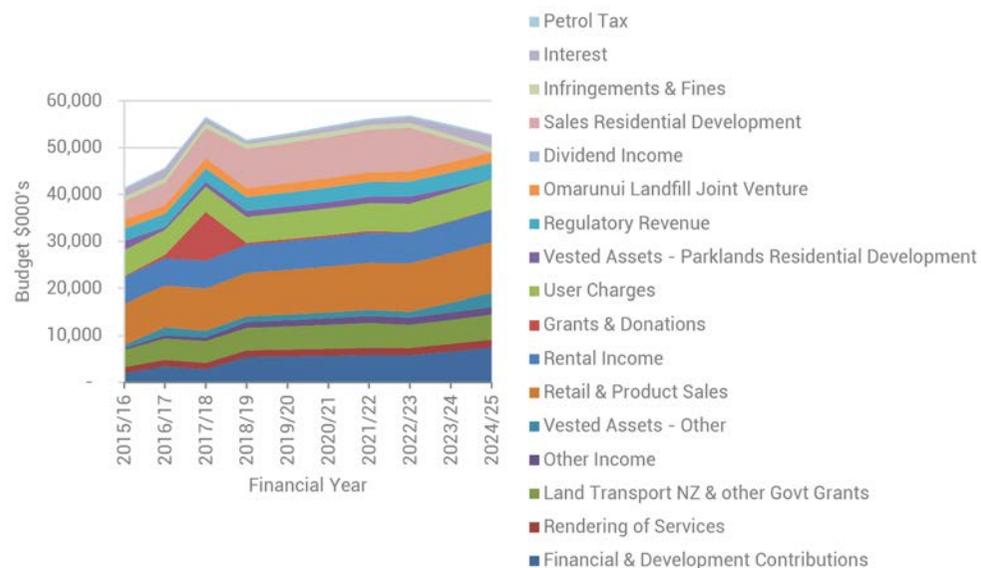
For this Financial Strategy we propose to limit overall rate increases over the life of the LTP up to LGCI plus 3%. The specific limits that have been applied to rates revenue in the LTP are; 2015/16 2.9%, 2016/17 LGCI plus 2.5%, 2017/18 onwards LGCI plus 3%.

FINANCIAL STRATEGY CONTINUED

Other Revenue

Other revenue comprises all Council revenue with the exception of rate and interest income. Other revenue sources are expected to be an average of 36% of total revenue for the life of the Long Term Plan. The graph below projects levels of other revenue over the 2015-2025 period.

Graph 5: Other Revenue Forecast



These include:

- Fees and Charges - according to the exacerbator pays principle wherever possible we levy fees and charges for those who use or give rise for the need for particular services. Examples include charges for liquor licensing, dog registration and for access to or use of certain Council facilities.
- Residential Sections Sales - revenue from the sale of the Parklands Residential Development.
- Government Grants and Subsidies - Council can be eligible for a range of grants or subsidies from Central Government. The most significant subsidy is that received from the New Zealand Transport Agency to assist with the operation and maintenance of the local roading network.

- Financial and Development Contributions - are charged to fund the cost of community facilities and core infrastructure to meet the demand from development.
- Vested Assets - include infrastructure assets such as roads, water and stormwater reticulation handed over to Council on completion of a development. On handover such assets belong to the Council, which is then responsible for their future operation and maintenance.
- Rental Income - includes rents from retirement and rental housing along with other sundry rent and lease income from both residential and commercial properties owned by Council.
- Retail and Product Sales, Rendering of Services - are primarily from the tourism related activities such as the Napier i-SITE and the National Aquarium of New Zealand.

It is important to note that this Financial Strategy is formulated on the basis that we will retain our investment in our property portfolio, an issue under consideration. Any decision to sell (in part or whole) the Property Portfolio would have implications for future Rental Income.

Interest Income

We have funds surplus to our 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. We invest these funds in accordance with our Investment Policy. We do not take risks with ratepayer funds and manage 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 10 years of the plan. As the investments move over the period of the Long Term Plan the interest income will decrease from \$1.8 million in 2015/16 to \$0.5 million in Year 3 and increase again over the Long Term Plan to \$2.9m in Year 10.

Loan Funding

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. We manage this risk by imposing limits on ourselves which are further discussed below in the section 'Financial Parameters'.

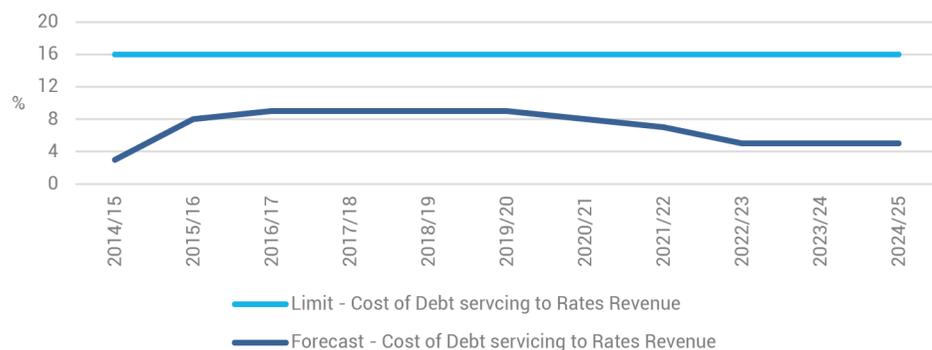
FINANCIAL STRATEGY CONTINUED

Internal and External Debt

The practice of retiring external debt and redeploying cash from equity and special funds has served us well in terms of strengthening our overall financial position. It is important that we continue to ensure that we have financial capacity in place to respond to unforeseen circumstances and to support/enable future City growth. We can do that by ensuring a balance between equity, special funds and the appropriate use of/access to external debt if or when required.

Internal debts were established by Council in 2003; rather than investing the surplus funds and then re-borrowing, Council used the surplus funds instead. As part of our overall strategy developed in 2003 some of the internal loans established will be retired from 2018/19 and this will reduce the rate requirement, and provides further options in the later years of the Long Term Plan.

Graph 6: Cost of servicing Rate Funded Debt as a Percentage of Rates Revenue



When we set our rates they are calculated to cover both the principal and interest costs of all debt; both internal and external. The above graph depicts the cost of serving the rate funded debt only as a percentage of total rates revenue each year. We will require external debt of \$4 million in Year 3 of the Plan, with this being repaid by the end of Year 7 (2021/22). The remainder of the Plan will continue to use internal debt to achieve equity.

2 Detailed in Council's Liability Management Policy

The Council has the following limits² on debt

Parameter:	Measure:	Proposed Limit:
Cost of Servicing Rate Funded Borrowing	Debt servicing as a percentage of annual rate income	<16%
Liquidity	Liquidity (term debt plus committed bank facilities and liquid financial investments) to existing external debt	>110%
Total (Net) External Debt	Net external debt as a percentage of total income	<100%
Debt per Capita	Net rate funded debt per head of population	<\$1,500
Total Interest Expense	Net interest expense as a percentage of total income	<12%

During the period of the Long Term Plan, our debt both internal and external will remain significantly within the above limits. The graph below depicts the comparison between planned external debt in the future and planned total revenue.

Graph 7: External Debt to Total Revenue



FINANCIAL STRATEGY CONTINUED

Giving of Securities

In order to borrow money externally, Council must offer some security just like people do with their mortgage. Like most Councils, when required, we secure our debt by way of debenture trust deed over its rates income. We generally do not offer assets security for any loan or performance of any obligation under an incidental arrangement. In exceptional circumstances, with prior Council approval, security may be offered as a charge over one or more specific assets.

Financial Investments

We generally hold investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Our primary objective when investing treasury funds is the protection of its investment capital and liquidity of its investments. Accordingly, only creditworthy counterparties are acceptable.

Investments and associated risks are monitored and managed, and regularly reported to Council. We are risk averse in our management of cash. In addition, our preferred approach, for funds available for long term investment, is that our investments (providing these are in accordance with the Investment Policy), support the Napier community. Consequently the first choice for us is to use surplus funds to finance our 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 our capital plan where required.

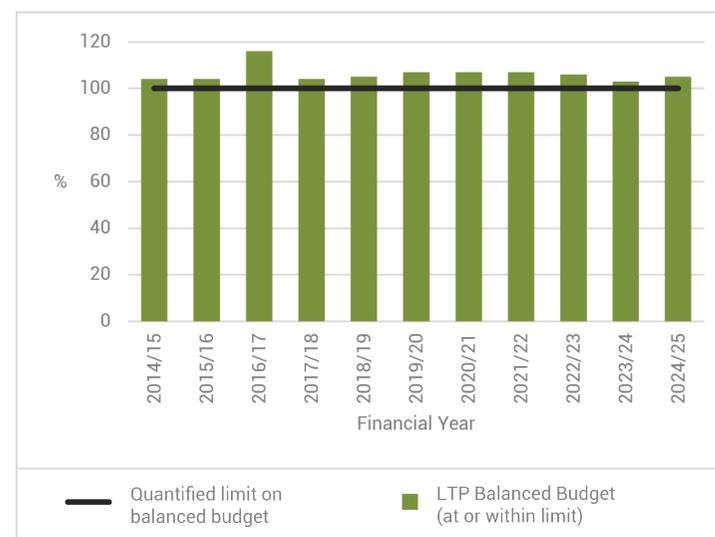
We have in place control limits that are designed to manage interest rate and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with our working capital funding requirement and liquidity buffer amount requirements. Core treasury investments relate to unencumbered investments invested for terms of greater than three months. An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when required.

Given the approach to risk outlined in the Investment Policy, our quantified targets for returns on financial investments are the market benchmark rates based on the midpoint of interest rate and maturity policy limits (based on 0-12 months where there are policy minimum percentages). For further information on the Council's Investment Policy, refer to the full Investment Policy which is available on the Council's website.

Balanced Budget

Napier City is required under the new Local Government (Financial Reporting and Prudence) Regulations 2014 to have a balanced budget. We have more achieved this in all years as shown in the graph below. In most years we show an operating surplus, as a portion of rates revenue will include amounts for the purchase of capital items, as well as revenue from Parklands sales which we transfer to a reserve.

Graph 8: Balanced Budget



Growth

The population of Napier is expected to continue growing over the 10 years of the plan. The population growth rate is expected to be quite modest at an average of 0.35% per annum over the life of the plan.

Based on historic patterns, we have chosen the mid-point of the medium high projection scenario for population growth in determining the city requirements for the coming 10 years. While the population may be showing stable to modest growth, it is important to consider the number of households within the city which is expected to continue to increase. The costs of core services delivered by us 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.

FINANCIAL STRATEGY CONTINUED

Population projections show that there will be a material increase in the population over 65 years by 2025. It is forecast that this population group will increase by 22% over this timeframe. Primary contributing factors include the net migration loss of young adults and diminishing levels of natural increase (births minus deaths). Other contributing factors (to a lesser degree) include increasing life expectancies and inward migration by older persons seeking the retirement lifestyle Napier has to offer.

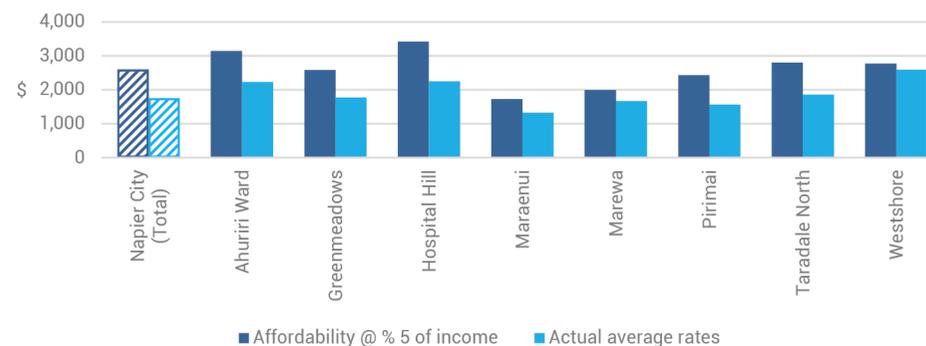
Household Growth

As above the population of Napier is expected to grow at a moderate rate over the life of this Long Term Plan. As a general rule however there is not always a direct correlation between population change and the number of households within a community over time. Historically the number of households in Napier City has increased at a faster rate than that of population and that trend is expected to continue. The total number of households/dwellings in Napier is projected to increase by 1,580 (approximately 6.38%) over the 2015-2025 planning period. 54% of the new housing is projected to be greenfield, 43% infill housing and 3% rural. In line with these trends the forecast household occupancy rate is expected to reduce from 2.40 to 2.33 from 2015 to 2025. This is in line with the aging population for the region and nationally. It is our practice to 'ring fence' additional rate revenue received as a result of growth in the Rating Information Database (development). These funds are then put aside for funding infrastructure upgrades required to meet the additional demand created by growth.

Land Use

The Heretaunga Plains Urban Development Strategy (HPUDS) developed and adopted in 2010 provides the basis for strategic land use planning for Napier City. With a significant focus on infill intensification or brownfields development we are confident that future infrastructure capacity issues are clearly identified and provided for in the Infrastructure Strategy, Activity and Asset Management Plans and therefore this proposed Financial Strategy. Growth (excluding infill) has been provided for within the Te Awa Structure Plan with an additional 1,000 lots available. The cost of this development is \$32 million to be funded from financial contributions over the next 30 years.

Graph 9: Average Residential Rates by Area vs Affordability Threshold



ABILITY TO PAY

Affordability is an important consideration when developing a Long Term Plan. Ensuring that our long term direction is aligned to the community's ability to pay is a fundamental part of prudent financial management and sustainability over time. Graph 10 above tests affordability by plotting the average 2014/15 rates by residential area against an established affordability test, being rates at 5% of average household income.

As can be seen from the graph for the most part actual average residential rates were below the threshold of 5% of average income for the 2014/15 financial year. Combined with the knowledge that traditionally Council has been holding rate increases at less than CPI, and that Council's average residential rates income is lower than its peer Councils (as shown in Graph 4) would indicate that capacity does exist in terms of rates affordability. Our rates cap over the Long Term Plan is still lower than other Councils as we have additional revenue streams such as our investment portfolio and Parklands development which reduces our overall rates requirements.

Population forecasts, ageing population structure and affordability supports a need for continued investment in essential infrastructure, economic and community development. Urban growth is provided for in our financial forecasts and there appears to be capacity in terms of the community's ability to pay. We are investing in infrastructure, amenities and services that encourage investment in Napier, create employment and attract people to the City in support of a growth agenda.

FINANCIAL STRATEGY CONTINUED

MAINTAINING AND DELIVERING SERVICES (OPERATING EXPENDITURE)

As above the key focus for the Long Term Plan is to ensure services delivered are affordable and that these meet the current and future needs of the city and its population while investing in economic development and growth opportunities.

Service levels for core services are not expected to change in any significant way over the life of this Long Term Plan other than in response to changing public health and environmental standards. Other service level movements are generally in support of economic and community development.

The graph below shows our forecast levels of operating expenditure over the 2015-2025 period.

Graph 10: Council Operating Expenditure



Other expenses include all expenditure for the operation and maintenance of Council assets. Also included are future operating and maintenance costs related (where appropriate) to new assets. The operational and maintenance costs have been inflated by LGCI.

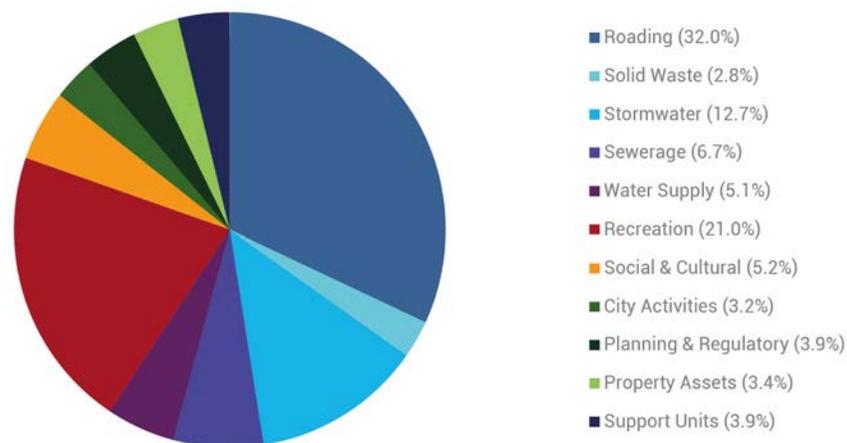
PURCHASING ASSETS (GROWTH/LEVELS OF SERVICE/RENEWAL EXPENDITURE)

The inflated 10 Year Capital Plan for 2015-2025 includes \$380 million of expenditure. This comprises the activity group expenditure below of \$364 million plus \$16 million of expenditure for support units.

The below pie chart depicts the percentage split of whole-of-Council capital spend on renewals, growth and increased levels of service during the Long Term Plan. The chart's percentages do not include budgets that were consulted on in prior years, and have been deferred from the original timing, such as the Whakarire Groyne project that is still undergoing consultation.

Percentage Capital Spend by Activity Type

Graph 11: Percentage Capital Spend by Activity Type



Rooding, Sewerage, Stormwater, Recreation and Water Supply comprise 78% of the capital plan expenditure. As shown, 48% of the proposed capital plan is to maintain existing levels of service, 22% of expenditure is targeted to improving current levels of service and 25% is related to growth projects.

As part of the development of this Long Term Plan, we have developed a 30 year Infrastructure Strategy. Amongst other things the Infrastructure Strategy identifies significant infrastructure issues facing the City over the next 30 Years. The significant infrastructure issues can be read in the Infrastructure Strategy.

FINANCIAL STRATEGY CONTINUED

Proposed Growth Capital Plan

The Long Term Plan includes growth in the number of city households of around 1,580 residences over the 10 year period. While this is a modest rate of growth, it is based on the medium high scenario 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 \$99 million. Of this \$27 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 Roding \$40 million, Stormwater \$4 million, Water Supply \$17 million, Sewerage \$3 million, and Recreation (sportsgrounds, reserves and playground) \$8 million.

Funding of these projects comprises \$67 million from financial and development contributions, \$2 million from loans, \$1 million from rates and \$2 million from reserve funds.

The plan includes \$50 million of financial and development contribution income. The risk in regard to growth projects is centered 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.

Key Growth Projects proposed by Long Term Plan

Project	2015-25 Long Term Plan	Amount (Inflated)
Park Island Expansion	Year 2	\$1.9m Loans, \$1.3m Financial Contributions
Te Awa Structure Plan	Year 1-10	\$24.3m over the LTP (Total project \$32m)
Roding Proposals	Year 1-10	\$25m
Infrastructure projects	Year 1-10	\$5m

Proposed Levels of Service Capital Plan

We propose to invest in a number of projects designed to facilitate growth and economic development. The majority of these are not funded by rates. These investments will increase the level of service provided by the relevant facilities and amenities. The strategic driver for these investments is furthering Napier's reputation as a destination for visitors, investors and current and future residents. Key projects designed to facilitate growth and community development proposed by this Long Term Plan include:

Key Facility and Amenity Projects proposed by Long Term Plan

Project	2015-25 Long Term Plan	Amount (Inflated)
Cycle Strategy	Year 1-6	\$1,599 Rates, \$3,262 NZTA Subsidy & \$1,536 Grant
West Quay Car Park/One Lane	Year 1-3	\$2.7m HB Harbour Board Endowment Land Sale Account
Pandora Pond/Ahuriri Sports Project	Year 2-3	\$5m - Parklands
War Memorial Conference Centre Upgrade	Year 1-2	\$4.5m - Rates
Multi-use Velodrome	Year 1-2	\$5m Parklands, \$5m Grants, \$5m Govt Contribution
Park Island Expansion	Year 2	\$1.9m Loans, \$1.3m Financial Contributions

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 \$84 million. This is 22% of the total activity related capital plan.

FINANCIAL STRATEGY CONTINUED

Proposed Renewal Capital Plan

Our roading network is being maintained (which includes the replacement of assets) over the 30 year period to meet the current level of service. As described in detail in the Infrastructure Strategy renewal expenditure (replacement of assets) over the 30 years is approximately the same value as the depreciation expense. An independent review was conducted by AECOM (letter to Wayne Jack, Napier City Council, from Ian Martin, AECOM, dated 10 March 2015) which agreed with Council assumptions.

Because Council's water, wastewater and stormwater assets are relatively young (these generally have a life of 80 to 120 years and a large portion of pipelines were constructed during the 1960s and 1970s) it is expected that over the next 30 years the required level of renewals (replacement) of these assets will increase but will peak in approximately 30 to 50 years. We undertook a specific assessment of our asbestos pipes and these are expected to last another 30 to 50 years. As part of that assessment we also looked at other pipe assets and noted the newer post World War II cast-iron pipes will need to be replaced sooner than the pre-World War II cast iron pipes. The reason for this is the condition of the pipe is not solely based on age but is also related to the quality of raw materials the pipe has been manufactured from, soil conditions and the quality of installation.

The stormwater assets are in very good condition and not showing any signs of deterioration. However these pipes will need to be either duplicated or replaced with larger pipes to reflect the improved level of service associated with the stormwater catchment upgrade programme. Where a catchment upgrade can be achieved only by retiring an existing main early and replacing it with a larger one, the depreciated portion of the main that is being retired is recognised as a renewal expense. This is the main driver for renewal expenditure on stormwater mains.

The Waugh report (2014) commented that renewal requirements for wastewater pipes are expected to peak during the period 2030-2060 and for water pipes during the period 2040-2060. Future renewal requirements are particularly sensitive to variations in the rate of deterioration of the wastewater reticulation. This is also the asset that is exposed to the most corrosive environment. Three scenarios have therefore been developed to test the sensitivity and the financial impact. Further details have been provided in the Infrastructure Strategy.

CAPITAL PROJECTS

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
ROADING															
Roading I.A.R.	2,495	2,581	2,678	2,779	2,886	2,999	3,120	3,254	3,397	3,554	29,743	Roading IAR			100%
Roading I.A.R.	1,620	1,679	1,745	1,814	1,886	1,963	2,049	2,139	2,237	2,345	19,477	NZTA Subsidy			100%
	4,115	4,260	4,423	4,593	4,772	4,962	5,169	5,393	5,634	5,899	49,220				
Roading Vested Assets	1,175	1,202	1,234	1,266	1,300	1,337	1,376	1,419	1,465	1,516	13,290	Vested Assets	100%		
Roading Capital Projects (Bulk Funded)	1,945	1,990	1,863	2,096	2,152	2,407	2,278	2,349	2,426	2,510	22,016	Rates		20%	80%
Roading Capital Projects (Bulk Funded)	2,168	1,479	-	-	-	-	-	-	-	-	3,647	Prior years Project Funding		20%	80%
	4,113	3,469	1,863	2,096	2,152	2,407	2,278	2,349	2,426	2,510	25,663				
Transportation Proposals	2,290	2,574	2,641	1,975	2,027	2,084	2,026	2,391	2,158	2,736	22,902	Financial Contributions Account	100%		
Te Awa Structure Plan	-	326	2,331	822	905	1,869	497	-	-	1,560	8,310	Financial Contributions Account	100%		
Cycle Strategy	240	246	252	259	266	273	-	-	-	-	1,536	Grants Funding		100%	
Cycle Strategy	250	256	263	269	277	284	-	-	-	-	1,599	Rates		100%	
Cycle Strategy	510	522	536	550	564	580	-	-	-	-	3,262	NZTA Subsidy		100%	
	1,000	1,024	1,051	1,078	1,107	1,137	-	-	-	-	6,397				
Lever St Closure	-	-	-	-	35	259	-	-	-	-	294	Rates			100%
West Quay One Way	-	-	180	-	-	-	-	-	-	-	180	Rates			100%
West Quay Car Park	100	1,443	1,050	-	-	-	-	-	-	-	2,593	HB HB Endowment Land Sale Account			100%
Pandora Pond Parking	-	-	578	-	-	-	-	-	-	-	578	HB HB Endowment Land Sale Account			100%
Prebensen Drive 4 Laning	6,549	-	-	-	-	-	-	-	-	-	6,549	Financial Contributions Account	100%		
Prebensen/Puketitiri Development	-	-	322	-	-	-	-	-	-	-	322	Prior years Project Funding			100%
Jervois Road Footpath	113	-	-	-	-	-	-	-	-	-	113	Capital Reserve			100%
CBD Development	1,200	989	-	-	-	-	-	-	-	-	2,189	Prior years Project Funding			100%
ROADING TOTAL	20,655	15,287	15,673	11,830	12,298	14,055	11,346	11,552	11,683	14,221	138,600				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
SOLID WASTE															
Omarunui Development - Valley D	217	631	190	234	669	507	273	262	291	280	3,554	Regional Landfill Income A/c			100%
Omarunui Development - Plant	305	47	127	51	19	17	283	33	113	37	1,032	Regional Landfill Income A/c			100%
Omarunui Development - Forestry	10	-	11	11	11	11	12	12	12	13	103	Regional Landfill Income A/c			100%
Omarunui Development - Valleys B & C	106	108	302	310	922	1,361	1,260	861	649	231	6,110	Regional Landfill Income A/c			100%
Solid Waste I.A.R.	150	154	98	100	103	106	109	112	116	120	1,168	Tsfr Stn & Composting IAR Fund			100%
SOLID WASTE TOTAL	788	940	728	706	1,724	2,002	1,937	1,280	1,181	681	11,967				
STORMWATER															
Upgrading Stormwater Catchments	177	181	195	200	206	212	218	225	232	240	2,086	Financial Contributions Account		100%	
Upgrading Stormwater Catchments	123	269	776	836	902	974	1,053	1,140	1,236	1,344	8,653	Stormwater Catchments Upgrade		100%	
	300	450	971	1,036	1,108	1,186	1,271	1,365	1,468	1,584	10,739				
Stormwater I.A.R.	150	235	490	508	526	546	567	591	615	643	4,871	Stormwater IAR Pipes			100%
Stormwater Vested Assets	448	458	470	483	496	510	525	541	559	578	5,068	Vested Assets	100%		
Extend Outfalls Marine Parade	-	-	79	-	-	85	-	-	94	-	258	Rates			100%
Extend Outfalls Marine Parade	109	-	-	-	-	-	-	-	-	-	109	Prior years Project Funding			100%
	109	-	79	-	-	85	-	-	94	-	367				
Georges Drive Drain	-	-	41	14	14	15	15	16	16	17	148	Rates		100%	
Georges Drive Drain	-	-	71	-	-	-	-	-	-	-	71	Prior years Project Funding		100%	
	-	-	112	14	14	15	15	16	16	17	219				
Upgrade Taipo Stream	35	-	-	-	-	-	-	-	-	-	35	Prior years Project Funding		100%	
Upgrade Taipo Stream	79	-	-	248	-	-	-	-	-	-	327	Financial Contributions Account		100%	
Upgrade Taipo Stream	70	-	-	219	-	-	-	-	-	-	289	Rates		100%	
	184	-	-	467	-	-	-	-	-	-	651				
Drain Improvements	60	61	63	315	509	68	70	72	75	77	1,370	Rates		100%	
Drain Improvements	25	116	119	-	-	-	-	-	-	-	260	Prior years Project Funding		100%	
	85	177	182	315	509	68	70	72	75	77	1,630				
Ellison Street Pump Station	-	-	-	-	3,921	-	-	-	-	-	3,921	Loans - Growth		100%	
Ellison Street Pump Station	-	-	-	-	980	-	-	-	-	-	980	Financial Contributions Account		100%	
	-	-	-	-	4,901	-	-	-	-	-	4,901				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
CBD Stormwater Upgrade	2,600	688	-	-	-	-	-	-	-	-	3,288	Stormwater Catchments Upgrade		100%	
Te Awa Stormwater Pond	1,213	-	-	-	-	-	-	-	-	-	1,213	Financial Contributions Account	100%		
Jervoisstown Stormwater Improvement	-	143	-	-	-	-	-	-	-	-	143	Financial Contributions Account	100%		
Overland Drain	67	-	-	-	-	-	-	-	-	-	67	Loans - Rates		100%	
Overland Drain	15	-	-	-	-	-	-	-	-	-	15	Capital Reserve		100%	
	82	-	-	-	-	-	-	-	-	-	82				
Install New Pump Purimu	72	-	-	-	-	-	-	-	-	-	72	Loans - Rates			100%
Dalton St Pump Replacement	10	236	-	-	-	-	-	-	-	-	246	Prior years Project Funding			100%
Mobile Pump Solutions	361	-	-	-	-	-	-	-	-	-	361	Prior years Project Funding		100%	
Bay View Upgrade Stormwater	-	-	559	-	-	-	-	-	-	-	559	Loans - Rates		100%	
Bay View Upgrade Stormwater	-	21	-	-	-	-	-	-	-	-	21	Capital Reserve		100%	
	-	21	559	-	-	-	-	-	-	-	580				
Taradale Stormwater Upgrade	3,118	1,879	-	-	-	-	-	-	-	-	4,997	Stormwater Catchments Upgrade		100%	
Te Awa Structure Plan	-	-	3,390	-	316	11,064	-	121	915	-	15,806	Financial Contributions Account	100%		
STORMWATER TOTAL	8,732	4,287	6,253	2,823	7,870	13,474	2,448	2,706	3,742	2,899	55,234				

SEWERAGE

Wastewater Pipe I.A.R.	1,800	1,535	1,575	1,216	1,265	1,317	1,374	1,435	1,502	1,575	14,594	Sewerage IAR Pipes			100%
Milliscreen I.A.R.	150	263	270	277	284	292	301	310	321	332	2,800	Milliscreen Replacement Program			100%
Wastewater Pump Stations I.A.R.	350	512	525	251	258	265	273	281	291	301	3,307	Sewer Pump Station Renewal			100%
Wastewater Treatment Plant I.A.R.	-	-	-	56	58	59	122	126	130	134	685	Sewer Treatment Plant Renewal			100%
Wastewater Outfall I.A.R.	-	102	-	-	-	-	-	-	-	-	102	Wastewater Outfall IAR			100%
Wastewater Vested Assets	401	410	421	432	444	456	470	484	500	518	4,536	Vested Assets	100%		
BTF Wastewater Treatment Plant	500	-	-	-	-	-	-	-	-	-	500	Advanced Wastewater T/ment Fund		100%	
Te Awa Structure Plan	-	-	926	-	132	853	-	-	358	-	2,269	Financial Contributions Account	100%		
Upgrade & Rationalize Pumping Mains	-	-	105	108	-	114	-	-	125	-	452	Rates		100%	
SEWERAGE TOTAL	3,201	2,822	3,822	2,340	2,441	3,356	2,540	2,636	3,227	2,860	29,245				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split			
													G	L	R	
WATER SUPPLY																
Water Pipes I.A.R.	1,000	1,126	1,050	689	723	758	796	839	886	936	8,803	Water Supply IAR				100%
Water Pump Stations I.A.R.	105	123	142	152	156	160	165	170	176	182	1,531	Water Supply Pump Stations				100%
Water Meters I.A.R.	100	102	53	24	24	25	26	27	27	28	436	Water Supply IAR Water Meters				100%
Water Supply - Capital Upgrade Associated with IAR	70	384	263	133	136	140	144	149	153	159	1,731	Water Supply Cap Assoc with IAR		100%		
Water Supply Vested Assets	221	226	232	238	245	251	259	267	276	285	2,500	Vested Assets	100%			
New Reservoir Taradale	2,801	-	-	-	-	-	-	-	-	-	2,801	Financial Contributions Account	100%			
Awatoto Trunk Main	2,159	-	-	-	-	-	-	-	-	-	2,159	Financial Contributions Account	100%			
Te Awa Structure Plan	-	-	200	13	142	330	14	14	273	-	986	Financial Contributions Account	100%			
Upgrade Water Supply Control System	220	224	-	-	-	-	-	-	-	-	444	Prior years Project Funding				100%
Severn Street Extension	-	111	-	-	-	-	-	-	-	-	111	Prior years Project Funding				100%
New Well - Awatoto	736	-	-	-	-	-	-	-	-	-	736	Financial Contributions Account	100%			
WATER SUPPLY TOTAL	7,412	2,296	1,940	1,249	1,426	1,664	1,404	1,466	1,791	1,590	22,238					

RECREATION

Sportsgrounds																
Sportsgrounds I.A.R.	240	246	1,428	354	363	373	384	396	409	423	4,616	Sportsgrounds IAR Fund				100%
Installtn Auto Irrigation System	-	451	-	193	198	146	-	-	-	-	988	Loans - Rates		100%		
Installtn Auto Irrigation System	-	186	-	-	-	-	-	-	-	-	186	Financial Contributions Account		100%		
Installtn Auto Irrigation System	-	117	-	-	-	-	-	-	-	-	117	Prior Years Project Funding		100%		
	-	754	-	193	198	146	-	-	-	-	1,291					
Guppy Road Sports Village Stage 2	-	-	-	-	-	-	-	-	-	421	421	Rates		100%		
McLean Park Returf	-	473	109	267	-	-	-	-	-	-	849	Rates		100%		
Harris Stand Retrofitting	145	-	-	-	-	-	-	-	-	-	145	Capital Reserve				100%
Park Island Expansion	2,035	1,979	490	-	-	-	-	-	-	-	4,504	Loans - Growth	100%			
Park Island Expansion	980	1,343	284	-	-	-	-	-	-	-	2,607	Financial Contributions Account	100%			
	3,015	3,322	774	-	-	-	-	-	-	-	7,111					

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
RGC Events Centre	-	-	-	-	-	-	553	-	-	-	553	Rates			100%
RGC Events Centre	-	-	-	-	268	-	-	-	-	-	268	Prior Years Project Funding			100%
	-	-	-	-	268	-	553	-	-	-	821				
Sportsgrounds Infrastructure	-	326	-	-	-	-	-	-	-	-	326	Loans - Rates			100%
Sportsgrounds Infrastructure	-	146	-	-	-	-	-	-	-	-	146	Capital Reserve			100%
	-	472	-	-	-	-	-	-	-	-	472				
Velodrome	1,000	4,094	-	-	-	-	-	-	-	-	5,094	Parklands		100%	
Velodrome	-	10,000	-	-	-	-	-	-	-	-	10,000	Grants Funding		100%	
	1,000	14,094	-	-	-	-	-	-	-	-	15,094				
Whitmore Park Changing Facilities Renovation	60	-	-	-	-	-	-	-	-	-	60	Rates	100%		
Develop Carpark 30 Latham St	-	64	-	-	-	-	-	-	-	-	64	Prior Years Project Funding		100%	
McLean Park Player Facility Upgrade	-	-	32	29	490	-	-	-	-	-	551	Rates		100%	
Sportsgrounds Development	526	1,280	-	-	-	-	-	-	-	-	1,806	Loans - Growth	100%		
Sportsgrounds Development	274	669	-	-	-	-	-	-	-	-	943	Financial Contributions Account	100%		
	800	1,949	-	-	-	-	-	-	-	-	2,749				
Park Island Phase 2 Developments	-	-	-	-	-	-	-	3,019	3,118	3,227	9,364	Loans - Growth		100%	
Petane War Memorial Reserve Change Facilities	-	-	-	-	-	-	-	-	274	-	274	Loans - Growth		100%	
Tareha SG Changing Facilities	-	114	-	-	-	-	-	-	-	-	114	Prior Years Project Funding			100%
Tareha Sports Reserve Change Facilities	-	-	-	-	-	125	-	-	-	-	125	Rates		100%	
Guppy Road Sports Village	-	-	231	-	-	-	-	-	-	-	231	Prior Years Project Funding		100%	
Sportsgrounds Total	5,260	21,488	2,574	843	1,319	644	937	3,415	3,801	4,071	44,352				
Napier Aquatic Centre (NAC)															
NAC I.A.R.	100	123	137	174	178	183	294	364	425	466	2,444	Pools IAR Fund			100%
NAC Enclosure Building	1,278	-	-	-	-	-	-	-	-	-	1,278	Loans - Rates			100%
NAC Total	1,378	123	137	174	178	183	294	364	425	466	3,722				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Marine Parade Pools															
Ocean Spa Upgrade	-	-	-	-	33	193	-	-	-	-	226	Rates			100%
Marine Parade Pools Renewals	-	-	-	-	-	23	23	85	125	155	411	Marine Pde Facilities IAR Fund			100%
Marine Parade Pools Total	-	-	-	-	33	216	23	85	125	155	637				
Reserves															
Reserves I.A.R.	525	819	840	566	581	597	615	707	755	807	6,812	Reserves IAR Fund			100%
Reserves Vested Assets	102	104	107	110	113	116	119	123	127	132	1,153	Vested Assets	100%		
Passive Recreation Reserves	102	3,173	762	-	-	-	-	-	-	-	4,037	Financial Contributions Account	100%		
Tree Planting Programme	70	72	74	75	77	80	82	85	87	90	792	Rates		100%	
Playground Equipment	-	-	59	-	-	64	-	-	70	-	193	Rates		100%	
Reserves, Pathways and Linkages	20	-	2,860	-	-	-	-	-	-	-	2,880	Loans - Rates		100%	
Westshore Beach Reprofiling	-	-	-	-	2,810	-	-	-	-	-	2,810	Loan - HB HB Endowment Land Income		100%	
Hardinge Road Erosion	-	-	336	-	-	-	-	-	-	-	336	HB HB Endowment Land Income			100%
New Playground	-	-	-	-	-	206	647	-	-	-	853	Rates	100%		
Halliwell Detention Dam Development	-	33	-	-	-	-	-	-	-	-	33	Prior Years Project Funding		100%	
Resurface Soundshell Area	677	-	-	-	-	-	-	-	-	-	677	Capital Reserve			100%
Destination Playground	2,500	-	-	-	-	-	-	-	-	-	2,500	Parklands		100%	
Pandora Pond Water Sports Facility	1,500	102	3,570	-	-	-	-	-	-	-	5,172	HB HB Endowment Land Sale Account		100%	
Pump Track and Freedom Camping Carpark	350	-	-	-	-	-	-	-	-	-	350	Parklands		100%	
Pirimai Park - Installations	126	76	-	-	-	-	-	-	-	-	202	Rates		100%	
Tamatea Park Development	75	-	-	-	-	-	-	-	-	-	75	Rates		100%	
Taradale Skate Bowl	200	-	-	-	-	-	-	-	-	-	200	Rates		100%	
Land Purchase Maraenui Park Extension	-	164	-	-	-	-	-	-	-	-	164	Endowment Land Account		100%	
Walkway/Cycleway Development	-	258	-	-	-	-	-	-	-	-	258	Capital Reserve		100%	
Whakarire Ave Groyne	-	-	1,220	-	-	-	-	-	-	-	1,220	Loans - Non Rates		100%	
Whakarire Ave Groyne	-	-	33	-	-	-	-	-	-	-	33	HB HB Endowment Land Income		100%	
	-	-	1,253	-	-	-	-	-	-	-	1,253				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Urban Growth Stage 1 - Reserves	-	-	479	-	-	-	-	-	-	-	479	Financial Contributions Account	100%		
Reserves Total	6,247	4,801	10,340	751	3,581	1,063	1,463	915	1,039	1,029	31,229				
Napier Skate Park															
Napier Skate Park Renewals	-	20	21	22	22	23	23	121	150	181	583	Marine Pde Facilities IAR Fund			100%
Napier Skate Park Development	2,800	-	-	-	-	-	-	-	-	-	2,800	Parklands		100%	
Napier Skate Park Development	300	-	-	-	-	-	-	-	-	-	300	Grants Funding		100%	
Reef Garden	2,200	-	-	-	-	-	-	-	-	-	2,200	Parklands		100%	
Amphitheatre	334	-	-	-	-	-	-	-	-	-	334	Parklands		100%	
Napier Skate Park Total	5,634	20	21	22	22	23	23	121	150	181	6,217				
Inner Harbour															
Inner Harbour Facilities I.A.R.	90	15	16	1,693	492	17	135	66	19	2,299	4,842	HB HB Endowment Land Income			100%
Inner Harbour Total	90	15	16	1,693	492	17	135	66	19	2,299	4,842				
RECREATION TOTAL	18,609	26,447	13,088	3,483	5,625	2,146	2,875	4,966	5,559	8,201	90,999				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
SOCIAL AND CULTURAL															
Libraries															
Library Stock	490	501	515	528	542	557	574	592	611	632	5,542	Rates			100%
Library Stock	20	20	21	22	22	23	23	24	25	26	226	Financial Contributions Account			100%
	510	521	536	550	564	580	597	616	636	658	5,768				
Napier Library Redevelopment	-	-	-	-	-	-	344	1,094	-	-	1,438	Rates			100%
Napier Library Redevelopment	177	-	-	-	-	-	-	-	-	-	177	Prior Years Project Funding			100%
	177	-	-	-	-	-	344	1,094	-	-	1,615				
Library Management System Upgrade	-	-	-	-	82	98	-	-	-	-	180	Rates			100%
Library Renewals	-	-	-	-	-	-	-	72	100	129	301	Libraries IAR Fund			100%
Robson Collection Donations	1	1	1	1	1	1	1	1	1	1	10	Capital Reserve		100%	
Libraries Total	688	522	537	551	647	679	942	1,783	737	788	7,874				
Napier Municipal Theatre (NMT)															
NMT Minor Capital	40	41	42	43	44	46	47	48	50	52	453	Tourism Capital Fund			100%
NMT Renewals	60	72	84	97	111	125	141	157	175	219	1,241	Tourism Capital Fund			100%
NMT Total	100	113	126	140	155	171	188	205	225	271	1,694				
MTG Hawke's Bay															
MTG Minor Capital	50	51	53	54	55	57	59	60	62	65	566	MTG IAR Fund			100%
MTG Renewals	-	-	-	108	111	228	351	483	549	568	2,398	MTG IAR Fund			100%
Building Project	629	-	-	-	-	-	-	-	-	-	629	HB Museum & Art Gallery		100%	
MTG Total	679	51	53	162	166	285	410	543	611	633	3,593				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Halls															
Memorial Square Building Development	300	-	-	-	-	-	-	-	-	-	300	Capital Reserve		100%	
Greenmeadows East Hall - New Flooring	50	-	-	-	-	-	-	-	-	-	50	Rates			100%
Taradale Community Rooms - Community Centre Refurbishment	-	154	158	-	-	-	-	-	-	-	312	Rates		100%	
Halls Renewals	-	-	-	-	55	68	82	97	125	155	582	Buildings IAR Fund			100%
Halls Total	350	154	158	-	55	68	82	97	125	155	1,244				
Retirement and Rental Housing															
Retirement Housing Minor Capital	266	245	93	96	98	101	104	107	111	115	1,336	Housing IAR Fund			100%
Rental Housing Minor Capital	21	21	22	23	23	24	25	25	26	27	237	Housing IAR Fund			100%
Retirement Housing Renewals	-	-	-	-	111	228	398	423	474	516	2,150	Housing IAR Fund			100%
Rental Housing Renewals	-	-	-	-	111	114	141	169	224	258	1,017	Housing IAR Fund			100%
Retirement and Rental Housing Total	287	266	115	119	343	467	668	724	835	916	4,740				
Cemeteries															
Cemeteries I.A.R.	30	51	210	94	96	99	102	105	109	112	1,008	Cemeteries IAR Fund			100%
Cemeteries Infrastructure	12	-	25	13	13	14	14	14	15	15	135	Rates			100%
Cemeteries Infrastructure	38	-	42	-	-	-	-	-	-	-	80	Prior Years Project Funding			100%
	50	-	67	13	13	14	14	14	15	15	215				
Cemeteries Carparks	12	-	-	-	-	-	-	-	-	-	12	Prior Years Project Funding			100%
Western Hills Extension	155	294	-	-	-	-	-	-	-	-	449	Prior Years Project Funding			100%
Cemeteries Total	247	345	277	107	109	113	116	119	124	127	1,684				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Public Toilets															
Public Toilets I.A.R.	330	164	168	121	124	127	131	135	140	145	1,585	Public Toilets IAR Fund			100%
New Toilet Programme	-	40	41	-	43	44	-	47	49	-	264	Rates		100%	
New Toilet Programme	38	-	-	-	-	-	-	-	-	-	38	Prior Years Project Funding		100%	
	38	40	41	-	43	44	-	47	49	-	302				
Public Toilets Total	368	204	209	121	167	171	131	182	189	145	1,887				
SOCIAL AND CULTURAL TOTAL	2,719	1,655	1,475	1,200	1,642	1,954	2,537	3,653	2,846	3,035	22,716				

CITY ACTIVITIES

War Memorial Conference Centre (WMC)

WMCC Minor Capital	60	61	63	65	66	68	70	72	75	77	677	Tourism Capital Fund			100%
WMCC Upgrade	2,500	1,433	-	-	-	-	-	-	-	-	3,933	Loans - Rates		100%	
Replace Carpet Lower Level	17	-	-	-	-	-	-	-	-	-	17	Prior Years Project Funding			100%
WMCC Renewals	40	51	63	75	89	102	117	133	150	232	1,052	Tourism Capital Fund			100%
WMC Total	2,617	1,545	126	140	155	170	187	205	225	309	5,679				

National Aquarium of New Zealand (NANZ)

NANZ Minor Capital	75	77	79	81	83	85	88	91	94	97	850	Tourism Capital Fund			100%
Aquarium Laboratory	50	-	-	-	-	-	-	-	-	-	50	Parklands	100%		
Aquarium Reception/Ticketing Upgrade	250	-	-	-	-	-	-	-	-	-	250	Rates		100%	
Aquarium Renewals	25	36	47	59	72	85	100	115	131	181	851	Tourism Capital Fund			100%
NANZ Total	400	113	126	140	155	170	188	206	225	278	2,001				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Napier i-SITE Visitor Centre															
i-SITE Minor Capital	20	31	42	54	55	57	59	60	62	71	511	Tourism Capital Fund			100%
i-Site Alterations	-	82	441	216	-	-	-	-	-	-	739	Rates			100%
i-Site Renewals	-	-	-	-	-	-	-	-	-	65	65	Tourism Capital Fund			100%
Napier i-SITE Visitor Centre Total	20	113	483	270	55	57	59	60	62	136	1,315				
Par 2 MiniGolf															
Par 2 Minor Capital	18	18	19	19	20	20	21	22	22	23	202	Tourism Capital Fund			100%
Par 2 Minigolf Upgrade 2 Courses	192	205	-	-	-	-	-	-	-	-	397	Loans - Rates			100%
Par 2 MiniGolf Renewals	-	-	-	-	-	-	-	-	-	65	65	Tourism Capital Fund			100%
Par 2 MiniGolf Total	210	223	19	19	20	20	21	22	22	88	664				
Kennedy Park															
Kennedy Park I.A.R.	120	123	126	129	133	137	141	145	150	155	1,359	Tourism Capital Fund			100%
Kennedy Park Minor Capital	180	184	189	194	199	205	211	217	224	232	2,035	Tourism Capital Fund			100%
Kennedy Park Reception	650	-	-	-	-	-	-	-	-	-	650	Loans - Rates	100%		
Kennedy Park Total	950	307	315	323	332	342	352	362	374	387	4,044				
CITY ACTIVITIES TOTAL	4,197	2,301	1,069	892	717	759	807	855	908	1,198	13,703				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
PLANNING AND REGULATORY															
Building Consents															
Property Information EDM	445	225	168	-	-	-	-	-	-	-	838	Property Electronic Mgmt Fund		100%	
E-Commerce for Applications	25	-	-	-	-	-	-	-	-	-	25	Prior Years Project Funding			100%
Building Consents Total	470	225	168	-	-	-	-	-	-	-	863				
Animal Control															
Dog Agility Track	5	-	-	-	-	-	-	-	-	-	5	Dog Control Account		100%	
Stock Control Equipment	5	-	-	-	-	-	-	-	-	-	5	Dog Control Account		100%	
Complex Shelter & Office	60	-	-	-	-	-	-	-	-	-	60	Dog Control Account		100%	
Animal Control Total	70	-	-	-	-	-	-	-	-	-	70				
Parking															
CBD Parking Projects	500	6,117	2,174	-	2,512	-	2,905	-	-	-	14,208	Parking Account		100%	
Parking Minor Capital	20	20	21	22	22	23	23	24	25	26	226	Parking Account			100%
Parking Equipment Replacement	104	106	109	112	115	118	122	126	130	134	1,176	Parking Equipment Reserve A/c			100%
Alternative Transport Parking	100	310	-	-	-	-	-	-	-	-	410	Parking Account		100%	
Parking Security	70	72	-	-	-	-	-	-	-	-	142	Parking Account		100%	
Parking Total	794	6,625	2,304	134	2,649	141	3,050	150	155	160	16,162				
PLANNING AND REGULATORY TOTAL	1,334	6,850	2,472	134	2,649	141	3,050	150	155	160	17,095				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
PROPERTY ASSETS															
Property Holdings															
Air Conditioning Unallocated	88	-	1,155	-	-	-	-	-	-	-	1,243	Prior Years Project Funding		100%	
Civic Building	-	529	-	-	-	-	-	-	-	-	529	Parklands			100%
Seismic Strengthening Council Buildings (Includes Memorial Square)	500	1,023	-	-	-	-	-	-	-	-	1,523	Loans - Rates			100%
Lagoon Farm Business Park	-	-	-	-	944	-	-	-	-	-	944	Parklands	100%		
Civic Building Upgrade	-	-	3,150	2,156	-	-	-	-	-	-	5,306	Loans - Rates			100%
Civic Building Renewals	-	-	-	108	111	159	281	302	349	387	1,697	Buildings IAR Fund			100%
Council Chambers Ventilation	34	-	-	-	-	-	-	-	-	-	34	Prior Years Project Funding		100%	
Chambers and Weatherproofing	571	-	-	-	-	-	-	-	-	-	571	Parklands			100%
Property Purchase	-	1,023	-	539	-	-	-	-	-	-	1,562	HB HB Endowment Land Sale Account		100%	
Library Building Renewals	-	-	-	-	55	114	281	302	349	387	1,488	Buildings IAR Fund			100%
PROPERTY ASSETS TOTAL	1,193	2,575	4,305	2,803	1,110	273	562	604	698	774	14,897				

CAPITAL PROJECTS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
SUPPORT UNITS															
Support Units & General Provisions															
Minor Capital General Provision	70	72	74	75	77	80	82	85	87	90	792	Rates			100%
Replacement of Mobile Plant and Vehicle	900	921	945	970	996	1,024	1,054	1,087	1,122	1,162	10,181	Plant Purchase & Renewals A/c			100%
Software Replacement and Upgrades	41	42	43	44	45	47	48	50	51	53	464	Rates			100%
Software Replacement and Upgrades	25	-	-	-	-	-	-	-	-	-	25	Prior Years Project Funding			100%
	66	42	43	44	45	47	48	50	51	53	489				
PC and Printer Replacement	71	73	75	77	79	81	83	86	89	92	806	Rates			100%
PC and Printer Replacement	5	-	-	-	-	-	-	-	-	-	5	Prior Years Project Funding			100%
	76	73	75	77	79	81	83	86	89	92	811				
Corporate IT Network	13	13	14	14	14	15	15	16	16	17	147	Rates			100%
Technology Equipment Minor Capital	328	336	344	354	363	373	384	396	409	423	3,710	Technology Equipment Renewal Reserve			100%
Electronic Document Management	145	-	-	-	-	-	-	-	-	-	145	Prior Years Project Funding		100%	
Napier Wi-Fi	125	-	-	-	-	-	-	-	-	-	125	Prior Years Project Funding		100%	
Design Services Minor Capital	30	31	32	32	33	34	35	36	37	39	339	Design Services Fund			100%
SUPPORT UNITS TOTAL	1,753	1,488	1,527	1,566	1,607	1,654	1,701	1,756	1,811	1,876	16,739				
TOTAL FUNDING	70,593	66,948	52,352	29,026	39,109	41,478	31,207	31,624	33,601	37,495	433,433				

CAPITAL PROJECTS CONTINUED

Funding	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total
Advanced Wastewater Treatment Fund	500	-	-	-	-	-	-	-	-	-	500
Buildings IAR Fund	-	-	-	108	221	341	644	701	823	929	3,767
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	-
Capital Reserve	1,251	426	1	1	1	1	1	1	1	1	1,685
Design Services Fund	30	31	32	32	33	34	35	36	37	39	339
Dog Control Account	70	-	-	-	-	-	-	-	-	-	70
Endowment Land Account	-	164	-	-	-	-	-	-	-	-	164
Financial Contributions Account	17,380	8,615	11,229	3,280	4,730	16,435	2,778	2,775	3,961	4,562	75,745
HB HB Endowment Land Income	90	15	385	1,693	492	17	135	66	19	2,299	5,211
HB HB Endowment Land Sale Account	1,600	2,568	5,198	539	-	-	-	-	-	-	9,905
Housing IAR Fund	287	266	115	119	343	467	668	724	835	916	4,740
Grants Funding	540	10,246	252	259	266	273	-	-	-	-	11,836
Libraries IAR Fund	-	-	-	-	-	-	-	72	100	129	301
Loan - HB HB Endowment Land Income	-	-	-	-	2,810	-	-	-	-	-	2,810
Loans - Growth	2,561	3,259	490	-	3,921	-	-	3,019	3,392	3,227	19,869
Loans - Non Rates	-	-	1,220	-	-	-	-	-	-	-	1,220
Loans - Rates	5,279	3,438	6,569	2,349	198	146	-	-	-	-	17,979
Marine Pde Facilities IAR Fund	-	20	21	22	22	46	46	206	275	336	994
MTG IAR Fund	50	51	53	162	166	285	410	543	611	633	2,964
HB Museum & Art Gallery	629	-	-	-	-	-	-	-	-	-	629
NZTA Subsidy	2,130	2,201	2,281	2,364	2,450	2,543	2,049	2,139	2,237	2,345	22,739
Parking Account	690	6,519	2,195	22	2,534	23	2,928	24	25	26	14,986
Parking Equipment Reserve A/c	104	106	109	112	115	118	122	126	130	134	1,176
Parklands	9,805	4,623	-	-	944	-	-	-	-	-	15,372
Plant Purchase & Renewals A/c	900	921	945	970	996	1,024	1,054	1,087	1,122	1,162	10,181
Property Electronic Mgmt Fund	445	225	168	-	-	-	-	-	-	-	838
Prior Years Project Funding	5,012	3,822	1,940	-	268	-	-	-	-	-	11,042
Rates	3,853	3,860	4,254	4,359	4,482	4,836	4,805	4,506	3,811	4,014	42,780
Regional Landfill Income A/c	638	786	630	606	1,621	1,896	1,828	1,168	1,065	561	10,799
Roading IAR	2,495	2,581	2,678	2,779	2,886	2,999	3,120	3,254	3,397	3,554	29,743
Stormwater Catchments Upgrade	5,841	2,836	776	836	902	974	1,053	1,140	1,236	1,344	16,938

CAPITAL PROJECTS CONTINUED

Funding	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total
Technology Equipment Renewal Reserve	328	336	344	354	363	373	384	396	409	423	3,710
Vested Assets	2,347	2,400	2,464	2,529	2,598	2,670	2,749	2,834	2,927	3,029	26,547
Tourism Capital Fund	638	694	754	816	872	930	995	1,060	1,133	1,469	9,361
Tsfr Stn & Composting IAR Fund	150	154	98	100	103	106	109	112	116	120	1,168
Stormwater IAR Pipes	150	235	490	508	526	546	567	591	615	643	4,871
Sewerage IAR Pipes	1,800	1,535	1,575	1,216	1,265	1,317	1,374	1,435	1,502	1,575	14,594
Milliscreen Replacement Program	150	263	270	277	284	292	301	310	321	332	2,800
Sewer Pump Station Renewal	350	512	525	251	258	265	273	281	291	301	3,307
Sewer Treatment Plant Renewal	-	-	-	56	58	59	122	126	130	134	685
Wastewater Outfall IAR	-	102	-	-	-	-	-	-	-	-	102
Water Supply IAR	1,000	1,126	1,050	689	723	758	796	839	886	936	8,803
Water Supply Pump Stations	105	123	142	152	156	160	165	170	176	182	1,531
Water Supply IAR Water Meters	100	102	53	24	24	25	26	27	27	28	436
Water Supply Cap Assoc with IAR	70	384	263	133	136	140	144	149	153	159	1,731
Sportsgrounds IAR Fund	240	246	1,428	354	363	373	384	396	409	423	4,616
Pools IAR Fund	100	123	137	174	178	183	294	364	425	466	2,444
Reserves IAR Fund	525	819	840	566	581	597	615	707	755	807	6,812
Cemteries IAR Fund	30	51	210	94	96	99	102	105	109	112	1,008
Public Toilets IAR Fund	330	164	168	121	124	127	131	135	140	145	1,585
TOTAL	70,593	66,948	52,352	29,026	39,109	41,478	31,207	31,624	33,601	37,495	433,433
Rates Funded Items	3,853	3,860	4,254	4,359	4,482	4,836	4,805	4,506	3,811	4,014	42,780
Plus Rates Transfers to I.A.R. Funds	8,600	8,686	8,783	8,884	8,991	9,104	9,225	9,359	9,502	9,659	90,793
Less Loans	(300)	(409)	(420)	(431)	(443)	-	-	-	-	-	(2,003)
Total Rates Requirement	12,153	12,137	12,617	12,812	13,030	13,940	14,030	13,865	13,313	13,673	131,570



PROSPECTIVE FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

In accordance with the Local Government Act 2002 Part 6 Section 93, Napier City Council (the Council) adopted for consultation the Consultation for Napier's 2015-2025 Long Term Plan document on 10 April 2015. The final 2015 - 2025 Long Term Plan (LTP) was authorised and adopted by the Council on 30 June 2015 following public consultation. As the authorising body, the Council is responsible for the LTP presented along with the underlying assumptions and all other required disclosures.

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

REPORTING ENTITY

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

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

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

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

The primary objective of the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, designated ourselves as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards for Public Benefit Entities (NZ IFRS PBE). Although associate company (Hawke's Bay Airport Limited) is not classified as a public benefit entity, the Council is considered a public benefit entity for the purposes of NZ IFRS PBE.

BASIS OF PREPARATION

Statement of Compliance

The prospective financial statements are for the Council as a separate legal entity and have been prepared in accordance with Section 93 of the Act which requires local authorities to prepare and adopt a long term plan before the commencement of the first year to which it relates, and continues in force until the close of the third consecutive year to which it relates.

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

In October 2014, the XRB issued three IPSAS for PBEs that are effective for reporting periods beginning on or after 1 April 2015. These standards are:

- PBE IPSAS 1 Presentation of Financial Statements;
- PBE IPSAS 2 Cash Flow Statements; and
- PBE FRS 42 Prospective Financial Statements.

These prospective financial statements have been prepared in accordance with the requirements of the Act Part 6, Section 98 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.

Measurement Base

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

Functional and presentation currency

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

PROSPECTIVE FINANCIAL INFORMATION

These are prospective financial statements and have been prepared in accordance with the requirements of the Local Government Act 2002 and may not be appropriate for other purposes. The main purpose of the prospective financial statements in the LTP is to provide users with information about Council's plans for the next 10 years and the rates that will be required to fund these plans.

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

The LTP is based on the actual results reported in the financial statements for the year ended 30 June 2014. The prospective financial statements have been prepared by using the best information available at the time for the 10 years of the LTP. The final adopted LTP will be updated no later than 30 June 2018.

In accordance with the Local Government Act 2002 Part 6 Section 93, the Council adopted and authorised for issue the Consultation Document on 10 April 2015. As the authorising body, the Council is responsible for the LTP presented along with the underlying assumptions and all other required disclosures. The prospective financial statements contained in this LTP are in full compliance with Financial Reporting Standard (FRS) 42 Prospective Financial Statements.

PRINCIPLES OF CONSOLIDATION

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

Investment in Associates

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

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

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

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

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

Subsidiaries

The Council has no subsidiaries.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Joint Ventures

- Jointly Controlled Assets

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

FOREIGN CURRENCY TRANSLATION

Functional and Presentation Currency

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

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Revenue and Expenses, except when deferred in equity as qualifying cash flow hedges.

REVENUE RECOGNITION

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

Rates

Rates are recognised when levied. Penalties and discounts relating to rates are included where applicable.

Residential Developments

Sales of sections in residential developments are recognised when contracts for sale are unconditional.

Traffic and Parking Infringements

Traffic and parking infringements are recognised when tickets are issued.

Licences and Permits

Revenue derived from licences and permits are recognised on application.

Development and Financial Contributions

Development contributions are recognised when the work is carried out and are no longer refundable.

Sales of Goods - Retail

Sales of goods are recognised when a product is sold to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.

Sales of Services

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

Rental Revenue

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

Interest Revenue

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

Dividend Revenue

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

Donated, Subsidised or Vested Assets

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Grants and Subsidies

Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable. The Council receives the majority of grants and subsidies revenue from New Zealand Transport Agency (NZTA) which subsidises part of the Council's costs in maintaining the local road infrastructure.

INCOME TAX

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

The income tax expense on revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

GOODS AND SERVICES TAX (GST)

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

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

The Council is the Lessor

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

CASH AND CASH EQUIVALENTS

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

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

TRADE RECEIVABLES

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

Trade receivables are due for settlement no more than 150 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Revenue and Expenses.

INVENTORIES

Raw Materials and Stores, Work In Progress and Finished Goods

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

Inventory Held for Distribution

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

NON CURRENT ASSETS HELD FOR SALE

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

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

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the 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 Surplus or Deficit

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

Loans and Receivables

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Held to Maturity Investments

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

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

Financial Assets at Fair Value through Comprehensive Revenue and Expenses

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

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

Measurement of Investments and Other Financial Assets

Available for sale financial assets and financial assets at fair value through surplus or deficit are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets are taken through Other gains/(losses) category in the statement of comprehensive revenue and expenses in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as fair value are taken through the statement of comprehensive revenue and expenses and are recognised as Valuation gains/(losses) in the fair value investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Revenue and Expenses as gains and losses from investment securities.

Fair Value Changes

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

Impairment of Financial Assets

The Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit is removed from equity and recognised in the Statement of Comprehensive Revenue and Expenses. Impairment losses recognised in the Statement of Comprehensive Revenue and Expenses on equity instruments are not reversed through the Statement of Comprehensive Revenue and Expenses.

DERIVATIVES

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

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

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Fair Value Hedge

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

Cash Flow Hedge

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

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

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

Derivatives that do not qualify for Hedge Accounting

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

FAIR VALUE ESTIMATION

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

The fair value of forward exchange contracts is determined using forward exchange market rates at the Statement of Financial Position date.

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Assets which are revalued are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Roading infrastructure assets are valued at depreciated replacement cost and revalued annually. Investment properties are revalued annually and shown at fair value. Land and Buildings are revalued three yearly are shown at fair value. Library Books are revalued annually and shown at fair value. All other property, plant and equipment 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 Revenue and Expenses during the financial period in which they are incurred.

Increases in the carrying amounts arising on revalued assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously

STATEMENT OF ACCOUNTING POLICIES CONTINUED

recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Comprehensive Revenue and Expenses.

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

	Depreciation
Buildings & Structural Improvements	2 to 10%
Fixed Plant & Equipment	5 to 20%
Mobile Plant & Equipment	5 to 50%
Motor Vehicles	10 to 33.33%
Furniture & Fittings	4 to 20%
Office Equipment	8 to 66.67%
Library Bookstock	7 to 25%

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

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

	Years
Roading	
Base Course	60-120
Surfacings	20-25
Concrete Pavers	80
Footpaths & Pathways/Walkways	15-80
Drainage	25-90
Bridges & Structures	20-100
Road Lighting	4-50
Traffic Services & Safety	10-25
Water	
Reticulation	56-200
Reservoirs	100

	Years
Pump Stations	15-80
Stormwater	
Reticulation	80-100
Pump Stations	15-80
Sewerage	
Reticulation	80-100
Pump Stations	15-80
Milliscreen	10-80
Outfall	60
Others	
Grandstands, Community & Sports Halls	50
Sportsgrounds, Parks & Reserves Improvements	10-50
Buildings on Reserves	10-50
Pools	10-50
Inner Harbour	20-50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the surplus or deficit. When revalued assets are sold, it is Council's policy to transfer the amounts included in other reserves in respect of those assets to accumulated comprehensive revenue and expense.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

INVESTMENT PROPERTY

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

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

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

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

INTANGIBLE ASSETS

Trademarks and Licences

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

Computer Software

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

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

IMPAIRMENT OF ASSETS

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

TRADE AND OTHER PAYABLES

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

BORROWINGS

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

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

Borrowing Costs

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

PROVISIONS

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

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

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

GRANT EXPENDITURE

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

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

EMPLOYEE BENEFITS

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave and Gratuities

The liability for long service leave and gratuities is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels,

experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Post-employment Benefit Obligations

Current and former employees of the Council are entitled to benefits on retirement, disability or death from the Council's multi-employer benefit scheme. The scheme manager, National Provident Fund, have advised Council there is no consistent and reliable basis for allocating the obligation scheme assets and cost of the multi-employer defined benefit scheme to individual participating employers. As a result, the scheme is accounted for as a defined contribution plan and contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

Bonus Plans

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

BIOLOGICAL ASSETS

Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY

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

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Restricted Reserves and Council Created Reserves

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

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

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

CAPITAL MANAGEMENT

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

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

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

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

The Council has the following Council Created Reserves:

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

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

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

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

BUDGET FIGURES

The budget figures are those approved by the Council and adopted as a part of the Council's LTP 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

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Infrastructural Assets

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

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

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

Landfill Aftercare Provision

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

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

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

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

CRITICAL JUDGEMENTS IN APPLYING NAPIER CITY COUNCIL'S ACCOUNTING POLICIES

Provision for Financial Guarantees

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

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

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

Classification of Property

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

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FORECAST FOR THE TEN YEARS 2015/16 TO 2024/25

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Revenue										
47,081	Rates revenue Note 1	48,610	50,776	53,403	55,918	58,266	60,716	63,101	65,148	66,860	69,716
1,500	Finance income	1,776	964	528	647	899	953	1,180	1,797	2,434	2,945
1,985	Development and financial contributions	3,495	2,824	5,448	5,580	5,724	5,879	5,833	6,634	7,489	7,551
3,792	Subsidies and grants	5,271	15,092	5,202	5,359	5,543	5,723	5,060	5,261	5,481	5,719
34,749	Other revenue	35,748	38,307	41,120	42,079	43,113	44,292	45,466	41,925	38,180	39,324
1,098	Other gains/(losses)	360	400	403	415	431	453	476	507	553	588
90,205	Total revenue	95,260	108,363	106,104	109,998	113,976	118,016	121,116	121,272	120,997	125,843
	Expenses										
27,463	Employee benefit expense	28,839	29,389	29,986	30,578	31,141	31,818	32,541	33,313	34,220	35,100
23,013	Depreciation and amortisation	21,364	22,606	24,760	25,799	25,394	26,925	27,544	28,319	30,655	30,962
32,236	Other expenses	35,278	36,495	39,513	40,066	41,391	42,777	44,777	43,101	41,675	43,369
0	Finance costs	-	-	-	248	248	248	248	-	-	-
82,712	Total expenses	85,481	88,490	94,259	96,691	98,174	101,768	105,110	104,733	106,550	109,431
7,493	Operating surplus/(deficit) before tax	9,779	19,873	11,845	13,307	15,802	16,248	16,006	16,539	14,447	16,412
237	Share of associate surplus/(deficit)	350	360	400	400	400	400	400	400	400	400
7,730	Surplus/(deficit) before tax	10,129	20,233	12,245	13,707	16,202	16,648	16,406	16,939	14,847	16,812
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
7,730	Surplus/(deficit) after tax	10,129	20,233	12,245	13,707	16,202	16,648	16,406	16,939	14,847	16,812
	Other comprehensive revenue and expense for the period										
5,048	Valuation gains/(losses) taken to equity	769	47,067	3,069	5,094	70,811	6,327	7,191	85,168	8,559	9,329
-	Fair Value gains/Losses through comprehensive income on investments	-	-	-	-	-	-	-	-	-	-
12,778	Total comprehensive revenue and expense for the period	10,898	67,300	15,314	18,801	87,013	22,975	23,597	102,107	23,406	26,141
	Note 1: Water by meter rates included in the rates revenue	3,929	4,157	4,429	4,531	4,593	4,874	4,966	5,078	5,493	5,616

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE

FORECAST FOR THE TEN YEARS 2015/16 TO 2024/25

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Operating Revenue (Activity Cost of Service Statements)										
6,045	Roading	7,966	7,679	8,774	9,021	9,303	9,588	8,922	9,602	10,332	10,667
5,382	Solid Waste	5,206	5,613	5,441	5,572	5,715	5,870	6,037	6,217	6,413	6,622
759	Stormwater	1,054	1,069	2,429	2,489	2,554	2,623	2,666	2,822	2,988	2,997
8,213	Sewerage	8,267	8,483	9,273	9,478	9,438	9,982	10,138	10,325	11,036	11,228
4,724	Water Supply	4,920	5,099	5,492	5,620	5,709	6,022	6,131	6,329	6,838	6,998
2,538	Recreation	3,068	12,757	3,308	3,372	3,486	3,663	3,727	3,920	4,126	4,249
5,188	Social and Cultural	5,234	5,259	5,354	5,508	5,652	5,813	5,982	6,188	6,425	6,653
7,438	City Activities	7,461	7,725	7,918	8,125	8,331	8,553	8,794	9,054	9,334	9,635
4,977	Planning and Regulatory	5,179	5,269	5,369	5,475	5,590	5,714	5,848	5,993	6,149	6,318
8,313	Property Assets	8,635	10,244	12,201	12,461	12,739	13,047	13,374	8,919	4,184	4,262
53,577	Total Operating Revenue	56,990	69,197	65,559	67,121	68,517	70,875	71,619	69,369	67,825	69,629
	Other Revenue (as per Statement of Comprehensive Revenue and Expenses)										
34,211	Non Targeted Rates	35,327	37,012	38,803	40,989	43,292	44,888	46,984	48,739	49,333	51,823
1,500	Interest Income	1,776	964	528	647	899	953	1,180	1,797	2,434	2,945
596	Rendering of Services	582	594	608	623	639	656	675	695	717	740
321	Other Income	585	596	606	618	629	644	658	672	688	706
90,205	Total Revenue	95,260	108,363	106,104	109,998	113,976	118,016	121,116	121,272	120,997	125,843

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Operating Expenses (Activity Cost of Service Statements)										
2,289	Democracy and Governance	2,409	2,457	2,512	2,567	2,631	2,706	2,786	2,868	2,963	3,061
15,239	Roading	14,097	14,462	14,957	15,652	15,936	16,585	17,068	17,981	19,122	19,956
5,215	Solid Waste	5,641	5,684	5,929	6,048	5,874	5,928	6,155	6,387	6,619	6,817
3,908	Stormwater	3,723	3,989	4,284	4,417	4,382	4,803	4,936	5,050	5,480	5,602
7,461	Sewerage	7,631	7,850	8,369	8,550	8,485	9,002	9,140	9,296	9,973	10,145
4,304	Water Supply	4,378	4,598	4,864	4,976	5,048	5,343	5,449	5,627	6,113	6,256
11,434	Recreation	11,005	12,009	14,249	14,272	14,701	15,510	16,493	16,324	17,348	17,952
14,487	Social and Cultural	15,204	15,387	15,711	16,035	16,302	16,716	17,138	17,585	18,506	18,602
9,447	City Activities	9,771	10,160	10,424	10,665	10,917	11,247	11,511	11,820	12,243	12,567
6,341	Planning and Regulatory	7,329	7,667	7,831	8,253	8,355	8,477	8,615	8,979	8,910	9,148
3,778	Property Assets	4,637	5,769	7,200	7,513	7,739	7,998	8,192	5,140	1,905	1,941
83,903	Total Operating Expenses	85,825	90,032	96,330	98,948	100,370	104,315	107,483	107,057	109,182	112,047
	Other Expenses (as per Statement of Comprehensive Revenue and Expenses)										
(2,082)	Internal Expenditure	(1,339)	(2,405)	(2,842)	(2,954)	(2,927)	(3,173)	(2,931)	(2,818)	(3,037)	(2,904)
183	Rates Remissions	219	219	219	219	219	219	219	219	219	219
708	Other Expenses	776	644	552	478	512	407	339	275	186	69
82,712	Total expenses	85,481	88,490	94,259	96,691	98,174	101,768	105,110	104,733	106,550	109,431
7,493	Operating surplus/(deficit) before tax (as per Statement of Comprehensive Revenue and Expenses)	9,779	19,873	11,845	13,307	15,802	16,248	16,006	16,539	14,447	16,412
237	Share of associate surplus/(deficit)	350	360	400	400	400	400	400	400	400	400
7,730	Surplus/(deficit) before tax (as per Statement of Comprehensive Revenue and Expenses)	10,129	20,233	12,245	13,707	16,202	16,648	16,406	16,939	14,847	16,812
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
7,730	Surplus/(deficit) after tax	10,129	20,233	12,245	13,707	16,202	16,648	16,406	16,939	14,847	16,812

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS / EQUITY

FORECAST FOR THE TEN YEARS 2015/16 TO 2024/25

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
1,423,340	Total Net Equity balance at 1 July	1,448,981	1,459,875	1,527,171	1,542,481	1,561,278	1,648,287	1,671,258	1,694,851	1,796,954	1,820,356
12,778	Total comprehensive revenue for the period	10,898	67,300	15,314	18,801	87,013	22,975	23,597	102,107	23,406	26,141
1,436,118	Total Net Equity balance at 30 June	1,459,875	1,527,171	1,542,481	1,561,278	1,648,287	1,671,258	1,694,851	1,796,954	1,820,356	1,846,493
	Total comprehensive revenue and expenses attributable to:										
12,778	Napier City Council	10,898	67,300	15,314	18,801	87,013	22,975	23,597	102,107	23,406	26,141
12,778	Total comprehensive revenue and expenses	10,898	67,300	15,314	18,801	87,013	22,975	23,597	102,107	23,406	26,141

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

FORECAST FOR THE TEN YEARS 2015/16 TO 2024/25

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
ASSETS											
Current Assets											
8,233	Cash and cash equivalents	17,652	10,893	1,061	4,907	4,189	7,186	11,058	8,904	12,050	6,773
9,582	Debtors and other receivables	11,917	14,724	14,631	15,003	15,400	15,836	16,084	14,109	12,007	12,358
4,447	Inventories	4,005	4,640	4,640	4,640	4,640	4,640	2,490	340	340	340
300	Biological assets	300	300	300	300	300	300	300	300	300	300
8,000	Other financial assets	25,000	5,000	5,000	10,000	15,000	15,000	25,000	40,000	50,000	65,000
30,562	Total current assets	58,873	35,557	25,633	34,850	39,530	42,962	54,932	63,653	74,697	84,771
Non-current Assets											
1,382,176	Property, plant and equipment	1,374,484	1,465,868	1,496,587	1,505,183	1,589,890	1,610,894	1,621,892	1,710,536	1,722,255	1,738,362
418	Intangible assets	679	669	563	260	60	54	48	42	35	29
2,740	Inventories	9,011	7,403	5,795	4,186	2,578	970	166	165	165	165
33,482	Investment property	32,203	32,525	32,850	33,178	33,510	33,845	34,184	34,526	34,871	35,220
4,617	Investment in Associate	4,679	4,895	5,134	5,374	5,613	5,853	6,093	6,332	6,572	6,811
349	Other financial assets	348	348	348	348	348	348	348	348	348	348
1,423,782	Total Non-current Assets	1,421,404	1,511,708	1,541,277	1,548,529	1,631,999	1,651,964	1,662,731	1,751,949	1,764,246	1,780,935
1,454,344	Total Assets	1,480,277	1,547,265	1,566,910	1,583,379	1,671,529	1,694,926	1,717,663	1,815,602	1,838,943	1,865,706
LIABILITIES											
Current Liabilities											
10,811	Creditors and other payables	13,774	13,586	12,204	9,882	11,162	11,637	10,857	10,793	10,919	11,619
3,810	Employee benefit liabilities	3,686	3,777	3,925	4,098	4,314	4,488	4,616	4,686	4,738	4,842
4	Borrowings	-	-	-	-	-	-	4,000	-	-	-
14,625	Total Current Liabilities	17,461	17,363	16,129	13,980	15,476	16,125	19,473	15,479	15,658	16,460

PROSPECTIVE STATEMENT OF FINANCIAL POSITION CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Non-current Liabilities										
1,260	Provisions	1,216	1,279	1,343	1,406	1,469	1,533	1,596	1,660	1,723	1,786
780	Revenue Received in Advance	327	49	1,610	1,423	1,184	946	707	469	230	34
1,561	Employee benefit liabilities	1,399	1,403	1,347	1,292	1,113	1,065	1,037	1,041	977	933
0	Borrowings	0	0	4,000	4,000	4,000	4,000	-	-	-	-
3,601	Total Non-current Liabilities	2,942	2,732	8,300	8,121	7,766	7,544	3,340	3,169	2,930	2,753
18,226	Total Liabilities	20,403	20,094	24,429	22,101	23,242	23,668	22,813	18,648	18,587	19,214
1,436,118	Total Net Assets	1,459,875	1,527,171	1,542,481	1,561,278	1,648,287	1,671,258	1,694,851	1,796,954	1,820,356	1,846,493
	NET EQUITY										
699,132	Accumulated funds	760,880	781,333	793,587	807,247	823,506	840,314	856,648	873,512	888,280	905,010
736,986	Reserves	698,995	745,837	748,894	754,031	824,781	830,943	838,202	923,442	932,075	941,482
1,436,118	Total Net Equity	1,459,875	1,527,171	1,542,481	1,561,278	1,648,287	1,671,258	1,694,851	1,796,954	1,820,356	1,846,493

Opening balances for investments and PPE will be different due to the inclusion \$32 million of incomplete projects approved in prior years.

PROSPECTIVE STATEMENT OF CASH FLOWS

FORECAST FOR THE TEN YEARS 2015/16 TO 2024/25

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Cash flows from operating activities										
47,070	Receipts from rates revenue	48,585	50,741	53,360	55,877	58,228	60,676	63,062	65,114	66,832	69,669
1,500	Interest received	1,776	964	528	647	899	953	1,180	1,797	2,434	2,945
38,585	Receipts from other revenue	40,829	50,772	51,002	49,970	51,186	52,590	53,162	52,757	50,114	49,066
(61,605)	Payments to suppliers and employees	(58,928)	(64,948)	(69,124)	(71,183)	(69,553)	(72,329)	(74,989)	(74,196)	(75,723)	(77,651)
-	Interest paid	-	-	-	(248)	(248)	(248)	(248)	-	-	-
25,550	Net cash from operating activities	32,262	37,529	35,766	35,063	40,511	41,642	42,167	45,472	43,656	44,029
	Cash flows from investing activities										
1,124	Proceeds from sale of property, plant and equipment	125	116	126	115	119	-	-	-	-	-
17,000	Proceeds from withdrawal of investments	15,143	20,147	165	-	-	164	-	-	-	-
(38,983)	Purchase of property, plant, equipment and intangibles	(68,247)	(64,550)	(49,888)	(26,496)	(36,512)	(38,808)	(28,458)	(28,790)	(30,674)	(34,466)
(4,735)	Acquisition of investments	-	-	-	(4,836)	(4,836)	-	(9,837)	(14,836)	(9,836)	(14,839)
(25,594)	Net cash from investing activities	(52,979)	(44,287)	(49,598)	(31,217)	(41,229)	(38,645)	(38,295)	(43,626)	(40,511)	(49,306)
	Cash flows from financing activities										
-	Proceeds from borrowings	-	-	4,000	-	-	-	-	-	-	-
(2,004)	Repayment of borrowings	(4)	-	-	-	-	-	-	(4,000)	-	-
(2,004)	Net cash from financing activities	(4)	-	4,000	-	-	-	-	(4,000)	-	-
(2,106)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(20,721)	(6,758)	(9,832)	3,846	(718)	2,997	3,871	(2,154)	3,146	(5,277)
10,339	Cash, cash equivalents and bank overdrafts at the beginning of the period	38,373	17,652	10,893	1,061	4,907	4,189	7,186	11,058	8,904	12,050
8,233	Cash, cash equivalents and bank overdrafts at the close of the period	17,652	10,893	1,061	4,907	4,189	7,186	11,058	8,904	12,050	6,773

SPECIAL FUNDS

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2015 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2025 \$000
COUNCIL CREATED RESERVES						
Ahuriri Beautification Fund	Derived from the Beautification rate for properties located at the Ahuriri Shopping Centre.	Roading	(3)	(10)	14	-
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	175	(254)	85	6
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	(4,662)	(9,344)	12,837	(1,168)
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	-	(2,132)	2,132	-
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/Walkways	Roading	-	(1,535)	1,535	-
Dog Control Fund	This fund is a requirement under the Dog Control Act 1996. All transactions related to the dog owner's share of the costs of Animal Control, both operating and capital, flow to this account. Amounts include dog related fees received and the operating and capital costs of the dog related activity of Animal Control.	Animal Control	(389)	(7,325)	7,547	(168)
General Reserve No.1	Derived from rates from the NZ Railway land in Munroe and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Roading, Stormwater, Parking	(143)	(1,344)	954	(533)
Financial Contributions	Collected from financial and development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(11,843)	(67,868)	75,181	(4,530)
Infrastructural Asset Renewal and Upgrade Funds	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	(28,207)	(110,995)	119,235	(19,967)
Plant & Equipment Renewals	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All Activities	(3,374)	(2,155)	73	(5,456)
Keep Napier Beautiful	Originally derived from surplus revenue in Keep Napier Beautiful project. Currently credited with annual grant for garden competition and used for competition expenses and administration costs.	Reserves	-	-	-	-
Marine Parade Disability Hoist	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	(3)	-	-	(3)

SPECIAL FUNDS CONTINUED

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2015 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2025 \$000
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	(2)	-	-	(2)
Pensioner Housing Upgrade Reserve	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Retirement & Rental Housing	(33)	-	33	-
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	(2,248)	(2,644)	1,047	(3,844)
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities for areas where there is public metered parking.	Parking	(7,433)	(27,413)	32,627	(2,219)
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	(601)	-	-	(601)
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	46	(2,469)	2,440	17
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	(11,864)	(51,626)	57,176	(6,313)
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Roothing	352	195	-	547
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	(1,338)	(740)	-	(2,078)
McLean Park Property Reserve Account	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	(53)	(1,482)	1,197	(338)
Hawke's Bay Harbour Board Endowment Land Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	(15,998)	(12,198)	12,592	(15,605)

SPECIAL FUNDS CONTINUED

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2015 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2025 \$000
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Solid Waste	(1,669)	(21,889)	21,696	(1,862)
Reserve Subdivision of Land	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	(1,523)	(842)	-	(2,365)
Subdivision and Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	(1,574)	-	736	(838)
Total Council Created Reserves			(92,388)	(324,071)	349,137	(67,321)
RESTRICTED RESERVES						
Endowment Land Account	Derived from the sale of BCP Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	(1,100)	(532)	168	(1,464)
Hawke's Bay Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Lagoon Farm, Property Holdings	(649)	(26,509)	27,021	(137)
Total Restricted Reserves			(1,749)	(27,041)	27,189	(1,601)

SPECIAL FUNDS CONTINUED

Name of Fund	Purpose of Fund	Activity to which fund relates	Opening 1 July 2015 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2025 \$000
BEQUESTS AND TRUST FUNDS						
Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital \$2500) ii) Provide assistance for prisoners released from Napier jail. (Capital \$500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital \$1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls & Colenso High Schools. (Capital \$1000)	Community Planning	(32)	(17)	-	(49)
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	(146)	(81)	-	(227)
Eskdale Cemetery Trust	This Trust fund, comprising a number of bequests totalling \$1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	(22)	(12)	-	(34)
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	(5)	(3)	-	(8)
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy.	Community Planning	(50)	(27)	-	(77)
Morecroft Bequest	A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993. To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	(13)	(7)	-	(19)
Napier Christmas Cheer	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	(20)	(11)	-	(31)
Total Bequests Trust Funds			(288)	(158)	-	(445)

BORROWING PROGRAMME

FORECAST FOR THE TEN YEARS 2015/16 TO 2024/25

	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)
New Loans										
- Rate Funded	6,753	4,836	6,989	2,780	641	146	-	-	-	-
- Growth Funded	2,561	3,259	490	-	3,921	-	-	3,019	3,392	3,227
- Non-Rate Funded	-	-	1,220	-	2,810	-	-	-	-	-
	9,314	8,095	8,699	2,780	7,372	146	-	3,019	3,392	3,227
Less Repayments (Net)	-2,413	-2,591	-2,805	-3,084	-3,325	-2,966	-2,766	-2,199	-2,272	-2,307
Movement in Debt	6,901	5,504	5,894	-304	4,047	-2,820	-2,766	820	1,120	920
Opening Public Debt	34,814	41,715	47,219	53,113	52,809	56,856	54,036	51,270	52,090	53,211
Gross Public Debt	41,715	47,219	53,113	52,809	56,856	54,036	51,270	52,090	53,211	54,131
Internal Funding	-41,715	-47,219	-49,113	-48,809	-52,856	-50,036	-47,270	-52,090	-53,211	-54,131
Net Public Debt	-	-	4,000	4,000	4,000	4,000	4,000	-	-	-

FUNDING IMPACT STATEMENT

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
34,211	General rates, uniform annual general charges, rates penalties	35,327	37,012	38,802	40,989	43,293	44,887	46,986	48,740	49,331	51,825
12,869	Targeted rates	13,283	13,764	14,602	14,929	14,974	15,828	16,115	16,407	17,528	17,892
2,345	Subsidies and grants for operating purposes	2,601	2,645	2,669	2,736	2,827	2,906	3,011	3,122	3,244	3,374
18,894	Fees and charges	18,903	19,187	19,682	20,153	20,664	21,217	21,813	22,458	23,152	23,900
1,502	Interest and dividends from investments	1,778	966	530	649	901	955	1,182	1,799	2,436	2,947
13,305	Local authorities fuel tax, fines, infringement fees, and other receipts	14,496	16,716	18,971	19,395	19,851	20,404	20,902	16,631	12,099	12,394
83,126	Total operating funding (A)	86,388	90,290	95,256	98,851	102,510	106,197	110,009	109,157	107,790	112,332
	Applications of operating funding										
59,514	Payments to staff and suppliers	63,896	65,663	69,278	70,423	72,311	74,375	77,097	76,193	75,674	78,247
-	Finance costs	-	-	-	248	248	248	248	-	-	-
185	Other operating funding applications	221	221	221	221	221	221	221	221	221	222
59,699	Total applications of operating funding (B)	64,117	65,884	69,499	70,892	72,780	74,844	77,566	76,414	75,895	78,469
23,427	Surplus/(deficit) of operating funding (A - B)	22,271	24,406	25,757	27,959	29,730	31,353	32,443	32,743	31,895	33,863
	Sources of capital funding										
1,447	Subsidies and grants for capital expenditure	2,670	12,447	2,533	2,622	2,714	2,817	2,048	2,139	2,237	2,345
1,985	Development and financial contributions	3,495	2,824	5,448	5,580	5,724	5,879	5,833	6,634	7,489	7,551
1,894	Increase/(decrease) in debt	(3)		4,000	-	-	-	-	(4,001)	1	1
177	Gross proceeds from sale of assets	125	116	126	115	119	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
5,503	Total sources of capital funding (C)	6,287	15,386	12,107	8,317	8,557	8,696	7,881	4,772	9,727	9,897

FUNDING IMPACT STATEMENT CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Application of capital funding										
	Capital expenditure										
7,761	- to meet additional demand	19,026	11,343	11,503	2,810	4,466	16,407	3,184	5,546	7,096	7,523
6,589	- to improve the level of service	28,705	33,217	17,629	4,675	14,406	4,053	4,944	2,204	2,529	2,851
15,396	- to replace existing assets	20,516	19,993	20,752	19,009	17,644	18,349	20,331	21,039	21,046	24,091
(816)	Increase (decrease) in reserves	(39,689)	(24,761)	(12,020)	9,782	1,771	1,240	11,865	8,726	10,951	9,295
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
28,930	Total application of capital funding (D)	28,558	39,792	37,864	36,276	38,287	40,049	40,324	37,515	41,622	43,760
(23,427)	Surplus/(deficit) of capital funding (C - D)	(22,271)	(24,406)	(25,757)	(27,959)	(29,730)	(31,353)	(32,443)	(32,743)	(31,895)	(33,863)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

FUNDING IMPACT STATEMENT CONTINUED

RATING SYSTEM

The following describes in full the rating system to apply from 1 July 2015:

General Rate

- Based on land value of all rating units.
- Differentially applied. The differentials applying to each year are set in accordance with the Rating Policy to enable:
 - For 2015/16, 68% of the total general rate together with the Uniform Annual General Charge to be collected from residential properties and 32% from non residential properties.
 - For 2016/17 and beyond, 69% from residential properties and 31% from non residential properties.
 - The recovery of the assessed actual costs of services supplied to rural properties, excluding those in the Bay View Differential Rating Area.
 - The standardising of the rate for properties in the Bay View Differential Rating Area with those residential properties in Napier City, but adjusted to reflect assessed actual cost of roading services supplied to Bay View.
 - The application of the same rate for miscellaneous non residential properties as for residential properties.

Differentials	Group/Code	2015/16	2016/17 to 2024/25
City Residential	1	100%	100%
Commercial and Industrial	2	267.18%	250.99%
Miscellaneous	3	100%	100%
Ex-City Rural	4	64.43%	63.10%
Other Rural	5	64.43%	63.10%
Bay View	6	69.14%	67.71%

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

Uniform Annual General Charge

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

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

Fire Protection Rate

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

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

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

Water Rate

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

FUNDING IMPACT STATEMENT CONTINUED

Refuse Collection and Disposal Rate

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

Kerbside Recycling Rate

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

Sewerage Rate

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

Bay View Sewerage Connection Rate

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

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

- The liability for the targeted rate is calculated as a fixed amount per separately used or inhabited part of a rating unit based on the provision of a service by the Council, including any conditions that apply to the provision of the service.
- The rate is used to recover loan servicing costs required to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

Off Street Car Parking Rates

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

CBD Off Street Car Parking Rate

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

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

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

Taradale Off Street Car Parking Rate

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

Suburban Shopping Centre Off Street Car Parking Rate

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

FUNDING IMPACT STATEMENT CONTINUED

Ahuriri Beautification Rate

- Targeted rate based on land value.
- Uniformly applied.
- Applies to commercial rating units located at the Ahuriri Shopping Centre.

The rate is used to recover loan servicing costs on loans raised to meet the Ahuriri Commercial ratepayers share of beautification carried out at the Ahuriri Shopping Centre. The rate will cease from 2016/17.

CBD Promotion Rate

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

Taradale Promotion Rate

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

Water by Meter Charges

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

Targeted Rates Note:

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

SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

Definition

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

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

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

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

These examples are not inclusive of all situations.

FUNDING IMPACT STATEMENT CONTINUED

DESCRIPTION OF DIFFERENTIAL CATEGORIES

GROUP 1: City Residential Properties

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

Code

1.1.1 Improved Residential Properties – Single Unit

1.1.2 Improved Residential Properties – Multi Unit

1.2.1 Vacant Utilisable Residential Land

GROUP 2: Commercial and Industrial Properties

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

Sub Group 2.1: Central Business District

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

Code

2.1.1 Properties Receiving 100% Parking Dispensation

Every separately assessed commercial property in the commercial retail zone bounded by the corner of Clive Square East and Emerson Street, south to Dickens Street excluding Lot 1 DP 18592 then along Dickens Street east at the rear of the sites on the southern side including Pt Lot 14 DP 2015, then south at Dalton Street, then east along Station Street, excluding the corner site on Station Street (being Lot 1 DP 11954) across to Albion Street to the Marine Parade, then north along Marine Parade to Emerson Street, then north along the rear of Pt Town Sec 173, Lot 1 DP 4833, Pt Town Sec 173, then east to include the site on the corner of Tennyson Street and Herschell Street being Pt Town Sec 172 as well as the site opposite being Lot 1 DP 19183, then continuing north along the rear of properties that front Hastings Street across Browning Street to include the property 74 Napier City Council Annual Plan 2014/2015 Funding Impact Statement continued on the corner of Browning

Street and Shakespeare Road, then across Shakespeare Road to include the corner of the property on the western corner of Shakespeare Road and Browning Street, then south down Hastings Street, excluding the Cathedral, along the rear of properties down Hastings Street, then west along the rear of the properties fronting Tennyson Street to Dalton Street then across Tennyson Street south to include the property on the corner of Tennyson Street and Dalton Street (Public Trust), and Pt Town Sec 162, Pt Town Sec 162, Lot 2 DP 6176 west along the rear of properties fronting Emerson Street to Clive Square East.

2.1.2 Properties Receiving 50% Parking Dispensation

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

2.1.3 Properties Receiving 0% Parking Dispensation

Every separately assessed commercial and industrial property situated within Sub Group 1, excluding the properties in differential codes 2.1.1 and 2.1.2 above.

Sub Group 2.2: Central Business District Fringe Area

Every separately assessed commercial and industrial property situated within the area bounded by the base of the Hill, from Marine Parade to Faraday Street, south along Faraday Street to Thackeray Street, east along Thackeray Street to Wellesley Road, south along Wellesley Road to Sale Street and east along Sale Street to the Marine Parade, excluding the properties included in Sub Group 2.1 above, and also includes every separately assessed industrial property fronting the remainder of Owen Street and Faulknor Street and every separately assessed industrial property positioned immediately south of Sale Street and fronting Wellesley Road.

Code

2.2.1 Improved Fringe Commercial

2.2.2 Unimproved Fringe Commercial

2.2.3 Improved Fringe Industrial

2.2.4 Unimproved Fringe Industrial

Sub Group 2.3: Taradale

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

FUNDING IMPACT STATEMENT CONTINUED

Code

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

Sub Group 2.4: Other Suburban Shopping Centres

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

Code

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

Sub Group 2.5: Commercial Properties in Residential Areas

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

Code

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

Sub Group 2.6: Industrial – Outer City Areas

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

Code

- 2.6.1 Improved Outer Industrial
- 2.6.2 Unimproved Outer Industrial

Sub Group 2.7: Hotels and Motels – Outer City Areas

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

Code

- 2.7.1 Hotels and Motels in Residential and Industrial zoned areas

GROUP 3: Miscellaneous Properties

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

Sub Group 3.1: Vacant Substandard Sections

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

Code

- 3.1.1 Vacant Substandard Sections

Sub Group 3.2: Other Miscellaneous Rateable Properties

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

Code

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

FUNDING IMPACT STATEMENT CONTINUED

Sub Group 3.3: Miscellaneous Non Rateable Properties

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

Code

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

GROUP 4: Ex-City Rural Areas

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

Code

- 4.1.1 Ex-City Rural Properties

GROUP 5: Other Rural Areas

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

Code

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

GROUP 6: Bay View Differential Rating Area

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

Schedule 1

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

Schedule 2

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

Schedule 3

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

Code

- 6.1.1 Bay View Residential Properties
- 6.1.2 Bay View Non Residential Properties

FUNDING IMPACT STATEMENT CONTINUED

OTHER RATING ISSUES

Instalment Rating

Rates for 2015/16 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

First Instalment due 19 August 2015

Second Instalment due 25 November 2015

Third Instalment due 24 February 2016

Fourth Instalment due 25 May 2016

Penalties

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

FEES AND CHARGES

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

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

The schedule is available upon request from the Council office.

INDICATIVE RATES

Rates (incl. GST)	Indicative Rates 2015/16 (incl GST)
Rates and Charges (incl GST)	
General Rate (cents per \$ LV)	
Diff 1 City Residential	0.58137
Diff 2 Commercial and Industrial	1.55330
Diff 3 Miscellaneous	0.58137
Diff 4 Ex-City Rural	0.37458
Diff 5 Other Rural	0.37458
Diff 6 Bay View	0.40196
Uniform Annual General Charge (UAGC)	\$340.00
Targeted Rates	
Fire Protection Rate (cents per \$ CV)	
Diff 1, 2.5, 3, 4, 5, 6	0.00611
Diff 2.1, 2.2	0.02444
Diff 2.3, 2.4, 2.6, 2.7	0.01222
Water Rate - City	\$150.00
Water Rate - Bay View	\$150.00
Refuse Collection and Disposal Rate	
1 collection per week	\$61.00
2 collections per week	\$122.00
3 collections per week	\$183.00
Kerbside Recycling Rate	\$17.00
Sewerage Rate	\$332.00
Bay View Sewerage Connection Rate	\$941.36
Off Street Car Parking Rate (cents per \$ LV)	
Diff 2.1.1	0.15088
Diff 2.1.2	0.07544
Diff 2.3.2, 2.4.3, 2.4.4, 2.4.5, 2.5.2	0.10908
Suburban Beautification Rate - Ahuriri (cents per \$ LV)	0.17301
Promotion Rate - CBD (cents per \$ LV)	0.20222
Promotion Rate - Taradale (cents per \$ LV)	0.20580
Water By Meter Charges	
Non Domestic Supplies (\$/m ³)	0.40773
Metered Domestic Supplies outside Napier Water Supply Area (\$/m ³)	0.75656

Note: For Council properties under differential codes 3.3.8 and 3.3.7, a nil rate will apply. The indicative rates and charges are provisional only, and are subject to Council setting and assessing its rates during July 2015.

FUNDING IMPACT STATEMENT CONTINUED

EXAMPLES OF PROPOSED RATES FOR 2015/16

Examples of the impact of rating proposals for 2015/16 are shown in the following table:

	LAND VALUE	RATES 2014/15	RATES 2015/16	CHANGE %
City Residential				
Average	154,700	1,753	1,819	3.7%
Median	139,000	1,665	1,725	3.6%
Quartile 1	113,000	1,518	1,571	3.5%
Quartile 3	180,000	1,900	1,969	3.7%
Commercial / Industrial				
Average	396,500	7,255	7,206	-0.7%
CBD Average	284,000	6,783	6,598	-2.7%
Industrial Average	405,000	7,372	7,332	-0.5%
Miscellaneous Properties				
Average	296,000	2,577	2,659	3.2%
Rural				
Average	339,000	1,593	1,688	5.9%
Bay View				
Average - No Sewerage Rate	186,000	1,219	1,340	9.9%
Average - With Sewerage Rate	186,000	1,538	1,672	8.7%

The three-yearly revaluation of the city for rating purposes was undertaken in 2014 and those valuations apply as the base for setting the general rate for 2015/16.

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

- Council's total rates revenue for 2015/16 will increase by 3.2%
- the impact on existing ratepayers is an increase of 2.9% after allowing for growth in the rating base.
- as property values directly affect the level of general rates, changes above and below average movements will be inevitable following the revaluation.
- a change in the allocation of general rates between residential and non-residential properties has altered rating differentials. The change, being phased in over two years, has no effect on Council's total rating level, but does reduce the level of general rates allocated to non-residential properties, while increasing rates for the residential category.
- Increases for Rural and Bay View properties are higher than Council's overall rates increase. This results from an assessed benefit review of general rate funded services provided to these properties.

COUNCIL CONTROLLED ORGANISATIONS

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

- A company in which equity securities carrying 50% 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% or more of the directors.
- An entity where one or more local authorities have control (either directly or indirectly) of 50% or more of the votes at any meeting of the members or controlling body of the organisation, or the right to appoint 50% or more of the trustees, directors or managers of the organisation.

The following Council Controlled Organisations have been established to assist the 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 and no payments are forecast to be made by Council to HBAL in the Long term Plan (LTP).

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

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. HBAL's Vision Statement is:

Our vision is to be a welcoming gateway to Hawke's Bay, offering a vibrant business park and to be recognized as a major contributor to the economic development and social well-being of the Hawke's Bay community.

HBAL will:

- Provide safe, convenient and appealing services and facilities for airlines, air travelers, employees and all other visitors to the airport.
- Support regional economic development through strategic infrastructure.
- Generate an appropriate return on its assets and shareholders' equity.
- Position the airport for aviation growth over the long-term.

Performance Targets

Performance targets set by HBAL are:

- Objective 1 - Deliver sustainable growth in revenue and earnings.w
- Objective 2 - Provide appropriate infrastructure to meet future needs.
- Objective 3 - Deliver a high level of customer service to all airport users.

Financial Performance Targets	2015/16	2016/17	2018/19
Landing Charges	2,602,710	2,735,126	2,803,074
Other revenue	2,196,187	2,431,980	2,740,356
Total Revenue	4,798,897	5,167,106	5,543,430
Other Revenue as a % of Total	54.2%	52.9%	50.6%
Profit before Income tax	1,870,107	1,922,191	2,134,817
Profit after tax	1,346,477	1,383,977	1,537,068
NCC Share of Dividend	140,000	144,000	160,000

COUNCIL CONTROLLED ORGANISATIONS CONTINUED

Hawke's Bay Local Authority Shared Services Limited

Policies and Objectives Regarding Ownership and Control

Hawkes Bay Local Authority Shared Services Limited (HB LASS) is incorporated under the Companies Act and jointly owned by Central Hawke's Bay District Council (11%), Hastings District Council (26%), Hawke's Bay Regional Council (26%), Wairoa District Council (11%) and Napier City Council (26%).

Nature and Scope of Activities

The principle nature and scope of the activities of HB LASS is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent Councils.
- Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available.
- Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Represent the collective views of its shareholders in matters with which it is associated.

Performance Targets

To ensure the company continues to operate effectively in both governance and management terms over the next three years, the Statement of Intent 2015/16 outlines the following performance targets:

- Initiate at least one shared service each year and no less than two shared services successfully implemented within the following three years;
- Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders;
- Explore Joint Procurement initiatives for goods and services from sources offering best value, service, and/or continuity of supply;
- Publish a newsletter setting out the Companies activities at least quarterly;
- Ensure sufficient income is available from activities to sustain a viable company;
- Operate in a manner that conforms with any applicable regulatory requirements.

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 MTG Hawke's Bay 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

COUNCIL CONTROLLED ORGANISATIONS CONTINUED

Performance Targets

Performance targets set by the HBMT are:

Key Result Area	Performance Indicator	Target/Reporting Method		
		2015/16	2016/17	2017/18
Protection	Insurance cover as percentage of total collection value.	100%	100%	100%
	Air quality meeting pre-defined 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
	Accessions and De-accessions are managed in accordance with the Collection Strategy and reported to the Board.	Yes	Yes	Yes
Access	Number of HBMT collection enquiries per annum.	2,000	2,000	2,000
	Number of Regional Archive research visits per annum. (including online)	2,000	2,000	2,000
	Number of days staff available for collection enquiries.	249	249	249
Development	Percentage of bequest funds income used for acquisitions.	100%	100%	100%
	Percentage of conservation funds income used for collection care.	100%	100%	100%
	Te Rōpū Kaiawhina Taonga hui held.	3 per annum	3 per annum	3 per annum

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 under a Joint Committee Agreement, the ratio being Hastings District Council 63.68% and Napier City Council 36.32%.

The facility is operated as a part of this Council's solid waste infrastructure with the charges set at a level to cover all operating and capital costs.

FINANCIAL PRUDENCE BENCHMARKS

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

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

Under Section 13 of the Regulations 2014, the Council must include in its LTP a Disclosure Statement that details the following benchmarks:

- For the 10 years of the LTP:
 - Rates affordability benchmarks; and
 - Debt Affordability benchmarks;
- For the year prior to the LTP plus the 10 years of the LTP:
 - Balanced budget benchmark;
 - Essential services benchmark; and
 - Debt servicing benchmark;

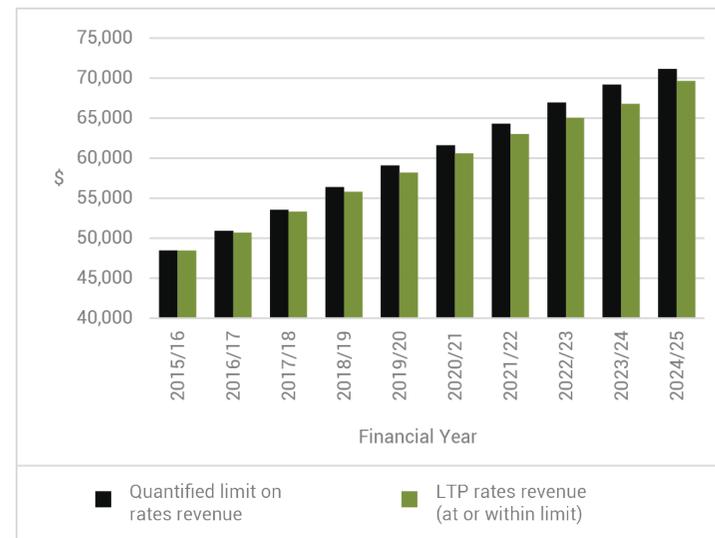
Section 101A of the LGA requires local authorities, to prepare and adopt a financial strategy that includes a statement that quantifies limits on rates, rate increase and borrowings. These limits are then used as the basis of the Rates and Debt Affordability benchmarks.

RATES AFFORDABILITY BENCHMARKS

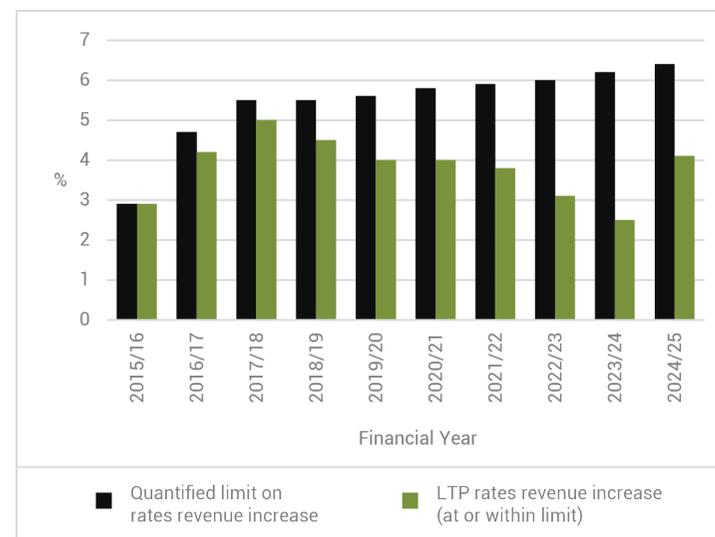
Under Section 17 of the Regulations 2014, Council must disclose planned rates revenue to quantified limit on rates revenue, and planned rates revenue increases to the quantified limit on rates revenue increases; a local authority meets the rates affordability benchmarks if planned rates revenue and percentage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

In the LTP, Council plans to meet its rates affordability benchmarks each year, see graphs 1 and 2.

Graph 1: Rates Affordability - Planned Rates Revenue to Upper Limit of Planned Rates Revenue, 2015/16 to 2024/25



Graph 2: Rates Affordability - Planned Percentage Rates Increase to Quantified Upper Limit of Percentage Increase, 2015/16 to 2024/25



FINANCIAL PRUDENCE BENCHMARKS CONTINUED

The quantified rates percentage increases in the LTP are based on 2.9% in 2015/16, LGCI plus 2.5% in 2016/17 and LGCI plus 3% 2017/18 onwards.

DEBT AFFORDABILITY BENCHMARKS

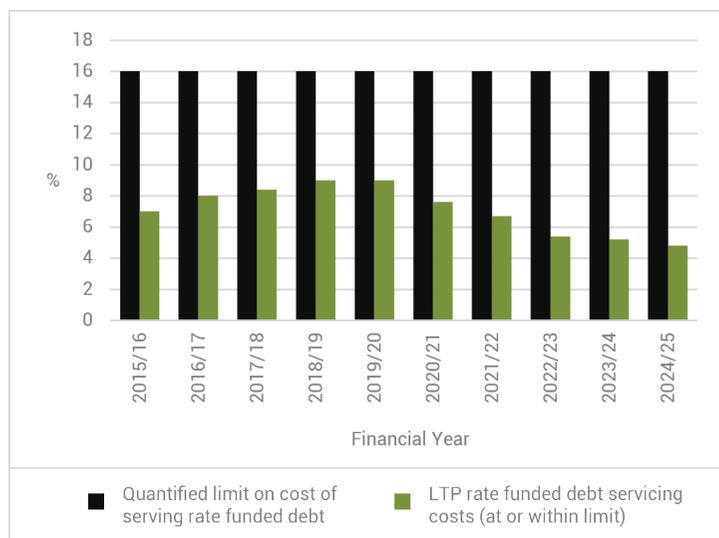
Under Section 18 of the Regulations 2014 Council must disclose its planned performance in relation to debt affordability by comparing planned borrowing with each quantified limit on borrowing; a local authority meets its debt affordability benchmarks if planned borrowing is within each of the Council's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

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

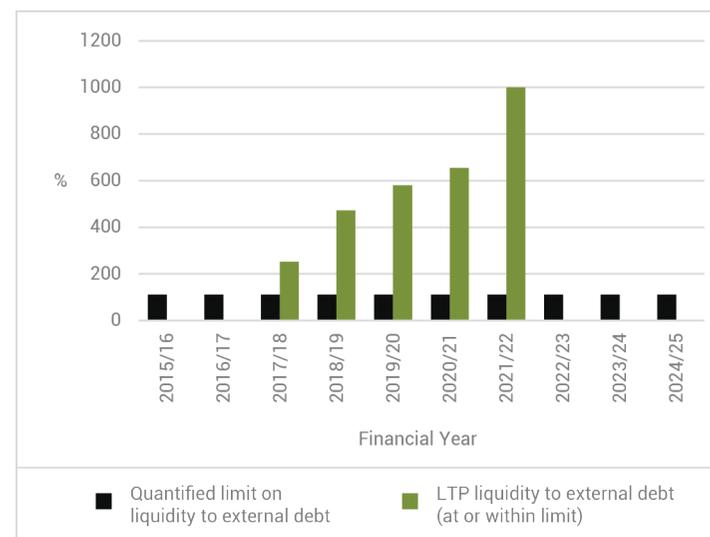
- The cost of servicing rate-funded borrowing should not exceed 16% of annual rating income.
- Liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%
- Net external debt as a percentage of total income will not exceed 100%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

The Council plans to meet each of these debt affordability benchmarks in each of the 10 years of the LTP, see graphs 3, 4, 5, 6 and 7.

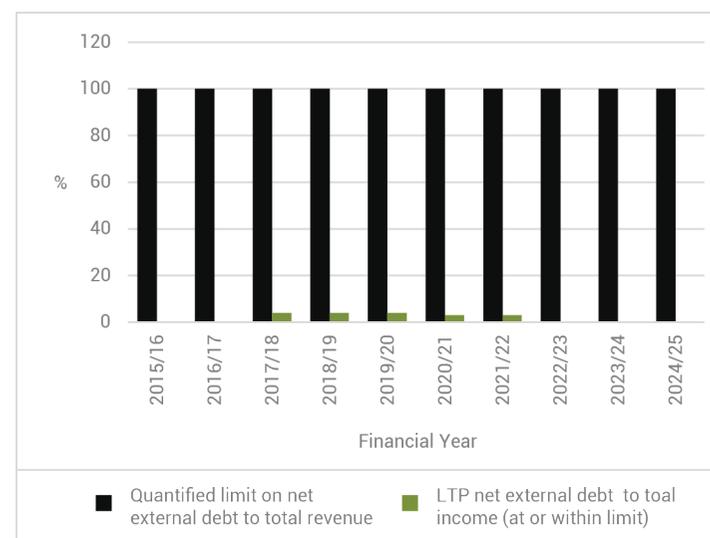
Graph 3: Debt Affordability - Planned Cost of Servicing Rate Funded Internal and External Debt, 2015/16 to 2024/25



Graph 4: Debt Affordability - Planned Liquidity to Planned External Debt, 2015/16 to 2024/25

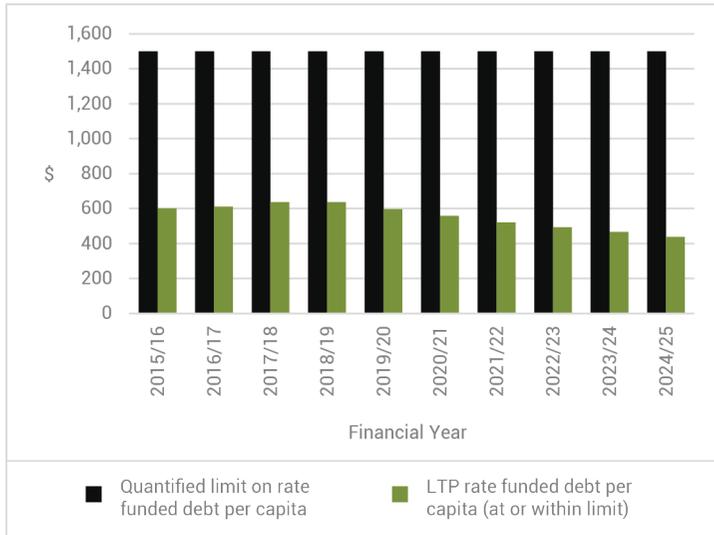


Graph 5: Debt Affordability - Planned Net External Debt as a percentage of Total Revenue, 2015/16 to 2024/25

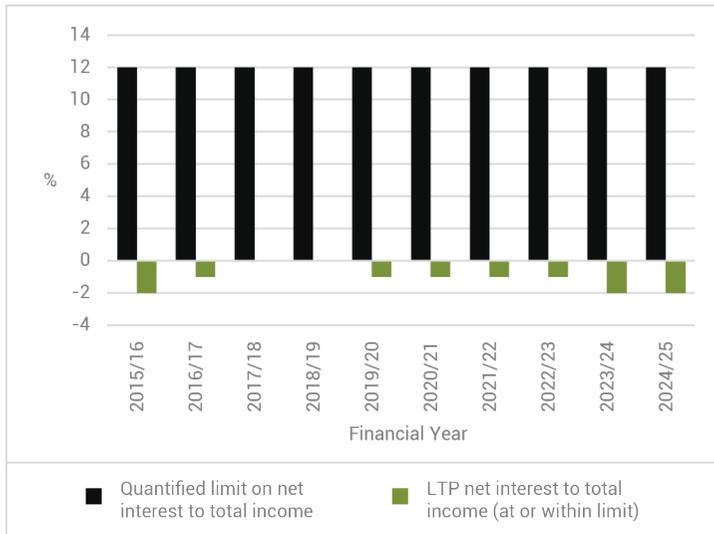


FINANCIAL PRUDENCE BENCHMARKS CONTINUED

Graph 6: Debt Affordability - Planned Net Rate Funded Debt \$ per Capita, 2015/16 to 2024/25



Graph 7: Debt Affordability - Planned Net Interest to Total Income, 2015/16 to 2024/25



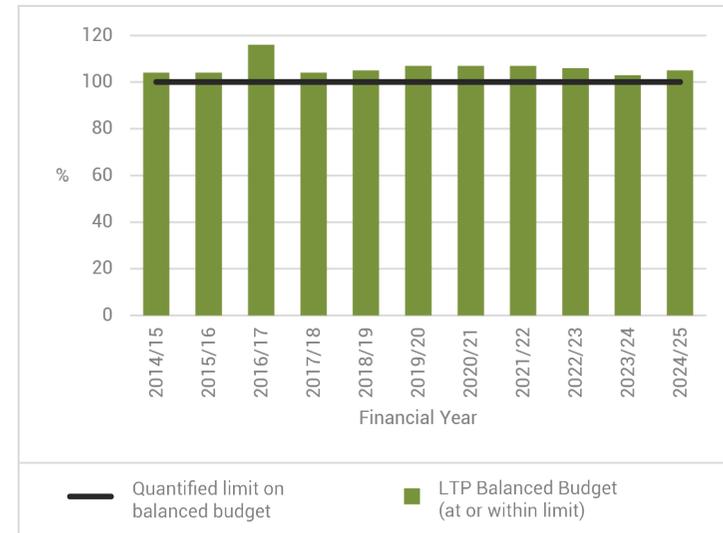
In graph 7, in the years that Council plans to have no external debt or attains negative net interest (interest revenue exceeds interest expense), the benchmark result is displayed as an amount below the 0% axis.

BALANCED BUDGET BENCHMARK

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

The Council plans to meet the balanced budget benchmark in 2014/15 and the 10 years of the LTP, see graph 8.

Graph 8: Balanced Budget Benchmark - Operating revenue to operating expenses, 2014/15 to 2024/25



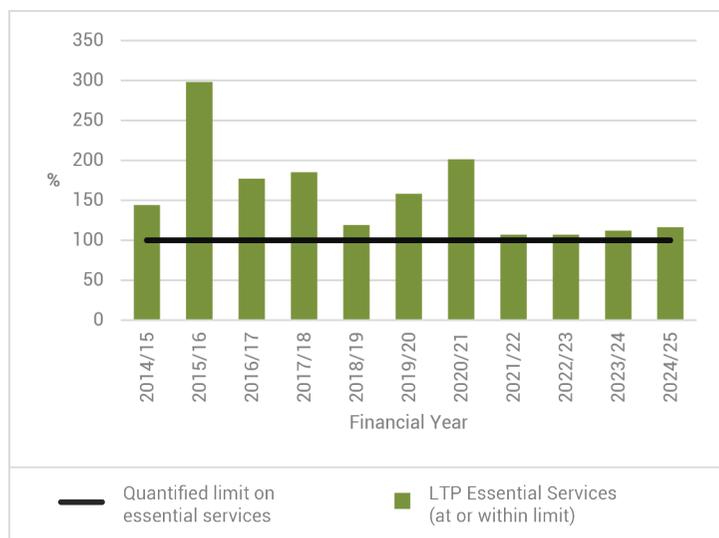
FINANCIAL PRUDENCE BENCHMARKS CONTINUED

ESSENTIAL SERVICES BENCHMARK

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

The Council plans to meet the essential services benchmark in 2014/15 and the 10 years of the LTP, see graph 9.

Graph 9: Essential Services Benchmark - Capital expenditure to depreciation, 2014/15 to 2024/25

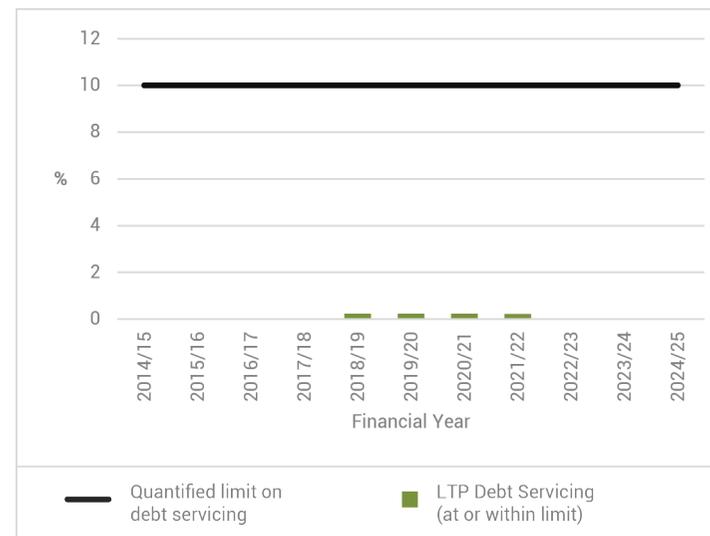


DEBT SERVICING BENCHMARK

Under Section 21 of the Regulations 2014, Council must disclose its planned performance in relation to the debt servicing benchmark. Performance is portrayed as a percentage of borrowing costs to operating revenue; a local authority meets the debt servicing benchmark if borrowing costs for the year are equal or less than 10% of operating revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment).

The Council plans to meet this benchmark in 2014/15 and the 10 years of the LTP, see graph 10.

Graph 10: Debt Servicing Benchmark - Borrowing costs to operating revenue, 2014/15 to 2024/25





ACTIVITY GROUPS

INTRODUCTION

In accordance with Schedule 10 Sections 2 to 5 of the LGA this section provides details on Council's activities summarized into the following groups:

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

Details include

- What we do
- What we provide
- Why we do it (which Community Outcomes does it contribute to)
- What we are going to do
- How we measure performance
- Key assumptions and risks
- Significant negative effects
- Our budget - What it costs (capital budget and funding impact statements)
- Asset information
- Support Units (information is included)

DEMOCRACY AND GOVERNANCE

WHAT WE DO

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

Mayor and six Councillors elected by the City as a whole

- Ahuriri Ward - 1 Councillor
- Onekawa-Tamatea Ward - 1 Councillor
- Nelson Park Ward - 2 Councillors
- Taradale Ward - 2 Councillors

WHY WE DO IT

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

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

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

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

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

WHAT WE ARE GOING TO DO

There are no changes to levels of service proposed in this area over the life of the Long Term Plan 2015 - 2025.

DEMOCRACY AND GOVERNANCE CONTINUED

HOW WE MEASURE PERFORMANCE

Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Council holds regular Council and Council Committee meetings that are accessible and publicly notified.	Percentage of residents satisfied with the 'Sufficiency of Public Information' in the NRB Public Opinion Survey.	70%	80%	80%	80%	80%
	Percentage of council meetings for which meeting agenda is made publicly available two working days before the meeting date.	100%	100%	100%	100%	100%
Council's planning and accountability frameworks are legally compliant, robust and provide a sound basis for decision making	Annual Reports and Long Term Plans receive 'unmodified' audit opinion.	100%	100%	100%	100%	100%

ASSUMPTIONS AND RISKS

- Napier City Council will continue with its current representative arrangements.

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years, we will spend \$26.9 million on this activity group. This is reflected in the graph below. Figures do not include depreciation or revenue.



DEMOCRACY AND GOVERNANCE CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
2,289	General rates, uniform annual general charges, rates penalties	2,409	2,457	2,512	2,567	2,631	2,706	2,786	2,868	2,963	3,061
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	- Fees and charges	-	-	-	-	-	-	-	-	-	-
-	- Internal charges and overhead recoveries	-	-	-	-	-	-	-	-	-	-
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
2,289	Total operating funding (A)	2,409	2,457	2,512	2,567	2,631	2,706	2,786	2,868	2,963	3,061
	Applications of operating funding										
-	- Payments to staff and suppliers	-	-	-	-	-	-	-	-	-	-
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
2,289	Internal charges and overheads applied	2,409	2,457	2,512	2,567	2,631	2,706	2,786	2,868	2,963	3,061
-	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,289	Total applications of operating funding (B)	2,409	2,457	2,512	2,567	2,631	2,706	2,786	2,868	2,963	3,061
-	Surplus/(deficit) of operating funding (A - B)	-	-	-	-	-	-	-	-	-	-

DEMOCRACY AND GOVERNANCE CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Sources of capital funding										
- Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
- Development and financial contributions	-	-	-	-	-	-	-	-	-	-
- Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
- Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-
Application of capital funding										
Capital expenditure										
- - to meet additional demand	-	-	-	-	-	-	-	-	-	-
- - to improve the level of service	-	-	-	-	-	-	-	-	-	-
- - to replace existing assets	-	-	-	-	-	-	-	-	-	-
- Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
- Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
- Total application of capital funding (D)	-	-	-	-	-	-	-	-	-	-
- Surplus/(deficit) of capital funding (C - D)	-	-	-	-	-	-	-	-	-	-
- Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

ROADING

WHAT WE DO

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

WHY WE DO IT

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

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

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

The Roading group contributes to the following community outcomes:

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

WHAT WE ARE GOING TO DO

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

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

- A cycle strategy (to be funded jointly by rates, community grants and NZTA)
- Lever Street Closure (funded by rates)

WHAT WE PROVIDE

- 357km of Roads (100% sealed)
- 301km Urban Standard Roads (approx. 10% not constructed to our current urban standards)
- 56km 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

- West Quay one way (funded by rates)
- West Quay car park (funded by HB HB Endowment Land Sale Account)
- Pandora Pond parking (funded by HB HB Endowment Land Sale Account)

ROADING CONTINUED

HOW WE MEASURE PERFORMANCE

Level of Service	Customer Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Provide roads well maintained with adequate lighting and cleaning programmes to meet resident expectations	The percentage of residents satisfied (very satisfied and fairly satisfied with "roads" in the NRB Public Opinion Survey)	93%	90%	90%	90%	90%
Provide well maintained footpaths and cycleways to meet resident expectations.	The percentage of residents being satisfied (very satisfied or fairly satisfied) with "footpaths" in the NRB public opinion survey)	86%	85%	85%	85%	85%
Design and construct safety improvements to minimize the number of injury crashes	Mandatory: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	0*	0	-1	0	-1
Provide roads well maintained	Mandatory: The average quality of ride on a sealed local road network, measured by smooth travel exposure	Less than 100*	81%	81%	81%	81%
Provide adequate renewal of road surfacing	Mandatory: The percentage of the sealed local road network that is resurfaced	6.9%*	7.1%	7.1%	7.1%	7.1%

Level of Service	Customer Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Provide well maintained footpaths and cycleways	Mandatory: The number of justifiable footpath complaints	80*	80	80	80	80
The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the Ten Year Plan.	Mandatory: The percentage responded to within 5 working days	90%*	90%	90%	90%	90%

* Mandatory Non Financial Performance Measures have been gazetted under S261B of the Local Government Act 2002 and are required to be reported in the Annual Report for the year ended 30 June 2015. The comparative Non Financial Performance Measures required under these regulations are the same as for the year ended 30 June 2015.

ROADING CONTINUED

KEY ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years, we will spend \$226.7 million on this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



ROADING CONTINUED

WHAT IT COSTS

Capital projects

ROADING

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

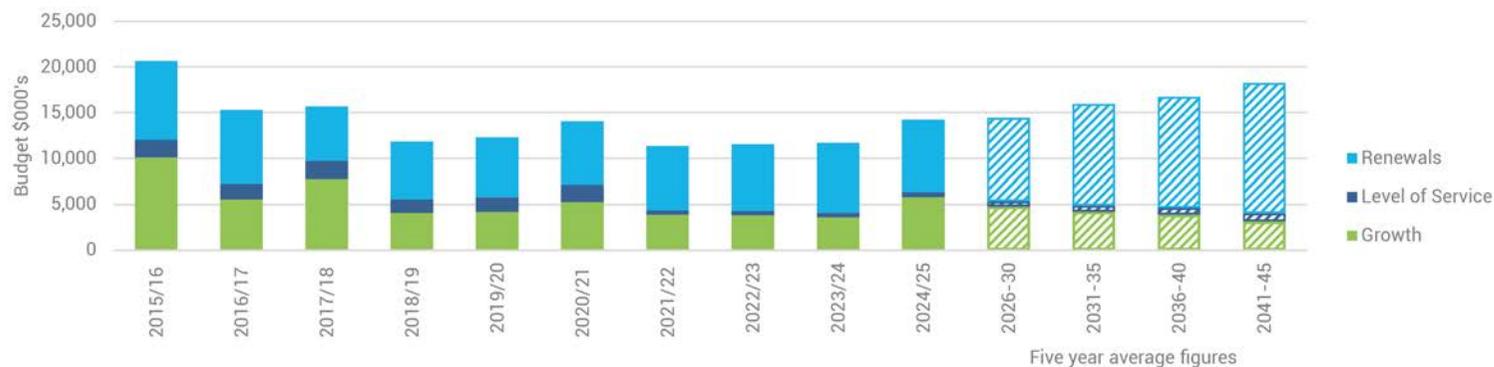
Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026-30	2031-35	2036-40	2041-45	Thirty Year Total	Funding	% Improvement Split				
																	G	L	R		
Cycle Strategy Implementation	250	256	263	269	277	284	-	-	-	-	-	-	-	-	-	1,599	Rates		100%		
Cycle Strategy Implementation	240	246	252	259	266	273	-	-	-	-	-	-	-	-	-	1,536	Grants Funding		100%		
Cycle Strategy Implementation	510	522	536	550	564	580	-	-	-	-	-	-	-	-	-	3,262	NZTA Subsidy		100%		
Cycle Strategy Implementation	1,000	1,024	1,051	1,078	1,107	1,137	-	-	-	-	-	-	-	-	-	6,397					
Lever St Closure	-	-	-	-	35	259	-	-	-	-	-	-	-	-	-	294	Rates		100%		
Pandora Pond Parking area (Pandora Rd)	-	-	578	-	-	-	-	-	-	-	-	-	-	-	-	578	HB HB Endowment Land Sale Account		100%		
West Quay One Way	-	-	180	-	-	-	-	-	-	-	-	-	-	-	-	180	Rates		100%		
West Quay Car Park	100	1,443	1,050	-	-	-	-	-	-	-	-	-	-	-	-	2,593	HB HB Endowment Land Sale Account		100%		
Roading I.A.R.	2,495	2,581	2,678	2,779	2,886	2,999	3,120	3,254	3,397	3,554	20,732	25,475	31,322	38,508	145,781	Roading IAR				100%	
Roading I.A.R.	1,620	1,679	1,745	1,814	1,886	1,963	2,049	2,139	2,237	2,345	13,732	17,029	14,188	15,136	79,562	NZTA Subsidy				100%	
Roading I.A.R.	4,115	4,260	4,423	4,593	4,772	4,962	5,169	5,393	5,634	5,899	34,465	42,504	45,509	53,644	225,343						
Roading Vested Assets	1,175	1,202	1,234	1,266	1,300	1,337	1,376	1,419	1,465	1,516	8,349	9,707	11,286	13,121	55,753	Vested Assets	100%				
Roading Capital Projects (Bulk Funded)	1,945	1,990	1,863	2,096	2,152	2,407	2,278	2,349	2,426	2,510	13,820	16,068	18,682	21,720	92,305	Rates		20%		80%	
Roading Capital Projects (Bulk Funded)	2,168	1,479	-	-	-	-	-	-	-	-	-	-	-	-	-	3,647	Prior years Project Funding		20%		80%
Roading Capital Projects (Bulk Funded)	4,113	3,469	1,863	2,096	2,152	2,407	2,278	2,349	2,426	2,510	13,820	16,068	18,682	21,720	95,952						
Transportation Proposals	2,290	2,574	2,641	1,975	2,027	2,084	2,026	2,391	2,158	2,736	9,649	11,435	8,212	2,731	54,930	Financial Contributions Account	100%				
Te Awa Structure Plan	-	326	2,331	822	905	1,869	497	-	-	1,560	5,909	-	-	-	14,219	Financial Contributions Account - Te Awa	100%				
Prebensen Drive 4 Laning	6,549	-	-	-	-	-	-	-	-	-	-	-	-	-	6,549	Financial Contributions Account	100%				
Prebensen/Puketitiri Development	-	-	322	-	-	-	-	-	-	-	-	-	-	-	322	Prior years Project Funding			100%		
Jervois Road Footpath	113	-	-	-	-	-	-	-	-	-	-	-	-	-	113	Capital Reserve			100%		
CBD Development	1,200	989	-	-	-	-	-	-	-	-	-	-	-	-	2,189	Prior years Project Funding			100%		
TOTAL ROADING	20,655	15,287	15,673	11,830	12,298	14,055	11,346	11,552	11,683	14,221	72,192	79,714	83,689	91,217	465,411						

ROADING CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026-30	2031-35	2036-40	2041-45	Thirty Year Total	Funding	% Improvement Split		
																	G	L	R
FUNDING																			
Capital Reserve	113	-	-	-	-	-	-	-	-	-	-	-	-	-	113				
Rates	2,195	2,246	2,306	2,365	2,464	2,950	2,278	2,349	2,426	2,510	13,820	16,068	18,682	21,720	94,378				
Roading IAR	2,495	2,581	2,678	2,779	2,886	2,999	3,120	3,254	3,397	3,554	20,732	25,475	31,322	38,508	145,781				
NZTA Subsidy	2,130	2,201	2,281	2,364	2,450	2,543	2,049	2,139	2,237	2,345	13,732	17,029	14,188	15,136	82,824				
HB HB Endowment Land Sale Account	100	1,443	1,628	-	-	-	-	-	-	-	-	-	-	-	3,171				
Grants Funding	240	246	252	259	266	273	-	-	-	-	-	-	-	-	1,536				
Prior years Project Funding	3,368	2,468	322	-	-	-	-	-	-	-	-	-	-	-	6,271				
Vested Assets	1,175	1,202	1,234	1,266	1,300	1,337	1,376	1,419	1,465	1,516	8,349	9,707	11,286	13,121	55,753				
Financial Contributions Account	8,839	2,574	2,641	1,975	2,027	2,084	2,026	2,391	2,158	2,736	9,649	11,435	8,212	2,731	61,479				
Financial Contributions Account - Te Awa	-	326	2,331	822	905	1,869	497	-	-	1,560	5,909	-	-	-	14,219				
	20,655	15,287	15,673	11,830	12,298	14,055	11,346	11,552	11,683	14,221	72,192	79,714	83,689	91,217	465,411				

Roading - Capital Expenditure



ROADING CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
10,426	General rates, uniform annual general charges, rates penalties	10,613	11,189	11,691	12,214	12,617	13,512	13,014	13,369	13,918	14,511
162	Targeted rates	159	149	149	149	149	149	149	149	149	149
1,762	Subsidies and grants for operating purposes	1,968	2,011	2,076	2,143	2,234	2,313	2,418	2,529	2,651	2,781
20	Fees and charges	10	11	11	11	12	12	13	13	14	14
247	Internal charges and overhead recoveries	371	491	628	643	660	678	697	359	-	-
403	Local authorities fuel tax, fines, infringement fees, and other receipts	404	404	405	406	406	407	408	409	410	411
13,020	Total operating funding (A)	13,525	14,255	14,960	15,566	16,078	17,071	16,699	16,828	17,142	17,866
	Applications of operating funding										
6,848	Payments to staff and suppliers	7,436	7,294	7,522	7,779	8,093	8,393	8,586	8,937	9,322	9,732
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,207	Internal charges and overheads applied	1,279	1,586	1,769	1,939	1,913	1,988	1,953	1,863	1,929	2,003
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
8,055	Total applications of operating funding (B)	8,715	8,880	9,291	9,718	10,006	10,381	10,539	10,800	11,251	11,735
4,965	Surplus/(deficit) of operating funding (A - B)	4,810	5,375	5,669	5,848	6,072	6,690	6,160	6,028	5,891	6,131
	Sources of capital funding										
1,448	Subsidies and grants for capital expenditure	2,370	2,447	2,532	2,622	2,716	2,816	2,049	2,139	2,238	2,345
1,076	Development and financial contributions	1,880	1,456	2,366	2,424	2,486	2,554	2,510	2,944	3,406	3,452
-	Increase (decrease) in debt	1,200	989	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
2,524	Total sources of capital funding (C)	5,450	4,892	4,898	5,046	5,202	5,370	4,559	5,083	5,644	5,797

ROADING CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Application of capital funding										
	Capital expenditure										
2,146	- to meet additional demand	8,839	2,901	4,972	2,797	2,933	3,953	2,523	2,391	2,159	4,297
383	- to improve the level of service	3,236	4,149	3,552	1,497	1,572	1,878	456	470	485	502
5,721	- to replace existing assets	7,405	7,036	5,913	6,270	6,494	6,888	6,991	7,272	7,575	7,907
(761)	Increase (decrease) in reserves	(9,220)	(3,819)	(3,870)	330	275	(659)	749	978	1,316	(778)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
7,489	Total application of capital funding (D)	10,260	10,267	10,567	10,894	11,274	12,060	10,719	11,111	11,535	11,928
(4,965)	Surplus/(deficit) of capital funding (C - D)	(4,810)	(5,375)	(5,669)	(5,848)	(6,072)	(6,690)	(6,160)	(6,028)	(5,891)	(6,131)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
7,433	Group depreciation & amortisation	5,752	6,074	6,294	6,577	6,590	6,882	7,227	7,539	7,871	8,223

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

SOLID WASTE

WHAT WE DO

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

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

A kerbside recycling service for residential properties is provided fortnightly. Litter bins and drums are located throughout the city and serviced on a daily basis. Our Refuse Transfer

Station at Redclyffe accepts most domestic, garden and building waste, and recyclables.

Currently Napier disposes of approximately 17,000 tonnes of refuse annually at the landfill from the domestic collection, litter collection and the Transfer Station. The Omarunui Landfill is the final disposal point for waste generated by the combined populations of Hastings District and Napier City. It is jointly owned by both the Hastings District and Napier City Councils (63.68% and 36.32% ownership respectively) and is managed on a day to day basis by the Hastings District Council.

WHY WE DO IT

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

The main goals for Solid Waste are:

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

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

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

WHAT WE ARE GOING TO DO

Over the 10 year life of the LTP we will continue to deliver solid waste services. The daily servicing of additional litterbins in tourist areas has driven an increased level of service in this group. We are also facing a number of long term issues that need to be addressed, such as the reducing capacity of the Omarunui Landfill. By 2025 the area being used now will be full and as joint owner with Hastings District Council, we need to decide whether to further develop the landfill at an estimated cost of \$50 million over a 35 year life or look at alternative waste disposal technologies. The councils have started a project (Waste Futures study) to investigate options. The results from this study are expected towards the end of 2015.

We have also budgeted \$5 million over the 10 years of the LTP for development of a new area at the Omarunui Landfill subject to the findings of the Waste Futures study. Redevelopment of the recycling centre at Redclyffe Transfer Stations is on hold pending the outcome of the Waste Futures study to ensure it fits with the long term direction of solid waste management in Hawke's Bay.

SOLID WASTE CONTINUED

HOW WE MEASURE PERFORMANCE

Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Council provides a kerbside refuse collection service weekly to city residents to ensure city household waste is removed from the kerbside. This activity also provides a user pays facility at the Transfer Station for disposal of non-household refuse	A weekly kerbside refuse collection service is provided 52 weeks per year to city residents	100%	100%	100%	100%	100%
	Transfer Station open for 362 days	100%	100%	100%	100%	100%
A fortnightly kerbside recycling collection service to reduce the quantity of waste to landfill. Promotion of waste minimization activities and responsible solid waste management through education initiatives and a hazardous waste collection programme. Council also provides green waste and recycling facilities at the Redclyffe Transfer Station	Waste to Landfill per capita	279.81 kgs	280kgs	Decreasing Trend	Decreasing Trend	Decreasing Trend
	Compliance with Resource Consent conditions	100%	100%	100%	100%	100%
	Education and waste reduction promotion programmes in place	739	750 students per annum			
	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	91%	91%	92%	92%	92%

ASSUMPTIONS AND RISKS

- The Omarunui Landfill is a carefully designed and constructed lined Class A landfill to safeguard against leachate leaking into the ground. It is equipped with a gas extraction system to prevent methane from being discharged into the atmosphere. Landfill gas is converted into electricity through a newly constructed power plant
- An environmental risk of the landfill is the leaching of contaminants to the environment and the potential for biological threats, such as fire ants
- A further environmental risk of the Hazardous Waste Collection, if not handled correctly, is the potential for chemical spill, either at the collection site or in transit. The Hazardous Waste Collection is carried out to provide residents with a safe disposal point for dangerous chemicals. The environmental risk of chemicals being stored on private property in uncontrolled conditions is considered to be significantly higher than the risks associated with the Hazardous Waste Collection

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years, we will spend \$66.3million for this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



SOLID WASTE CONTINUED

WHAT IT COSTS

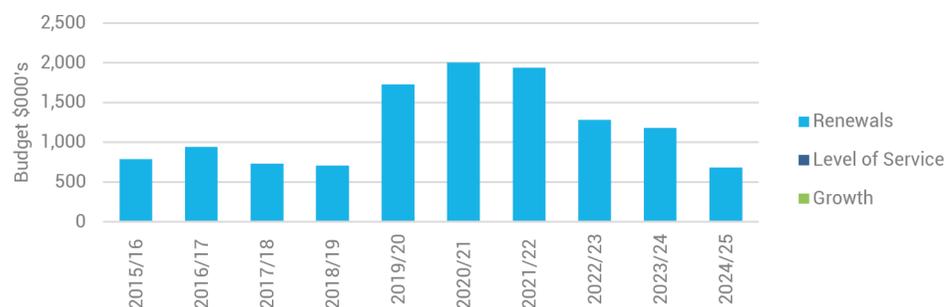
Capital projects

SOLID WASTE

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Omarunui Development - Valley D	217	631	190	234	669	507	273	262	291	280	3,554	Regional Landfill Income A/c			100%
Omarunui Development - Plant	305	47	127	51	19	17	283	33	113	37	1,032	Regional Landfill Income A/c			100%
Omarunui Development - Forestry	10	-	11	11	11	11	12	12	12	13	103	Regional Landfill Income A/c			100%
Omarunui Development - Valleys B & C	106	108	302	310	922	1,361	1,260	861	649	231	6,110	Regional Landfill Income A/c			100%
Solid Waste I.A.R.	150	154	98	100	103	106	109	112	116	120	1,168	Tsfr Stn & Composting IAR Fund			100%
TOTAL SOLID WASTE	788	940	728	706	1,724	2,002	1,937	1,280	1,181	681	11,967				
FUNDING															
Regional Landfill Income A/c	638	786	630	606	1,621	1,896	1,828	1,168	1,065	561	10,799				
Tsfr Stn & Composting IAR Fund	150	154	98	100	103	106	109	112	116	120	1,168				
	788	940	728	706	1,724	2,002	1,937	1,280	1,181	681	11,967				

Solid Waste - Capital Expenditure



SOLID WASTE CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
426	General rates, uniform annual general charges, rates penalties	647	661	677	693	710	729	750	770	797	822
1,750	Targeted rates	1,758	1,800	1,846	1,894	1,947	2,005	2,066	2,133	2,207	2,284
173	Subsidies and grants for operating purposes	173	173	173	173	173	173	173	173	173	173
1,547	Fees and charges	1,425	1,456	1,490	1,526	1,565	1,608	1,653	1,703	1,756	1,813
-	Internal charges and overhead recoveries	20	20	21	21	22	23	23	24	25	25
1,912	Local authorities fuel tax, fines, infringement fees, and other receipts	1,849	2,184	1,931	1,978	2,029	2,084	2,143	2,207	2,276	2,351
5,808	Total operating funding (A)	5,872	6,294	6,138	6,285	6,446	6,622	6,808	7,010	7,234	7,468
	Applications of operating funding										
4,208	Payments to staff and suppliers	4,679	4,719	4,881	4,963	5,105	5,241	5,387	5,546	5,716	5,900
-	Finance costs	-	-	-	-	-	-	-	-	-	-
232	Internal charges and overheads applied	239	240	238	238	245	253	259	266	280	287
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
4,440	Total applications of operating funding (B)	4,918	4,959	5,119	5,201	5,350	5,494	5,646	5,812	5,996	6,187
1,368	Surplus/(deficit) of operating funding (A - B)	954	1,335	1,019	1,084	1,096	1,128	1,162	1,198	1,238	1,281
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding (C)	-									

SOLID WASTE CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Application of capital funding										
Capital expenditure										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
436	788	941	728	706	1,724	2,003	1,938	1,280	1,181	682
932	166	394	291	378	(628)	(875)	(776)	(82)	57	599
-	-	-	-	-	-	-	-	-	-	-
1,368	954	1,335	1,019	1,084	1,096	1,128	1,162	1,198	1,238	1,281
(1,368)	(954)	(1,335)	(1,019)	(1,084)	(1,096)	(1,128)	(1,162)	(1,198)	(1,238)	(1,281)
-	-	-	-	-	-	-	-	-	-	-
Note: Excluded from Above										
774	743	745	831	868	546	456	532	600	647	655

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

STORMWATER

WHAT WE DO

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

WHAT WE PROVIDE

- 221km Stormwater Mains
- 46km Open Drains
- 13 Pump Stations (including 3 Hawke's Bay Regional Council managed)

WHY WE DO IT

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

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

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

WHAT WE ARE GOING TO DO

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

STORMWATER CONTINUED

HOW WE MEASURE PERFORMANCE

Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
The Stormwater Network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Mandatory: Number of flooding events per year resulting in stormwater entering a habitable floor in an urban area	≤1*	≤1	≤1	≤1	≤1
	Mandatory: For each flooding event, the number of habitable floors affected per 1,000 properties	≤1*	≤1	≤1	≤1	≤1
	Mandatory: Median response time to attending a flood event (notification to personnel being on site)	≤2 Hrs*	≤2 Hrs	≤2 Hrs	≤2 Hrs	≤2 Hrs
Stormwater is collected and disposed of in a manner that protects public and environmental health	Mandatory: Compliance with resource consents for discharge from its stormwater system as measured by the number of Abatement and Infringement Notices, Enforcement Orders and successful convictions received in relation to those resource consents made against Council in regard to the Stormwater Activity	Nil*	Nil	Nil	Nil	Nil
Residents are satisfied with Council's Stormwater service	Mandatory: Number of complaints received about performance of stormwater system (per 1000 properties connected)	≤5*	≤5	≤5	≤5	≤5
	Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey	92%	92%	92%	92%	92%

* Mandatory Non Financial Performance Measures have been gazetted under S261B of the Local Government Act 2002 and are required to be reported in the Annual Report for the year ended 30 June 2015. The comparative Non Financial Performance Measures required under these regulations are the same as for the year ended 30 June 2015.

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

Wellbeing	Significant Negative Effects
CULTURAL	None
ECONOMIC	Compliance costs associated with activity e.g. discharge consents.
ENVIRONMENTAL	Contaminated stormwater can have negative effects on receiving waters.
SOCIAL	None

OUR BUDGET

Over the next 10 years, we will spend \$70.3 million on this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



STORMWATER CONTINUED

WHAT IT COSTS

Capital projects

STORMWATER

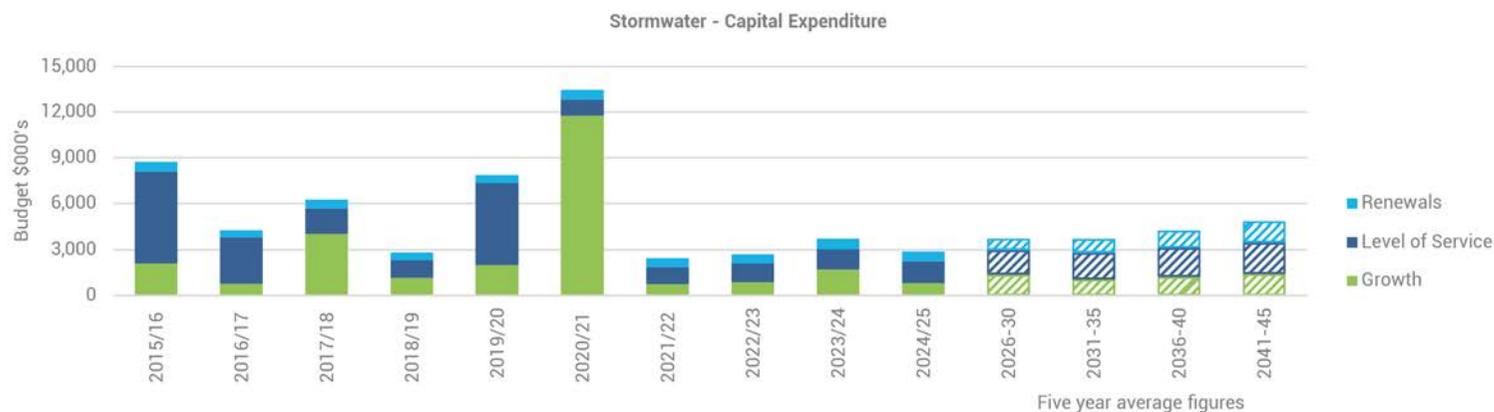
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026-30	2031-35	2036-40	2041-45	Thirty Year Total	Funding	% Improvement Split		
																	G	L	R
Upgrading Stormwater Catchments	177	181	195	200	206	212	218	225	232	240	1,322	1,537	1,787	2,077	8,808	Financial Contributions Account		100%	
Upgrading Stormwater Catchments	123	269	776	836	902	974	1,053	1,140	1,236	1,344	7,557	8,182	8,806	9,418	42,616	Stormwater Catchments Upgrade		100%	
Upgrading Stormwater Catchments	300	450	971	1,036	1,108	1,186	1,271	1,365	1,468	1,584	8,879	9,718	10,592	11,495	51,424				
Stormwater I.A.R.	150	235	490	508	526	546	567	591	615	643	3,639	4,436	5,400	6,575	24,922	Stormwater IAR Pipes			100%
Stormwater Vested Assets	448	458	470	483	496	510	525	541	559	578	3,183	3,701	4,303	5,003	21,258	Vested Assets	100%		
CBD Stormwater Upgrade	2,600	688	-	-	-	-	-	-	-	-	-	-	-	-	3,288	Stormwater Catchments Upgrade		100%	
Taradale Stormwater Upgrade	1,653	1,374	-	-	-	-	-	-	-	-	-	-	-	-	3,027	Stormwater Catchments Upgrade		100%	
Taradale Stormwater Upgrade	1,465	505	-	-	-	-	-	-	-	-	-	-	-	-	1,970	Prior years Project Funding		100%	
Taradale Stormwater Upgrade	3,118	1,879	-	-	-	-	-	-	-	-	-	-	-	-	4,997				
Bay View Upgrade Stormwater	-	21	559	-	-	-	-	-	-	-	-	-	-	-	580	Prior years Project Funding		100%	
Te Awa Stormwater Pond	1,213	-	-	-	-	-	-	-	-	-	-	-	-	-	1,213	Financial Contributions Account	100%		
Jervoiestown Stormwater Improvement	-	143	-	-	-	-	-	-	-	-	-	-	-	-	143	Financial Contributions Account	100%		
Install New Pump Purimu	72	-	-	-	-	-	-	-	-	-	-	-	-	-	72	Loans - Rates			100%
Mobile Pump Solutions	361	-	-	-	-	-	-	-	-	-	-	-	-	-	361	Prior years Project Funding		100%	
Dalton St Pump Replacement	10	236	-	-	-	-	-	-	-	-	-	-	-	-	246	Prior years Project Funding			100%
Extend Outfalls - Marine Parade	-	-	79	-	-	85	-	-	94	-	213	124	288	335	1,218	Rates			100%
Extend Outfalls - Marine Parade	109	-	-	-	-	-	-	-	-	-	-	-	-	-	109	Prior years Project Funding			100%
Extend Outfalls - Marine Parade	109	-	79	-	-	85	-	-	94	-	213	124	288	335	1,327				
Georges Drive Drain	-	-	41	14	14	15	15	16	16	17	94	109	127	147	625	Rates		100%	
Georges Drive Drain	-	-	71	-	-	-	-	-	-	-	-	-	-	-	71	Prior years Project Funding		100%	
Georges Drive Drain	-	-	112	14	14	15	15	16	16	17	94	109	127	147	696				
Overland Drain	67	-	-	-	-	-	-	-	-	-	-	-	-	-	67	Loans - Rates		100%	
Overland Drain	15	-	-	-	-	-	-	-	-	-	-	-	-	-	15	Capital Reserve		100%	
Overland Drain	82	-	-	-	-	-	-	-	-	-	-	-	-	-	82				
Upgrade Taipo Stream	79	-	-	248	-	-	-	-	-	-	-	-	-	-	327	Financial Contributions Account		100%	
Upgrade Taipo Stream	70	-	-	219	-	-	-	-	-	-	-	-	-	-	289	Rates		100%	
Upgrade Taipo Stream	35	-	-	-	-	-	-	-	-	-	-	-	-	-	35	Prior years Project Funding		100%	
Upgrade Taipo Stream	184	-	-	467	-	-	616												

STORMWATER CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026-30	2031-35	2036-40	2041-45	Thirty Year Total	Funding	% Improvement Split		
																	G	L	R
Drain Improvements	60	61	63	315	509	68	70	72	75	77	426	496	576	670	3,538	Rates		100%	
Drain Improvements	25	116	119	-	-	-	-	-	-	-	-	-	-	-	260	Prior years Project Funding		100%	
Drain Improvements	85	177	182	315	509	68	70	72	75	77	426	496	576	670	3,798				
Ellison Street Pump Station	-	-	-	-	3,921	-	-	-	-	-	-	-	-	-	3,921	Loans - Growth		100%	
Ellison Street Pump Station	-	-	-	-	980	-	-	-	-	-	-	-	-	-	980	Financial Contributions Account		100%	
Ellison Street Pump Station	-	-	-	-	4,901	-	-	-	-	-	-	-	-	-	4,901				
Te Awa Structrue Plan	-	-	3,390	-	316	11,064	-	121	915	-	2,279	-	-	-	18,085	Financial Contributions Account	100%		
TOTAL STORMWATER	8,732	4,287	6,253	2,823	7,870	13,474	2,448	2,706	3,742	2,899	18,714	18,584	21,287	24,226	138,045				
FUNDING																			
Capital Reserve	15	-	-	-	-	-	-	-	-	-	-	-	-	-	15				
Stormwater IAR Pipes	150	235	490	508	526	546	567	591	615	643	3,639	4,436	5,400	6,575	24,922				
Vested Assets	448	458	470	483	496	510	525	541	559	578	3,183	3,701	4,303	5,003	21,258				
Rates	130	61	183	548	523	168	85	88	185	94	733	729	991	1,152	5,671				
Financial Contributions Account	1,469	324	3,585	448	1,502	11,276	218	346	1,147	240	3,601	1,537	1,787	2,077	29,556				
Stormwater Catchments Upgrade	4,376	2,331	776	836	902	974	1,053	1,140	1,236	1,344	7,557	8,182	8,806	9,418	48,931				
Prior years Project Funding	2,005	878	749	-	-	-	-	-	-	-	-	-	-	-	3,632				
Loans - Rates	139	-	-	-	-	-	-	-	-	-	-	-	-	-	139				
Loans - Growth	-	-	-	-	3,921	-	-	-	-	-	-	-	-	-	3,921				
	8,732	4,287	6,253	2,823	7,870	13,474	2,448	2,706	3,742	2,899	18,714	18,584	21,287	24,226	138,045				



STORMWATER CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
3,041	General rates, uniform annual general charges, rates penalties	3,044	3,177	3,463	3,984	4,126	4,001	4,104	4,250	4,555	4,690
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	- Fees and charges	-	-	-	-	-	-	-	-	-	-
51	Internal charges and overhead recoveries	78	103	132	135	138	142	146	75	-	-
61	Local authorities fuel tax, fines, infringement fees, and other receipts	49	50	52	53	54	56	57	59	61	63
3,153	Total operating funding (A)	3,171	3,330	3,647	4,172	4,318	4,199	4,307	4,384	4,616	4,753
	Applications of operating funding										
1,102	Payments to staff and suppliers	1,101	1,155	1,196	1,233	1,279	1,371	1,456	1,474	1,531	1,593
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
796	Internal charges and overheads applied	747	831	882	924	960	1,006	1,006	1,020	1,052	1,080
-	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
1,898	Total applications of operating funding (B)	1,848	1,986	2,078	2,157	2,239	2,377	2,462	2,494	2,583	2,673
1,255	Surplus/(deficit) of operating funding (A - B)	1,323	1,344	1,569	2,015	2,079	1,822	1,845	1,890	2,033	2,080
	Sources of capital funding										
-	- Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
250	Development and financial contributions	556	560	1,907	1,954	2,004	2,058	2,084	2,222	2,369	2,357
-	- Increase (decrease) in debt	139	-	559	-	3,921	-	-	-	-	-
-	- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
250	Total sources of capital funding (C)	695	560	2,466	1,954	5,925	2,058	2,084	2,222	2,369	2,357

STORMWATER CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Application of capital funding										
	Capital expenditure										
1,626	- to meet additional demand	1,213	-	3,390	-	316	11,065	-	121	915	-
3,966	- to improve the level of service	6,730	3,217	1,824	1,832	6,532	1,268	1,356	1,453	1,560	1,678
458	- to replace existing assets	341	615	569	508	526	631	567	591	708	643
(4,545)	Increase (decrease) in reserves	(6,266)	(1,928)	(1,748)	1,629	630	(9,084)	2,006	1,947	1,219	2,116
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
1,505	Total application of capital funding (D)	2,018	1,904	4,035	3,969	8,004	3,880	3,929	4,112	4,402	4,437
(1,255)	Surplus/(deficit) of capital funding (C - D)	(1,323)	(1,344)	(1,569)	(2,015)	(2,079)	(1,822)	(1,845)	(1,890)	(2,033)	(2,080)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
2,060	Group depreciation & amortisation	1,953	2,106	2,338	2,395	2,282	2,568	2,620	2,631	2,896	2,929

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SEWERAGE

WHAT WE DO

We provide and maintain a safe domestic and industrial sewage collection, screening and disposal system to maintain the community's health.

WHAT WE PROVIDE

- 44 Pump Stations
- 378km Wastewater Mains
- Biological Trickling Filter plant (Awatoto)
- Milliscreen Plant (Awatoto)
- 1,500m long Marine Outfall pipe
- 93% of Napier's population serviced by reticulation system

WHY WE DO IT

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

The Sewerage group contributes to the following community outcomes:

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

WHAT WE ARE GOING TO DO

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

This includes:

- On-going condition assessments
- A comprehensive renewals programme rationalising of catchments to improve system resilience

SEWERAGE CONTINUED

HOW WE MEASURE PERFORMANCE

Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
The collection, reticulation and disposal of household wastewater in a manner that protects the environment and public health	Number of reticulated properties unable to dispose of wastewater for longer than 6 hours. Due to stormwater infiltration	1	0	0	0	0
	Blockage resulting in overflow.	0	0	0	0	0
	Mandatory: Dry weather overflows (per 1,000 connections**)	≤0.1*	≤0.1	≤0.1	≤0.1	≤0.1
	Mandatory: Compliance with resource consents:					
	a) Abatement notices	0*	0	0	0	0
	b) Infringement notices	0*	0	0	0	0
	c) Enforcement orders	0*	0	0	0	0
	d) Convictions	0*	0	0	0	0
	Mandatory: Median response times:					
	a) Attendance time from notification to staff on site	≤2 Hrs*	≤2 Hrs	≤2 Hrs	≤2 Hrs	≤2 Hrs
b) Resolution time from receipt of notification to resolution	≤8 Hrs*	≤8 Hrs	≤8 Hrs	≤8 Hrs	≤8 Hrs	
Customer Satisfaction	Mandatory: Number of complaints per 1,000 connections relating to:					
	a) sewerage odour	≤5*	≤5	≤5	≤5	≤5
	b) Sewerage system faults	≤20*	≤20	≤20	≤20	≤20
	c) Sewerage system blockages	≤10*	≤10	≤10	≤10	≤10
	d) Response to issues	≤1*	≤1	≤1	≤1	≤1
	Total number of complaints per 1000 connections	≤36*	≤36	≤36	≤36	≤36
	Percentage of residents satisfied with Wastewater in the NRB Public Opinion Survey.	92%	92%	92%	92%	92%

* Mandatory Non Financial Performance Measures have been gazetted under S261B of the Local Government Act 2002 and are required to be reported in the Annual Report for the year ended 30 June 2015. The comparative Non Financial Performance Measures required under these regulations are the same as for the year ended 30 June 2015.

** Based on 24,800 wastewater connections

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years we will spend \$69.7 million on this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



SEWERAGE CONTINUED

WHAT IT COSTS

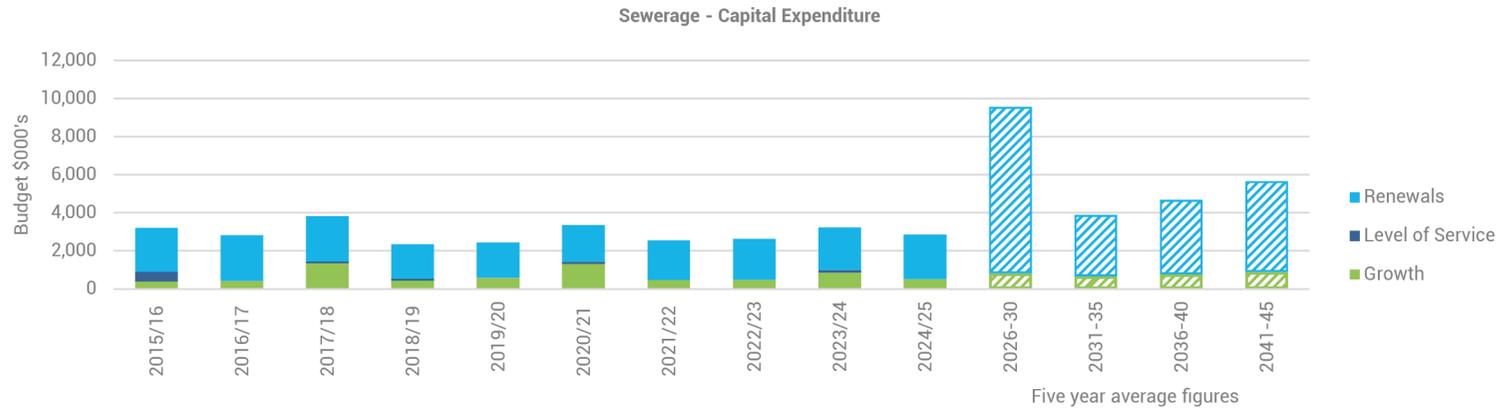
Capital projects

SEWERAGE

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026-30	2031-35	2036-40	2041-45	Thirty Year Total	Funding	% Improvement Split		
																	G	L	R
Wastewater Pipe I.A.R.	1,800	1,535	1,575	1,216	1,265	1,317	1,374	1,435	1,502	1,575	9,014	11,184	13,877	17,220	65,889	Sewerage IAR Pipes			100%
Milliscreen Renewal Programme	150	263	270	277	284	292	301	310	321	332	1,826	2,123	2,468	2,870	12,088	Milliscreen Replacement Program			100%
Sewer Pump Station Renewal	350	512	525	251	258	265	273	281	291	301	1,654	1,923	2,236	2,600	11,720	Sewer Pump Station Renewal			100%
Wastewater Treatment Plant I.A.R.	-	-	-	56	58	59	122	126	130	134	739	859	999	1,161	4,443	Sewer Treatment Plant Renewal			100%
Wastewater Outfall IAR	-	102	-	-	-	-	-	-	-	-	8,753	-	-	-	8,855	Wastewater Outfall IAR			100%
Wastewater Vested Assets	401	410	421	432	444	456	470	484	500	518	2,849	3,313	3,852	4,478	19,028	Vested Assets	100%		
Wastewater Outfall replacement	-	-	-	-	-	-	-	-	-	-	21,649	-	-	-	21,649	Loans - Rates			100%
BTF Wastewater Treatment Plant	500	-	-	-	-	-	-	-	-	-	-	-	-	-	500	Advanced Wastewater Treatment Fund		100%	
Te Awa Structure Plan	-	-	926	-	132	853	-	-	358	-	1,278	-	-	-	3,547	Financial Contributions Account - Te Awa	100%		
Upgrade & Rationalize Pumping Mains	-	-	105	108	-	114	-	-	125	-	-	-	-	-	452	Rates		100%	
TOTAL SEWERAGE	3,201	2,822	3,822	2,340	2,441	3,356	2,540	2,636	3,227	2,860	47,762	19,402	23,432	28,328	148,170				
FUNDING																			
Sewerage IAR Pipes	1,800	1,535	1,575	1,216	1,265	1,317	1,374	1,435	1,502	1,575	9,014	11,184	13,877	17,220	65,889				
Milliscreen Replacement Program	150	263	270	277	284	292	301	310	321	332	1,826	2,123	2,468	2,870	12,088				
Sewer Pump Station Renewal	350	512	525	251	258	265	273	281	291	301	1,654	1,923	2,236	2,600	11,720				
Sewer Treatment Plant Renewal	-	-	-	56	58	59	122	126	130	134	739	859	999	1,161	4,443				
Wastewater Outfall IAR	-	102	-	-	-	-	-	-	-	-	8,753	-	-	-	8,855				
Vested Assets	401	410	421	432	444	456	470	484	500	518	2,849	3,313	3,852	4,478	19,028				
Loans - Rates	-	-	-	-	-	-	-	-	-	-	21,649	-	-	-	21,649				
Financial Contributions Account - Te Awa	-	-	926	-	132	853	-	-	358	-	1,278	-	-	-	3,547				
Advanced Wastewater Treatment Fund	500	-	-	-	-	-	-	-	-	-	-	-	-	-	500				
Rates	-	-	105	108	-	114	-	-	125	-	-	-	-	-	452				
	3,201	2,822	3,822	2,340	2,441	3,356	2,540	2,636	3,227	2,860	47,762	19,402	23,432	28,328	148,170				

SEWERAGE CONTINUED



SEWERAGE CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
-	General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
6,951	Targeted rates	7,250	7,464	7,977	8,152	8,077	8,584	8,712	8,819	9,443	9,600
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
547	Fees and charges	431	450	471	481	493	506	520	535	551	568
26	Internal charges and overhead recoveries	39	51	66	67	69	71	73	38	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
7,524	Total operating funding (A)	7,720	7,965	8,514	8,700	8,639	9,161	9,305	9,392	9,994	10,168
	Applications of operating funding										
2,298	Payments to staff and suppliers	2,711	2,835	2,938	3,044	3,142	3,247	3,380	3,506	3,641	3,787
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,008	Internal charges and overheads applied	924	1,024	1,079	1,126	1,154	1,182	1,183	1,199	1,232	1,262
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,306	Total applications of operating funding (B)	3,635	3,859	4,017	4,170	4,296	4,429	4,563	4,705	4,873	5,049
4,218	Surplus/(deficit) of operating funding (A - B)	4,085	4,106	4,497	4,530	4,343	4,732	4,742	4,687	5,121	5,119
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
113	Development and financial contributions	184	158	404	413	424	436	436	487	541	542
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
113	Total sources of capital funding (C)	184	158	404	413	424	436	436	487	541	542

SEWERAGE CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Application of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	926	-	132	853	-	-	358	-
-	- to improve the level of service	500	-	105	108	-	114	-	-	125	-
2,076	- to replace existing assets	2,300	2,412	2,370	1,800	1,865	1,934	2,070	2,152	2,242	2,341
2,255	Increase (decrease) in reserves	1,469	1,852	1,500	3,035	2,770	2,267	3,108	3,022	2,937	3,320
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
4,331	Total application of capital funding (D)	4,269	4,264	4,901	4,943	4,767	5,168	5,178	5,174	5,662	5,661
(4,218)	Surplus/(deficit) of capital funding (C - D)	(4,085)	(4,106)	(4,497)	(4,530)	(4,343)	(4,732)	(4,742)	(4,687)	(5,121)	(5,119)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
4,181	Group depreciation & amortisation	4,034	4,042	4,418	4,448	4,258	4,644	4,650	4,629	5,100	5,095

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The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

WATER SUPPLY

WHAT WE DO

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

WHAT WE PROVIDE

- 9.8 million m3 water consumed annually
- 10 wells
- 10 ground water and 8 booster pump stations
- 11 service reservoirs situated on 8 sites
- 30 million litres service reservoir storage
- 471 km of water mains
- 93.0% of Napier's population serviced by reticulation system

WHY WE DO IT

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

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

The Water Supply group contributes to the following community outcomes:

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

WHAT WE ARE GOING TO DO

Over the 10 year life of the LTP it will be business as usual for the delivery of water supply services. However, with increasing population and climate change there are increasing demands on water supply that we must consider. We are also faced with increasing standards of regulation and ongoing monitoring imposed by Central Government.

- Levels of renewals required are expected to increase over the life of this plan as more assets reach the end of their life. Also, the length of reticulation is increasing by 2.6km on average per year. We have budgeted for a gradual annual increase over the next 30 years.
- We plan to construct two new reservoirs to store potable water to provide for emergency requirements and peak demand.
 - The Taradale reservoir in Year 1 (2015/16) at an estimated cost of \$2.8 million on a site behind the existing water reservoir off Tironui Drive, opposite Knightsbridge
 - The Greenmeadows reservoir between Year 11 and 15 at an estimated cost of \$10.5 million in the Western Hills

WATER SUPPLY CONTINUED

HOW WE MEASURE PERFORMANCE

Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Safeguard Public Health	Mandatory: Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria)	100%*	Achieved	Achieved	Achieved	Achieved
	Mandatory: Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria)	100%*	Achieved	Achieved	Achieved	Achieved
Management of Environmental Impacts	Mandatory: The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance **	≤22%*	≤22% Real water loss from Council's networked reticulation	≤22%	≤22%	≤22%
	Mandatory: Average annual consumption of drinking water per day per resident	≤430 L*	≤430 L	≤430 L	≤430 L	≤430 L

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

Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Response to Water System Issues	Mandatory: Median response times from time notification received:					
	a. Attendance time for urgent call outs	≤90 minutes*	≤90 minutes	≤90 minutes	≤90 minutes	≤90 minutes
	b. Resolution time for urgent call outs	≤6 hours*	≤6 hours	≤6 hours	≤6 hours	≤6 hours
	c. Attendance for non-urgent call outs	≤8 hours*	≤8 hours	≤8 hours	≤8 hours	≤8 hours
Customer Satisfaction	d. Resolution time for non-urgent call outs	≤72 hours*	≤72 hours	≤72 hours	≤72 hours	≤72 hours
	Mandatory: Number of complaints per 1,000 connections relating to:					
	a. Drinking water clarity	≤2*	≤2	≤2	≤2	≤2
	b. Drinking water taste	≤2*	≤2	≤2	≤2	≤2
	c. Drinking water odour	≤2*	≤2	≤2	≤2	≤2
	d. Drinking water pressure or flow	≤2*	≤2	≤2	≤2	≤2
e. Continuity of supply	≤2*	≤2	≤2	≤2	≤2	
	Council's response to any of these issues per 1000 connections	≤2*	≤2	≤2	≤2	≤2
	Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey	95%	90%	90%	90%	90%

* Mandatory Non Financial Performance Measures have been gazetted under S261B of the Local Government Act 2002 and are required to be reported in the Annual Report for the year ended 30 June 2015. The comparative Non Financial Performance Measures required under these regulations are the same as for the year ended 30 June 2015.

WATER SUPPLY CONTINUED

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years, we will spend \$49.3 million on this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



WATER SUPPLY CONTINUED

WHAT IT COSTS

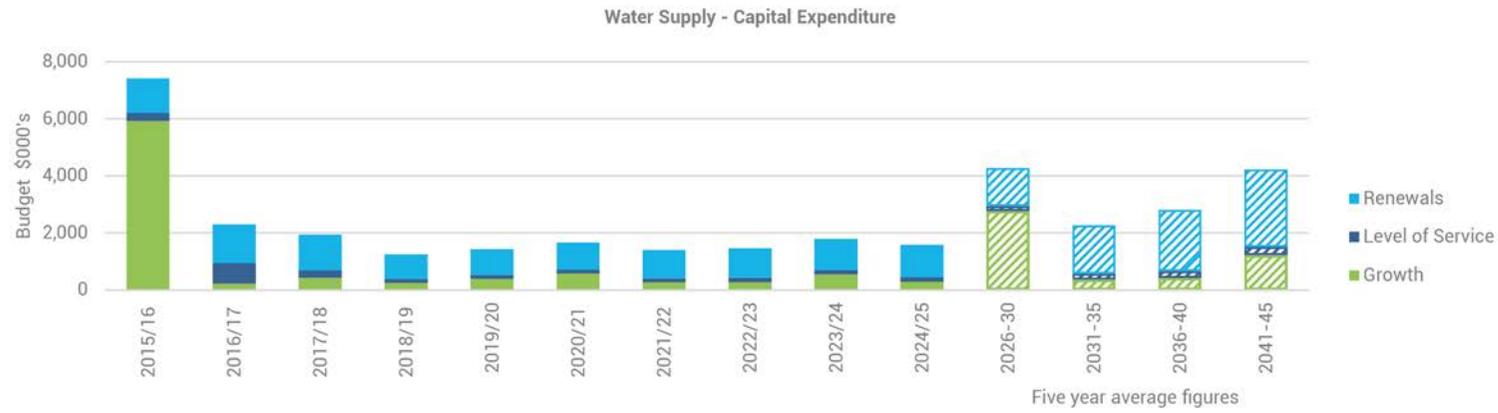
Capital projects

WATER SUPPLY

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026-30	2031-35	2036-40	2041-45	Thirty Year Total	Funding	% Improvement Split		
																	G	L	R
New Reservoir Site & Reservoir Taradale	-	-	-	-	-	-	-	-	-	-	11,650	-	-	-	11,650	Financial Contributions Account	100%		
Water Pipes I.A.R.	1,000	1,126	1,050	689	723	758	796	839	886	936	5,487	7,083	9,146	11,808	42,327	Water Supply IAR			100%
Water Pump Stations I.A.R.	105	123	142	152	156	160	165	170	176	182	1,002	1,165	1,354	1,575	6,627	Water Supply Pump Stations			100%
Water Meters I.A.R.	100	102	53	24	24	25	26	27	27	28	159	185	215	250	1,246	Water Supply IAR Water Meters			100%
Water Supply - Capital Upgrade Associated with IAR	70	384	263	133	136	140	144	149	153	159	874	1,016	1,181	1,374	6,176	Water Supply Cap Assoc with IAR		100%	
Water Supply Vested Assets	221	226	232	238	245	251	259	267	276	285	1,570	1,826	2,123	2,468	10,487	Vested Assets	100%		
New Reservoir Taradale	2,801	-	-	-	-	-	-	-	-	-	-	-	-	-	2,801	Financial Contributions Account	100%		
Te Awa Structure Plan	-	-	200	13	142	330	14	14	273	-	617	36	-	-	1,639	Financial Contributions Account	100%		
Awatoto Trunk Main	2,159	-	-	-	-	-	-	-	-	-	-	-	-	1,921	4,080	Financial Contributions Account	100%		
Eastern Development	-	-	-	-	-	-	-	-	-	-	-	-	-	1,748	1,748	Financial Contributions Account	100%		
Upgrade Water Supply Control System	220	224	-	-	-	-	-	-	-	-	-	-	-	-	444	Prior years Project Funding			100%
Severn Street Extension	-	111	-	-	-	-	-	-	-	-	-	-	-	-	111	Prior years Project Funding			100%
New Well - Awatoto	736	-	-	-	-	-	-	-	-	-	-	-	-	-	736	Financial Contributions Account	100%		
TOTAL WATER SUPPLY	7,412	2,296	1,940	1,249	1,426	1,664	1,404	1,466	1,791	1,590	21,359	11,311	14,019	21,143	90,070				
FUNDING																			
Water Supply IAR	1,000	1,126	1,050	689	723	758	796	839	886	936	5,487	7,083	9,146	11,808	42,327				
Water Supply Pump Stations	105	123	142	152	156	160	165	170	176	182	1,002	1,165	1,354	1,575	6,627				
Water Supply IAR Water Meters	100	102	53	24	24	25	26	27	27	28	159	185	215	250	1,246				
Water Supply Cap Assoc with IAR	70	384	263	133	136	140	144	149	153	159	874	1,016	1,181	1,374	6,176				
Vested Assets	221	226	232	238	245	251	259	267	276	285	1,570	1,826	2,123	2,468	10,487				
Prior years Project Funding	220	335	-	-	-	-	-	-	-	-	-	-	-	-	555				
Financial Contributions Account	5,696	-	200	13	142	330	14	14	273	-	12,267	36	-	3,669	22,654				
	7,412	2,296	1,940	1,249	1,426	1,664	1,404	1,466	1,791	1,590	21,359	11,311	14,019	21,143	90,070				

WATER SUPPLY CONTINUED



WATER SUPPLY CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
	- General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
3,838	Targeted rates	3,929	4,157	4,429	4,531	4,593	4,874	4,966	5,078	5,493	5,616
	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
492	Fees and charges	492	502	514	527	540	555	571	588	606	626
37	Internal charges and overhead recoveries	54	71	91	93	96	98	101	52	-	-
11	Local authorities fuel tax, fines, infringement fees, and other receipts	11	12	12	12	12	13	13	14	14	14
4,378	Total operating funding (A)	4,486	4,742	5,046	5,163	5,241	5,540	5,651	5,732	6,113	6,256
	Applications of operating funding										
2,096	Payments to staff and suppliers	2,113	2,215	2,300	2,378	2,459	2,552	2,648	2,752	2,864	2,986
	- Finance costs	-	-	-	-	-	-	-	-	-	-
665	Internal charges and overheads applied	638	697	732	763	788	809	814	835	862	885
	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,761	Total applications of operating funding (B)	2,751	2,912	3,032	3,141	3,247	3,361	3,462	3,587	3,726	3,871
1,617	Surplus/(deficit) of operating funding (A - B)	1,735	1,830	2,014	2,022	1,994	2,179	2,189	2,145	2,387	2,385
	Sources of capital funding										
	- Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
161	Development and financial contributions	267	203	305	312	320	329	322	384	449	456
	- Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
	- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
	- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
	- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
161	Total sources of capital funding (C)	267	203	305	312	320	329	322	384	449	456

WATER SUPPLY CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Application of capital funding										
	Capital expenditure										
2,179	- to meet additional demand	5,696	-	200	13	142	330	14	14	273	-
121	- to improve the level of service	70	384	263	133	136	140	144	149	153	159
712	- to replace existing assets	1,425	1,686	1,244	864	903	943	987	1,036	1,089	1,146
(1,234)	Increase (decrease) in reserves	(5,189)	(37)	612	1,324	1,133	1,095	1,366	1,330	1,321	1,536
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
1,778	Total application of capital funding (D)	2,002	2,033	2,319	2,334	2,314	2,508	2,511	2,529	2,836	2,841
(1,617)	Surplus/(deficit) of capital funding (C - D)	(1,735)	(1,830)	(2,014)	(2,022)	(1,994)	(2,179)	(2,189)	(2,145)	(2,387)	(2,385)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
1,579	Group depreciation & amortisation	1,680	1,758	1,922	1,929	1,897	2,080	2,088	2,092	2,387	2,385
(492)	Water by Meter Charges	(492)	(502)	(514)	(527)	(540)	(555)	(571)	(588)	(606)	(626)

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RECREATION

WHAT WE DO

The activities within this group are:

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

WHAT WE PROVIDE

Activity	What we provide
Sportsgrounds	<ul style="list-style-type: none"> • 15 sports parks (213ha). • Major facilities - McLean Park Complex, Park Island, Nelson Park and Tareha Recreation Reserve
Napier Aquatic Centre	<ul style="list-style-type: none"> • Indoor facilities (heated) - 5 lane 25m pool, 6 lane 25m pool, 15m learners' pool, 2 toddler pools, 2 spa pools, 2 water slides and an outdoor spray park
Marine Parade Pools	<ul style="list-style-type: none"> • An outdoor complex with 4 heated outdoor pools and 5 spa pools • An external contractor manages the day-to-day running of the facility
Reserves	<ul style="list-style-type: none"> • 36 neighbourhood parks, 46 greenbelt reserves, 9 foreshore reserves and 9 public gardens • A target of 75m² recreational reserves per residential lot
Inner harbour	<ul style="list-style-type: none"> • 98 berths
Napier Skate Park	<ul style="list-style-type: none"> • Range of ramps and jumps catering to scooters, skates and skateboards • Skatebowl and/or Half Pipe (detailed design subject to consultation) • Skating rink catering to inline hockey, roller derby, artistic skating and other roller sports • The Napier Skate Park facility may incorporate an ice cream parlour, a skate shop, a café, and an area leased to a youth service provider subject to consultation on the detailed design.

WHY WE DO IT

We provide these activities to meet the recreational and sporting needs of our community. In turn we aim to provide safe and accessible recreational facilities to enhance the social and cultural wellbeing of our community. Section 11A of the Local Government Act states that, in performing its role, a local authority must have particular regard to what its core services, including reserves and recreational facilities, contribute to the community. The Inner Harbour activity was transferred to us as part of the Local Government re-organisation in 1989. It enables safe berthing of commercial and recreational vessels and allows for a range of water based recreational pursuits.

The Recreation group contributes to the following community outcomes:

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

RECREATION CONTINUED

WHAT WE ARE GOING TO DO

Sportsgrounds

- We are in the process of developing a Sport and Active Recreation Strategy. The Strategy is due for completion in Year 1 (2015/16) of the LTP and will outline the long term plan for our recreational facilities
- McLean Park will continue to be upgraded to maintain its position as a nationally and internationally recognised sports facility including replacing the sand carpet and upgraded player facilities
- New developments will cater for growth and demand including the staged implementation of the Park Island Master Plan. Consideration is being given to the development of a multi-use velodrome to support continued growth in cycling in a safe and managed way. This is subject to the outcome of a detailed business case and partnership funding

Napier Aquatic Centre

- A new Napier Aquatics Strategy will be adopted in Year 1 (2015/16) of the LTP
- Due to the harsh environment of the Aquatic Centre, the life expectancy of buildings, plant and equipment is drastically reduced. We will continue to maintain and renew assets to take into account this shorter life expectancy
- We will review opening hours to satisfy demand for lane space for the general public and increase visitor numbers

Marine Parade Pools

- An upgrade is planned for Ocean Spa in the latter half of the plan to be funded through rates
- A wave rider attraction is also proposed for the latter half of the LTP, subject to a favourable business case

Reserves

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

Inner Harbour

It will be business as usual over the life of the LTP for this activity.

Napier Skate Park

- Napier Skate Park is the next stage of the Marine Parade redevelopment. The Skate Park will utilise the existing Marineland grandstand and dolphin pool cavity for a skate bowl. The existing SkateZone facility will also be relocated and expanded for multi-purpose use.
- The intention is to create a world class skate bowl that will be an action sports attraction including a junior scootering area, climbing wall and a multi-purpose pitch/track that can accommodate roller derby, street football (futsal) and basketball. The plans also incorporate separate toilet facilities and a café that could accommodate the existing ice cream parlour.

RECREATION CONTINUED

HOW WE MEASURE PERFORMANCE

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Sportsgrounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community.	Percentage of residents satisfied with Sportsfields in the NRB Public Opinion Survey.	87%	88%	88%	88%	88%
Napier Aquatic Centre	Council provides a safe and well-presented aquatic centre to satisfy the needs of the community and provide users with a positive recreational experience.	Accredited as meeting Poolsafe Standards.	100%	Achieved	Achieved	Achieved	Achieved
		Water quality adherence to NZ Water Treatment Standards 5826:2000	100%	100%	100%	100%	100%
		Percentage of customers (pool users and programme participants) satisfied with Napier Aquatic Centre	New Measure	90%	90%	90%	90%
Reserves	Council provides a sufficient number and range of safe parks and reserves to satisfy the needs of the community.	Number of city-wide playground equipment safety audits undertaken annually	New Measure	24	24	24	24
	Council sustainably manages the development and use of reserves as a natural recreational resource for both local residents and visitors.	Percentage of residents satisfied with public gardens, street beds and trees in the NRB Public Opinion Survey. (See also Sports grounds).	96%	95%	95%	95%	95%
Inner harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels.	The depth of the navigational channels are maintained to a minimum depth of 2.4m at lowest tide (source: depth sound checks).	New Measure	Achieved	Achieved	Achieved	Achieved

RECREATION CONTINUED

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

Wellbeing	Significant Negative Effects
CULTURAL	None
ECONOMIC	The cost of operations of recreational activities may be perceived as a negative economic effect on the community as the cost is borne by the whole community and not related to individual usage.
ENVIRONMENTAL	The loss of productive land may be perceived as a negative effect.
SOCIAL	None

OUR BUDGET

Over the next 10 years, we will spend \$190 million for this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



RECREATION CONTINUED

WHAT IT COSTS

Capital projects

SPORTSGROUNDS

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Sportsgrounds I.A.R.	240	246	1,428	354	363	373	384	396	409	423	4,616	Sportsgrounds IAR Fund			100%
Installtn Auto Irrigation System	-	451	-	193	198	146	-	-	-	-	988	Loans - Rates		100%	
Installtn Auto Irrigation System	-	186	-	-	-	-	-	-	-	-	186	Financial Contributions Account		100%	
Installtn Auto Irrigation System	-	117	-	-	-	-	-	-	-	-	117	Prior years Project Funding		100%	
Installtn Auto Irrigation System	-	754	-	193	198	146	-	-	-	-	1,291				
Guppy Road Sports Village Stage 1	-	-	231	-	-	-	-	-	-	-	231	Prior years Project Funding		100%	
Guppy Road Sports Village Stage 2	-	-	-	-	-	-	-	-	-	421	421	Rates		100%	
McLean Park Returf	-	473	109	267	-	-	-	-	-	-	849	Rates		100%	
Harris Stand Retrofitting	145	-	-	-	-	-	-	-	-	-	145	Capital Reserves			100%
Park Island Expansion	2,035	1,979	490	-	-	-	-	-	-	-	4,504	Loans - Growth	100%		
Park Island Expansion	980	1,343	284	-	-	-	-	-	-	-	2,607	Financial Contributions Account	100%		
Park Island Expansion	3,015	3,322	774	-	-	-	-	-	-	-	7,111				
RGC Events Centre	-	-	-	-	-	-	553	-	-	-	553	Rates			100%
Park Island Expansion	-	-	-	-	268	-	-	-	-	-	268	Prior years Project Funding			100%
Park Island Expansion	-	-	-	-	268	-	553	-	-	-	821				
Sportsgrounds Infrastructure	-	326	-	-	-	-	-	-	-	-	326	Loans - Rates			100%
Sportsgrounds Infrastructure	-	146	-	-	-	-	-	-	-	-	146	Capital Reserves			100%
Sportsgrounds Infrastructure	-	472	-	-	-	-	-	-	-	-	472				
Velodrome	1,000	4,094	-	-	-	-	-	-	-	-	5,094	Parklands		100%	
Velodrome	-	10,000	-	-	-	-	-	-	-	-	10,000	Grants Funding		100%	
Velodrome	1,000	14,094	-	-	-	-	-	-	-	-	15,094				
Whitmore Park Changing Facilities Renovation	60	-	-	-	-	-	-	-	-	-	60	Rates	100%		
McLean Park Player Facility Upgrade	-	-	32	29	490	-	-	-	-	-	551	Rates		100%	
Park Island Phase 2 Developments	-	-	-	-	-	-	-	3,019	3,118	3,227	9,364	Loans - Growth		100%	
Petane War Memorial Reserve Change Facilities	-	-	-	-	-	-	-	-	274	-	274	Loans - Growth		100%	

RECREATION CONTINUED

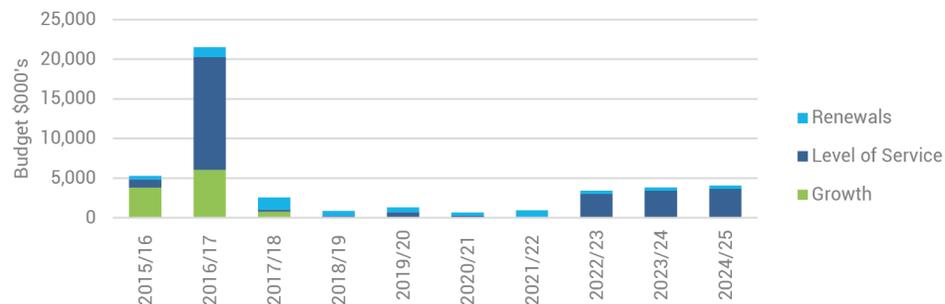
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Tareha SG Changing Facilities	-	114	-	-	-	-	-	-	-	-	114	Prior years Project Funding			100%
Tareha Sports Reserve Change Facilities	-	-	-	-	-	125	-	-	-	-	125	Rates		100%	
Develop Carpark Latham St	-	64	-	-	-	-	-	-	-	-	64	Prior years Project Funding		100%	
Sportsgrounds Development	526	1,280	-	-	-	-	-	-	-	-	1,806	Loans - Growth	100%		
Sportsgrounds Development	274	669	-	-	-	-	-	-	-	-	943	Financial Contributions Account	100%		
Sportsgrounds Development	800	1,949	-	-	-	-	-	-	-	-	2,749				
TOTAL SPORTSGROUNDS	5,260	21,488	2,574	843	1,319	644	937	3,415	3,801	4,071	44,352				

FUNDING

Capital Reserves	145	146	-	-	-	-	-	-	-	-	-	291
Sportsgrounds IAR Fund	240	246	1,428	354	363	373	384	396	409	423	4,616	
Loans - Rates	-	777	-	193	198	146	-	-	-	-	1,314	
Rates	60	473	141	296	490	125	553	-	-	421	2,559	
Loans - Growth	2,561	3,259	490	-	-	-	-	3,019	3,392	3,227	15,948	
Financial Contributions Account	1,254	2,198	284	-	-	-	-	-	-	-	3,736	
Parklands	1,000	4,094	-	-	-	-	-	-	-	-	5,094	
Prior years Project Funding	-	295	231	-	268	-	-	-	-	-	794	
Grants Funding	-	10,000	-	-	-	-	-	-	-	-	10,000	
	5,260	21,488	2,574	843	1,319	644	937	3,415	3,801	4,071	44,352	

Sportsgrounds - Capital Expenditure

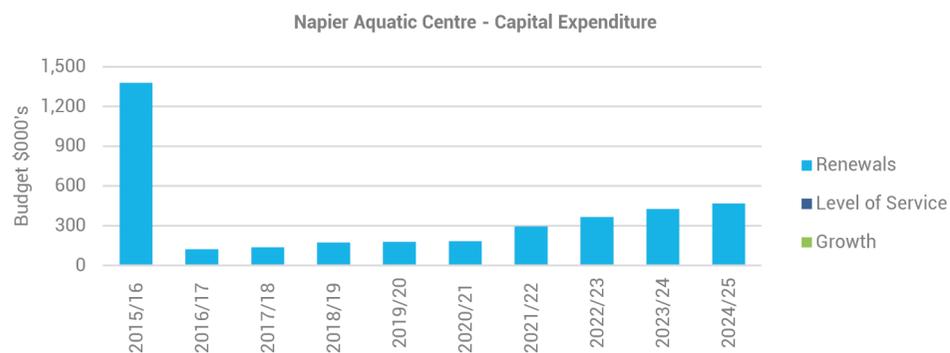


RECREATION CONTINUED

NAPIER AQUATIC CENTRE

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
NAC I.A.R.	100	123	137	174	178	183	294	364	425	466	2,444	Pools IAR Fund			100%
NAC Enclosure Building	1,278	-	-	-	-	-	-	-	-	-	1,278	Loans - Rates			100%
TOTAL NAPIER AQUATIC CENTRE	1,378	123	137	174	178	183	294	364	425	466	3,722				
FUNDING															
Pools IAR Fund	100	123	137	174	178	183	294	364	425	466	2,444				
Loans - Rates	1,278	-	-	-	-	-	-	-	-	-	1,278				
	1,378	123	137	174	178	183	294	364	425	466	3,722				



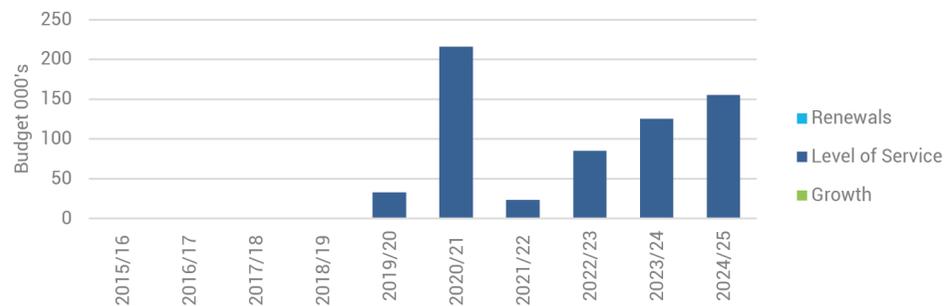
RECREATION CONTINUED

MARINE PARADE POOLS

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split			
													G	L	R	
Ocean Spa Upgrade	-	-	-	-	33	193	-	-	-	-	226	Rates			100%	
Marine Parade Pools Renewals	-	-	-	-	-	23	23	85	125	155	411	Marine Pde Facilities IAR Fund			100%	
TOTAL MARINE PARADE POOLS	-	-	-	-	33	216	23	85	125	155	637					
FUNDING																
Rates	-	-	-	-	33	193	-	-	-	-	226					
Marine Pde Facilities IAR Fund	-	-	-	-	-	23	23	85	125	155	411					
	-	-	-	-	33	216	23	85	125	155	637					

Marine Parade Pools - Capital Expenditure



RECREATION CONTINUED

RESERVES

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

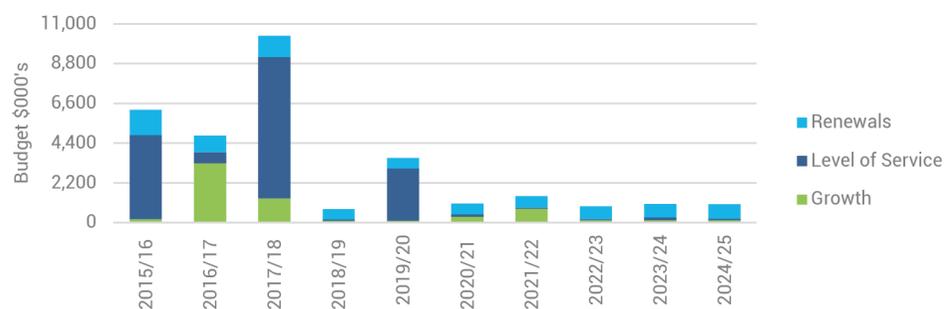
Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Reserves I.A.R.	525	819	840	566	581	597	615	707	755	807	6,812	Reserves IAR Fund			100%
Reserves Vested Assets	102	104	107	110	113	116	119	123	127	132	1,153	Vested Assets	100%		
Passive Recreation Reserves	102	3,173	762	-	-	-	-	-	-	-	4,037	Financial Contributions Account	100%		
Tree Planting Programme	70	72	74	75	77	80	82	85	87	90	792	Rates		100%	
Playground Equipment	-	-	59	-	-	64	-	-	70	-	193	Rates		100%	
Reserves, Pathways and Linkages	20	-	2,860	-	-	-	-	-	-	-	2,880	Loans - Rates		100%	
Westshore Beach Reprofilng	-	-	-	-	2,810	-	-	-	-	-	2,810	Loans - HB HB Endowment Land Income		100%	
Hardinge Road Erosion	-	-	336	-	-	-	-	-	-	-	336	HB HB Endowment Land Income			100%
Halliwell Detention Dam Development	-	33	-	-	-	-	-	-	-	-	33	Prior years Project Funding		100%	
New Playground	-	-	-	-	-	206	647	-	-	-	853	Rates	100%		
Destination Playground	2,500	-	-	-	-	-	-	-	-	-	2,500	Parklands		100%	
Ahuriri Water Sports Facility	1,500	102	3,570	-	-	-	-	-	-	-	5,172	HB HB Endowment Land Sale Account		100%	
Land Purchase Maraenui Park Extension	-	164	-	-	-	-	-	-	-	-	164	Endowment Land Account		100%	
Pump Track and Freedom Camping Carpark	350	-	-	-	-	-	-	-	-	-	350	Parklands		100%	
Pirimai Park - Installations	126	76	-	-	-	-	-	-	-	-	202	Rates		100%	
Resurface Soundshell Area	677	-	-	-	-	-	-	-	-	-	677	Capital Reserve			100%
Tamatea Park Development	75	-	-	-	-	-	-	-	-	-	75	Rates		100%	
Taradale Skate Bowl	200	-	-	-	-	-	-	-	-	-	200	Rates		100%	
Walkway/Cycleway Development	-	258	-	-	-	-	-	-	-	-	258	Capital Reserve		100%	
Whakariri Ave Groyne	-	-	1,220	-	-	-	-	-	-	-	1,220	Loans - Non Rates		100%	
Whakariri Ave Groyne	-	-	33	-	-	-	-	-	-	-	33	HB HB Endowment Land Sale Account		100%	
Whakariri Ave Groyne	-	-	1,253	-	-	-	-	-	-	-	1,253				
Urban Growth Stage 1 - Reserves	-	-	479	-	-	-	-	-	-	-	479	Financial Contributions Account	100%		
TOTAL RESERVES	6,247	4,801	10,340	751	3,581	1,063	1,463	915	1,039	1,029	31,229				

RECREATION CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	% Improvement Split		
												G	L	R
FUNDING														
Capital Reserve	677	258	-	-	-	-	-	-	-	-	935			
Reserves IAR Fund	525	819	840	566	581	597	615	707	755	807	6,812			
Vested Assets	102	104	107	110	113	116	119	123	127	132	1,153			
Financial Contributions Account	102	3,173	1,241	-	-	-	-	-	-	-	4,516			
Rates	471	148	133	75	77	350	729	85	157	90	2,315			
Loans - HB HB Endowment Land Income	-	-	-	-	2,810	-	-	-	-	-	2,810			
Loans - Rates	20	-	2,860	-	-	-	-	-	-	-	2,880			
Loans - Non Rates	-	-	1,220	-	-	-	-	-	-	-	1,220			
Endowment Land Account	-	164	-	-	-	-	-	-	-	-	164			
HB HB Endowment Land Income	-	-	336	-	-	-	-	-	-	-	336			
HB HB Endowment Land Sale Account	1,500	102	3,603	-	-	-	-	-	-	-	5,205			
Parklands	2,850	-	-	-	-	-	-	-	-	-	2,850			
Prior years Project Funding	-	33	-	-	-	-	-	-	-	-	33			
	6,247	4,801	10,340	751	3,581	1,063	1,463	915	1,039	1,029	31,229			

Reserves - Capital Expenditure



RECREATION CONTINUED

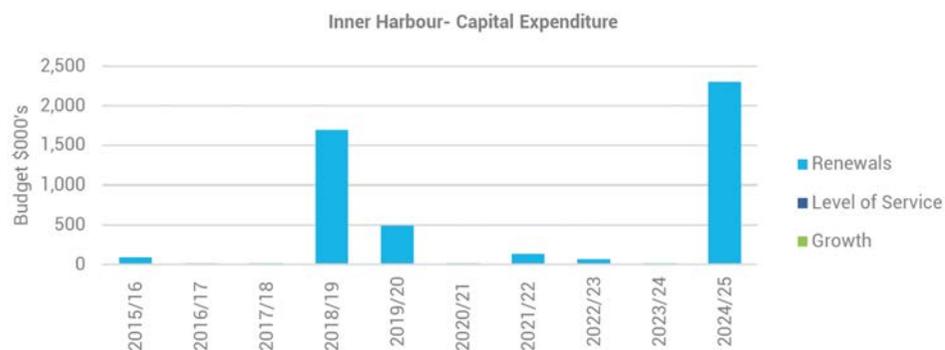
INNER HARBOUR

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Inner Harbour Facilities I.A.R.	90	15	16	1,693	492	17	135	66	19	2,299	4,842	HB HB Endowment Land Income			100%
TOTAL INNER HARBOUR	90	15	16	1,693	492	17	135	66	19	2,299	4,842				

FUNDING

HB HB Endowment Land Income	90	15	16	1,693	492	17	135	66	19	2,299	4,842
	90	15	16	1,693	492	17	135	66	19	2,299	4,842



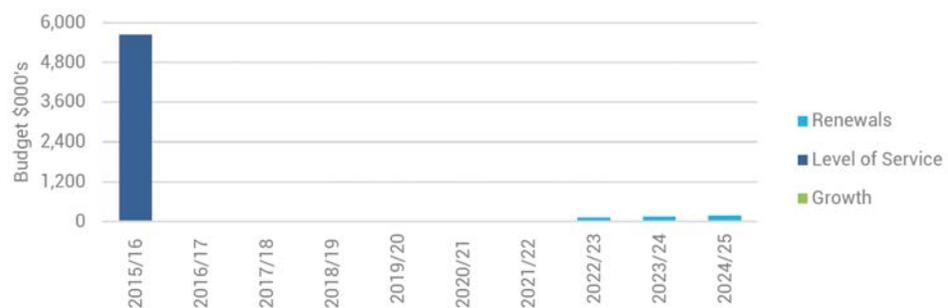
RECREATION CONTINUED

NAPIER SKATE PARK

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Napier Skate Park Renewals	-	20	21	22	22	23	23	121	150	181	583	Marine Pde Facilities IAR Fund			100%
Napier Skate Park Development	2,800	-	-	-	-	-	-	-	-	-	2,800	Parklands		100%	
Napier Skate Park Development	300	-	-	-	-	-	-	-	-	-	300	Grants Funding		100%	
Napier Skate Park Development	3,100	-	-	-	3,100										
Reef Garden	2,200	-	-	-	-	-	-	-	-	-	2,200	Parklands		100%	
Amphitheatre	334	-	-	-	-	-	-	-	-	-	334	Parklands		100%	
TOTAL NAPIER SKATE PARK	5,634	20	21	22	22	23	23	121	150	181	6,217				
FUNDING															
Marine Pde Facilities IAR Fund	-	20	21	22	22	23	23	121	150	181	583				
Parklands	5,334	-	-	-	-	-	-	-	-	-	5,334				
Grants Funding	300	-	-	-	-	-	-	-	-	-	300				
	5,634	20	21	22	22	23	23	121	150	181	6,217				

Napier Skate Park - Capital Expenditure



RECREATION CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
7,889	General rates, uniform annual general charges, rates penalties	8,117	8,795	8,961	9,312	9,751	10,016	10,978	10,404	11,154	12,178
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
24	Subsidies and grants for operating purposes	24	24	24	24	24	24	24	24	24	24
1,454	Fees and charges	1,492	1,465	1,493	1,483	1,515	1,549	1,586	1,628	1,670	1,717
87	Internal charges and overhead recoveries	101	131	165	169	174	178	183	99	10	10
616	Local authorities fuel tax, fines, infringement fees, and other receipts	616	769	1,268	1,329	1,397	1,525	1,567	1,614	1,664	1,717
10,070	Total operating funding (A)	10,350	11,184	11,911	12,317	12,861	13,292	14,338	13,769	14,522	15,646
	Applications of operating funding										
7,296	Payments to staff and suppliers	7,355	7,890	9,428	9,051	9,303	9,577	10,552	10,220	10,750	11,313
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
1,956	Internal charges and overheads applied	1,765	1,928	2,036	2,194	2,247	2,480	2,495	2,530	2,609	2,676
2	Other operating funding applications	2	2	2	2	2	2	2	2	2	3
9,254	Total applications of operating funding (B)	9,122	9,820	11,466	11,247	11,552	12,059	13,049	12,752	13,361	13,992
816	Surplus/(deficit) of operating funding (A - B)	1,228	1,364	445	1,070	1,309	1,233	1,289	1,017	1,161	1,654
	Sources of capital funding										
-	- Subsidies and grants for capital expenditure	300	10,000	-	-	-	-	-	-	-	-
343	Development and financial contributions	534	394	416	426	437	449	430	532	641	659
3,789	Increase (decrease) in debt	3,859	4,037	4,571	193	3,008	146	-	3,019	3,392	3,226
-	- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
4,132	Total sources of capital funding (C)	4,693	14,431	4,987	619	3,445	595	430	3,551	4,033	3,885

RECREATION CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Application of capital funding										
Capital expenditure										
1,809	3,977	8,444	2,015	-	-	206	647	3,019	3,392	3,226
2,021	11,475	16,094	8,188	565	3,609	607	82	85	157	511
2,705	3,055	1,809	2,778	2,808	1,906	1,216	2,026	1,738	1,882	4,330
(1,587)	(12,586)	(10,552)	(7,549)	(1,684)	(761)	(201)	(1,036)	(274)	(237)	(2,528)
-	-	-	-	-	-	-	-	-	-	-
4,948	5,921	15,795	5,432	1,689	4,754	1,828	1,719	4,568	5,194	5,539
(816)	(1,228)	(1,364)	(445)	(1,070)	(1,309)	(1,233)	(1,289)	(1,017)	(1,161)	(1,654)
-	-	-	-	-	-	-	-	-	-	-
Note: Excluded from Above										
2,268	1,984	2,321	2,948	3,193	3,323	3,629	3,628	3,672	3,997	3,971

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

SOCIAL AND CULTURAL

WHAT WE DO

The Social and Cultural group of activities are:

- Libraries
- Napier Municipal Theatre
- MTG Hawke's Bay (formerly known Hawke's Bay Museum & Art Gallery)
- Community Planning
- Halls
- Retirement and Rental Housing
- Cemeteries
- Public Toilets
- Emergency Management

Libraries

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

Napier Municipal Theatre

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

MTG Hawke's Bay

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

Community Planning

Development of strategies and policies, community facilitation and advice, administration and distribution of community grants, Safer Community and Youth Development are the main components of Community Planning. Community facilitation and grants support and encourage voluntary and community based organisations to address social issues

in Napier. 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 them to participate and engage in decision making.

Halls

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

Retirement and Rental Housing

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

Cemeteries

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

Public Toilets

Public toilets are provided in key areas generally related to tourism, recreation and shopping activities. Facilities are cleaned and inspected at least daily with the emphasis on hygiene, safety, discouragement and removal of graffiti. The most recent addition to our public toilet facilities was opened in March 2014, at the new Clive Square Bus Terminus.

Emergency Management

Emergency Management brings together staff from Council, other organisations and volunteers to plan responses to emergencies in Napier. The Hawke's Bay Civil Defence Emergency Management Group coordinates integration of policies and planning as a region.

SOCIAL AND CULTURAL CONTINUED

WHAT WE PROVIDE

Activity	What we provide
Libraries	2 libraries - Napier and Taradale 37,000 members
Napier Municipal Theatre	The auditorium has a seating capacity of 993. Other features include the Pan Pac Foyer for exhibitions, functions and conferences, bar and catering facilities and a Ticketing Box Office. The Historic Places Act 1980 lists the Municipal Theatre as a building which is classified by the New Zealand Historic Places Trust. This building has also been declared as a place of Art Deco significance by the Napier Art Deco Trust.
MTG Hawke's Bay	The former Hawke's Bay Museum & Art Gallery (HB MAG) was significantly redeveloped and reopened in September 2013 as MTG Hawke's Bay. The facility is located on the corner of Tennyson Street and features museum and gallery spaces, research facilities including archives, a boutique movie theatre and a shop.

Activity	What we provide
Community Planning	None
Halls	6 casual hire facilities
Retirement and Rental Housing	303 retirement flats in 9 villages - all 1 bedroom 72 rental flats in 3 villages - mostly 2 bedrooms
Cemeteries	6 cemeteries - 4 operational and 2 historic
Public Toilets	44 toilet facilities
Emergency Management	1 fixed Emergency Operations Centre (EOC) - Civic Building 1 Mobile Emergency Operations Centre (EOC) - Satellite Trailer 9 Civil Defence Emergency Centres locations 1 Mobile Civil Defence Emergency Centre trailer - to deploy to the one of the centres or any location as required

WHY WE DO IT

These activities deliver on our mission to make Napier the best city in New Zealand in which to live, work, raise a family and enjoy a safe and satisfying life. These activities are important to the social and cultural richness of life in Napier and are public goods that the market would be unlikely to provide. Libraries, museums, other recreational facilities and community amenities as well as the mitigation of natural hazards (emergency management) are considered core services under Section 11A of the Local Government Act.

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

Key: Primary Focus = ○ Secondary Focus = ●	To provide infrastructure and services to support good health and wellbeing.	Transport infrastructure and services that are safe, efficient and integrated	Safe and accessible recreational facilities	An environment that is appreciated, protected and sustained for future generations.	A strong, prosperous and thriving economy.	Communities that value and promote their unique culture and heritage	Safe and secure communities	Strong leadership that is connected to its community.
Libraries	●		○			○		
Napier Municipal Theatre			●		●	○		
MTG Hawke's Bay			○		○	○		
Community Planning	○					●	○	○
Halls	●		○					
Retirement and Rental Housing	●						○	
Cemeteries	●			○		●		
Public Toilets	○							
Emergency Management							○	

SOCIAL AND CULTURAL CONTINUED

WHAT WE ARE GOING TO DO

Libraries

Key projects for the Library over the 10 year life of the LTP include keeping pace with the evolution of electronic formats, re-developing Napier Library, and a new Library Management System.

Napier Municipal Theatre

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

MTG Hawke's Bay

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

Community Planning

No changes to levels of service are proposed for this activity. We will continue to work with the community to ensure council's parks and facilities reflect community needs now and in the future. Recommendations from recent Crime Prevention through Environmental Design (CPTED) assessments of Pirimai Park and Anderson Park will be implemented in conjunction with the Parks and Reserves team. Other capital plan priorities include Taradale Community Rooms, Taradale Skate Bowl reconfiguration and Tamatea Park installations.

Halls

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

Retirement and Rental Housing

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

Cemeteries

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

Public Toilets

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

Emergency Management

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

SOCIAL AND CULTURAL CONTINUED

HOW WE MEASURE PERFORMANCE

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Libraries	Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social and educational needs.	Percentage of library members who are active borrowers (in 24 month period - card use only)	New Measure	39%	39%	39%	39%
		Percentage of residents satisfied with Library Service in the NRB Public Opinion Survey (excluding don't knows)	85%	85%	85%	85%	85%
		Number of programme sessions delivered for all ages per year	New Measure	330	330	330	330
Napier Municipal Theatre	Council provides a quality performing arts venue experience for local and visitor use.	Qualmark 4.5 star rating maintained	New Measure	Achieved	Achieved	Achieved	Achieved
		Percentage of customers satisfied with the Municipal Theatre experience (source: Ticketek Survey)	New Measure	80%	80%	80%	80%
MTG Hawke's Bay	Council provides a quality museum, theatre and art gallery experience for local and visitor use.	Visitor numbers per year for all uses (source: door counter)	125,155	120,000	120,000	120,000	120,000
		Minimum number of new exhibitions per annum.	New Measure	5	5	5	5
		Percentage of residents satisfied with Hawke's Bay Museum and Art Gallery (including Century Theatre) in the NRB Public Opinion Survey.	27%	80%	80%	80%	80%
	The MTG is a quality provider of educational experiences	Percentage of teachers satisfied with school experience	New Measure	80%	80%	80%	80%
		Number of students participating in a learning experience outside the classroom (LEOTC) programme at MTG	New Measure	6,000	6,000	6,000	6,000
Community Planning	Council supports communities to come together to address issues and to celebrate and promote their uniqueness	Number of local community events coordinated per year	67	50	50	50	50
	Council promotes safety in the community with an emphasis on injury and crime prevention	Satisfaction score from coalition partners on Council's coordination role for Safer Napier (source: annual Coalition Survey Report) Zone >4 - The coalition is doing average to above average in this area	New Measure	>4	>4	>4	>4
		Percentage of residents who perceive they are safe or very safe in Napier at all times (source: biannual Social Monitor Survey)	New Measure	95%	no survey	95%	no survey
	Council provides quality advice and information to community groups and agencies, and facilitates collaborative opportunities with them to build strong community networks that can respond to community issues	Number of community training and networking meetings facilitated per year	28	20	20	20	20
		Percentage of attendees satisfied with community training and networking meetings	96%	96%	96%	96%	96%

SOCIAL AND CULTURAL CONTINUED

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Halls	Council provides a sufficient number and range of cultural and social facilities to satisfy the needs of the community.	Percentage community hireage for halls directly managed by Council.	New Measure	85%	85%	85%	85%
		Percentage of customers satisfied with hireage of halls directly managed by Council. (source: postal survey of post use)	New Measure	95%	95%	95%	95%
Retirement & Rental Housing	Council provides affordable and safe retirement and rental housing for people who have low assets and low income.	Village coordinators available during normal working hours and on call for emergencies after hours.	100%	100%	100%	100%	100%
		Inspections per unit per year: •Retirement Flats - fortnightly •Rental Flats - annually	100%	100%	100%	100%	100%
		Occupancy Rate - retirement	98%	97%	97%	97%	97%
		Occupancy Rate - rental	97%	98%	98%	98%	98%
Cemeteries	Council maintains accurate and accessible burial records and the historical features of all six council managed cemeteries.	Percentage of time that the online cemetery records system is operational throughout the year	New Measure	90%	90%	90%	90%
	Council provides and maintains a tranquil environment for burial, reflection and placing of memorials to deceased family members.	Interment and Burial spaces are available on request	100%	100%	100%	100%	100%
		Percentage of residents satisfied with Cemeteries (including the maintenance of Cemeteries) in the NRB Public Opinion Survey.	77%	80%	80%	80%	80%
Public Toilets	Council provides adequate toilets that are accessible, available and appropriately located for use by the public to safeguard the health of the community through the appropriate disposal of human waste in high use community areas	Percentage of council-managed public toilets cleaned at least daily	100%	100%	100%	100%	100%
		Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey	78%	80%	80%	80%	80%
Emergency Management	Council will work with the Napier community and HB CDEM Group to ensure Napier communities are prepared and know how to survive and recover during and after an emergency	Public warning sirens tested a minimum of twice per year	New Measure	Achieved	Achieved	Achieved	Achieved
		Percentage of community groups satisfied with public education presentations/events	New Measure	90%	90%	90%	90%
		Percentage of households with emergency food and water to be self-sufficient for three days	87%	88%	88%	88%	88%
		Percentage of residents satisfied with Civil Defence Organisation in the NRB Public Opinion Survey (excluding don't knows)	72%	90%	90%	90%	90%
		Number of new community resilience plans developed in high risk areas within Napier per year	New Measure	2	2	2	2
		Number of trained Emergency Management volunteers ready to respond to an event	New Measure	70	70	70	87

SOCIAL AND CULTURAL CONTINUED

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

Wellbeing	Significant Negative Effects
CULTURAL	None
ECONOMIC	Rate contribution to activities may be perceived as a negative effect by those not accessing the activity
ENVIRONMENTAL	None
SOCIAL	None

OUR BUDGET

Over the next 10 years, we will spend \$162 million for this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



SOCIAL AND CULTURAL CONTINUED

WHAT IT COSTS

Capital projects

LIBRARIES

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Library Stock	490	501	515	528	542	557	574	592	611	632	5,542	Rates			100%
Library Stock	20	20	21	22	22	23	23	24	25	26	226	Financial Contributions Account			100%
Library Stock	510	521	536	550	564	580	597	616	636	658	5,768				
Napier Library Redevelopment	-	-	-	-	-	-	344	1,094	-	-	1,438	Rates			100%
Napier Library Redevelopment	177	-	-	-	-	-	-	-	-	-	177	Prior years Project Funding			100%
Napier Library Redevelopment	177	-	-	-	-	-	344	1,094	-	-	1,615				
Library Management System Upgrade	-	-	-	-	82	98	-	-	-	-	180	Rates			100%
Library Renewals	-	-	-	-	-	-	-	72	100	129	301	Libraries IAR Fund			100%
Robson Collection Donations	1	1	1	1	1	1	1	1	1	1	10	Capital Reserve		100%	
TOTAL LIBRARIES	688	522	537	551	647	679	942	1,783	737	788	7,874				

FUNDING

Capital Reserve	1	1	1	1	1	1	1	1	1	1	10
Rates	490	501	515	528	624	655	918	1,686	611	632	7,160
Prior years Project Funding	177	-	-	-	-	-	-	-	-	-	177
Financial Contributions Account	20	20	21	22	22	23	23	24	25	26	226
Libraries IAR Fund	-	-	-	-	-	-	-	72	100	129	301
	688	522	537	551	647	679	942	1,783	737	788	7,874

Libraries - Capital Expenditure



SOCIAL AND CULTURAL CONTINUED

NAPIER MUNICIPAL THEATRE

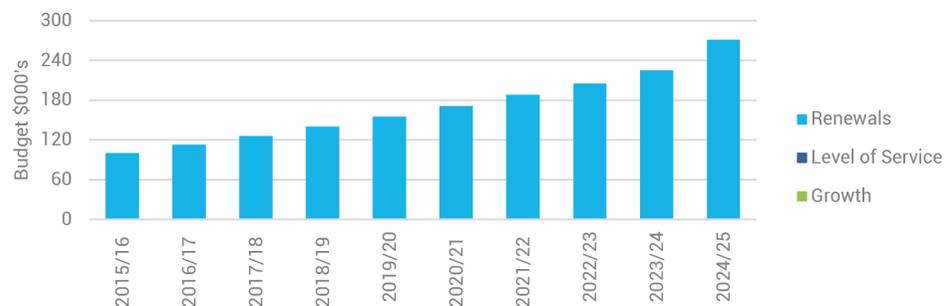
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
NMT Minor Capital	40	41	42	43	44	46	47	48	50	52	453	Tourism Captial Fund			100%
NMT Renewals	60	72	84	97	111	125	141	157	175	219	1,241	Tourism Captial Fund			100%
TOTAL NAPIER MUNICIPAL THEATRE	100	113	126	140	155	171	188	205	225	271	1,694				

FUNDING

Tourism Captial Fund	100	113	126	140	155	171	188	205	225	271	1,694
	100	113	126	140	155	171	188	205	225	271	1,694

Napier Municipal Theatre - Capital Expenditure



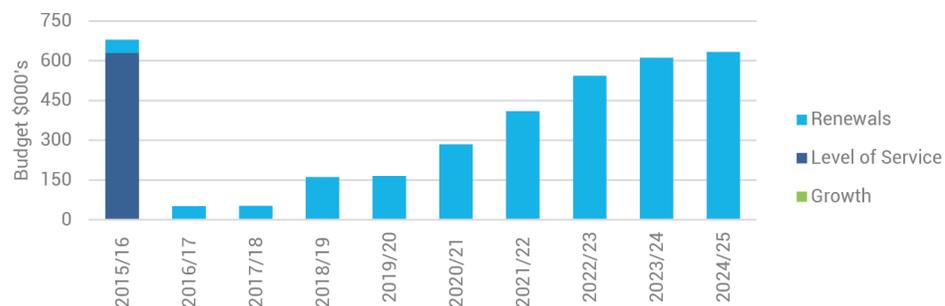
SOCIAL AND CULTURAL CONTINUED

MTG MUSEUM THEATRE GALLERY

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
MTG Minor Capital	50	51	53	54	55	57	59	60	62	65	566	MTG IAR Fund			100%
MTG Renewals	-	-	-	108	111	228	351	483	549	568	2,398	MTG IAR Fund			100%
Building Project	629	-	-	-	-	-	-	-	-	-	629	HB Museum & Art Gallery		100%	
TOTAL MTG MUSEUM THEATRE GALLERY	679	51	53	162	166	285	410	543	611	633	3,593				
FUNDING															
MTG IAR Fund	50	51	53	162	166	285	410	543	611	633	2,964				
HB Museum & Art Gallery	629	-	-	-	-	-	-	-	-	-	629				
	679	51	53	162	166	285	410	543	611	633	3,593				

MTG Museum Theatre Gallery - Capital Expenditure



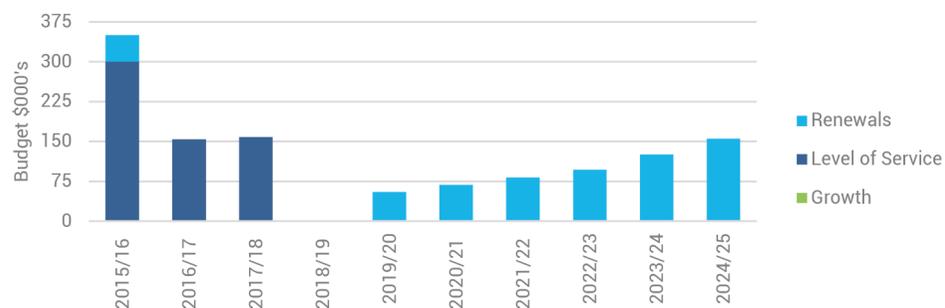
SOCIAL AND CULTURAL CONTINUED

HALLS

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Greenmeadows East Hall - New Flooring	50	-	-	-	-	-	-	-	-	-	50	Rates			100%
Memorial Square Building Development	300	-	-	-	-	-	-	-	-	-	300	Capital Reserve		100%	
Taradale Community Rooms - Community Centre Refurbishment	-	154	158	-	-	-	-	-	-	-	312	Rates		100%	
Halls Renewals	-	-	-	-	55	68	82	97	125	155	582	Buildings IAR Fund			100%
TOTAL HALLS	350	154	158	-	55	68	82	97	125	155	1,244				
FUNDING															
Rates	50	154	158	-	-	-	-	-	-	-	362				
Prior years Project Funding	300	-	-	-	-	-	-	-	-	-	300				
Buildings IAR Fund	-	-	-	-	55	68	82	97	125	155	582				
	350	154	158	-	55	68	82	97	125	155	1,244				

Halls - Capital Expenditure



SOCIAL AND CULTURAL CONTINUED

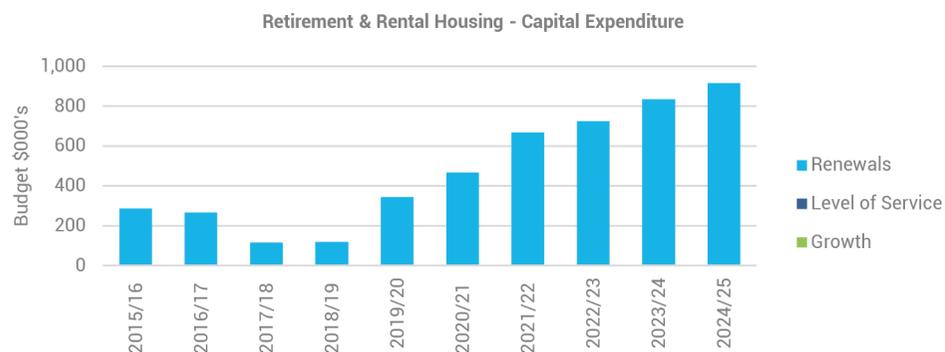
RETIREMENT AND RENTAL HOUSING

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Retirement Housing Minor Capital	266	245	93	96	98	101	104	107	111	115	1,336	Housing IAR Fund			100%
Retirement Housing Renewals	-	-	-	-	111	228	398	423	474	516	2,150	Housing IAR Fund			100%
Rental Housing Minor Capital	21	21	22	23	23	24	25	25	26	27	237	Housing IAR Fund			100%
Rental Housing Renewals	-	-	-	-	111	114	141	169	224	258	1,017	Housing IAR Fund			100%
TOTAL RETIREMENT AND RENTAL HOUSING	287	266	115	119	343	467	668	724	835	916	4,740				

FUNDING

Housing IAR Fund	287	266	115	119	343	467	668	724	835	916	4,740
	287	266	115	119	343	467	668	724	835	916	4,740



SOCIAL AND CULTURAL CONTINUED

CEMETERIES

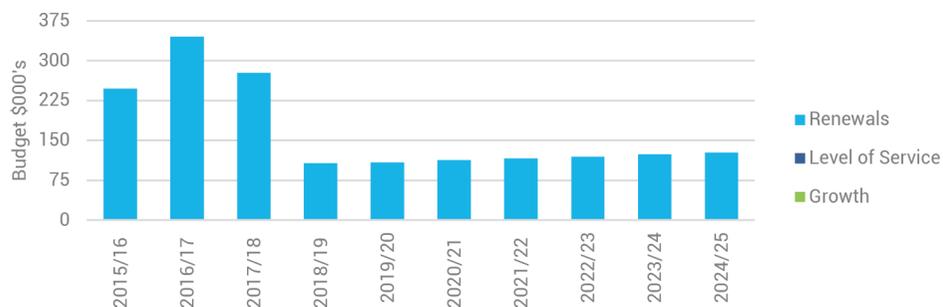
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Cemeteries I.A.R.	30	51	210	94	96	99	102	105	109	112	1,008	Cemeteries IAR Fund			100%
Cemeteries Infrastructure	12	-	25	13	13	14	14	14	15	15	135	Rates			100%
Cemeteries Infrastructure	38	-	42	-	-	-	-	-	-	-	80	Prior years Project Funding			100%
Cemeteries Infrastructure	50	-	67	13	13	14	14	14	15	15	215				
Cemeteries Carparks	12	-	-	-	-	-	-	-	-	-	12	Prior years Project Funding			100%
Western Hills Extension	155	294	-	-	-	-	-	-	-	-	449	Prior years Project Funding			100%
TOTAL CEMETERIES	247	345	277	107	109	113	116	119	124	127	1,684				

FUNDING

Rates	12	-	25	13	13	14	14	14	15	15	135
Prior years Project Funding	205	294	42	-	-	-	-	-	-	-	541
Cemeteries IAR Fund	30	51	210	94	96	99	102	105	109	112	1,008
	247	345	277	107	109	113	116	119	124	127	1,684

Cemeteries - Capital Expenditure

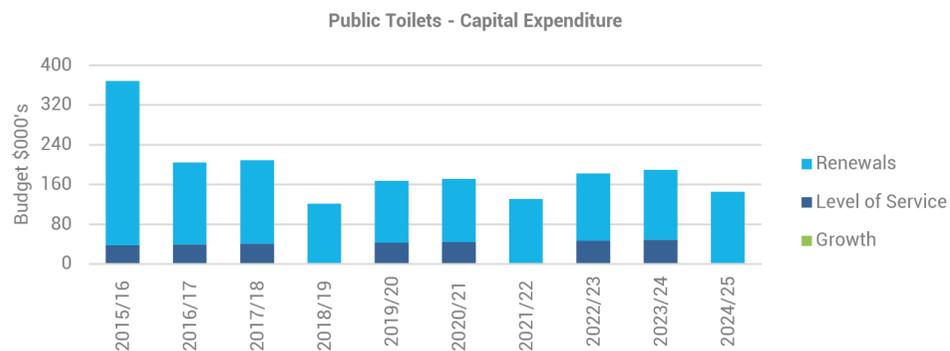


SOCIAL AND CULTURAL CONTINUED

PUBLIC TOILETS

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split			
													G	L	R	
Public Toilets I.A.R.	330	164	168	121	124	127	131	135	140	145	1,585	Public Toilets IAR Fund			100%	
New Toilet Programme	-	40	41	-	43	44	-	47	49	-	264	Rates		100%		
New Toilet Programme	38	-	-	-	-	-	-	-	-	-	38	Prior years Project Funding		100%		
New Toilet Programme	38	40	41	-	43	44	-	47	49	-	302					
TOTAL PUBLIC TOILETS	368	204	209	121	167	171	131	182	189	145	1,887					
FUNDING																
Rates	-	40	41	-	43	44	-	47	49	-	264					
Public Toilets IAR Fund	330	164	168	121	124	127	131	135	140	145	1,585					
Prior years Project Funding	38	-	-	-	-	-	-	-	-	-	38					
	368	204	209	121	167	171	131	182	189	145	1,887					



SOCIAL AND CULTURAL CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
8,565	General rates, uniform annual general charges, rates penalties	8,711	9,072	9,266	9,354	9,966	10,490	11,275	12,594	12,272	12,612
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
255	Subsidies and grants for operating purposes	325	326	285	285	285	285	285	285	285	285
2,569	Fees and charges	2,440	2,396	2,481	2,564	2,629	2,700	2,777	2,859	2,948	3,044
2,267	Internal charges and overhead recoveries	2,256	2,309	2,368	2,425	2,487	2,555	2,628	2,692	2,763	2,853
2,321	Local authorities fuel tax, fines, infringement fees, and other receipts	2,358	2,409	2,465	2,525	2,589	2,660	2,735	2,817	2,905	3,000
15,977	Total operating funding (A)	16,090	16,512	16,865	17,153	17,956	18,690	19,700	21,247	21,173	21,794
	Applications of operating funding										
8,951	Payments to staff and suppliers	9,383	9,489	9,629	9,844	10,073	10,327	10,592	10,877	11,402	11,616
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
5,887	Internal charges and overheads applied	5,693	5,842	5,981	6,122	6,252	6,421	6,585	6,744	6,970	7,188
-	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
14,838	Total applications of operating funding (B)	15,076	15,331	15,610	15,966	16,325	16,748	17,177	17,621	18,372	18,804
1,139	Surplus/(deficit) of operating funding (A - B)	1,014	1,181	1,255	1,187	1,631	1,942	2,523	3,626	2,801	2,990
	Sources of capital funding										
-	- Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
42	Development and financial contributions	74	53	49	51	52	53	50	66	82	85
-	- Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
42	Total sources of capital funding (C)	74	53	49	51	52	53	50	66	82	85

SOCIAL AND CULTURAL CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Application of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
38	- to improve the level of service	968	194	200	1	44	46	1	48	50	1
1,332	- to replace existing assets	1,751	1,459	1,275	1,197	1,599	1,908	2,535	3,606	2,795	3,035
(189)	Increase (decrease) in reserves	(1,631)	(419)	(171)	40	40	41	37	38	38	39
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
1,181	Total application of capital funding (D)	1,088	1,234	1,304	1,238	1,683	1,995	2,573	3,692	2,883	3,075
(1,139)	Surplus/(deficit) of capital funding (C - D)	(1,014)	(1,181)	(1,255)	(1,187)	(1,631)	(1,942)	(2,523)	(3,626)	(2,801)	(2,990)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-
	Note: Excluded from Above										
1,916	Group depreciation & amortisation	2,384	2,366	2,468	2,495	2,464	2,523	2,589	2,656	2,897	2,651

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CITY ACTIVITIES

WHAT WE DO

The City Activities group includes:

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

WHAT WE PROVIDE

Activity	What we provide
War Memorial Conference Centre	The multi-functional facility, located on the beach front along Marine Parade, consists of a ballroom, an exhibition hall, a gallery and three breakout rooms. The facility also houses an eternal flame as a memorial to Napier citizens who served and died in the conflicts of the 20th century. The original War Memorial Hall was built by public subscription in 1956. It was renovated and enlarged in 1995 to continue as a living, working memorial befitting those Napier citizens who served and died in WWII. Assets include: <ul style="list-style-type: none"> • Kitchen and Back of House area • Technical (audio-visual) equipment, and • Conference furniture & fittings.
National Aquarium of New Zealand	The National Aquarium of New Zealand facilities are located at the southern end of Napier's Marine Parade. The facility consists of: <ul style="list-style-type: none"> • Display Tanks • Laboratory • Exhibits • Exhibition/function area • Retail/café • Education rooms • Pump and service rooms; and • Administration offices.

Activity	What we provide
Napier i-SITE Visitor Centre	The Napier i-SITE Visitor Centre, is located centrally on Napier's Marine Parade in the heart of the tourist zone. It is a significant source of information for visitors to Hawke's Bay, both domestic and international, as well as locals. It plays a vital role in the promotion of Napier and surrounding areas.
Par 2 MiniGolf	Par2 MiniGolf, located on Marine Parade, consists of two 18-hole courses and a clubhouse. The clubhouse was rebuilt in 1996; however putting golf in some form has occupied this site for more than 50 years - from putting greens to putt-putt to a redesigned course in 1985.
Kennedy Park Resort	Kennedy Park Resort, located on Storkey Street, includes 91 rooms, 170 powered and non-powered sites, as well as a restaurant, bar, conference facility, children's playground, commercial laundry, service buildings, shop and a pool complex.

WHY WE DO IT

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

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

CITY ACTIVITIES CONTINUED

The City Activities group contributes to the following community outcomes:

Key: Primary Focus = ○ Secondary Focus = •	To provide infrastructure and services to support good health and wellbeing.	Transport infrastructure and services that are safe, efficient and integrated	Safe and accessible recreational facilities	An environment that is appreciated, protected and sustained for future generations.	A strong, prosperous and thriving economy.	Communities that value and promote their unique culture and heritage	Safe and secure communities	Strong leadership that is connected to its community.
City and Business Promotion					○			
War Memorial Conference Centre			•		○	•		
National Aquarium of New Zealand			•	•	○			
Napier i-SITE Visitor Centre					○	•		
Par 2 MiniGolf			•		○			
Retirement and Rental Housing			•		○			

WHAT WE ARE GOING TO DO

Napier prides itself as a tourist destination. Council will continue its City Activities to provide high-quality tourist attractions and facilities as well as attracting businesses and stimulating economic development. Art Deco is an important tourism feature of Napier and we will continue to assist the Art Deco Trust in its promotion of Art Deco in Napier by way of a contract for service. We will continue to contribute to the promotion of Napier and Hawke's Bay as a tourist destination through contracts for service to Napier City Business Inc (formerly Napier Inner City Marketing) and Hawke's Bay Tourism. An additional \$200,000 per year has been included in each year of the LTP to deliver on council's strategic direction for increased economic development and events attraction. Regional economic development and business attraction strategies are currently under development and will help prioritise how this money is spent.

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

- In the latter part of the LTP, the War Memorial Conference Centre will be upgraded to

increase the floor area to cater for conferences of up to 320 delegates which is seen as the optimum size for Napier. The larger exhibition space will meet the demand for trade sites to off-set the cost of holding conferences. Until the upgrade, an annual asset replacement fund has been established to keep the facility well maintained.

- The reception/ticketing area of the National Aquarium of New Zealand will be upgraded in Year 1 of the LTP to address issues with ensuring payment on entry of large groups and to give visitors direct access to the café and gift shop only. Various capital replacements to assets and for new displays and exhibits are planned to ensure repeat visits and attract new business (see the section on major capital projects).
- Alterations are planned for the Napier i-SITE Visitor Centre in Years 2-4 of the LTP to make it water tight, address health and safety issues for staff and to reduce offsite storage requirements.
- Both golf courses at Par 2 MiniGolf will be upgraded in years 1 and 2 of the LTP.
- The reception area of Kennedy Park Resort will be upgraded in Year 1 of the LTP.

CITY ACTIVITIES CONTINUED

HOW WE MEASURE PERFORMANCE

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
City and Business Promotion	Council works with the business sector both locally and regionally to encourage new businesses to establish in the city and to facilitate economic development.	City GDP per capita relative to NZ average	\$36,394	Increasing trend	Increasing trend	Increasing trend	Increasing trend
		Council attracts and provides funding and support for sporting, cultural and other events to bring economic benefits to the City	Economic impact of events funded under the Council's event's policy* (*currently under development)	New Measure	Increasing trend	Increasing trend	Increasing trend
War Memorial Conference Centre	Council provides a quality conference and events facility which enables events and services to be hosted that contribute to the economic wellbeing of the city.	Qualmark venue 4.5 star rating maintained.	4 star+	Achieved	Achieved	Achieved	Achieved
		Percentage of customers satisfied with War Memorial Conference Centre experience	New Measure	90%	90%	90%	90%
		Number of national and international hires	270	270	270	270	270
National Aquarium of NZ	Council provides a marine zoo and aquaria to attract visitors to Napier, offers a value-for-money visitor experience that contribute to the economic wellbeing of the city.	Qualmark venue rating maintained	New Measure (Qualmark requires 60% rating)	Achieved	Achieved	Achieved	Achieved
		Percentage of customers satisfied with Aquarium experience (source: customer survey)	New Measure	80%	80%	80%	80%
		Visitor numbers per annum	113,804	115,000	115,000	115,000	115,000
Napier i-SITE Visitor Centre	Council provides an i-SITE facility for visitors to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services to encourage visitors to stay longer and to re-visit.	Qualmark venue rating/ i-SITE membership maintained	New Measure	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver
		Percentage of customers satisfied with i-SITE Visitor Centre experience	New Measure	80%	80%	80%	80%
		Visitor numbers per annum.	265,851	260,000	260,000	265,000	270,000
Par2 MiniGolf	Council provides a Mini Golf facility as a visitor attraction and for local community use.	Qualmark membership maintained	New Measure	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver	Qualmark Enviro Silver
		Percentage of customer satisfied with Par2 MiniGolf experience	New Measure	90%	90%	90%	90%
		Visitor admissions per annum.	37,624	40,000	43,000	45,000	42,500-50,000
		Return on assets.	20%	16%	16%	16%	16%
Kennedy Park Resort	Council provides this facility to contribute to the promotion of Napier as a visitor destination and to provide, within a single location, a mixture of accommodation types and facilities for visitors.	Qualmark ratings maintained	New Measure	Qualmark Enviro Gold	Qualmark Enviro Gold	Qualmark Enviro Gold	Qualmark Enviro Gold
		Percentage of customers satisfied with Kennedy Park experience	New Measure	80%	80%	80%	80%
		Room nights per annum	23,104	23,500	24,000	24,500	25,000
		Return on assets.	4%	6%	6%	6%	6%

CITY ACTIVITIES CONTINUED

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

Wellbeing	Significant Negative Effects
CULTURAL	None
ECONOMIC	There are no negative economic effects of the self funded activities however some community members may perceive negative economic effects from other activities such as the National Aquarium, i-SITE and Par 2 MiniGolf.
ENVIRONMENTAL	None
SOCIAL	None

OUR BUDGET

Over the next 10 years, we will spend \$112.8 million on this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



CITY ACTIVITIES CONTINUED

WHAT IT COSTS

Capital projects

WAR MEMORIAL CONFERENCE CENTRE

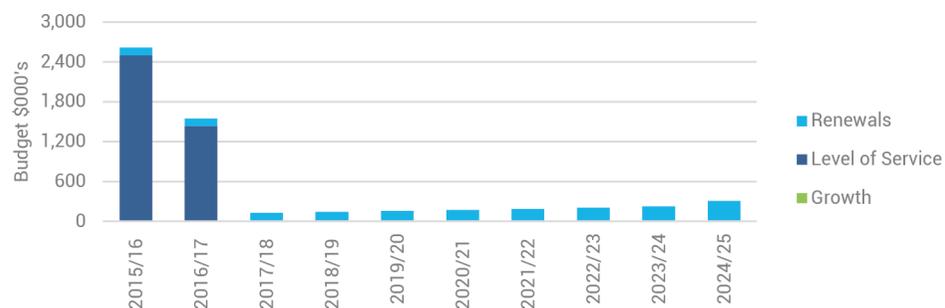
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
WMC Minor Capital	60	61	63	65	66	68	70	72	75	77	677	Tourism Capital Fund			100%
Replace Carpet Lower Level	17	-	-	-	-	-	-	-	-	-	17	Prior years Project Funding			100%
WMCC Upgrade	2,500	1,433	-	-	-	-	-	-	-	-	3,933	Loans - Rates		100%	
WMCC Renewals	40	51	63	75	89	102	117	133	150	232	1,052	Tourism Capital Fund			100%
TOTAL WAR MEMORIAL	2,617	1,545	126	140	155	170	187	205	225	309	5,679				

FUNDING

Prior years Project Funding	17	-	-	-	-	-	-	-	-	-	17	
Loans - Rates	2,500	1,433	-	-	-	-	-	-	-	-	3,933	
Tourism Capital Fund	100	112	126	140	155	170	187	205	225	309	1,729	
	2,617	1,545	126	140	155	170	187	205	225	309	5,679	

War Memorial - Capital Expenditure



CITY ACTIVITIES CONTINUED

NATIONAL AQUARIUM OF NZ

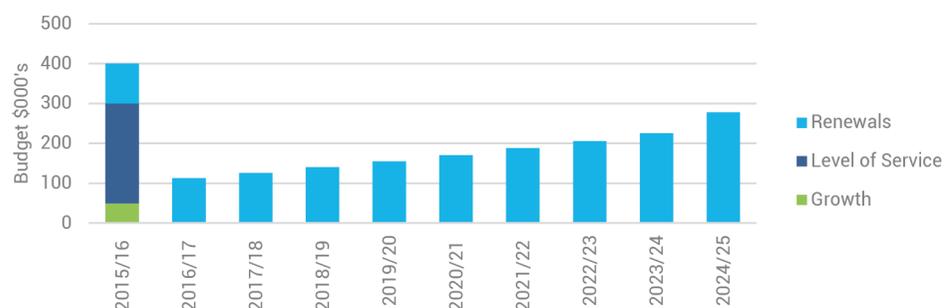
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
NANZ Minor Capital	75	77	79	81	83	85	88	91	94	97	850	Tourism Capital Fund			100%
Aquarium Laboratory	50	-	-	-	-	-	-	-	-	-	50	Parklands	100%		
Aquarium Reception/Ticketing Upgrade	250	-	-	-	-	-	-	-	-	-	250	Rates		100%	
Aquarium Renewals	25	36	47	59	72	85	100	115	131	181	851	Tourism Capital Fund			100%
TOTAL NATIONAL AQUARIUM OF NZ	400	113	126	140	155	170	188	206	225	278	2,001				

FUNDING

Rates	250	-	-	-	-	-	-	-	-	-	250
Parklands	50	-	-	-	-	-	-	-	-	-	50
Tourism Capital Fund	100	113	126	140	155	170	188	206	225	278	1,701
	400	113	126	140	155	170	188	206	225	278	2,001

National Aquarium- Capital Expenditure

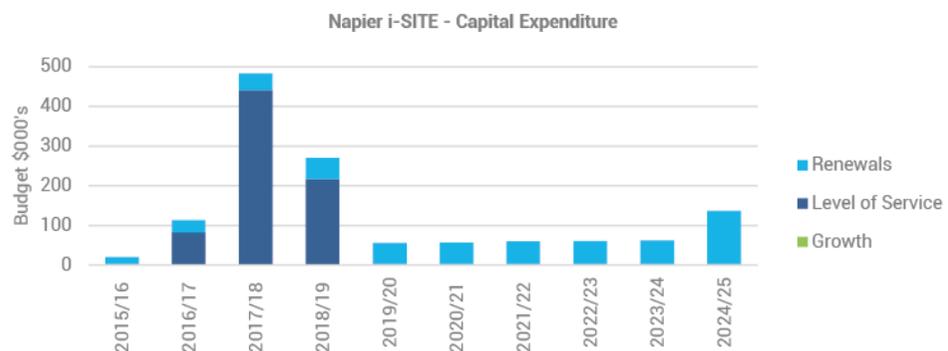


CITY ACTIVITIES CONTINUED

NAPIER I-SITE VISITOR CENTRE

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
i-SITE Minor Capital	20	31	42	54	55	57	59	60	62	71	511	Tourism Capital Fund			100%
i-SITE Renewals	-	-	-	-	-	-	-	-	-	-	65	Tourism Capital Fund			100%
i-SITE Alterations	-	82	441	216	-	-	-	-	-	-	739	Rates			100%
TOTAL NAPIER I-SITE VISITOR CENTRE	20	113	483	270	55	57	59	60	62	136	1,315				
FUNDING															
Rates	-	82	441	216	-	-	-	-	-	-	739				
Tourism Capital Fund	20	31	42	54	55	57	59	60	62	136	576				
	20	113	483	270	55	57	59	60	62	136	1,315				



CITY ACTIVITIES CONTINUED

PAR 2 MINIGOLF

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Par 2 Minor Capital	18	18	19	19	20	20	21	22	22	23	202	Tourism Capital Fund			100%
Par2 MiniGolf Upgrade 2 Courses	192	205	-	-	-	-	-	-	-	-	397	Loans - Rates			100%
Par2 MiniGolf Renewals	-	-	-	-	-	-	-	-	-	65	65	Tourism Capital Fund			100%
TOTAL PAR 2 MINIGOLF	210	223	19	19	20	20	21	22	22	88	664				

FUNDING	
Tourism Capital Fund	18 18 19 19 20 20 21 22 22 88 267
Loans - Rates	192 205 - - - - - - - - 397
	210 223 19 19 20 20 21 22 22 88 664



CITY ACTIVITIES CONTINUED

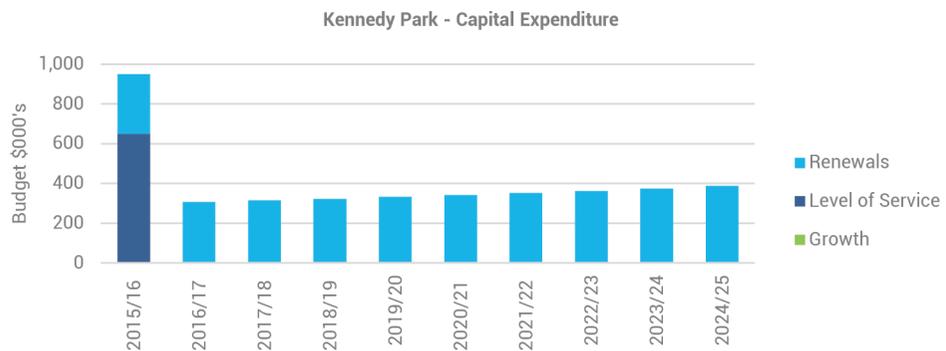
KENNEDY PARK

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Kennedy Park Minor Capital	180	184	189	194	199	205	211	217	224	232	2,035	Tourism Capital Fund			100%
Kennedy Park I.A.R.	120	123	126	129	133	137	141	145	150	155	1,359	Tourism Capital Fund			100%
Kennedy Park Reception	650	-	-	-	-	-	-	-	-	-	650	Loans - Rates		100%	
TOTAL KENNEDY PARK	950	307	315	323	332	342	352	362	374	387	4,044				

FUNDING

Tourism Capital Fund	300	307	315	323	332	342	352	362	374	387	3,394
Loans - Rates	650	-	-	-	-	-	-	-	-	-	650
	950	307	315	323	332	342	352	362	374	387	4,044



CITY ACTIVITIES CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
1,479	General rates, uniform annual general charges, rates penalties	1,809	2,014	2,515	2,335	2,171	2,223	2,281	2,335	2,410	2,723
168	Targeted rates	185	195	199	204	209	215	221	228	235	242
131	Subsidies and grants for operating purposes	112	112	112	112	112	112	112	112	112	112
7,122	Fees and charges	7,145	7,399	7,587	7,789	7,989	8,206	8,439	8,692	8,964	9,257
61	Internal charges and overhead recoveries	54	55	57	58	60	61	63	65	67	69
18	Local authorities fuel tax, fines, infringement fees, and other receipts	19	19	20	20	21	21	22	23	23	24
8,979	Total operating funding (A)	9,324	9,794	10,490	10,518	10,562	10,838	11,138	11,455	11,811	12,427
	Applications of operating funding										
7,255	Payments to staff and suppliers	7,562	7,772	7,940	8,121	8,325	8,534	8,759	9,002	9,261	9,540
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,326	Internal charges and overheads applied	1,374	1,460	1,481	1,505	1,520	1,544	1,573	1,598	1,642	1,689
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
8,581	Total applications of operating funding (B)	8,936	9,232	9,421	9,626	9,845	10,078	10,332	10,600	10,903	11,229
398	Surplus/(deficit) of operating funding (A - B)	388	562	1,069	892	717	760	806	855	908	1,198
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	3,342	1,637	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding (C)	3,342	1,637	-							

CITY ACTIVITIES CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Application of capital funding										
Capital expenditure										
-	50	-	-	-	-	-	-	-	-	-
-	3,400	1,433	-	-	-	-	-	-	-	-
398	747	868	1,069	892	717	760	806	855	908	1,198
-	(467)	(102)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
398	3,730	2,199	1,069	892	717	760	806	855	908	1,198
(398)	(388)	(562)	(1,069)	(892)	(717)	(760)	(806)	(855)	(908)	(1,198)
-	-	-	-	-	-	-	-	-	-	-
Note: Excluded from Above										
928	889	983	1,060	1,098	1,133	1,230	1,243	1,287	1,407	1,407

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PLANNING AND REGULATORY

WHAT WE DO

The Planning and Regulatory Group are responsible for:

Planning Policy

Managing the development of the natural and built environment of Napier, via the Operative Napier City 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

Ensuring the 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 our environmental management policies. Also covered is enforcement work to ensure compliance with resource consent approvals and the District Plan.

Building Consents

Ensuring building developments within Napier are in accordance with the Building Act 2004 through the processing of 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

Managing environmental problems of noise, smoke, smell and refuse pollution through our Environmental Health Services by investigating and enforcing under a range of Acts. Licences are processed for food, hairdressing, offensive trades, camping grounds, skin piercing, mobile shops, funeral directors' premises and street occupation. New Food Safety legislation (the Food Act 2014) comes into effect in 2016 and will require process changes within our team.

Also covered is the administration of matters relating to the Sale and Supply of Alcohol 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

Ensuring that all animals within Napier are under proper control. Dogs are the team's primary focus. Emphasis is placed on responsible dog ownership, including dog registration, education of owners, and classification of dogs and owners in line with the Dog Control Act 1996.

Parking

Parking areas are provided in the Central Business District and Taradale Shopping Centre as well as the smaller commercial areas of Napier, 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, Taradale and the smaller suburban shopping and commercial areas. We monitor and enforce parking bylaws to ensure fair use of parking spaces by everyone.

WHAT WE PROVIDE

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

PLANNING AND REGULATORY CONTINUED

WHY WE DO IT

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

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

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

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

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

PLANNING AND REGULATORY CONTINUED

WHAT WE ARE GOING TO DO

- A key project for this group of activities is the City Vision: Small city, big ideas project. This project is developing a masterplan for the CBD and Ahuriri. It includes examining heritage, design, recreational spaces, parking and transport issues, such as traffic flows to and from Napier Port. We have set aside \$100,000 per year for 10 years to implement this project. Experimental spaces have already started to pop up in the city.
- Council plans to scan and digitise 28,000 paper property records. A total of \$655,000 has been set aside over a 10 year period for this project.
- **Animal Control:** The Animal Welfare facility is currently being upgraded to bring it into line with new animal welfare guidelines. It is envisioned the upgraded facility will meet forecasted needs for the next 20-30 years, based on projected population growth and dog ownership trends. No major items of capital expenditure have been identified as likely in the short to medium term.
- **Parking:** An extended programme of maintenance is already in place for parking facilities, meters, ticketing machines and signage. A plan for capital expenditure is in place for several inner city projects including additional CBD parking, parking for cyclists and motorcyclists. The development of walkways between facilities is also underway. An option being explored is the construction of a multi-level parking facility to minimise the need for land purchase in the CBD. Over the life of this LTP, 10 years to 2025, \$9 million has been included for CBD parking projects, funded from Parking Account funds.

HOW WE MEASURE PERFORMANCE

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Planning Policy	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance).	District Plan changes comply with legal requirements	Plan Change 10 whose primary focus is on harmonising plan provisions with Hastings District Council, wherever practicable, was publicly notified on 7 December 2013 with the submission period closing on 14 February 2014. A summary of those submissions has now been prepared and was publicly notified on 26 April 2014 seeking further submissions with the further submission period due to close on 9 May 2014. The statutory process and legal timeframes commenced on notification of the plan change.	Achieved	Achieved	Achieved	Achieved
Regulatory Consents	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety through the resource consent process.	Percentage of Land Information Memorandums processed within statutory timeframe of 10 working days.	100%	100%	100%	100%	100%
		Percentage of resource consents processed within statutory timeframes and discount regulations	New measure	100%	100%	100%	100%
	Planning complaints are responded to efficiently and effectively in a manner that is fair to all parties.	Percentage of complaints investigated within 3 days	100%	100%	100%	100%	100%

PLANNING AND REGULATORY CONTINUED

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Building Consents	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance).	Audit 20% of all buildings requiring building warrants of fitness registered from owners of buildings subject to a compliance schedule	20.1%	20%	20%	20%	20%
		Maintain Building Consent Authority (BCA) accreditation.	Accreditation maintained	Achieved	Achieved	Achieved	Achieved
		Percentage of building consents processed within statutory timeframe of 20 working days	100%	100%	100%	100%	100%
		Percentage of code of compliance certificates processed within statutory timeframe of 20 working days.	100%	100%	100%	100%	100%
Environmental Health	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their health (food handling, water quality) and wellbeing (noise and environmental effects).	Percentage of food premises inspected twice per year (including re-checking) and non-food premises inspected once per year.	100%	100%	100%	100%	100%
		Percentage of residents satisfied with Noise Control in the NRB Public Opinion Survey	86%	80%	80%	80%	80%
Animal Control	Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety (building quality, animal nuisance)	Percentage of complaints responded to within target timeframes (urgent: 2 days, other: 5 days)	New Measure	100%	100%	100%	100%
		Percentage of residents satisfied with Animal Control in the NRB Public Opinion Survey.	82%	75%	75%	75%	75%
Parking	Council provides on and off street parking facilities <ul style="list-style-type: none"> to provide sufficient parking to meet reasonable public expectations, to ensure the equitable sharing of parking resources, and to ensure safe and effective passenger vehicle flow. 	CBD parking occupancy rate (on and off street).	61%	Range 50-85%	Range 50-85%	Range 50-85%	Range 50-85%
		Taradale parking occupancy rate (on and off street).	50%	Range 50-85%	Range 50-85%	Range 50-85%	Range 50-85%
		Percentage of residents satisfied with parking in the CBD in the NRB Public Opinion Survey.	66%	60%	60%	60%	60%
		Percentage of residents satisfied with parking in Taradale & other suburbs in the NRB Public Opinion Survey.	60%	60%	60%	60%	60%

PLANNING AND REGULATORY CONTINUED

ASSUMPTIONS AND RISKS

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

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years, we will spend \$85.4 million for this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



PLANNING AND REGULATORY CONTINUED

WHAT IT COSTS

Capital projects

BUILDING CONSENTS

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Property Information EDM	445	225	168	-	-	-	-	-	-	-	838	Property Electronic Mgmt Fund		100%	
E-Commerce for Applications	25	-	-	-	-	-	-	-	-	-	25	Prior years Project Funding			100%
TOTAL BUILDING CONSENTS	470	225	168	-	863										

FUNDING

Prior years Project Funding	25	-	-	-	-	-	-	-	-	-	25	
Property Electronic Mgmt Fund	445	225	168	-	-	-	-	-	-	-	838	
	470	225	168	-	863							

Building Consents - Capital Expenditure



PLANNING AND REGULATORY CONTINUED

ANIMAL CONTROL

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Dog Agility Track	5	-	-	-	-	-	-	-	-	-	5	Dog Control Account		100%	
Stock Control Equipment	5	-	-	-	-	-	-	-	-	-	5	Dog Control Account		100%	
Complex Shelter & Office	60	-	-	-	-	-	-	-	-	-	60	Dog Control Account		100%	
TOTAL ANIMAL CONTROL	70	-	70												
FUNDING															
Dog Control Account	70	-	-	-	-	-	-	-	-	-	70				
	70	-	70												



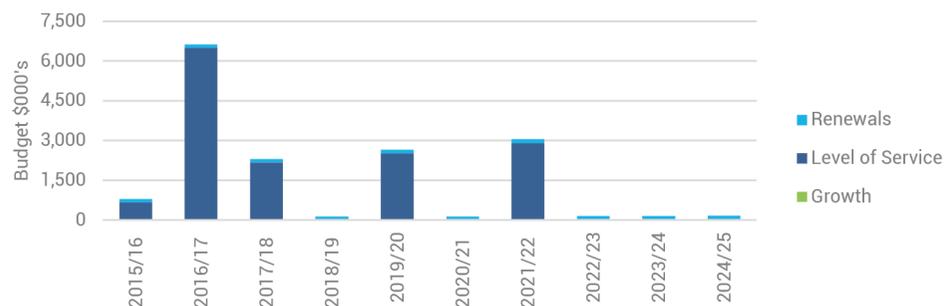
PLANNING AND REGULATORY CONTINUED

PARKING

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Alternative Transport Parking	100	310	-	-	-	-	-	-	-	-	410	Parking Account		100%	
CBD Parking Projects	500	6,117	2,174	-	2,512	-	2,905	-	-	-	14,208	Parking Account		100%	
Parking Minor Capital	20	20	21	22	22	23	23	24	25	26	226	Parking Account			100%
Parking Equipment Replacement	104	106	109	112	115	118	122	126	130	134	1,176	Parking Equipment Reserve A/c			100%
Parking Security Upgrade	70	72	-	-	-	-	-	-	-	-	142	Parking Account		100%	
TOTAL PARKING	794	6,625	2,304	134	2,649	141	3,050	150	155	160	16,162				
FUNDING															
Parking Account	690	6,519	2,195	22	2,534	23	2,928	24	25	26	14,986				
Parking Equipment Reserve A/c	104	106	109	112	115	118	122	126	130	134	1,176				
	794	6,625	2,304	134	2,649	141	3,050	150	155	160	16,162				

Parking - Capital Expenditure



PLANNING AND REGULATORY CONTINUED

Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
	Sources of operating funding										
2,363	General rates, uniform annual general charges, rates penalties	2,647	2,693	2,919	3,081	3,181	3,259	3,334	3,411	3,144	3,222
-	- Targeted rates	-	-	-	-	-	-	-	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
3,910	Fees and charges	4,113	4,202	4,300	4,405	4,518	4,640	4,773	4,915	5,069	5,235
245	Internal charges and overhead recoveries	250	255	262	268	275	283	291	300	309	320
1,067	Local authorities fuel tax, fines, infringement fees, and other receipts	1,066	1,067	1,068	1,070	1,072	1,074	1,076	1,078	1,080	1,083
7,585	Total operating funding (A)	8,076	8,217	8,549	8,824	9,046	9,256	9,474	9,704	9,602	9,860
	Applications of operating funding										
3,722	Payments to staff and suppliers	4,616	4,705	4,573	4,777	4,923	5,038	5,163	5,296	5,069	5,210
-	- Finance costs	-	-	-	-	-	-	-	-	-	-
2,571	Internal charges and overheads applied	2,692	2,765	2,824	2,877	2,936	3,013	3,085	3,159	3,267	3,355
-	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
6,293	Total applications of operating funding (B)	7,308	7,470	7,397	7,654	7,859	8,051	8,248	8,455	8,336	8,565
1,292	Surplus/(deficit) of operating funding (A - B)	768	747	1,152	1,170	1,187	1,205	1,226	1,249	1,266	1,295
	Sources of capital funding										
-	- Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	- Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	- Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	- Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-

PLANNING AND REGULATORY CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)										
Application of capital funding										
Capital expenditure										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
60	1,185	6,723	2,342	-	2,512	-	2,905	-	-	-
122	149	127	130	134	137	142	145	150	155	160
1,110	(566)	(6,103)	(1,320)	1,036	(1,462)	1,063	(1,824)	1,099	1,111	1,135
-	-	-	-	-	-	-	-	-	-	-
1,292	768	747	1,152	1,170	1,187	1,205	1,226	1,249	1,266	1,295
(1,292)	(768)	(747)	(1,152)	(1,170)	(1,187)	(1,205)	(1,226)	(1,249)	(1,266)	(1,295)
Surplus/(deficit) of capital funding (C - D)										
-	-	-	-	-	-	-	-	-	-	-
Funding balance ((A-B) + (C-D))										
Note: Excluded from Above										
293	270	453	696	866	772	708	659	824	883	903
Group depreciation & amortisation										

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

PROPERTY ASSETS

WHAT WE DO

The Property Assets group of activities covers:

- Lagoon Farm
- Parklands Residential Development
- Property Holdings

Lagoon Farm

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

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

WHY WE DO IT

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

The Property Assets group contributes to the following community outcomes:

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

Parklands Residential Development

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

Property Holdings

We have 76 commercial and 26 residential leasehold properties. Property Holdings is responsible for managing these leases and licences which have been established for parks, reserves, commercial, industrial and residential properties. The majority of leases are perpetually renewable. It is also responsible for the management, including maintenance and renewals, of all Council buildings not specifically allocated to other activities.

PROPERTY ASSETS CONTINUED

WHAT WE ARE GOING TO DO

- We will continue to develop and sell residential sections in the Parklands Residential Development to meet market demand. The development is expected to be completed by Year 8 of the LTP.
- As the residential development and the neighbouring business park development progressively impact the Lagoon Farm operations it will cease to operate as a commercial farm.
- A review of our commercial leasehold land in Onekawa, Ahuriri and Pandora will be carried out. We intend to consult the public on the options arising from the review.
- The Civic Building in Hastings Street will be upgraded, starting in Year 3 (2017/18) of the LTP at an estimated cost of \$5.3 million. The upgrade will make the building safe and includes earthquake strengthening and addressing basic repairs to make it more efficient for us to use.
- We will continue to carry out structural seismic assessments on Council-owned buildings. To date 21 individual buildings/structures have been assessed, and \$1.5 million has been set aside for works associated with seismic strengthening of Council owned buildings, including the Memorial Square building in Civic Square and the Taradale Plunket Rooms.

HOW WE MEASURE PERFORMANCE

Activity	Level of Service	Service Performance Measures	Annual report 2013/14	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018-25
Parklands Residential Development	Council develops residential sections for sale to meet demand for affordable sections and provide an income stream for council	Number of sections sold and developed	53	31	40	50	50 per year until 2022/23
Property Holdings	Council manages a portfolio of commercial and leasehold land in accordance with legislation, council policies and individual lease agreements	Independent review of Council's investment portfolio completed regularly (every 3-5 years) including consideration of average rate of return	New Measure	Review	NA	NA	Review (every 3-5 years)
	Council maintains and renews all Council buildings (not specifically allocated to other activities) to ensure buildings remain safe, in good condition and fit for purpose	Buildings comply with Building Act and Health & Safety Act and hold current warrant of fitness certificates, where required	100%	Achieved	Achieved	Achieved	Achieved

ASSUMPTIONS AND RISKS

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

PROPERTY ASSETS CONTINUED

SIGNIFICANT NEGATIVE EFFECTS

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

OUR BUDGET

Over the next 10 years, we will spend \$64.4 million on this activity group. This is reflected in the graph below. Figures do not include depreciation, revenue or internal overheads.



PROPERTY ASSETS CONTINUED

WHAT IT COSTS

Capital projects

PROPERTY HOLDINGS

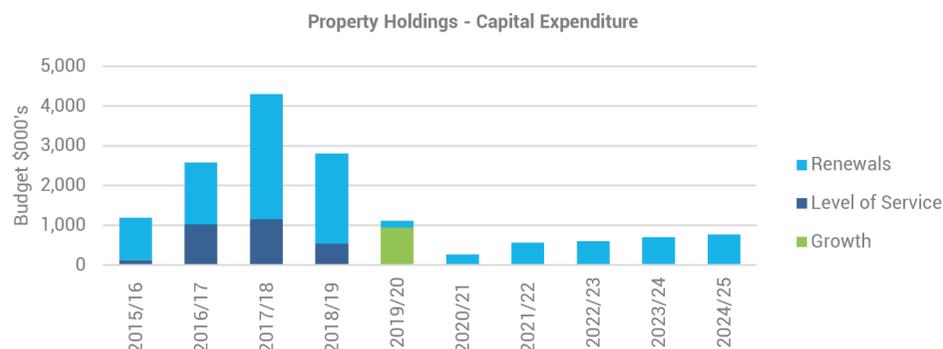
G = Growth, L = Increased Level of Service, R = Renewal

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Air Conditioning Unallocated	88	-	1,155	-	-	-	-	-	-	-	1,243	Prior years Project Funding		100%	
Civic Building	-	529	-	-	-	-	-	-	-	-	529	Parklands			100%
Seismic Strengthening Council Buildings (Includes Memorial Square)	500	1,023	-	-	-	-	-	-	-	-	1,523	Loans - Rates			100%
Civic Building Upgrade	-	-	3,150	2,156	-	-	-	-	-	-	5,306	Loans - Rates			100%
Council Chambers Ventilation	34	-	-	-	-	-	-	-	-	-	34	Prior years Project Funding		100%	
Chambers and Weatherproofing	571	-	-	-	-	-	-	-	-	-	571	Parklands			100%
Property Purchase	-	1,023	-	539	-	-	-	-	-	-	1,562	HB HB Endowment Land Sale Account		100%	
Civic Building Renewals	-	-	-	108	111	159	281	302	349	387	1,697	Buildings IAR Fund			100%
Library Building Renewals	-	-	-	-	55	114	281	302	349	387	1,488	Buildings IAR Fund			100%
Lagoon Farm Business Park	-	-	-	-	944	-	-	-	-	-	944	Parklands	100%		
TOTAL PROPERTY HOLDINGS	1,193	2,575	4,305	2,803	1,110	273	562	604	698	774	14,897				

FUNDING

Buildings IAR Fund	-	-	-	108	166	273	562	604	698	774	3,185
Loans - Rates	500	1,023	3,150	2,156	-	-	-	-	-	-	6,829
Parklands	571	529	-	-	944	-	-	-	-	-	2,044
HB HB Endowment Land Sale Account	-	1,023	-	539	-	-	-	-	-	-	1,562
Prior years Project Funding	122	-	1,155	-	-	-	-	-	-	-	1,277
	1,193	2,575	4,305	2,803	1,110	273	562	604	698	774	14,897

PROPERTY ASSETS CONTINUED



Funding Impact Statement

Annual Plan 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	Forecast 2022/23 \$'000	Forecast 2023/24 \$'000	Forecast 2024/25 \$'000
	Sources of operating funding										
	- General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
	- Targeted rates	-	-	-	-	-	-	-	-	-	-
	- Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
448	Fees and charges	588	521	533	546	560	575	592	609	628	649
1,640	Internal charges and overhead recoveries	1,678	1,715	1,755	1,796	1,843	1,893	1,947	2,002	2,060	2,127
6,767	Local authorities fuel tax, fines, infringement fees, and other receipts	7,726	9,396	11,340	11,585	11,846	12,134	12,441	7,962	3,208	3,263
8,855	Total operating funding (A)	9,992	11,632	13,628	13,927	14,249	14,602	14,980	10,573	5,896	6,039
	Applications of operating funding										
3,607	Payments to staff and suppliers	4,295	5,223	6,349	6,486	6,656	6,844	7,044	4,615	2,039	2,108
	- Finance costs	-	-	-	-	-	-	-	-	-	-
1,455	Internal charges and overheads applied	1,631	1,819	2,099	2,161	2,208	2,266	2,313	1,734	1,070	1,097
	- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
5,062	Total applications of operating funding (B)	5,926	7,042	8,448	8,647	8,864	9,110	9,357	6,349	3,109	3,205
3,793	Surplus/(deficit) of operating funding (A - B)	4,066	4,590	5,180	5,280	5,385	5,492	5,623	4,224	2,787	2,834

PROPERTY ASSETS CONTINUED

Annual Plan 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	Forecast 2022/23 \$000	Forecast 2023/24 \$000	Forecast 2024/25 \$000
Sources of capital funding										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	500	1,023	3,150	2,155	-	-	-	-	-	-
177	125	116	126	115	119	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
177	625	1,139	3,276	2,270	119	-	-	-	-	-
Application of capital funding										
Capital expenditure										
-	-	-	-	-	944	-	-	-	-	-
-	122	1,023	1,155	539	-	-	-	-	-	-
-	1,071	1,552	3,150	2,263	166	273	562	604	698	774
3,970	3,498	3,154	4,151	4,748	4,394	5,219	5,061	3,620	2,089	2,060
-	-	-	-	-	-	-	-	-	-	-
3,970	4,691	5,729	8,456	7,550	5,504	5,492	5,623	4,224	2,787	2,834
(3,793)	(4,066)	(4,590)	(5,180)	(5,280)	(5,385)	(5,492)	(5,623)	(4,224)	(2,787)	(2,834)
-	-	-	-	-	-	-	-	-	-	-
Note: Excluded from Above										
355	393	440	507	664	717	781	781	791	857	860

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

SUPPORT UNITS

WHAT WE DO

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

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

WHY WE DO IT

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

WHAT WE ARE GOING TO DO

There are no changes to levels of service proposed in this area over the life of the Long Term Plan 2015 - 2025.

WHAT IT COSTS

Capital projects

SUPPORT UNITS

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

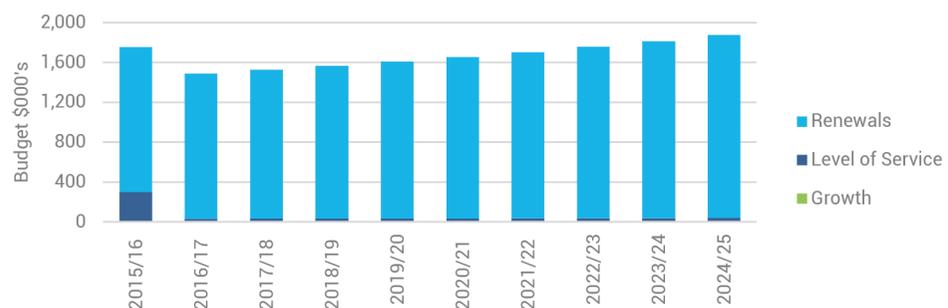
Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding	% Improvement Split		
													G	L	R
Minor Capital General Provision	70	72	74	75	77	80	82	85	87	90	792	Rates			100%
Replacement of Mobile Plant and Vehicle	900	921	945	970	996	1,024	1,054	1,087	1,122	1,162	10,181	Plant Purchase & Renewals A/c			100%
Software Replacement and Upgrades	41	42	43	44	45	47	48	50	51	53	464	Rates			100%
Software Replacement and Upgrades	25	-	-	-	-	-	-	-	-	-	25	Prior years Project Funding			100%
Software Replacement and Upgrades	66	42	43	44	45	47	48	50	51	53	489				
PC and Printer Replacement	71	73	75	77	79	81	83	86	89	92	806	Rates			100%
PC and Printer Replacement	5	-	-	-	-	-	-	-	-	-	5	Prior years Project Funding			100%
PC and Printer Replacement	76	73	75	77	79	81	83	86	89	92	811				
Corporate IT Network	13	13	14	14	14	15	15	16	16	17	147	Rates			100%
Technology Equipment Minor Capital	328	336	344	354	363	373	384	396	409	423	3,710	Technology Equipment Renewal Reserve			100%
Electronic Document Management	145	-	-	-	-	-	-	-	-	-	145	Prior years Project Funding		100%	
Napier Wi-Fi	125	-	-	-	-	-	-	-	-	-	125	Prior years Project Funding		100%	
Design Services Minor Capital	30	31	32	32	33	34	35	36	37	39	339	Design Services Fund			100%
TOTAL SUPPORT UNITS	1,753	1,488	1,527	1,566	1,607	1,654	1,701	1,756	1,811	1,876	16,739				

SUPPORT UNITS CONTINUED

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

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Ten Year Total	Funding			% Improvement Split		
												G	L	R			
FUNDING																	
Rates	195	200	206	210	215	223	228	237	243	252	2,209						
Plant Purchase & Renewals A/c	900	921	945	970	996	1,024	1,054	1,087	1,122	1,162	10,181						
Technology Equipment Renewal Reserve	328	336	344	354	363	373	384	396	409	423	3,710						
Design Services Fund	30	31	32	32	33	34	35	36	37	39	339						
Prior years Project Funding	300	-	-	-	-	-	-	-	-	-	300						
	1,753	1,488	1,527	1,566	1,607	1,654	1,701	1,756	1,811	1,876	16,739						

Support Units - Capital Expenditure





DETAILED FINANCIAL INFORMATION

SIGNIFICANT PLANNING ASSUMPTIONS

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

It is also important to assess the estimated levels of uncertainty represented by the factors identified in the assumptions, so that risk mitigation and planning can be appropriately carried out. The impact of the levels of uncertainty assessed on the integrity of the LTP Consultation Document and the LTP has also been undertaken. Schedule 10 of the Local Government Act 2002 (LGA) requires that, for high levels of uncertainty, Council is required to state the fact of the uncertainty and give an estimate of the potential effects of that uncertainty on the financial estimates provided in the LTP.

The significant forecasting assumptions are discussed more fully in the pages that follow.

The main contributions of risk are identified as arising from:

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

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP																																																																																																																																																																																																																	
Local factors																																																																																																																																																																																																																				
1. Inflation	<p>Assumption: Inflation rates will be based on the cost adjustor forecasts procured by SOLGM from BERL. These rates are applied to expenditure, capital expenditure and revenue.</p> <p style="text-align: center;">Table 1: Adjustor Forecasts</p> <table border="1"> <thead> <tr> <th></th> <th>15/16</th> <th>16/17</th> <th>17/18</th> <th>18/19</th> <th>19/20</th> <th>20/21</th> <th>21/22</th> <th>22/23</th> <th>23/24</th> <th>24/25</th> </tr> </thead> <tbody> <tr> <td colspan="11">Annual Cost Adjustors</td> </tr> <tr> <td>Roading & Transport</td> <td>0.4</td> <td>1.2</td> <td>1.4</td> <td>2.2</td> <td>2.4</td> <td>2.5</td> <td>2.7</td> <td>2.8</td> <td>3.0</td> <td>3.1</td> </tr> <tr> <td>Property, Reserves & Parks</td> <td>1.9</td> <td>2.2</td> <td>2.4</td> <td>2.5</td> <td>2.6</td> <td>2.8</td> <td>2.9</td> <td>3.0</td> <td>3.2</td> <td>3.3</td> </tr> <tr> <td>Water, Stormwater & Sewerage</td> <td>4.7</td> <td>5.2</td> <td>3.8</td> <td>3.0</td> <td>3.2</td> <td>3.3</td> <td>3.5</td> <td>3.7</td> <td>3.8</td> <td>4.0</td> </tr> <tr> <td>Energy</td> <td>4.2</td> <td>3.5</td> <td>3.8</td> <td>3.9</td> <td>4.1</td> <td>4.3</td> <td>4.5</td> <td>4.7</td> <td>4.9</td> <td>5.1</td> </tr> <tr> <td>Staff costs</td> <td>1.6</td> <td>1.8</td> <td>1.9</td> <td>2.0</td> <td>2.1</td> <td>2.2</td> <td>2.3</td> <td>2.4</td> <td>2.5</td> <td>2.6</td> </tr> <tr> <td>Other</td> <td>1.5</td> <td>2.3</td> <td>2.5</td> <td>2.6</td> <td>2.7</td> <td>2.9</td> <td>3.0</td> <td>3.1</td> <td>3.3</td> <td>3.4</td> </tr> <tr> <td>LGCI Operating</td> <td>2.0</td> <td>2.2</td> <td>2.3</td> <td>2.4</td> <td>2.6</td> <td>2.7</td> <td>2.9</td> <td>3.0</td> <td>3.1</td> <td>3.3</td> </tr> <tr> <td>LGCI Capital</td> <td>2.1</td> <td>2.3</td> <td>2.6</td> <td>2.6</td> <td>2.7</td> <td>2.8</td> <td>3.0</td> <td>3.1</td> <td>3.3</td> <td>3.5</td> </tr> <tr> <td colspan="11">Cumulative Adjustor Forecasts</td> </tr> <tr> <td>Roading & Transport</td> <td>0.4</td> <td>1.6</td> <td>3.0</td> <td>5.3</td> <td>7.8</td> <td>10.5</td> <td>13.5</td> <td>16.7</td> <td>20.2</td> <td>24.0</td> </tr> <tr> <td>Property, Reserves & Parks</td> <td>1.9</td> <td>4.2</td> <td>6.7</td> <td>9.4</td> <td>12.3</td> <td>15.4</td> <td>18.7</td> <td>22.3</td> <td>26.2</td> <td>30.3</td> </tr> <tr> <td>Water, Stormwater & Sewerage</td> <td>4.7</td> <td>10.1</td> <td>14.3</td> <td>17.7</td> <td>21.5</td> <td>25.5</td> <td>29.9</td> <td>34.7</td> <td>39.9</td> <td>45.4</td> </tr> <tr> <td>Energy</td> <td>4.2</td> <td>7.8</td> <td>11.9</td> <td>16.2</td> <td>20.9</td> <td>26.1</td> <td>31.8</td> <td>37.9</td> <td>44.7</td> <td>52.1</td> </tr> <tr> <td>Staff costs</td> <td>1.6</td> <td>3.4</td> <td>5.4</td> <td>7.5</td> <td>9.7</td> <td>12.1</td> <td>14.6</td> <td>17.3</td> <td>20.2</td> <td>23.3</td> </tr> <tr> <td>Other</td> <td>1.5</td> <td>3.9</td> <td>6.5</td> <td>9.2</td> <td>12.2</td> <td>15.4</td> <td>18.8</td> <td>22.6</td> <td>26.6</td> <td>31.0</td> </tr> <tr> <td>LGCI Operating</td> <td>2.0</td> <td>4.2</td> <td>6.6</td> <td>9.2</td> <td>12.0</td> <td>15.0</td> <td>18.3</td> <td>21.8</td> <td>25.7</td> <td>30.0</td> </tr> <tr> <td>LGCI Capital</td> <td>2.1</td> <td>4.5</td> <td>7.2</td> <td>10.0</td> <td>13.0</td> <td>16.1</td> <td>19.6</td> <td>23.3</td> <td>27.3</td> <td>31.8</td> </tr> </tbody> </table> <p>These factors are not applied to loan interest costs.</p>		15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Annual Cost Adjustors											Roading & Transport	0.4	1.2	1.4	2.2	2.4	2.5	2.7	2.8	3.0	3.1	Property, Reserves & Parks	1.9	2.2	2.4	2.5	2.6	2.8	2.9	3.0	3.2	3.3	Water, Stormwater & Sewerage	4.7	5.2	3.8	3.0	3.2	3.3	3.5	3.7	3.8	4.0	Energy	4.2	3.5	3.8	3.9	4.1	4.3	4.5	4.7	4.9	5.1	Staff costs	1.6	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	Other	1.5	2.3	2.5	2.6	2.7	2.9	3.0	3.1	3.3	3.4	LGCI Operating	2.0	2.2	2.3	2.4	2.6	2.7	2.9	3.0	3.1	3.3	LGCI Capital	2.1	2.3	2.6	2.6	2.7	2.8	3.0	3.1	3.3	3.5	Cumulative Adjustor Forecasts											Roading & Transport	0.4	1.6	3.0	5.3	7.8	10.5	13.5	16.7	20.2	24.0	Property, Reserves & Parks	1.9	4.2	6.7	9.4	12.3	15.4	18.7	22.3	26.2	30.3	Water, Stormwater & Sewerage	4.7	10.1	14.3	17.7	21.5	25.5	29.9	34.7	39.9	45.4	Energy	4.2	7.8	11.9	16.2	20.9	26.1	31.8	37.9	44.7	52.1	Staff costs	1.6	3.4	5.4	7.5	9.7	12.1	14.6	17.3	20.2	23.3	Other	1.5	3.9	6.5	9.2	12.2	15.4	18.8	22.6	26.6	31.0	LGCI Operating	2.0	4.2	6.6	9.2	12.0	15.0	18.3	21.8	25.7	30.0	LGCI Capital	2.1	4.5	7.2	10.0	13.0	16.1	19.6	23.3	27.3	31.8	Moderate	Moderate: Incorrect adjustor forecasts could result in Council over or underfunding operational and capital costs. Preparing an annual budget and resetting rates combined with a triennial review of the LTP mitigates this risk and effect.
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25																																																																																																																																																																																																										
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SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP																																				
Local factors																																							
2.	<p>Local Economy</p> <p>Assumption: That the Hawke's Bay economic outlook will remain positive over the life of the plan with annual GDP growth of 1.5 - 2.5% over the period of the plan. (Source: Sean Bevin, Economic Solutions Limited)</p> <p>Risk: There is a risk that the local economy growth rate could fall below or rise above the assumed level.</p>	Moderate	<p>Low: While important, economic growth does not have a material bearing on the quantum and quality of the majority of services (infrastructural) provided by Council. Other services (e.g. tourism related) are relatively elastic and can respond to changes in demand as and when required.</p>																																				
3.	<p>Population Growth</p> <p>Assumption: Projected total City population growth over the life of the LTP is 2,090 or 3.53%. This is slightly higher than the projected population growth in the Heretaunga Plains Urban Development Study of 3.26%. The population projections are based on the midpoint of the medium to high projection growth scenario from the 2006-base subnational population projections updated in October 2012.</p> <p style="text-align: center;">Table 2: Projected population growth for Napier City</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Year (ending 30 June)</th> <th style="width: 35%;">Total Napier City</th> <th style="width: 35%;">Annual growth rate</th> </tr> </thead> <tbody> <tr><td>2015</td><td>59,090</td><td>0.68%</td></tr> <tr><td>2016 (Year 1)</td><td>59,150</td><td>0.10%</td></tr> <tr><td>2017</td><td>59,400</td><td>0.42%</td></tr> <tr><td>2018</td><td>59,650</td><td>0.42%</td></tr> <tr><td>2019</td><td>59,900</td><td>0.42%</td></tr> <tr><td>2020</td><td>60,150</td><td>0.42%</td></tr> <tr><td>2021</td><td>60,400</td><td>0.42%</td></tr> <tr><td>2022</td><td>60,610</td><td>0.35%</td></tr> <tr><td>2023</td><td>60,820</td><td>0.35%</td></tr> <tr><td>2024</td><td>61,030</td><td>0.35%</td></tr> <tr><td>2025</td><td>61,240</td><td>0.34%</td></tr> </tbody> </table> <p style="text-align: center;">(Source: Sean Bevin, Economic Solutions Limited)</p> <p>Risk: Actual population growth could differ.</p>	Year (ending 30 June)	Total Napier City	Annual growth rate	2015	59,090	0.68%	2016 (Year 1)	59,150	0.10%	2017	59,400	0.42%	2018	59,650	0.42%	2019	59,900	0.42%	2020	60,150	0.42%	2021	60,400	0.42%	2022	60,610	0.35%	2023	60,820	0.35%	2024	61,030	0.35%	2025	61,240	0.34%	Moderate	<p>Low: Variations in growth of population will impact Council to the extent that such changes impact the growth of households and the demand for community facilities over time. Changes may require acceleration or slow-down of growth related projects. Council's Financial Strategy outlines how such projects are to be funded. Impacts on individual ratepayers will not be significant unless growth is significantly above that forecast.</p>
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SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

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4.	<p>Household Growth</p> <p>Assumption: The projected total City household growth over the life of the LTP is 1,580 or 6.38%. This is slightly lower than the 10 year household growth projected in the Heretaunga Plains Urban Development Study of 6.51%.</p> <p>The household projections are based on the midpoint of the medium to high projection growth scenario from the latest Statistics NZ 2006-base household 5.projections. This scenario has been used based on the historical trends for the number of consents issued for new dwellings, population growth projections and the historical trend in the average household occupancy rate.</p> <p style="text-align: center;">Table 3: Projected Household Growth</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th rowspan="2">Total household numbers</th> <th colspan="3">Development split</th> </tr> <tr> <th>Infill</th> <th>Greenfield</th> <th>Rural</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>24,525</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2015/2016 (Year 1)</td> <td>24,750</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2016/2017</td> <td>24,930</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2017/2018</td> <td>25,110</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2018/2019</td> <td>25,290</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2019/2020</td> <td>25,470</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2020/2021</td> <td>25,650</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2021/2022</td> <td>25,820</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2022/2023</td> <td>25,990</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2023/2024</td> <td>26,160</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> <tr> <td>2024/2025</td> <td>26,330</td> <td>43%</td> <td>54%</td> <td>3%</td> </tr> </tbody> </table> <p style="text-align: center;"><i>(Source: Sean Bevin, Economic Solutions Limited)</i></p> <p>The accumulating growth in the rating base resulting from the increase in the number of rateable properties has been transferred to the Subdivision and Urban Growth Fund, to be used to meet the cost of servicing new loans raised to provide additional infrastructural assets resulting from urban growth, and to meet any shortfall from financial contributions funding.</p> <p>Risk: Actual physical growth could differ, although the financial implications of this are largely mitigated by the way Council funds and accounts for growth, and by altering the timing of projects in the LTP to coincide with actual trigger points or demand.</p>	Year	Total household numbers	Development split			Infill	Greenfield	Rural	2014/15	24,525	43%	54%	3%	2015/2016 (Year 1)	24,750	43%	54%	3%	2016/2017	24,930	43%	54%	3%	2017/2018	25,110	43%	54%	3%	2018/2019	25,290	43%	54%	3%	2019/2020	25,470	43%	54%	3%	2020/2021	25,650	43%	54%	3%	2021/2022	25,820	43%	54%	3%	2022/2023	25,990	43%	54%	3%	2023/2024	26,160	43%	54%	3%	2024/2025	26,330	43%	54%	3%	Moderate	Moderate: Slower growth than that assumed could result in lower revenue from Development Levies/ Financial Contributions and Consents. The financial implications of this can, however, be managed. Council will carefully monitor growth and adjust the timing of growth related projects based on revised market demand and revenue timing. Timing adjustments would be made in future annual plans.
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5.	<p>Demographic Profile</p> <p>Assumption: That Napier’s population will continue to age and ethnic diversity will increase. At the 2013 Census, 18.6% of people in Napier City were aged 65 years and over, compared with 15.6% in 2006. Age group population projections show an increase in the 65+ population of 2,525 people or 22.2% from 2015 - 2025 and a 65% growth over 30 years from 2015 - 2046. An ageing population means more people living on fixed incomes with less ability to pay. Between 2013 and 2006, the number of people of Maori, Pacific Island and Asian ethnicity increased slightly. It is assumed that this trend will continue.</p> <p>Risk: An ageing population means more people living on fixed incomes with less ability to meet the cost of increased levels of service.</p>	Low	Low: A changing demographic profile does not have a major impact on the core infrastructural services delivered by Council. It can impact on other facilities and services but such impact is not considered significant and is monitored through the triennial LTP review process.																																																															
6.	<p>Land Use Change</p> <p>Assumption: Napier City is largely urban with a total land area of 10,364 (ha). Land use is informed by the Napier District Plan and the Heretaunga Plains Urban Development Study. Any proposals for changes to either plan for Napier City will require local and regional consultation prior to any change being implemented.</p> <p>Impacts from land use change which place a higher demand on existing Napier City infrastructure are more likely to arise from outside the city and are likely to impact the Napier City Roading network.</p> <p>Risk: Changes to land use may require increased expenditure to meet the infrastructure needs arising from development.</p>	Moderate	Low: Changing land use can impact on the timing and demand for new infrastructure and the funding thereof. Regular reviews of the proposed Infrastructure Strategy and the LTP enable the close monitoring of land use patterns.																																																															

SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP																																				
Local factors																																							
7.	<p>Resource Consents</p> <p>Assumption: It is assumed there will be no significant changes to resource consent conditions of consents held by Council.</p> <p>Risk: Conditions of Resource Consents may be altered significantly without Council receiving sufficient warning.</p>	Low	Moderate: Material changes to resource consent conditions can result in a need for upgrade to assets and changes to the manner in which they are operated. Constant monitoring of the regulatory environment, performance against existing conditions and a good relationship with the Hawke's Bay Regional Council assist in mitigation.																																				
8.	<p>Visitor numbers</p> <p>Assumption: projected growth in visitor numbers over the life of the LTP is 180,000 or 33%. These visitor numbers are for arrivals staying at least one night (excludes cruise ships).</p> <p style="text-align: center;">Table 4: Projected Visitor Numbers</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Year (ended 30 June)</th> <th style="width: 35%;">Total Arrivals</th> <th style="width: 35%;">Annual Growth Rate %</th> </tr> </thead> <tbody> <tr><td>2015</td><td>545,000</td><td>1%</td></tr> <tr><td>2016 (Year 1)</td><td>558,500</td><td>2%</td></tr> <tr><td>2017</td><td>572,400</td><td>2%</td></tr> <tr><td>2018</td><td>589,500</td><td>3%</td></tr> <tr><td>2019</td><td>607,185</td><td>3%</td></tr> <tr><td>2020</td><td>625,400</td><td>3%</td></tr> <tr><td>2021</td><td>644,160</td><td>3%</td></tr> <tr><td>2022</td><td>663,485</td><td>3%</td></tr> <tr><td>2023</td><td>683,390</td><td>3%</td></tr> <tr><td>2024</td><td>703,890</td><td>3%</td></tr> <tr><td>2025</td><td>725,010</td><td>3%</td></tr> </tbody> </table> <p>The growth forecasts above are based on economic analysis rather than a sales target. The NZ Tourism 2025 Strategy (target is 6% annual growth compounding) and HB Tourism (target is 6% international growth and 4% domestic growth subject to securing additional funding for promotion).</p> <p>Risk: Actual visitor numbers could differ.</p>	Year (ended 30 June)	Total Arrivals	Annual Growth Rate %	2015	545,000	1%	2016 (Year 1)	558,500	2%	2017	572,400	2%	2018	589,500	3%	2019	607,185	3%	2020	625,400	3%	2021	644,160	3%	2022	663,485	3%	2023	683,390	3%	2024	703,890	3%	2025	725,010	3%	Moderate	Medium: Visitor numbers can impact on the demand for tourism related services. However such services are relatively elastic and can respond to changes in demand as and when required.
Year (ended 30 June)	Total Arrivals	Annual Growth Rate %																																					
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9.	<p>Contracts</p> <p>Assumption: Apart from the general provision for inflation, as per Assumption 1-Inflation, no significant variations to the terms or prices of contracts are assumed to apply when contracts are renewed.</p> <p>Risk: Contract terms and prices could differ significantly, although the inclusion of inflation in the estimates will largely mitigate any unfavourable effects.</p>	Low	Low: Material changes in contract prices can impact on actual costs when compared to those forecasts. This impact is mitigated by adjusting financial forecasts with the Local Government Cost Index (LGCI) and also by the Annual Budgeting process which takes into consideration such unforeseen exceptions.																																				
10	<p>Levels of Service</p> <p>Assumption: There are no significant changes to the level of core or essential services within the Plan. However the Plan's investment programme in support of growth will potentially increase certain service levels incrementally over time.</p> <p>Risk: Low risk. No changes to service levels without consultation with the community.</p>	Low	Low: Service levels usually have a direct impact on Council's rate requirement. Any future changes to service levels are subject to consultation with the community.																																				

SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP
Local factors			
11. Service Delivery	<p>Assumption: Under the amendments to the LGA in 2014 Council is required to review the cost effectiveness of current arrangements for meeting the needs of the community for good quality local infrastructure, local public services and performance of regulatory functions at least every six years. For the purposes of the LTP it is assumed that there will be no changes to the delivery of services arising from these reviews.</p> <p>Risk: That reviews as above will result in a change of method of delivery of good-quality local infrastructure, local public services and performance of regulatory functions.</p>	Low	<p>Low: Reviews of costs structures to date have not indicated that cost effectiveness will be improved through changes in current delivery arrangements, however if such reviews did show increased cost-effectiveness this would potentially lower projected rates increases for ensuing years.</p>
12. Useful Life of Significant Assets	<p>Assumption: The assumed useful life of significant assets is outlined in the Statement of Accounting Policies.</p> <p>Risk: Useful lives may be shorter/longer than expected.</p>	Low	<p>Low: Assets may have to be replaced sooner or later than forecast which may impact on Council cashflows.</p>
13. Depreciation	<p>Assumption: Depreciation rates applying to existing assets are outlined in the Statement of Accounting Policies. Depreciation on new major infrastructural assets is calculated on actual expected rates commencing from expected time of completion of the project.</p> <p>The depreciation of other items is based on actual expected depreciation rates with a half year applied in the year of purchase. Depreciation is calculated on book values projected at the immediately preceding 30 June, plus new capital.</p> <p>Risk: The cost adjustor forecasts could be incorrect. Capital projects could take longer to complete than budgeted. To some extent these factors mitigate against each other.</p>	Low	<p>Low: The impact of applying incorrect depreciation rates is not considered material in the context of the LTP.</p>
14. Sources of Funds for Future Replacement of Significant Assets	<p>Assumption: It is assumed that significant infrastructural assets will be subject to continual renewal, and funded in the LTP. The source of funding any replacement of other significant assets is determined and disclosed. Refer also to the Funding of Capital Expenditure in the Revenue and Financing Policy, the Financial Strategy and the 30 year Infrastructure Strategy in the LTP.</p> <p>Risk: Source of funding not available for asset renewal</p>	Low	<p>Moderate: If funds are not available for asset renewal alternative funding sources would need to be found, e.g. a further call on rates or loan funding. Effect mitigated by good asset management and financial planning.</p>
15. Asset Revaluations	<p>Assumption: Annual revaluations of Roading and Library assets have been assumed with all other assets assumed to be revalued three yearly by using the appropriate inflation rates outlined in Assumption 1. Inflation</p> <p>Risk: The forecast revaluation could be incorrect, affecting the validity of the estimates.</p>	High	<p>Low: Variability in depreciation charge following revaluation could result but would not impact on cash or rates. Triennial reviews of the LTP provide for regular opportunities to update forecasts.</p>
16. Vested Assets	<p>Assumption: Assets vested in the Council following subdivision have been included in the forecasts at an average annual expected value over the period of the plan. Calculation of average annual expected value is based on the Napier Urban Growth Strategy and timing of known or proposed developments over the next two years.</p> <p>Risk: Subdivisions may not proceed, or costs/timing will differ.</p>	Low	<p>Moderate: Annual value of vested assets may fluctuate significantly between plan years and in total. Impact to both Statement of Income and Statement of Financial Position possible but mitigated by triennial review of LTP and related financial forecasts.</p>
17. Completion of Capital Projects	<p>Assumption: Capital projects are assumed to be completed in the year budgeted with the exception of multi-year projects.</p> <p>Risk: Projects are not completed in the year budgeted.</p>	High	<p>Low: No material financial effect as funds are carried forward. Any resulting service level changes may be delayed.</p>

SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP
Local factors			
18. Investments	<p>Assumption:</p> <ol style="list-style-type: none"> The interest rate or funds invested is assumed at 4.5% per annum. This is based on an assessment of market interest rates. The gross return on the commercial and industrial land portfolio is assumed at 6% per annum. The Investment Property Portfolio is expected to increase in value by 1% per year over the life of the LTP. <p>Risk:</p> <ol style="list-style-type: none"> Changes in market interest rates and average levels of cash on deposit or invested may differ significantly from the plan. The valuation of the commercial and industrial land portfolio may differ from the values assumed in the plan. 	Moderate	Moderate: Lower than assumed rates of return could result in Council receiving less than forecast investment income. The possible effect is mitigated by Council taking a conservative approach to rates of return.
19. Loans	<p>Assumption: Loans Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. The following interest rates, applying to internal and external loans have been assumed:</p> <ol style="list-style-type: none"> Actual interest rates for existing external loans (if any). Loan interest at 5.2% on new loans in 2015/16 and 6.2% for new loans from 2016/17 to 2024/25. For existing and new loans, principal repayments are calculated on a table loan basis. Actual interest on loans funded from special funds is allocated direct to the activity to which the loan relates. Interest on Rental Housing loans allocated to Retirement and Rental Housing Activity. Interest on National Aquarium of NZ loans allocated to National Aquarium of NZ Activity. Interest on Museum building loan allocated to MTG Admin & Marketing Collection Activity. Interest on Kennedy Park Cabins upgrade allocated to Kennedy Park Activity. All other loan interest is allocated as a "capital charge" to activities based on book value of assets. To establish book value the following assumptions apply: <ol style="list-style-type: none"> Support units have been excluded. Assets funded from finance leases have been excluded. Excludes activities funded from non-rating sources e.g. Parking, Transfer Station, Lagoon Farm, Plant, Vehicle. Book values for Omarunui Landfill, MTG Hawke's Bay, Rental Housing, National Aquarium of NZ, Kennedy Park Cabins. <p>Risk:</p> <ol style="list-style-type: none"> Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. A significant change to interest rates would affect the validity of the estimates. The financial statements assume reserves and special funds revenues received are sufficient to provide internal funding for loan funded capital items. 	<ol style="list-style-type: none"> Moderate Moderate 	<ol style="list-style-type: none"> Moderate: A 1% increase in interest rates would increase total rate funded interest costs (for both internal and external debt) by about \$350,000 in Year 1 (2015/16), and about \$285,000 in Year 10. The impact of this level of increase in interest costs on rates is 0.7% in Year 1, and 0.4% in Year 10. Such increases are mitigated in terms of Council's overall rating requirement as exposure to external rates of interest is reduced via the use of internal loans. N/A
20. Council Policy	<p>Assumption: No significant changes in Council policy are assumed.</p> <p>Risk: Council could change its policy on any matter in a way that would significantly affect the estimates.</p>	Low	Low: Any such change should be identified in a future LTP or as an amendment to the LTP and the financial implications outlined.
21. Governance	<p>Assumption: No change in representation is assumed. A change in the current basis of representation could result from the next representation review. The impact on financial estimates would not be significant.</p> <p>Risk: A change to the current basis of representation could result from the next review.</p>	Moderate	Low: The effect of any change in the basis of representation on financial estimates would not be significant.

SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP
Local factors			
22	<p>New Zealand Transport Agency (NZTA)</p> <p>Assumption: For this plan, Council has made assumptions on the level of subsidies it expects to receive from central government through the NZTA. The NZTA has advised that Council will receive the following subsidy levels for 2015/16 to 2017/18, therefore, these levels have been assumed for 2015/16 to 2024/25:</p> <ul style="list-style-type: none"> • 51 % for maintenance works • 51 % for new construction and renewal works <p>Risk: That NZTA subsidies post 2017/18 are below 51% The extent of any change would influence the significance on the estimates.</p>	Low	Moderate: A change in subsidy level could affect the validity of the estimates by way of funding available for subsidised work and potentially the level of service delivered.
23.	<p>Local Government Re-organisation</p> <p>Assumption: It is assumed Napier City Council will continue as a separate local authority with no changes to its existing boundaries.</p> <p>Risk: That amalgamation occurs during the planning period.</p>	Moderate	Moderate: A change to an amalgamated model for Councils in Hawke's Bay would result in the Napier City Council being dis-established as a legal entity and a new Governing Body being established in its place. The Council's LTP, associated projects, service levels and rating proposals would all be subject to change.
24.	<p>Legislation</p> <p>Assumption: It is assumed there will be no material changes to existing legislation and other national standards applicable to Napier City Council.</p> <p>Risk: Unforeseen legislative changes could arise that affect the services delivered by Council.</p>	High	Moderate: Significant changes to Local Government Legislation have become the norm. It is expected that this will continue. Financial impacts on the LTP cannot be predicted.
25.	<p>Emissions Trading Scheme (ETS)</p> <p>Assumption: Current ETS charges are met by the Omarunui Landfill. Known and expected charges have been incorporated into the landfill refuse charges in this plan.</p> <p>No other financial impacts from the ETS scheme have been included in this Plan as Government direction during the LTP is unknown at this stage.</p> <p>Risk: Additional charges may be levied on fuel, power etc. which increase Councils' operating costs.</p>	Low	Low: Additional ETS charges would impact on financial forecasts. Mitigated by inclusion of LGCI adjustors, annual planning process and triennial review of LTP.
26.	<p>Natural Disasters</p> <p>Assumption: There will be no major natural disaster or similar event that cannot be funded out of budgetary provisions.</p> <p>Risk: Natural Adverse Event(s) could occur at a level where the effects could not be funded within budget.</p>	Low	High: Any significant natural disaster would impact on the financial forecasts in the LTP. The financial effects of natural adverse events are partly mitigated by special risk insurance related to underground infrastructural assets. The LTP would require complete review as soon as possible after a significant natural disaster.

SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP																				
Local factors																							
27.	<p>Climate Change</p> <p>Assumption: Climate change arising from global warming will not impact in any significant way on the Napier community during the period covered by the plan. This is based on assessments carried out by the Works Asset Department on changes to rainfall intensity with regard to possible climate change outcomes on Local Government functions and also to the guidance document regarding sea level rise, provided by the Ministry for the Environment. Council also commissioned and received from NIWA a report titled "Impacts of Climate Change on High Intensity Rainfall in Napier" and whilst the report is more directly specific to stormwater management, it is applicable to all services. The Works Asset Department will periodically review the current knowledge on climate change and possible effects. While Council recognises the increasing incidence in 'rain bomb' events, the forecasts do not provide for any mitigation of future events. Funding is provided for improving stormwater drainage in the CBD and Taradale, resulting from past events during the last decade.</p> <p>Risk: Any impact in the short to medium term is likely to be by way of a natural adverse event - see Corporate Assumption 26. Natural Disasters</p>	Moderate	Low: The effects of climate change are incremental and Council's infrastructure strategy (and subsequent reviews thereof) enable the situation and planned response to be monitored and updated as required.																				
28.	<p>Technology</p> <p>Assumption: It is recognised that advances in technology over the life of the plan could change the way this activity is carried out. The forecasts are based on known technology as currently applied within the Council.</p> <p>Risk: New technology could change the way the activity is carried out, affecting both financial estimates and levels of service.</p>	High	Low: The impact of changing technology is unknown but is reviewed on an ongoing basis and would be taken into account in the next LTP. The effects in the interim would be considered in Annual Plans and provided for where necessary.																				
29.	<p>World Economy</p> <p>Assumption: New Zealand's economy is very much affected by the world economy. The global economic outlook remains uncertain, however, New Zealand's near term outlook is for growth driven by residential investment, positive migration in-flows and still high terms of trade. Real GDP is forecast to grow by 2.8% on average over the four years to March 2018 (source: Treasury, Pre-election Economic and Fiscal Update 2014).</p> <p>Risk: That the world economy could worsen.</p>	Moderate	Low: Whilst important, the Global Economy does not have a direct material bearing on the quantum and quality of the majority of services (infrastructural) provided by Council. Other services (e.g. tourism related) are relatively elastic and can respond to changes in demand as and when required.																				
30.	<p>Parklands Residential Development</p> <p>Assumption: It is assumed in the LTP that sales of Parklands lots will continue until 2022/23. The table below details the estimated sales each year.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Stage 2 Lot Sales</th> <th>Stage 3 Lot Sales</th> <th>Total for year</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>31</td> <td>-</td> <td>31</td> </tr> <tr> <td>2016/17</td> <td>15</td> <td>25</td> <td>40</td> </tr> <tr> <td>2017/18 to 2021/22</td> <td>-</td> <td>50 p.a.</td> <td>50 p.a.</td> </tr> <tr> <td>2022/23</td> <td>-</td> <td>25</td> <td>25</td> </tr> </tbody> </table> <p>This is based on past sales and aligns to the Heretaunga Plains Urban Development Strategy (HPUDS).</p> <p>Risk: That the sales are higher or lower than the annual forecast.</p>	Year	Stage 2 Lot Sales	Stage 3 Lot Sales	Total for year	2015/16	31	-	31	2016/17	15	25	40	2017/18 to 2021/22	-	50 p.a.	50 p.a.	2022/23	-	25	25	Moderate	Medium: Customer demand and availability of builders has a direct impact on the number of lots offered and the actual sales completed. These factors are indirectly impacted by the national economy for better or worse. Higher or lower sales than budgeted will impact on revenue and cash reserves. Special projects for Council that are funded from this source may have to be delayed if funding is not available.
Year	Stage 2 Lot Sales	Stage 3 Lot Sales	Total for year																				
2015/16	31	-	31																				
2016/17	15	25	40																				
2017/18 to 2021/22	-	50 p.a.	50 p.a.																				
2022/23	-	25	25																				
31.	<p>Te Awa Structure Plan</p> <p>Assumption: It is assumed in the LTP that Council will construct infrastructure required for stages 1, 2 and 3 of the Te Awa Structure Plan from 2017/18 onwards. This is based on the assumption that 70 lots per annum will be developed by the multiple landowners covered by the Structure Plan. Council will incur costs to provide infrastructure in anticipation of development that will be funded from Financial contributions, see assumption 32. Financial Contributions.</p> <p>This development aligns to the Heretaunga Plains Urban Development Strategy (HPUDS).</p> <p>Risk: That the external developers proceed with the stages 1, 2 and 3 at different times to those projected in the LTP and do not complete the developments as assumed in the LTP.</p>	Moderate	Low: Customer demand has a direct impact on the number of lots developed then offered for sale. This impacts the timing of both the infrastructure expenditure incurred by Council and the receipt of financial contributions revenue associated with that cost. Council will manage this situation by monitoring interest in the lots and actual development as it happens. Timing adjustments would be reflected in future annual plans.																				

SIGNIFICANT PLANNING ASSUMPTIONS CONTINUED

Assumption	Assumption and risk underlying financial estimates in the LTP	Level of uncertainty	Impact on Integrity of LTP																																				
Local factors																																							
32. Financial Contributions	<p>Assumption: It is assumed for each year of the LTP that the revenue from financial contributions from Infill, Greenfields and Rural lots will be allocated to the business units listed below by applying a percentage. This percentage has been calculated by using assumptions detailed in 3. Population Growth, 4. Household Growth, 30. Parklands Residential Development and 31. Te Awa Structure Plan in order to predict the required increase in services provided by these areas of Council.</p> <table border="1"> <thead> <tr> <th>Estimated Split</th> <th>Infill</th> <th>Greenfields</th> <th>Rural</th> </tr> </thead> <tbody> <tr> <td>Roading</td> <td>50%</td> <td>57.2%</td> <td>82.0%</td> </tr> <tr> <td>Water Supply</td> <td>7.5%</td> <td>8.3%</td> <td>0%</td> </tr> <tr> <td>Stormwater</td> <td>19.5%</td> <td>12.0%</td> <td>0%</td> </tr> <tr> <td>Wastewater</td> <td>5.0%</td> <td>6.0%</td> <td>0%</td> </tr> <tr> <td>Recreation</td> <td>9.0%</td> <td>10.2%</td> <td>15.0%</td> </tr> <tr> <td>Reserves</td> <td>7.0%</td> <td>4.1%</td> <td>0%</td> </tr> <tr> <td>Library</td> <td>2.0%</td> <td>2.2%</td> <td>3.0%</td> </tr> <tr> <td></td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>Risk: That the number of subdivisions actioned are higher or lower than the annual forecast.</p>	Estimated Split	Infill	Greenfields	Rural	Roading	50%	57.2%	82.0%	Water Supply	7.5%	8.3%	0%	Stormwater	19.5%	12.0%	0%	Wastewater	5.0%	6.0%	0%	Recreation	9.0%	10.2%	15.0%	Reserves	7.0%	4.1%	0%	Library	2.0%	2.2%	3.0%		100%	100%	100%	Low	<p>Medium: Slower subdivision rates than projected will impact the revenue from Development Levies/ Financial Contributions and consents. Council will manage the financial implications of this by monitoring subdivision approvals and timing. Timing adjustments would be reflected in future annual plans.</p>
Estimated Split	Infill	Greenfields	Rural																																				
Roading	50%	57.2%	82.0%																																				
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	100%	100%	100%																																				



COUNCIL POLICIES

SIGNIFICANCE AND ENGAGEMENT POLICY SUMMARY

In November 2014 the Napier City Council adopted the Significance and Engagement Policy. It was developed to enable us and our communities to: identify how significant particular issues, proposals, assets, decisions and activities are, clarify how and when communities can expect to be engaged or consulted, and makes sure we are informed from the beginning of a decision-making process about the extent and type of engagement, or consultation.

With every issue requiring a decision, we have to consider how significant it is and what is the appropriate level of engagement should be. This means assessing what the impact and/or consequences of the issue, proposal, decision or matter would be in relation to parts of the city, the city as a whole or the region, any affected people, whether it will affect our levels of service as outlined in the current Long Term Plan, if it would affect our ability to perform our role and activities now and in the future, and the financial, resource and other costs of the decision.

Elected members have to assess the likely level of community interest, impact on individuals and groups, how much a decision or action promotes community outcomes or other Council priorities, the impact on levels of service, rates or debt levels, the cost to ratepayers and the community, and whether and to what extent it involves strategic assets.

We follow these general principles when seeking input from the community to help us inform and assist our decision making:

- We conduct our business in an open, transparent, democratically accountable manner
- We stay aware of, and have regard to, the views of all our communities
- When making a decision, we consider the diversity of the community and the community's interests in its district or region; the interests of future as well as current communities; and the likely impact of any decision on these interests
- We provide opportunities for Maori to contribute to our decision-making processes

We prepare an Engagement Plan for each major decision or group of inter-related decisions, which includes the basis of assessment and feedback, resources which may be required, and the tools which may be used.

We use a table of criteria (Engagement Spectrum) to assess the approach we might take to engage the community. It covers the following topics; Inform, Seek the Community's View, Comment, Consult, Involve and Collaborate.

In some cases, and under the Local Government Act, we must use the special consultative procedure to Consult on a proposal, which is then open to the community to comment on for at least a month. When this happens we have to prepare and adopt a statement of proposal, in some cases a summary of the statement of proposal which fairly represents the statement of proposal, in a form determined by us, and distribute as widely as reasonably practical, and provide information as to how people can express their views and how long for.

We may also need to use the special consultative procedure as part of making or amending bylaws. In this instance the statement of proposal must include a draft of the proposed bylaw or proposed amendment of the bylaw, the reasons for the proposal, and a report on any determinations made under the Act on whether a bylaw is appropriate.

Community engagement will be involved in any review of this policy, which will take place at least once every three years.

For the full Significance and Engagement Policy please visit Council website.

REVENUE AND FINANCING POLICY

Napier City Council (the Council) has reviewed the proposed funding for each activity to determine the funding policy for each. In accordance with the Local Government Act 2002 (LGA), Council has considered each activity with regard to:

- Community outcomes to which an activity contributes;
- The distribution of the benefits between the community as a whole, identifiable parts of the community and individuals;
- The extent to which actions or inactions of individuals or groups contribute to the activity; and
- Costs and benefits of funding the activity distinctly from other activities.

The summary table below lists Council activities and the significant funding mechanisms, as decided by Council, to be used for funding the operating costs of each activity. Sources used were determined after careful consideration of the four items above. The primary funding sources available to Council are General Rates, Targeted Rates, Fees and Charges (including rents and lease receipts) and Other Revenue. Other Revenue includes grants, donations, subsidies, petrol tax and other miscellaneous income items.

In addition to the types of revenue noted above Council also receives interest from its investments. Where interest income is generated from rates cash flow or rates funds held, the net revenue is used to reduce the requirement for general rates. Interest generated from defined funds held or collected, are credited to the fund at year end and applied to the purposes of the fund.

The scale shown above the summary table shows the expected level of the revenue as a percentage of operating costs for the activity. The ranges are in 20% increments up to 99%. Any activity showing as Full indicates the activity specified is either fully funded or close to fully funded, 100%, from the revenue source stated in the column 'Full' appears in. An example of this is Litter Control which is fully funded from General Rates.

FUNDING OF OPERATING EXPENSES

Fees and Charges

Fees and Charges, as referred to in the summary table below, include all charges enforced by Council. Fees and Charges applied to the community generally, rather than by individual agreement, are set in the Schedule of Fees and charges adopted by Council as a part of its Long Term or Annual Plan process. These fees are available on Council's website or from Council's Civic Building. Examples include swimming pool entrance fees, parking fines, building inspection fees, dog licence fees, library overdue fees and so on. Examples of individual charges made by agreement, but not publicly notified in the Schedule of Fees and Charges include property leases, property rentals and so on. Items excluded from this

classification are all rates and interest income along with financial contributions, capital contributions and grants, subsidies and donations applied to funding of assets rather than funding of operating costs.

Fees and Charges are applied where there is a benefit to an individual from the delivery of goods and or services and this can be charged in a cost efficient manner. If it is possible to efficiently impose a charge, the Council does so, on the basis of either recovering the full cost of the service, the marginal cost added by users, or at a level that the market will pay.

Market rate is generally the upper limit used for determining fees or charges. Market rate as the upper limit applies where Council believes imposition of fees or charges at a rate above market will generally reduce usage of the activity or facility and lead to the imposition of a greater cost on ratepayers. In selecting market rate the Council has made a judgement that the community values the existence of the facility and would rather fund it from rates than for it to close.

Clarification notes in regard to the following fees and charges:

Licence Fees

Charged where applicable. Licence fees may be set by Council or by regulation. Use of licence fee revenue collected may also be directed to a specific purpose by statute.

Enforcement Fees

Charged where applicable. The purpose of enforcement fees is to promote compliance rather than to raise revenue, consequently revenue collected may be insufficient to meet the full costs of the enforcement activity. The level of enforcement fee may also be restricted by statute or the courts. Use of enforcement fee revenue collected may also be directed to a specific purpose by statute.

Rental and Lease Income

Rental and lease income is attributed to the activity with primary responsibility for the asset generating the rental or lease income. This revenue generally offsets costs of maintaining the asset and costs generally within the activity area receiving the revenue. However, in the case of Hawke's Bay Harbour Board (HBHB) Endowment Land, the Hawke's Bay Harbour Board Endowment Land Act specifies the purposes to which this revenue can be used. Due to the restrictions placed on Council as to the use of these funds, Council attributes all revenue from these properties to the HBHB Land Income Account, a special fund within equity, and funds the activities specified in the Act from this account. Although not required by the Act to do so, Council also attributes the lease income from its commercial property to this account to fund the activities specified in the Act. Council has chosen this course of action as the commercial properties are part of the Hawke's Bay Harbour Board Endowment Land passed to Council as part of the 1989 Local Government reorganisation.

REVENUE AND FINANCING POLICY CONTINUED

Dividend Income

Council receives a minor amount of dividend revenue from time to time. Where applicable, this is applied to offset the cost of the activity related to the dividend income. Where dividend income relates to Council operations in general, this is applied to the same purposes as general rates.

Other Income

Grants, Subsidies and Donations

Revenue from these sources is actively sought to offset both operating and capital costs. Only grants, subsidies and donations with a high likelihood of being received have been included within the plan. Where this is the case, the associated costs, that is the cost the grant, subsidy or donation is intended for, will also be included in the plan.

Petrol Tax

This is the local government share of the petrol tax levied by central government. It is used to contribute to the costs of road maintenance.

Waste Levy Income

This is the Council share of waste levy fees collected by the Ministry for the Environment. Income is received from the Waste Levy Fund and must be applied to waste minimization activities.

General Rates

For the purposes of the Revenue and Financing Policy, General Rates includes a Uniform Annual General Charge (UAGC). General Rates are used to fund services where Council believes there is a public benefit even though it may not be to the whole community. Council funds 'public good' for which there is no practical or no economically effective method for identifying and charging individual users or where benefits are wider than just the specific users. General Rates fund a range of services which are used by individual ratepayers to varying extents. The Rating Policy (page 263 to page 266) contains more information on General Rates.

Targeted Rates

Targeted Rates are also used to fund community services. A targeted rate is used specifically for the cost incurred. Generally these are operating costs but may also be used to recover capital costs incurred on behalf of a specific community sector. Targeted Rates are charged to the households or commercial users who have access to or benefit from the service provided. Napier City Council applies a number of targeted rates. Two examples are:

- Refuse rate - a standard charge to all properties based on the number of collections per week.
- Promotion rate CBD - a charge, based on land value, levied on identified properties within the Napier CBD, and used to fund the Napier City Business Inc organisation.

The Rating Policy contains detailed information on Targeted Rates.

Borrowing

Borrowing is not used to fund operating expenses. Borrowing is used as a tool to smooth cash requirements for capital acquisitions and replacements - see Funding of Capital Expenses below.

Depreciation Funding Policy

Council has adopted the following depreciation funding policy:

Except for the two categories of assets specified below, depreciation will be funded fully from operating revenues.

Exceptions:

- a. Community assets considered to be of a non critical / essential nature.
Assets identified in this category include; Rodney Green Centennial Events Centre, McLean Park, Napier Municipal Theatre, War Memorial Conference Centre and other halls, Tourism assets (Napier i-SITE Visitor Centre, Par 2 MiniGolf, National Aquarium of NZ) and MTG Hawke's Bay.
Council will manage these assets as part of the Building Asset Management Plans and to financially provide for the assets so they may be maintained on an on-going basis at a level that meets the community's requirements. Any decision to replace the assets will be made at the time in consultation with the community. A mixture of loans, reserves and community funding could fund the cost of replacement.
- b. Road assets which are funded partly from Transfund subsidy, to the extent of the subsidy received.

Use of Depreciation Funds:

Depreciation funds are used for capital expenditure and the repayment of debt.

REVENUE AND FINANCING POLICY CONTINUED

FUNDING OF CAPITAL EXPENSES

Rates are used to fund an ongoing replacement programme (renewals) and may be used to fund a portion of capital acquisitions. This is balanced against both the affordability for current ratepayers and the period over which the community is likely to receive the use or benefits of an asset.

Development and Financial Contributions

These contributions are charges against new developments within the city. They are applied to the funding of infrastructure required due to city growth. Infrastructure includes Transport, Stormwater, Wastewater, Water Supply, Sportsgrounds, Reserves and Libraries. Growth drives a significant portion of our capital work requirement in order that service levels are maintained to the growing community. As the cost of growth is driven by development the Council considers that it is equitable that a development should make a contribution to these costs. A summary of the Development Contributions and Financial Contributions Policy is contained within this LTP. Charges under these policies are used to fund the portion of capital expenditure that relates to growth. In determining the requirement for contribution any increase in level of service or renewal of asset is identified and funded from other sources.

OPERATING EXPENDITURE - SIGNIFICANT SOURCES OF ACTIVITY FUNDING

Scale: Low = 1 - 19% Low-Med = 20 - 39% Medium = 40 - 59% Med-High = 60 - 79% High = 80 - 99% Full = 100%

Group	Activity	General Rates	Targeted Rates	Fees and Charges	Other (Grants, Subsidies & Other Income)
Democracy and Governance	Democracy and Governance	Full			
Roading	Roading	High	Low		Low
Solid Waste	Refuse		High		Low
	Litter Control	Full			
	Transfer Station			Full	
	Omarunui Landfill Joint Venture			Full	
Stormwater	Stormwater	High		Low	
Sewerage	Wastewater		High	Low	
Water Supply	Water Supply		High	Low	

Borrowing

Borrowing is used as a method of funding some capital projects. The Council views debt as a smoothing mechanism to achieve equity between time periods. However, Council does not have an unlimited capacity to borrow and the community does not have an unlimited capacity to service those loans into the future. The Council adopts a prudent approach to debt and its capital programme to ensure that the burden of debt and the associated interest cost does not place an impossible burden on the community. In doing so Council is conscious of its peak debt and the funding stream for debt servicing.

Proceeds from Asset Sales

These proceeds may be used to fund capital works, through internal loans, or to repay debt to external parties. There is no major planned asset sales programme over the period of this plan other than ongoing freeholding of HBHB Endowment Land Residential leases. However, assets which are no longer required for strategic or operational purposes may be sold.

REVENUE AND FINANCING POLICY CONTINUED

Group	Activity	General Rates	Targeted Rates	Fees and Charges	Other (Grants, Subsidies & Other Income)
Recreation	Sportsgrounds	High		Low	
	Napier Aquatic Centre	Med-High		Low-Med	Low
	Marine Parade Pools	High		Low	
	Reserves	High		Low	Low
	Inner Harbour			Med-High	Low-Med
	Napier Skate Park	Low-Med		Med-High	
Social and Cultural	Libraries	High		Low	
	Napier Municipal Theatre	Medium		Medium	
	MTG Hawke's Bay	Medium		Medium	Low
	Community Planning	Med-High		Low	Low
	Halls	Med-High		Low-Med	
	Retirement and Rental Housing			Full	
	Cemeteries	Med-High		Low-Med	
	Public Toilets	High		Low	
	Emergency Management	Full			
City Activities	City and Business Promotion	Full			
	War Memorial Conference Centre	Low		High	
	National Aquarium of NZ	Low-Med		Med-High	
	Napier i-SITE Visitor Centre	Low-Med		Med-High	
	Par 2 MiniGolf			Full	
	Kennedy Park Resort			Full	
Planning and Regulatory	Planning Policy	Full			
	Regulatory Consents	Med-High		Low-Med	
	Building Consents	Low-Med		Med-High	
	Environmental Health	Medium		Medium	
	Animal Control	Low-Med		Med-High	
	Parking			Full	
Property Assets	Lagoon Farm			Full	
	Parklands Residential Development			Full	
	Property Holdings			Full	

REVENUE AND FINANCING POLICY CONTINUED

CAPITAL EXPENDITURE - SIGNIFICANT SOURCES OF ACTIVITY FUNDING

Group	Activity	General Rates	Financial Contributions	Loans * * See Notes page 234	Vested Assets	Other Revenue (Subsidies, Donations, Special Funds, etc)
Democracy and Governance	Democracy and Governance					
Roading	Roading	Y	Y		Y	Y
Solid Waste	Refuse					
	Litter Control					
	Transfer Station	Y*				
	Omarunui Landfill Joint Venture					Y
Stormwater	Stormwater	Y	Y	Y	Y	
Sewerage	Wastewater	Y	Y		Y	
Water Supply	Water Supply	Y	Y		Y	
Recreation	Sportsgrounds	Y	Y	Y		Y
	Napier Aquatic Centre	Y				
	Marine Parade Pools	Y				Y
	Reserves	Y	Y	Y	Y	Y
	Inner Harbour					Y
	Napier Skate Park	Y				Y
Social and Cultural	Libraries	Y	Y			
	Napier Municipal Theatre	Y				
	MTG Hawke's Bay	Y				
	Community Planning					
	Halls	Y				
	Retirement and Rental Housing	Y*				Y
	Cemeteries	Y				
	Public Toilets	Y				
	Emergency Management					

REVENUE AND FINANCING POLICY CONTINUED

Group	Activity	General Rates	Financial Contributions	Loans * * See Notes page 234	Vested Assets	Other Revenue (Subsidies, Donations, Special Funds, etc)
City Activities	City and Business Promotion					
	War Memorial Conference Centre	Y				
	National Aquarium of NZ	Y				
	Napier i-SITE Visitor Centre	Y				
	Par 2 MiniGolf	Y*		Y*		
	Kennedy Park Resort	Y*		Y*		
Planning and Regulatory	Planning Policy					
	Regulatory Consents					
	Building Consents	Y				Y
	Environmental Health					
	Animal Control					
	Parking					Y
Property Assets	Lagoon Farm					
	Parklands Residential Development					
	Property Holdings	Y		Y		Y

Y* = Funded from activity surpluses returned to rates.

REVENUE AND FINANCING POLICY CONTINUED

FUNDING BY ACTIVITY

The tables on the following pages describe the funding mechanism for each activity. The initial table describes what information is contained under each heading of the table and the section of the LGA that this information relates to.

Funding Policy by Activity - Definitions

Activity					
<p>A brief description of the activity.</p> <p>Schedule 10 of the LGA as amended requires Council to report financial and non financial information at the group of activity level but section 101(3) requires Council to consider funding at the activity level. Section 101(3)(a)(v) requires Council to consider the costs and benefits of distinct funding for each activity distinctly from other activities. Therefore, Council has prepared the Revenue and Financing Policy within Groups of Activities and detailed each underlying activity.</p> <p>Council has determined separate activity classifications based on cost and efficiency of separately managing the activity and to ensure transparency and accountability objectives are met.</p> <p>The following classifications have also been determined, by the Local Government Act 2002 as amended in 2010, this defines the following activities as both a group and an activity: water supply, sewerage and the treatment and disposal of sewerage, stormwater drainage and the provision of roads and footpaths. These activity groups have been separated by Council, and are disclosed within this plan as both groups and separate activities.</p>					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<p>Section 101(3)(a)(i) requires Council to identify the Community Outcomes to which each activity primarily contributes.</p> <p>There may be other Community Outcomes which an activity contributes to referred to in the individual activity management plan, however only the primary outcomes are referred to in the funding analysis below.</p>	<p>Section 101(3)(a)(ii) requires Council to assess the benefits from each activity flowing to the community as a whole, and those flowing to individuals of identifiable parts of the community.</p>	<p>Section 101(3)(a)(iii) requires Council to assess the period over which the benefits from each activity will flow. This in turn indicates the period over which the operating and capital expenditure should be funded.</p> <p>For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded on an annual basis from annual revenue.</p> <p>Assets, purchased from capital expenditure, provide benefits for the duration of their useful lives. Useful lives range from a few years in the case of computer equipment through to many decades for infrastructural assets such as pipe networks. This introduces the concept of intergenerational equity. This concept reflects the view that benefits occurring over time should be funded over time. This is particularly relevant for larger capital investments such as wastewater treatment plants, new stormwater drains, significant buildings, etc.</p>	<p>Section 101(3)(a)(iv) requires Council to assess the extent to which each activity exists only because of the actions or inaction of an individual or group. Examples are fixing a chemical spill, dog control, littering and parking fines.</p> <p>Sometimes known as polluter pays this principle aims to identify the costs to the community of controlling the negative effects of individual or group actions. The principle suggests that Council should recover any costs directly from those causing the problem.</p> <p>Most activities do not exhibit exacerbator pays characteristics.</p> <p>This item of the table also describes issues where costs are incurred for a restricted part of the population e.g. special programmes.</p>	<p>Section 101(3)(a)(v) requires Council to consider the costs and benefits of distinct funding for each activity.</p> <p>The rationale sets out, for each activity, the results of Council's considerations when setting the funding sources.</p>	<p>Section 103(1)(a) & 103(1)(b) requires a list of the sources of funds that may be applied by Council to fund the operating and capital costs of the activity.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. Detailed rating policies are contained in the Funding Impact Statement of the Ten Year Plan. 2. Fees and Charges are set annually by Council during the Annual Budget process. Fees and Charges for specific activities are available on the Council website. 3. Non funded depreciation excluded from operating expenses for calculation of % income to operating costs. 4. Depreciation excluded from operating expenses but renewals or minor capital applied to renewals added for calculation of % income to operating costs. 5. Loans include internal and externally funded loans.

REVENUE AND FINANCING POLICY CONTINUED

Democracy and Governance

Democracy and Governance					
This activity comprises:					
<ul style="list-style-type: none"> Council Elections Council 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Strong leadership that is connected to its community. 	Benefits flow to the entire community through the provision of the democratic and consultative system for decision making.	<p>Costs are applied on an annual basis as the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>There are no capital costs for this activity.</p>	There are no negative effects being addressed by this activity.	<p>Individual benefits are unable to be quantified so General Rates is the appropriate funding source.</p> <p>As the whole community benefits from this activity it is Council's view that General Rates is the most appropriate funding source.</p>	<p>Operating:</p> <ul style="list-style-type: none"> General Rates

Roading

Council is required under the LGA to disclose this activity separately.

Roothing					
This activity comprises:					
<ul style="list-style-type: none"> Roads Paths (footpaths, steps and ramps) Road Drainage Bridges and Structures (traffic and pedestrian) Lighting (road and amenity) Traffic Services and Safety Sweeping and Cleaning Amenity and Safety Maintenance 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<p>This activity supports:</p> <ul style="list-style-type: none"> Transport infrastructure and services that are safe, effective and integrated. 	Benefits flow to the community, private individuals, businesses and visitors through the provision of a safe and effective transportation network for both transportation and pedestrian traffic in and around the City.	<p>Operating costs are applied on an annual basis. The primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Significant road assets have life ages ranging from 15 to 120 years.</p>	A transportation network is a key requirement for any community to function effectively. Consequently there are no exacerbator pays characteristics of this activity.	<p>There is a legislative requirement to disclose this activity separately.</p> <p>Users of the roading network are the primary beneficiaries of this activity. Subsidy received from NZTA reflects a contribution from those users.</p> <p>Costs of growth to be funded through Capital Contributions and Financial Contributions.</p> <p>Operating and Capital expenditure is based on level of service and asset management plan requirements. This can fluctuate year on year.</p> <p>In addition, a small amount of funding is provided by Petrol Tax Distributions and contributions to city walk and cycleways through Grants and Donations.</p>	<p>Operating:</p> <ul style="list-style-type: none"> General and Targeted Rates 75% to 90% NZTA Subsidies 10% to 20% Petroleum Tax 0% - 5% Miscellaneous Income <1% <p>Capital:</p> <ul style="list-style-type: none"> General Rates Loans NZTA Subsidies Financial Contributions Capital Contributions Vested Assets Grants and Donations (walk and cycleways)
* See Note 3 on page 234					

REVENUE AND FINANCING POLICY CONTINUED

Solid Waste

Council, for transparency and accountability reasons, has identified the following activities which are to be considered when developing funding tools:

- Solid Waste
 - Domestic Refuse Collection
 - Kerbside Recycling
 - Litter Control
 - Redclyffe Transfer Station
 - Waste minimisation
 - Omarunui Landfill

Solid Waste					
This activity comprises:					
<ul style="list-style-type: none"> • Domestic Refuse Collection • Kerbside Recycling 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • To provide infrastructure and services to support good health and wellbeing. • An environment that is appreciated, protected and sustained for future generations. 	Benefits flow to: <ul style="list-style-type: none"> • Private individual waste generators. • Wider community from a clean and tidy environment. • Private individuals who perceive benefits to the environment from recycling. 	Operating Costs: <ul style="list-style-type: none"> • Benefits arise in the year costs are incurred. • There are no long life asset or capital costs for this activity as refuse and kerbside recycling services are provided under contract by third parties. 	Negative effects being addressed by this activity is the effective disposal of waste produced by the community.	Separate funding for refuse collection, recycling and litter control on the basis of actual usage would be cost prohibitive, however, funding on the basis of access to service is cost effective. Consequently a Targeted Rate based on service provision of refuse collection and/or kerbside recycling collection is appropriate. On the grounds of fairness and equity and from a practical point of view direct beneficiary costs cannot be collected by direct user charging. As all serviced properties have the opportunity to utilise the services provided, the Council's chosen funding mechanism is a Targeted Rate for refuse collection and a separate Targeted Rate for recycling.	Operating: <ul style="list-style-type: none"> • Targeted Rates • Government Waste Levy returned (used to part fund community waste minimization activities - applied to kerbside recycling contract) 4% to 9% of refuse costs.
<ul style="list-style-type: none"> • Litter Control As above.	Benefits flow to the wider community and visitors to the City.	Operating Costs: <ul style="list-style-type: none"> • Benefits arise in the year costs are incurred. Capital Costs: <ul style="list-style-type: none"> • Are charged to the activity on an annual basis through plant charges. 	Negative effects being addressed by this activity are collection and disposal of litter from public spaces.	As there are no direct beneficiaries identified for litter control services funding by General Rates is appropriate. As the entire community benefits from clean and tidy public spaces General Rates is the appropriate funding mechanism.	Operating: <ul style="list-style-type: none"> • General Rates Capital: <ul style="list-style-type: none"> • General Rates
<ul style="list-style-type: none"> • Redclyffe Transfer Station • Waste Minimisation 					

REVENUE AND FINANCING POLICY CONTINUED

As above.	Benefits flow to direct beneficiaries or users, both within and outside Napier City boundaries and the wider Napier community.	<p>Operating Costs:</p> <ul style="list-style-type: none"> • Benefits arise in the year costs are incurred. <p>Capital Costs:</p> <ul style="list-style-type: none"> • Are charged to the activity on an annual basis through plant charges and annual funding of renewals. 	Negative effects being addressed by this activity is the effective disposal of waste produced by the community.	<p>Separate funding is appropriate as access to the facility is controlled making collection of fees for use of the service cost effective.</p> <p>Funded by fees to direct beneficiaries on the basis of fairness and equity to the community as a whole. Fees and Charges are set at a level that recovers the full operating and capital costs of the Transfer Station.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • Fees and Charges <p>Capital:</p> <ul style="list-style-type: none"> • Loans • Fees and Charges <p>* See Note 3 on page 234</p>
• Omarunui Landfill					
As above.	Benefits flow to private commercial/industrial entities who generate waste and waste collection operators.	<p>Operating Costs:</p> <ul style="list-style-type: none"> • Benefits arise in the year costs are incurred. <p>Capital Costs:</p> <ul style="list-style-type: none"> • Capital costs of landfills are substantial and are amortised over the life of the landfill. 	Negative effects being addressed by this activity are the disposal of commercial and industrial waste and disposal of domestic waste collected.	<p>Separate funding is appropriate as access to the facility is controlled, making collection of fees for use of the service cost effective.</p> <p>The Landfill Committee identifies the direct beneficiaries as being commercial and industrial users of the landfill. Fees and Charges are set at a level that recovers the full operating and capital costs of the Landfill.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • Fees and Charges <p>Capital:</p> <ul style="list-style-type: none"> • Loans • Fees and Charges <p>* See Note 3 on page 234</p>

Stormwater

Council is required under the LGA to disclose this activity separately.

Stormwater					
This activity comprises: Stormwater disposal					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • To provide infrastructure and services to support good health and wellbeing. • An environment that is appreciated, protected and sustained for future generations. 	Beneficiaries of this activity are land owners, property owners, general public, visitors and stakeholders of National infrastructural assets.	<p>Operating costs are applied on an annual basis and the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets.</p> <p>Stormwater assets have life ages ranging from 15 to 100 years.</p>	<p>This activity is required to protect the community from a naturally occurring event (rainfall), rather than from effects created by the action or inaction of one or more groups of people.</p> <p>Individuals within the community can exacerbate the cost to the community. These issues are addressed through management routines.</p>	<p>Actual benefits received by individual property owners are difficult to determine and it is not cost efficient to apply individual charges.</p> <p>Capital expenditure is funded by General Rates, Infrastructural Asset Renewal funds (funded from General Rates annually), Loans, Vested Assets and Financial Contributions to meet the costs of growth.</p> <p>On the grounds of fairness and equity, and from a practical point of view, it has been decided that the costs related to this output should be met by the wider Napier community through funding by General Rates.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 95% to 100% • Miscellaneous income 0% to 5% <p>Capital:</p> <ul style="list-style-type: none"> • Loans • Vested Assets • Financial Contributions • Capital Contributions • General Rates

REVENUE AND FINANCING POLICY CONTINUED

Sewerage

Council is required under the LGA to disclose this activity separately.

Sewerage					
This activity comprises:					
<ul style="list-style-type: none"> Wastewater disposal 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> To provide infrastructure and services to support good health and wellbeing. An environment that is appreciated, protected and sustained for future generations. 	<p>Direct beneficiaries of this activity are occupants and industrial/commercial entities whose residence/premises are connected to the sewerage system.</p> <p>Indirect beneficiaries are occupants and industrial/commercial entities that can be easily connected to the system, developers who can extend and connect to the system, the wider Napier community and people outside the City boundaries through the safe disposal of effluent.</p>	<p>Operating costs are applied on an annual basis and the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets.</p> <p>Wastewater assets have life ages ranging from 15 to 100 years.</p>	<p>Negative effects being addressed by this activity is the disposal of wastewater for the community.</p> <p>Individuals within the community can exacerbate the cost to the community. These issues are addressed through management routines.</p>	<p>Actual benefits received by individual property owners are difficult to determine and it is not cost efficient to apply individual charges.</p> <p>Capital expenditure is funded by General Rates, Infrastructural Asset Renewal funds (funded from General Rates annually), Loans, Vested Assets and Financial Contributions to meet the additional costs of growth.</p> <p>Direct charging of trade waste charges is applicable for industrial premises which discharge quantities of trade waste in excess of the minimum laid down in the Trade Waste By-Laws.</p> <p>On the grounds of fairness and equity, and from a practical point of view, it has been decided that the costs related to this output including depreciation but with the exception of trade waste should be met by the wider Napier community by a Targeted Rate. The Targeted Rate rating system was chosen by Council as all households have equal access to the system and no one household benefits significantly more than any other.</p>	<p>Operating:</p> <ul style="list-style-type: none"> Targeted Rates 90% to 100% Fees and Charges 0% to 10% Miscellaneous income <p>Capital:</p> <ul style="list-style-type: none"> Loans General and Targeted Rates Vested Assets Financial Contributions Capital Contributions Grants and Subsidies

REVENUE AND FINANCING POLICY CONTINUED

Water Supply

Council is required under the LGA to disclose this activity separately.

Water Supply					
This activity comprises:					
<ul style="list-style-type: none"> Water Supply 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> To provide infrastructure and services to support good health and wellbeing. An environment that is appreciated, protected and sustained for future generations. 	Beneficiaries of this activity are domestic water users, commercial water users, the community at large for fire fighting requirements.	<p>Operating costs are applied on an annual basis and the primary benefit of operating expenditure is achieved in the year expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets. Water Supply assets have life ages ranging from 15 to 200 years.</p>	There are no negative effects being addressed by this activity.	<p>Benefits received by property owners could be achieved through direct charging.</p> <p>Direct charging of commercial use is applicable for commercial premises by Fees and Charges.</p> <p>Beneficiaries of fire protection costs are the wider community therefore direct charging for this service is not applicable.</p> <p>Following debate and consultation the community stated its preference to meet the cost of water supply through the rating system. As a result:</p> <ol style="list-style-type: none"> Meter fees recover actual use after the first 300m³ per annum for commercial water users in the Napier system and Bay View domestic users. Fire Protection Rate - based on capital value applies to all properties connected or able to be connected to the water supply system. The rate is differentially applied to reflect the need for higher carrying capacity to commercial and industrial properties. Water Rate - on each separately used or inhabited part of a rating unit connected to the system (all domestic users have equal access to the system). A half rate applies to all rating units not connected but located within 100 meters of the system. <p>Capital expenditure is funded by General Rates, Infrastructural Asset Renewal funds (funded from General Rates annually), Rate and Growth funded Loans, Vested Assets and Financial Contributions to meet the additional costs of growth.</p>	<p>Operating:</p> <ul style="list-style-type: none"> Targeted Rates 85% to 91% Fees and Charges (water by meter) 9% to 15% Miscellaneous Income <p>Capital:</p> <ul style="list-style-type: none"> Loans General and Targeted Rates Financial Contributions Capital Contributions Vested Assets

REVENUE AND FINANCING POLICY CONTINUED

Recreation

Council, for transparency and accountability reasons, has identified the following activities which are to be considered when developing funding tools:

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

Sportsgrounds

This activity comprises:

- 15 sports parks
- Major facilities McLean Park complex, Park Island, Nelson Park and Tareha Recreation Reserve

Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and accessible recreational facilities. 	<p>Benefits flow directly to private individuals through the provision of recreation facilities for participation in or as a spectator of sporting events.</p> <p>Benefits flow indirectly to local businesses through the business opportunities arising from community participation in sporting events and through visitors and tourists attendances at sporting events.</p> <p>There are a number of sports fields that Council cannot restrict or control the use of because of the open nature of the facilities.</p>	<p>Sportsgrounds have an expected service life of 50 years.</p> <p>Annual facility operating costs charged to current ratepayers include depreciation charges (excluding McLean Park facilities where depreciation is not funded) which fund the city capital and debt repayment programmes.</p>	<p>There are no negative effects being addressed by this activity.</p>	<p>Fees and Charges are applicable where users have the exclusive use of grounds or facilities during a specific time frame as non exclusive use is generally cost prohibitive to apply.</p> <p>Where Fees and Charges are not applicable or not cost efficient to implement, the activity cost, being considered a public good, is funded from General Rates as the appropriate funding tool.</p> <p>Fees and Charges are the most appropriate funding tool where a charging regime can be implemented. The balance of the activity is considered a public good and General Rates is the appropriate funding tool.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 75% to 85% • Fees and Charges 15% to 25% <p>Capital:</p> <ul style="list-style-type: none"> • General Rates • Loans • Rate and Growth funded Loans • Financial Contributions to meet the additional costs of growth; and • Grants, Donations and Bequests where applicable. • Special Funds

REVENUE AND FINANCING POLICY CONTINUED

Napier Aquatic Centre					
This activity comprises:					
<ul style="list-style-type: none"> • Heated indoor swimming facilities 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and accessible recreational facilities. 	<p>Benefits flow to private individuals through the provision of recreation facilities.</p> <p>Community benefits arise from improved community health and fitness through the provision of safe and accessible recreational facilities.</p> <p>No identifiable parts of the community derive benefits distinct from the whole community except through access to specific programmes where costs of programmes with limited access are recovered through programme access fees or grant funding.</p>	<p>Pool facilities have an expected service life of 10 to 50 years.</p> <p>Annual facility operating costs charged to current ratepayers include depreciation charges which fund the city capital and debt repayment programmes.</p>	<p>There are no negative effects of this activity and the facilities are available for the enjoyment of all members of the community.</p>	<p>Fees and Charges are the appropriate funding method for this activity to an affordable level. Funding required above this level to be met from General Rates due to the benefit the community as a whole derives from availability of the activity.</p> <p>Although there is a high degree of private benefit, Council's rationale for access to safe and accessible recreational activities at an affordable price needs to be balanced with the degree of private benefit gained.</p> <p>Experience has also shown increased pricing can dramatically lower income received.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 55% to 70% • Fees and Charges 30% to 40% • Grants and Subsidies 0% to 5% <p>Capital:</p> <ul style="list-style-type: none"> • General Rates • Loans • Grants, Donations and Bequests where applicable.
Marine Parade Pools					
This activity comprises:					
<ul style="list-style-type: none"> • Heated outdoor pools and spa pools 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and accessible recreational facilities. 	<p>Benefits flow to private individuals through the provision of recreation facilities.</p> <p>Community benefits arise from improved community health and fitness through the provision of safe and accessible recreational facilities.</p>	<p>Pool facilities have an expected service life of 10 to 50 years.</p> <p>Annual facility operating costs charged to current ratepayers include depreciation charges.</p>	<p>There are no negative effects of this activity and the facilities are available for the enjoyment of all members of the community.</p>	<p>It is appropriate that the Marine Parade Pools are treated separately from the Aquatic Centre as the Marine Parade Pools were a local community initiative whereas the Napier Aquatic Centre is for the benefit of the whole community. Fees and Charges are the appropriate funding method for this activity to a level sustainable in the market. Funding required above this level to be met from General Rates due to the benefit the community as a whole derives from availability of the activity.</p> <p>Although there is a high degree of private benefit, Council's rationale for access to safe and accessible recreational activities at an affordable price needs to be balanced with the degree of private benefit gained.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 75% to 85% • Fees and Charges 15% to 25% <p>Capital:</p> <ul style="list-style-type: none"> • General Rates • Fees and Charges • Special Funds

REVENUE AND FINANCING POLICY CONTINUED

Reserves					
This activity comprises:					
<ul style="list-style-type: none"> Public gardens, reserves, walkways and playgrounds 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Safe and accessible recreational facilities. An environment that is appreciated, protected and sustained for future generations. 	No identifiable parts of the community derive benefits distinct from the whole community except through access to specific private events or privately exclusive use of land by fencing or building on a reserve.	<p>Costs are applied on an annual basis as the primary benefit of operating expenditure is incurred.</p> <p>Benefits of capital expenditure are achieved over the expected life of the activity assets.</p>	There are no negative effects being addressed by this activity.	<p>Fees and Charges are applicable where users have the exclusive use of grounds or facilities during a specific time frame as non exclusive use is generally cost prohibitive to apply. Where Fees and Charges are not applicable or not cost efficient to implement, the activity cost, being considered a public good, is funded from General Rates as the appropriate funding tool.</p> <p>Reserves have high public good component but it is possible to recover specific or exclusive use. Recoveries actually achieved are variable between years and dependent on requests for exclusive use.</p>	<p>Operating:</p> <ul style="list-style-type: none"> General Rates 95% to 100% Fees and Charges 0% to 5% <p>Funding of foreshore reserves operating costs to be met from the HBHB Endowment Land Income Account which includes lease income from Council's leasehold land.</p> <p>Capital:</p> <ul style="list-style-type: none"> General Rates Loans Vested Assets Financial Contributions and Capital Contributions (for growth related projects) Grants, Subsidies and Donations Special Funds

REVENUE AND FINANCING POLICY CONTINUED

Inner Harbour					
<p>This activity comprises:</p> <ul style="list-style-type: none"> Berthage facilities, owned by the Council, for commercial fishing vessels and recreational vessels. Wharves and jetties used by the public for recreational fishing. 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<p>This activity supports:</p> <ul style="list-style-type: none"> A strong, prosperous and thriving economy. Safe and accessible recreational facilities. 	<p>Benefits flow:</p> <ul style="list-style-type: none"> To berth-holders through safe and well maintained facilities to berth their vessels. To boat owners and recreational water users through a regularly dredged Inner Harbour. To the community through the general enjoyment as an area of recreation. 	<p>Generally benefits arise in the year costs are incurred although the benefits from dredging accrue over 3 to 4 years, and maintenance and renewal of facilities over future years.</p>	<p>There are no negative effects being addressed by this activity.</p>	<p>Management of the Inner Harbour arose from the transfer of this facility to the Council as part of Local Government reorganisation in 1989. The Hawke's Bay Endowment Land Empowering Act 2002 (the Act), prescribes the use of money received from the listed endowment lands be used for: the improvement, protection, management or use of Napier Harbour or the coastal marine areas in the Council's region. Commercial leasehold land income, which was previously covered by the Act, is also an appropriate source of funding.</p> <p>Fees and Charges are the appropriate source of funding for this activity, up to a sustainable market level. The remainder to be met from income directed by the Act or previously directed by the Act be used for maintaining the Inner Harbour and its facilities.</p>	<p>Operating:</p> <p>Averaged over the ten years.</p> <ul style="list-style-type: none"> Fees and Charges 65% to 75% Special Funds - HBHB Endowment Land Income Account, 25% to 35% <p>Note:</p> <p>HBHB Endowment Land Income Account is funded by Council's leasehold land.</p> <p>Capital:</p> <ul style="list-style-type: none"> Loans - long term life assets are funded from loans serviced from HBHB Endowment Land Income Account and short term life assets direct from this special fund. Special Funds - funded loan from HBHB Endowment Land Income Account.
Napier Skate Park					
<p>This activity comprises:</p> <ul style="list-style-type: none"> Range of ramps and jumps catering to scooters, skates and skateboards Skatebowl and/or Half Pipe (detailed design subject to consultation) Skating rink catering to inline hockey, roller derby, artistic skating and other roller sports The Napier Skate Park facility may incorporate an ice cream parlour, a skate shop, a café, and an area leased to a youth service provider subject to consultation on the detailed design. 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> A strong, prosperous and thriving economy. Safe and accessible recreational facilities. 	<p>Benefits flow to private individuals through the provision of recreation facilities.</p> <p>Community benefits arise from improved community health and fitness through the provision of safe and accessible recreational facilities.</p>	<p>Annual facility operating costs charged to current ratepayers include depreciation charges which fund the city capital and debt repayment programmes.</p>	<p>There are no negative effects of this activity and the facilities are available for the enjoyment of all members of the community.</p>	<p>Fees and Charges are the appropriate funding method for this activity to an affordable level. Funding required above this level to be met from General Rates due to the benefit the community as a whole derives from availability of the activity.</p> <p>Although there is a high degree of private benefit, Council's rationale for access to safe and accessible recreational activities at an affordable price needs to be balanced with the degree of private benefit gained.</p> <p>Experience has also shown increased pricing can dramatically lower income received.</p>	<p>Operating:</p> <ul style="list-style-type: none"> General Rates 15% to 25% Fees and Charges 75% to 85% <p>Capital:</p> <ul style="list-style-type: none"> General Rates Special Funds Grants and Donations

REVENUE AND FINANCING POLICY CONTINUED

Social and Cultural

Council, for transparency and accountability reasons, has identified the following activities which are to be considered when developing funding tools:

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

Libraries					
<p>This activity comprises:</p> <ul style="list-style-type: none"> • Access to information (primarily books) and recreational lending facilities at Napier and Taradale to support the learning and recreational needs of the community. • Repository and provision of access to reference material and collections. 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and accessible recreational facilities. • Communities that value and promote their unique culture and heritage. 	<p>Benefits flow to private individuals through the provision of learning and recreation facilities.</p> <p>Community benefits arise from knowledge and skills acquired through the provision of facilities to access public, historic, reference and general reading material.</p> <p>No identifiable parts of the community derive benefits distinct from the whole community except through access to specific programmes.</p> <p>Costs of programmes with limited access are recovered through programme access fees or grant funding.</p>	<p>Although benefits of this activity may continue to accrue over future years the primary benefit is achieved in the year expenditure is incurred so costs are allocated to the year these are incurred.</p> <p>Annual facility costs charged for the provision of Library facilities include depreciation and interest charges which fund the city capital and debt repayment programmes.</p>	<p>There are no negative effects of this activity and facilities are available for the enjoyment of all members of the community.</p> <p>The cost of follow up and replacement of lost and overdue books is an avoidable cost and is chargeable to the infringer.</p>	<p>Libraries are a significant cost to the community, consequently, due to public interest and to ensure transparency and accountability, this activity is disclosed separately.</p> <p>Council is unable to charge membership fees to Library users (Local Government Act). Consequently fees are applied only to non-core services and to recover costs incurred from lost or damaged items and late return fees. As the facility is available to the public at large, General Rates is the appropriate funding mechanism.</p> <p>Although there is an assessed private benefit obtained from this activity, on the grounds of public interest and constraints of the Local Government Act 2002, Fees and Charges are maintained in the low range.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 80% to 100% • Fees and Charges for non-core services 0% to 15% • Other income including gifts, donations and bequests 0% to 5% <p>Capital:</p> <ul style="list-style-type: none"> • General Rates • Donations and gifts for short-life assets • Loans • Financial Contributions for expansion of book stock to cater for population growth. • Sponsorship, gifts and bequests for some non-core activities and specific reference book stock.

REVENUE AND FINANCING POLICY CONTINUED

Napier Municipal Theatre					
This activity comprises:					
<ul style="list-style-type: none"> The Municipal Theatre complex 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Communities that value and promote their unique culture and heritage. 	Benefits flow to the community through the provision of: <ul style="list-style-type: none"> Live theatre performances. Hosting large conferences. Protection and preservation of Art Deco style of the theatre. 	The primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred. Life expectancy of the building is greater than 50 years, providing maintenance requirements are met, however, internal fittings and furnishing have a shorter life expectancy.	Demand from local residents for a live theatre venue of significant size and quality.	Fees and Charges set at commercial rates are the appropriate funding mechanism for this activity. Full cost recovery would however make the activity cost prohibitive to users. Costs not recovered from Fees and Charges to be met by General Rates in recognition of the public good aspect of this facility. While the users of the Theatre are the primary group that benefit, the whole community benefits from the availability of the centre.	Operating: <ul style="list-style-type: none"> Fees and Charges 45% to 70% General Rates 30% to 55% Capital: <ul style="list-style-type: none"> General Rates Fees and Charges * See Note 3 on page 234

REVENUE AND FINANCING POLICY CONTINUED

MTG Hawke's Bay

This activity comprises:

- Museum and Art Gallery
- Faraday Technology Museum and Science Centre
- Century Cinema/Theatre
- Museum Shop
- Museum Education Programme

Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and accessible recreational facilities. • Communities that value and promote their unique culture and heritage. • A strong, prosperous and thriving economy. 	<p>Benefits flow to the community through the provision of:</p> <ul style="list-style-type: none"> • Cultural services • Exhibition of the Regional Collection • Management of the Museum collection • Education programmes • Activities for visitors to Hawke's Bay 	<p>Operating Costs: The primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred.</p> <p>Capital Costs: The archived collection is held in trust by the Hawke's Bay Museums Trust for the Hawke's Bay community. As a result capital items consist of the Museum building, fixtures and fittings and operational equipment. Benefits of capital items are expected to extend from 5 to 50 years.</p>	<p>There are no negative effects being addressed by this activity.</p>	<p>Because of public interest and the unique nature of this activity it is important that for the purposes of transparency that this activity be separately identified.</p> <p>Fees and Charges are set at rates to recover operating costs of the cinema/theatre, shop with excess recoveries applied as a contribution to costs of exhibitions. The Council contribution to exhibition costs is met by General Rates to ensure accessibility to the collection and cultural exhibitions for the residents of Napier.</p> <p>A contribution to the Hawke's Bay Museums Trust to meet costs of management and care of the regional collection (50% Napier City Council and 50% Hastings District Council) is funded from General Rates.</p> <p>In addition funding support of exhibitions is supplemented by Grants and Donations from charitable organisations.</p> <p>Faraday Centre is operated by volunteers and funded from Grants and Donations and admissions revenue.</p> <p>Museum education programmes are funded by a combination of Learning Experiences Outside The Classroom (LEOTC) and other Grants and Fees and Charges. User charging for costs of the management and maintenance of Museum collections is not feasible except where direct beneficiaries can be identified - for example researchers.</p> <p>Indirect beneficiaries of these activities are the people of Hawke's Bay who benefit equally from the preservation of the region's historical remnants.</p> <p>Fees and Charges are applied to commercial operations within the MTG to fully recover operating costs e.g. Museum Retail Shop, Cinema.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • Fees and Charges 35% to 70% • General Rates 25% to 65% • Grants and Donations 0% to 5% <p>Capital:</p> <ul style="list-style-type: none"> • General Rates • Loans • Grants and Donations <p>* See Note 3 on page 234</p>

REVENUE AND FINANCING POLICY CONTINUED

Community Planning					
This activity comprises:					
<ul style="list-style-type: none"> Community Advice Community Grants Safer Community Youth Development 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Safe and secure communities. To provide infrastructure and services to support good health and wellbeing. Strong leadership that is connected to its community. 	<p>Benefits flow to the community at large, geographical communities, communities of interest and, where appropriate, individuals through provision of information, resources and advice to enhance community and social wellbeing to voluntary and community based organisations and central government agencies.</p> <p>Recognises needs of youth and work with youth, youth workers and youth service providers.</p> <p>Benefits flow to the community, private individuals and visitors through less crime and a change in perception of crime.</p>	<p>Although benefits for this activity may continue to accrue over future years through consistent programmes and application, the primary benefit is the year in which costs are incurred. There are no significant capital costs incurred for this activity.</p>	<p>There are no negative effects being addressed by this activity.</p>	<p>Community Advice, Safer Community and Community Grants are combined for reasons of efficiency of management and operations. Individual benefits are unable to be quantified so General Rates are the appropriate funding source.</p> <p>The Council's policy is to support and encourage voluntary, community based organisations to address important social issues through self help processes. The Council provides funding by way of discretionary grants to a number of community organisations. Grants are allocated by the Council's Grants Allocation Sub-committee which consists of Councillors and other community representatives. The Council determined that on the grounds of fairness and equity and from a practical point of view costs related to the benefits obtained by direct beneficiaries should not be recovered from these beneficiaries but should be met by the wider Napier community.</p> <p>It would also be inappropriate to recover the direct benefit portion of grants allocated.</p>	<p>Operating:</p> <ul style="list-style-type: none"> General Rates 65% to 90% Fees and Charges 5% to 15% Grants and Subsidies 5% to 20%

REVENUE AND FINANCING POLICY CONTINUED

Halls					
This activity comprises:					
<ul style="list-style-type: none"> Provision of halls for private and community group use 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Safe and accessible recreational facilities. 	Benefits flow to community organisations and private individuals through the provision of facilities which enable meeting of social, leisure and cultural needs at an affordable level.	<p>Hall facilities have an expected service life of 50 years. Annual facility costs are charged to current ratepayers.</p> <p>Expenditure for major repairs is managed as part of the Building Asset Management Plans through a mixture of Loans, Reserves and General Rates.</p> <p>Depreciation for city halls is not funded and replacement of existing facilities would need to be met by other sources of funding such as grants and community fundraising.</p>	There are no negative effects being addressed by this activity.	<p>Because of significant community interest it is important that this activity be disclosed separately.</p> <p>Fees and Charges are applicable and cost effective for this activity as users have exclusive use of the facility. On the basis of community availability, being the continuation of service, fees are set in the medium - low range and the balance funded from General Rates.</p>	<p>Operating:</p> <ul style="list-style-type: none"> General Rates 70% to 80% Fees and Charges 20% to 30% <p>Capital:</p> <ul style="list-style-type: none"> General Rates - renewal maintenance and minor replacements. <p>Costs of new or replacement facilities would need to be met from grants and/or community Fundraising.</p> <p>* See Note 3 on page 234</p>

REVENUE AND FINANCING POLICY CONTINUED

Retirement and Rental Housing					
This activity comprises: <ul style="list-style-type: none"> • Retirement Rental Housing • General Rental Housing 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and secure communities. 	Benefits flow to private individuals through the provision of safe and affordable rental housing.	Benefits arise in the year costs (including depreciation and building maintenance) are incurred.	The need for this service arises from the shortage of housing opportunities for some members of the community. There are no negative effects of this activity.	Operating costs of this activity are fully funded by Fees and Charges. Provision of rental services to members of the community with limited income, earning capacity and limited assets or with particular disadvantages that prevent them obtaining these services in the open market. Full costs of this activity are recovered from tenant rents. Any recovery above costs incurred contributes to General Rates therefore when capital expenditure is required this is then funded from General Rates. Costs of new or replacement facilities would need to be met from Loans, Grants, Donations, Bequests or community fundraising.	Operating: <ul style="list-style-type: none"> • Fees and Charges 90% to 100% • General Rates 0% to 10% Capital: <ul style="list-style-type: none"> • General Rates • Fees and Charges • Government funding • Restricted Reserve funding
Cemeteries					
This activity comprises: <ul style="list-style-type: none"> • Safe and suitable burial or interment facilities • Genealogical records • Cemetery maintenance 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • An environment that is appreciated, protected and sustained for future generations. 	In the immediate period following a death, families of deceased persons benefit through ensuring the provision of burial or ash interment spaces. The community as a whole in the availability of well maintained open spaces. The community as a whole in the keeping of genealogical information.	Costs are applied on an annual basis as the primary benefit of operating expenditure is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets.	There are no negative effects being addressed by this activity.	Some components of this activity are discrete activities that can be applied on an individual basis. Fees and Charges are applied to these components. Where Fees and Charges are not applicable or not cost efficient to implement, the activity cost, being considered a public good, is funded from General Rates as the appropriate funding tool. Council resolved in 1999 to set the private/benefit (Fees and Charges) portion for cemetery services at a level comparable to other Local Authorities in the North Island.	Operating: <ul style="list-style-type: none"> • General Rates 55% to 70% • Fees and Charges 30% to 45% • Donations and Bequests Capital: <ul style="list-style-type: none"> • General Rates • Loans • Donations and Bequests

REVENUE AND FINANCING POLICY CONTINUED

Public Toilets					
This activity comprises: <ul style="list-style-type: none"> Public Toilet Facilities Reparation of graffiti and vandalism 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> To provide infrastructure and services to support good health and wellbeing. 	Users of the facilities benefit along with the general public and business community through the provision of safe and sanitary public toilets.	Benefits of operating costs accrue to the year in which these are incurred. Benefits of the capital cost of providing facilities accrue over the life of the asset. Building assets have an estimated life of 50 years with a shorter life for fixtures and fittings.	Negative effects negated by this activity are public health concerns caused by inadequate public toilet provision and damage or destruction of community facilities and buildings through graffiti and vandalism.	While separate funding is applicable, due to the ability to restrict access, the cost of applying direct costs would be greater than the revenue gained. The exception to this rule is if the public toilet provides additional facilities such as showers and lockers. Separate funding is only applicable to graffiti and vandalism if the offenders are apprehended and the offenders meet the costs of reparation. Except where charging is feasible due to additional services being provided, due to the cost of administration of a charging regime and from a fairness and equity perspective, the Council has allocated costs of both operating and capital costs as 100% General Rates with reparation costs being sought from the court or the offenders directly for both vandalism and graffiti.	Operating: <ul style="list-style-type: none"> General Rates 95% to 100% Fees and Charges 0% to 5% Capital: <ul style="list-style-type: none"> General Rates
Emergency Management					
This activity comprises: <ul style="list-style-type: none"> Civil Defence Coordination Emergency Management 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Safe and secure communities. 	Benefits flow to the community and private individuals through enhanced public and community resilience and preparedness.	Although benefits of these activities may continue to accrue over future years through consistent programmes and application of these, the primary benefit is achieved in the year the expenditure is incurred so operating costs are allocated to the year that these are incurred. Capital costs are minor.	There are no negative effects arising from, or negated by, this activity. The need for this activity arises from potential adverse events that may affect the community as a whole.	Due to the high degree of community wide benefit, the Council has allocated annual operating and capital costs in the following manner: <ul style="list-style-type: none"> 100% General Rates Council's responsibilities for this activity are as per the Civil Defence and Emergency Management Act 2002, Local Government Act 2002 and the Health and Safety in Employment Act 1992.	Operating: <ul style="list-style-type: none"> General Rates 100% In the event of an emergency, operational funding would be partially met through the Ministry of Civil Defence as per National guidelines. Capital: <ul style="list-style-type: none"> General Rates

REVENUE AND FINANCING POLICY CONTINUED

City Activities

Council, for transparency and accountability reasons, has identified the following activities which are to be considered when developing funding tools:

- City and Business Promotion
- War Memorial Conference Centre
- National Aquarium of NZ
- Napier i-SITE Visitor Centre
- Par2 MiniGolf
- Kennedy Park Resort

Note:

Although Council policy does not provide for fully funded depreciation of the Tourism Assets the policy does state that it will fund a level of building renewals to maintain them at a level that meets the community's requirements. This funding was not included in past LTPs.

In this LTP an initial amount of funding for Building Renewals has been introduced with a ramping up of the provision across the 10 years.

City and Business Promotion					
This activity comprises:					
<ul style="list-style-type: none"> • City Marketing • Sister City relationships • Local business development, advice and facilitation • Strategic business planning • Service agreements with key local tourism organisations 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • A strong, prosperous and thriving economy. 	<p>Direct beneficiaries are businesses and business owners, employees of businesses.</p> <p>Indirect beneficiaries are other businesses that service the assisted business and the wider Napier community through economic growth.</p>	<p>Operating Costs:</p> <p>Although benefits of this activity may continue to accrue over future years the primary benefit is achieved in the year expenditure is incurred so costs are allocated to the year these are incurred.</p> <p>Capital Costs:</p> <p>There are no capital costs for this activity.</p>	<p>There are no negative effects being addressed by this activity.</p>	<p>Services provided are generally of a strategic nature (for example, Sister City relationships, strategic business planning) as a result identification of individual direct beneficiaries is not always possible. This component is funded by General Rates. Where direct beneficiaries are identified funding is by way of Targeted Rates or Fees and Charges.</p> <p>Because of the wider community benefit this activity is funded from General Rates although some income is received from specific joint activities.</p> <p>This activity also includes Napier Central Business District promotion which is grant funded (70% by Targeted Rates and 30% by General Rates) and Taradale Shopping Centre Promotion Grant which is 100% by Targeted Rates.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 80% to 90% • Fees and Charges 0% to 5% • Targeted Rates 10% to 20% <p>Note:</p> <p>In order to minimise rates increase for the first two years some of the increased funding requirement will be met from Council reserves.</p>

REVENUE AND FINANCING POLICY CONTINUED

War Memorial Conference Centre					
This activity comprises:					
<ul style="list-style-type: none"> Conference facilities 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> A strong, prosperous and thriving economy. 	Benefits flow to the community through the provision of conference and meeting facilities.	<p>Costs are applied on an annual basis as the primary benefit is achieved in the year expenditure is incurred.</p> <p>Capital Costs: Minor capital is funded on an annual basis from general rates. Building renewals are funded from general rates.</p>	The need is created by demand from customers requiring a suitable venue for meetings, conferences and events.	<p>While Napier has a range of halls and facilities, this activity is primarily operated to provide a quality conference venue and attract conferences, as part of Napier's business promotion activities, to Napier.</p> <p>Fees and Charges, set at commercial rates, are the appropriate funding mechanism for this activity. Full cost recovery would however make the activity cost prohibitive to users. Costs not recovered from Fees and Charges to be met by General Rates in recognition of the public good aspect of this facility.</p> <p>While the users of the War Memorial Conference Centre are the primary group that benefit, the whole community benefits from the availability of the facility.</p> <p>Operating: Fees and Charges are set at commercial rates with discounts applied to not-for-profit events.</p> <p>Capital: 100% General Rates funded as unable to apply Fees and Charges to individual capital items.</p>	<p>Operating:</p> <ul style="list-style-type: none"> Fees and Charges 75% to 95% General Rates 5% to 25% <p>Capital:</p> <ul style="list-style-type: none"> General Rates Fees and Charges

REVENUE AND FINANCING POLICY CONTINUED

National Aquarium of New Zealand					
This activity comprises: <ul style="list-style-type: none"> • Oceanarium and displays • Marineland of NZ • Souvenir shop and cafe • Education programmes 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • A strong, prosperous and thriving economy 	Direct beneficiaries are attendees. Indirect beneficiaries are local businesses, the wider community and school children through the economic contribution of visitors, the accessibility of a safe and educational recreational facility.	Operating Costs: The primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred. Funded operating costs exclude depreciation. Capital Costs: Minor capital is funded on an annual basis from general rates. Building renewals are funded from general rates.	There are no negative effects creating the need for this activity.	Direct charging is applicable as restricted access to the facility makes Fees and Charges feasible. Operating costs are recoverable as part of the re-sale price for goods and services. Operating: Fees and Charges are set a pricing structure consistent with other attractions. Council have resolved to fund costs of operations not recovered by Fees and Charges 100% from General Rates (equates to 15% to 30% of operating costs).	Operating: <ul style="list-style-type: none"> • Fees and Charges 65% to 85% • General Rates 15% to 35% • Grants and Subsidies 0% to 5% • Other 0% to 5% Capital: <ul style="list-style-type: none"> • General Rates • Fees and Charges * See Note 3 on page 234
Napier i-SITE Visitor Centre					
This activity comprises: <ul style="list-style-type: none"> • i-SITE visitor information and accommodation/tour booking centre • i-SITE retail shop 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • A strong, prosperous and thriving economy. 	Benefits are received by individual users and business suppliers of services.	Costs are applied on an annual basis as the primary benefit is achieved in the year expenditure is incurred. Capital Costs: Minor capital is funded on an annual basis from general rates. Building renewals are funded from general rates.	There are no negative effects being addressed by this activity.	Direct charging in line with industry norms is applicable as restricted access to the facility makes user charging feasible. Costs not recovered by Fees and Charges to be met by General Rates due to the benefits derived by the community at large due to Tourism facilitation. Operating costs are recoverable as part of the re-sale price for goods and services. Operating: Fees and Charges are set a pricing structure consistent with other service providers. Council have resolved to fund costs of operations not recovered by Fees and Charges 100% from General Rates (equates to 25% to 40% of operating costs).	Operating: <ul style="list-style-type: none"> • Fees and Charges 60% to 75% • General Rates 25% to 40% Minor Capital: <ul style="list-style-type: none"> • General Rates • Fees and Charges * See Note 3 on page 234

REVENUE AND FINANCING POLICY CONTINUED

Par2 MiniGolf					
This activity comprises: <ul style="list-style-type: none"> Miniature Golf courses 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> A strong, prosperous and thriving economy. 	Users of the facility are the direct beneficiaries and local businesses are indirect beneficiaries.	Costs are applied on an annual basis as the primary benefit is achieved in the year expenditure is incurred. Minor capital is funded on an annual basis from general rates. Building renewals are funded from general rates. Benefits of upgrades the courses are achieved over a longer period and are funded by loans.	There are no negative effects being addressed by this activity.	Fees and Charges applicable as access to this facility can be restricted. Operating: Fees and Charges are set at commercial rates to fund the operating and capital requirements of this facility. Recoveries above cost of operations are returned to General Rates.	Operating: <ul style="list-style-type: none"> Fees and Charges 100% Minor Capital: <ul style="list-style-type: none"> General Rates (funded by surpluses) Loans Fees and Charges * See Note 3 on page 234
Kennedy Park Resort					
This activity comprises: <ul style="list-style-type: none"> Accommodation buildings and tent/caravan sites Restaurant/bar Conference facilities Shop 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> A strong, prosperous and thriving economy. 	Users of the facility plus indirect benefits which flow through to the community.	Operating Costs: The primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred. Capital Costs: Benefits of capital expenditure are achieved over the expected life of the activity assets. Activity assets have life ages ranging from 5 to 50 years.	There are no negative effects creating the need for this activity.	This facility is user pays. Operating: Fees and Charges are set at commercial rates and generate an annual surplus which is applied to General Rates. Capital: General Rates and Loans funded as unable to apply Fees and Charges to capital items. However surpluses returned to General Rates over a period of years are used to renew and replace capital items along with loan funds serviced from operating surpluses.	Operating: <ul style="list-style-type: none"> Fees and Charges 100% Capital: <ul style="list-style-type: none"> Loans (funded by surpluses) General Rates (funded by surpluses) Fees and Charges * See Note 3 on page 234

REVENUE AND FINANCING POLICY CONTINUED

Planning and Regulatory

Council, for transparency and accountability reasons, has identified the following activities which are to be considered when developing funding tools:

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

Planning Policy

This activity is concerned with the provision of a City-wide planning framework which allows for the ongoing development of Napier to be planned and managed in a sustainable manner, thus ensuring the quality and quantity of the City's resources are maintained and enhanced. The key element in this framework is the preparation of the Council's District Plan, which has been developed in accordance with the requirements of the Resource Management Act 1991.

Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Communities that value and promote their unique culture and heritage. • Safe and secure communities. • An environment that is appreciated, protected and sustained for future generations. 	Benefits flow to the community and private individuals through developing a District Plan that meets the needs and aspirations of the local community while ensuring that the resources of the district are managed sustainably.	<p>The District Plan is reviewed in its entirety in consultation with the local community once every ten years.</p> <p>The benefits of this activity will accrue over the life of the District Plan although the primary expenditure is incurred at the time of the District Plan's review.</p>	<p>The requirement to have a District Plan is stipulated by the Resource Management Act.</p> <p>The actual provisions of the District Plan aim to provide an environment in which people are able to undertake a wide range of activities with minimum regulation provided no adverse effects on the environment are created or likely to be generated. In some instances private individuals who wish to utilise their land in a manner that is not normally associated with the zoning in place may need to request changes to the District Plan but in so doing need to demonstrate how any potential adverse effects will be mitigated.</p>	<p>Administration of the Council's legal responsibilities regarding New Zealand Acts of Parliament. Recovery of costs by way of Fees and Charges is limited due to the difficulty identifying direct beneficiaries. Appropriate funding is by way of Fees and Charges where applicable with the remainder funded from General Rates.</p> <p>The Council applies fees on the following modified basis as the Council recognises that there is a high degree of unpredictability of demand for the chargeable components of this activity and based on current experience expects fees will only recover 0% to 5% of costs and the balance will need to be met from General Rates although this will vary from year to year.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 95% to 100% • Fees and Charges 0% to 5%

REVENUE AND FINANCING POLICY CONTINUED

Regulatory Consents

This activity is a legislative requirement and comprise six distinct processes:

- Non-notified Consents
- Notified Consents
- Land Subdivision Consents
- Consent and Environmental Monitoring
- Enforcement and Compliance
- Planning Advice and Information

Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Communities that value and promote their unique culture and heritage. • Safe and secure communities. • An environment that is appreciated, protected and sustained for future generations. 	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined in the Council's District Plan. Management and application of the Resource Management Act (RMA).	<p>Although benefits of this activity will continue to accrue over future years through the consistent application and development of policies in the District Plan and the management of the RMA, the primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred.</p> <p>Benefits of operating costs are received in the year these incurred. Capital costs are minor as these are largely administrative equipment costs which are applied on an annual basis to the activity.</p>	The need for these services arise from the actions taken by both individuals and businesses which necessitate the need to ensure compliance with laws enacted to protect the health and safety of both users and the community at large and the environment for future generations.	<p>Administration of the Council's legal responsibilities regarding New Zealand Acts of Parliament.</p> <p>Separate funding achievable due to requirement under legislation to undertake monitoring and enforcement activity.</p> <p>Costs of this activity are related to the control and management of environmental effects.</p> <p>Direct benefit can be attributed to individuals and businesses. These will be recovered by Fees and Charges. Any remaining balance will be recovered from General Rates.</p> <p>The Council applies the mix of Fees and Charges to General Rates on the basis that it is desirable that this cost is borne as part of the democratic responsibility to guarantee that the Council's advice is not only impartial but seen to be impartial.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 55% to 75% • Fees and Charges 25% to 45%

REVENUE AND FINANCING POLICY CONTINUED

Building Consents

This activity is required by legislative requirements and comprises seven distinct process and compliance functions:

- Building Consents processing.
- Building Inspections compliance.
- Provision of Code of Compliance and Building Warrants of Fitness.
- Investigation and enforcement compliance.
- Advise and information on Building Act Regulations and Codes of Practice.

Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and secure communities. 	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined by the Council and management and application of the Building Act, Regulations and Codes of Practice.	Although benefits of these activities may continue to accrue over future years through consistent programmes and application of these, the primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred.	The need for these services results from the action of both individuals and businesses to ensure compliance with laws enacted to protect the health and safety of both users and the community at large.	<p>Administration of the Council's legal responsibilities regarding New Zealand Acts of Parliament.</p> <p>Separate funding achievable due to requirement under legislation to undertake monitoring and enforcement activity.</p> <p>Costs of this activity are related to the control and management of the built environmental and their effects.</p> <p>Direct benefit can be attributed to individuals and businesses. These will be recovered by Fees and Charges. Any remaining balance will be recovered from General Rates.</p> <p>The Council applies fees on the following modified basis as the Council recognises that there are administrative functions within this activity cost that relate to other activities within the Council.</p> <p>Assessment of benefits is 80% direct and 20% indirect.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • Fees and Charges 50% to 75% • General Rates 25% to 50% <p>Capital:</p> <ul style="list-style-type: none"> • Fees and Charges • General Rates

REVENUE AND FINANCING POLICY CONTINUED

Environmental Health					
<p>This activity comprises five distinct activities:</p> <ul style="list-style-type: none"> • Noise Control • Environmental Health • Liquor Licensing • Pool Safety • Dangerous Goods 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • To provide infrastructure and services to support good health and wellbeing. • Safe and secure communities. 	Benefits flow to the community and private individuals through enhanced public and community safety, environmental protection and protection of public health.	Although benefits of these activities may continue to accrue over future years through consistent programmes and application of these, the primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred.	The need for these services results from the action or inaction of both individuals and businesses to comply with laws enacted to protect the health and safety of both users and the community at large.	<p>Administration of the Council's legal responsibilities regarding New Zealand Acts of Parliament.</p> <p>Costs of this activity are related to the control of negative effects, however, the ability to recover costs is in some cases governed by statute or may be difficult to implement in a cost effective manner.</p> <p>To the extent that the Council is unable to control the level of Fees and Charges set, the shortfall in recovery of private good share of costs together with the public good share of costs are met from the wider community.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • General Rates 50% to 65% • Fees and Charges 35% to 50%
Animal Control					
<p>This activity comprises:</p> <ul style="list-style-type: none"> • Complaint response • Routine patrol • Education on animal welfare and care • Registration and enforcement 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • Safe and secure communities 	Benefits flow to the community and private individuals through enhanced public and community safety. Wellbeing is enhanced by the presence of animals in the community.	Although benefits for these activities may continue to accrue over future years through consistent programmes and application the primary benefit is allocated to the year that the costs are incurred.	The need for these services results from the action or inaction of individuals to comply with animal control and welfare laws enacted to protect the health and safety of the community at large and/or the welfare of animals in the community.	<p>Administration of the Council's legal responsibilities regarding New Zealand Acts of Parliament</p> <p>Separate funding is applicable for dog functions through legislative support and requirement to licence dogs. Recipients of other Animal Control Functions and general community benefits unable to be identified. Consequently, the appropriate funding mechanism for this cost is General Rates.</p> <p>Separate funding of other Animal Control activities (for example, feral cats) is not cost effective as the infringer is not always identifiable.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • Fees and Charges 70% to 85% • General Rates 15% to 30%. <p>Capital:</p> <ul style="list-style-type: none"> • Loans (Serviced from Dog Fund) • Fees and Charges • Special Fund (Dog Fund)

REVENUE AND FINANCING POLICY CONTINUED

Parking					
<p>This activity comprises:</p> <ul style="list-style-type: none"> The provision and administration of leased parking areas servicing the CBD. The administration of on and off street parking facilities. Enforcement of the provisions of central government legislation covering parking issues. 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> Transport infrastructure and services that are safe, efficient and integrated. 	<p>Benefits flow to the community and private individuals through adequate provision of public parking and enhanced public and community safety.</p> <p>Specific benefits accrue to businesses in shopping areas through the provision of customer parking and to the individual drivers who utilise the car parks provided.</p>	<p>Benefits of these activities accrue over future years through consistent programmes of land purchase and development.</p> <p>The primary benefit of regulatory activity occurs in the year the expenditure is incurred. Capital items other than land have an expected life of 10 to 50 years.</p>	<p>Commuter, general business activity and visitor vehicle activity create the need for parking to be provided.</p> <p>The need for regulatory services results from the action or inaction of both individuals and businesses to comply with parking and road safety laws.</p>	<p>Administration of the Council's legal responsibilities regarding New Zealand Acts of Parliament. Direct beneficiaries are identifiable in a cost effective manner. Appropriate funding mechanisms are Fees and Charges and Targeted Rates.</p> <p>Provision of adequate parking facilities to support a vibrant business environment for Napier City.</p> <p>Regulating use of those parking facilities to ensure fair availability to all road users.</p> <p>Parking capital and operating to be funded 100% from users by either Targeted Rates on businesses where free parking is provided or a direct charge to users where paid parking is provided.</p> <p>With the exception of abandoned vehicles where owners are not always able to be charged.</p>	<p>Operating:</p> <ul style="list-style-type: none"> Fees and Charges 100% <p>Capital:</p> <ul style="list-style-type: none"> Fees and Charges Special Funds

REVENUE AND FINANCING POLICY CONTINUED

Property Assets

Council, for transparency and accountability reasons, has identified the following activities which are to be considered when developing funding tools:

- Lagoon Farm
- Parklands Residential Development
- Property Holdings

Lagoon Farm					
This activity comprises:					
• Farm Operations					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> • A strong, prosperous and thriving economy. 	<p>Benefits are received by the City as a whole through the use of part of the farm as a ponding area during extreme weather.</p> <p>Future generations will also benefit from the change of use of land in the medium term for Business Park Development.</p>	<p>The primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred.</p> <p>There are no significant capital costs.</p>	<p>There are no negative effects creating the need for this activity.</p>	<p>These operations are self funded through the sale of produced goods and leasing of land for food production with any shortfall or excess being transferred to the HBHB Endowment Land Income Account.</p> <p>Funding assessment is not applicable for this activity.</p> <p>The farm was transferred to the Council from the Hawke's Bay Harbour Board as a result of the 1989 Local Government reorganisation. It has continued to operate as a working farm since that date.</p> <p>The farm profit or loss is transferred to the HBHB Endowment Land Income Account.</p> <p>Due to its proximity to the City, the Council recognised the area to be a strategic land-holding investment.</p> <p>A part of the farm has been re-zoned and has/is being developed as the Parklands Residential Development and a part tagged for sports ground development. A further part of the farm has been tagged for development as a business park.</p> <p>In addition the low lying areas will continue to be used for flood control in extreme weather.</p>	<p>Operating:</p> <ul style="list-style-type: none"> • Fees and Charges 90% to 100% • HBHB Endowment Land Income Account 0% to 10% <p>Capital:</p> <ul style="list-style-type: none"> • HBHB Endowment Land Income Account

REVENUE AND FINANCING POLICY CONTINUED

Parklands Residential Development					
This activity comprises: <ul style="list-style-type: none"> Residential Development Operations 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> A strong, prosperous and thriving economy. 	Benefits flow to the community through the provision of residential land for growth and development.	Benefits will accrue over the life of the project - expected to be complete in 2019. This is a self sustaining activity from a funding perspective.	There are no negative effects creating the need for this activity.	Direct charging is applicable as residential lots are developed for resale. Residential Development at Lagoon Farm has been Council Policy for some years, and is supported by the Heretaunga Plains Urban Development Strategy.	Operating: <ul style="list-style-type: none"> Fees and Charges 100% Capital: <ul style="list-style-type: none"> Fees and Charges
Property Holdings					
This activity comprises: <ul style="list-style-type: none"> Management of Leases and Licences Management of the Civic and Library Buildings 					
Community Outcomes	Who Benefits	Period of Benefits	Whose Acts Create a Need	Separate Funding & Rationale	Funding Sources
<ul style="list-style-type: none"> A strong, prosperous and thriving economy. 	Direct beneficiaries are the lease and licence holders. Direct beneficiaries are the occupants and visitors to the Civic and Library Buildings. Indirect beneficiaries are the wider community.	The primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred. Capital costs are incurred only for Council owned buildings renovations and redecoration.	There are no negative effects creating the need for this activity.	Separate funding from direct beneficiaries is applicable. While Council owns both a leasehold land portfolio, and its own buildings, it will be necessary to manage these. Restrictions on use of funds applies to the income from leases as defined in the Hawke's Bay Endowment Land Empowering Act 2002. Funds from these leases and Council's commercial property portfolio are held in a special fund and used to support the costs of operating the Inner Harbour activity, foreshore reserves operating costs and any deficits from Lagoon Farm. Net income from leases, rentals and licences received from other properties is returned to General Rates.	Operating: <ul style="list-style-type: none"> Fees and Charges 100% Capital: <ul style="list-style-type: none"> General Rates Special Funds Loans

REVENUE AND FINANCING POLICY CONTINUED

CONSIDERATION OF SECTION 101(3) B

The purpose of this consideration is to evaluate the overall impact of using all the funding tools identified in step one. Having identified the funding tools set out in step one, Council has considered the effects of the different types of rates, the levels of fees including development and financial contributions and the use funding policies¹ together with the impacts of debt on the community. In the developing these policies Council has considered the overall impact on the community and the long-term objectives of the city.

The requirement for this consideration is set out in section 101(3) of the Local Government Act:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,-

(b) the overall impact of any allocation of liability for revenue needs on the community

As a result of this consideration Council utilises the rating tools provided by the Local Government (Rating) Act 2002 to give effect to what it considers to be a fair and equitable allocation of rate funding across residential and non-residential properties in Napier City. This allocation is described in the following section entitled 'Rating Policy'.

The policy is included as part of the Revenue and Financing Policy and states Council's policy in relation to the use of rating tools including targeted rates, general rates and the basis for setting general rate differentials and uniform annual general charges.

As outlined below the allocation of general rates is determined every three years based on assessment of benefits arising from each of the General Rate funded activities to residential and non-residential properties respectively.

¹ The funding policies are -

- a. liability management policy; and
- b. investment policy; and
- c. policy on development contributions and financial contributions; and
- d. policy on the remission and postponement of rates on Māori freehold land, and
- e. rates remission policy; and
- f. rates postponement policy.

REVENUE AND FINANCING POLICY CONTINUED

RATING POLICY

The rating system provides for the net funding requirement (after taking into account all other income sources including fees and charges) of the Council's programmes as outlined in the Long Term Plan or Annual Plan.

Rates are set and assessed in compliance with the statutory provisions of the Local Government (Rating) Act 2002.

Apart from Targeted Rates for property based services, rates are allocated to specific properties based on:

- Land values (capital values for the Fire Protection Rate) as supplied under contract (present contractor being Quotable Value Limited). Napier City was revalued in 2014, and these values will apply from 2015/16 to 2017/18, and
- A Uniform Annual General Charge (UAGC) set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding Water Supply and Sewage Disposal, to recover about 20% of total rates.

Council applies the following rates.

GENERAL RATES

1. Uniform Annual General Charge - as indicated above.
2. General Rate - Differentially applied, recovers the balance of the rating requirement not received from any other rate.

The allocation of General Rates between residential and non-residential properties is reviewed triennially to coincide with the revaluation of Napier City. The allocation is determined by considering and assessing the benefits from each of the General Rate funded activities to residential and non-residential properties respectively.

The last review was undertaken during 2014/15 to apply from 2015/16. It determined that an overall allocation of 69% of total general rates, including the UAGC, should be collected from residential properties and 31% from non-residential properties.

To smooth the impact of the change in assessed benefits of general rate funded activities, the overall allocation is being phased in on an even transitional basis over two years as follows:

2015/16 Residential	68%
Non residential	32%
2016/17 Residential	69%
Non residential	31%

Following is a summary of the assessed benefits Allocations, resulting from the last review.

Assessed Benefits Allocation of General Rates Funded Activities

Activity	Rate Funded Cost 2014/15	Allocation %		Cost Allocation \$	
		Res.	Non Res.	Res.	Non Res.
Democracy & Governance	2,288,500	74	26	1,693,490	595,010
Sportsgrounds	3,306,400	75	25	2,479,800	826,600
Napier Aquatic Centre	1,442,900	95	5	1,370,755	72,145
Marine Parade Pools	205,900	70	30	144,130	61,770
Reserves	2,913,800	90	10	2,622,420	291,380
Inner Harbour	266,900	77	23	205,513	61,387
Libraries	3,167,400	90	10	2,850,660	316,740
War Memorial Conference Centre	221,800	40	60	88,720	133,080
Napier Municipal Theatre	326,300	80	20	261,040	65,260
MTG Hawke's Bay	1,481,300	70	30	1,036,910	444,390
Cultural Services	245,700	70	30	171,990	73,710
Community Advice	645,100	90	10	580,590	64,510
Grants	459,700	90	10	413,730	45,970
Safer Community	205,900	70	30	144,130	61,770
Halls	162,900	90	10	146,610	16,290
Cemeteries	439,900	95	5	417,905	21,995
Public Toilets	839,300	88	12	738,584	100,716
Emergency Management	421,400	69	31	290,766	130,634
City Business & Promotion	547,400	40	60	218,960	328,440
City Promotion Grants	210,300	10	90	21,030	189,270
National Aquarium of NZ	657,500	20	80	131,500	526,000
Napier i-Site Visitor Centre	337,700	30	70	101,310	236,390
Kennedy Park Resort	-835,900	30	70	-250,770	-585,130
Property Holdings	-774,700	74	26	-573,278	-201,422
Planning Policy	643,500	20	80	128,700	514,800
Regulatory Consents	781,600	66	34	515,856	265,744
Building Consents	371,500	80	20	297,200	74,300
Environmental Health	372,600	84	16	312,984	59,616

REVENUE AND FINANCING POLICY CONTINUED

Activity	Rate Funded Cost 2014/15	Allocation %		Cost Allocation \$	
		Res.	Non Res.	Res.	Non Res.
Animal Control	222,700	95	5	211,565	11,135
Roading	11,635,000	50	50	5,817,500	5,817,500
Refuse - Litter Control	438,000	82	18	359,160	78,840
Stormwater	3,885,000	80	20	3,108,000	777,000
Total	37,533,300			26,057,460	11,475,840
				69%	31%

Basis Of Allocation

KEY: R = Residential, in Napier City and Bay View.
 NR = Non Residential, including rural properties and properties in Meeanee and Jervois town.

Democracy and Governance

Based on the total rateable capital value of each of the property categories.

Roading

Allocation for traffic related costs (71.9% of roading expenditure) based on the number of trips generated by zone in the Napier Road Network Study Model and the reasons for the trips. The types of trips generated have been factored as follows:

- Home Based Work 50% R 50% NR
- Home Based Business 50% R 50% NR
- Home Based Other 100% R

Non Home Based:

- General 100% NR
- Externally Generated 50% R 50% NR
- Light Commercial 100% NR
- Heavy Commercial 100% NR

Allocation for amenity related costs (28.1% of roading expenditure) based on the number of rateable properties.

Refuse - Litter Control

Based on the number of rateable properties, with a multiplier of two for commercial/ industrial properties to allow for the effort expended which is related to associated litter generation.

Stormwater

Based on a combination of:

- costs for maintenance and reticulation allocated between urban and rural areas on an actual expenditure basis - urban areas reallocated to residential and non-residential for disposal costs based on run off determined from land area and run off coefficient obtained from the building code; and
- infrastructural asset renewal costs fully allocated to urban areas, with allocation between residential and non-residential based on run off (see above).

Apportionment of other costs based on number of rateable properties.

Sportsgrounds

The non-residential portion was assessed on the commercial benefits from:

- McLean Park;
- Park Island; and
- All other sportsgrounds and Centennial Hall.

These were weighted on rate funded expenditure in each of these categories. The balance was allocated as residential.

Napier Aquatic Centre

The non-residential portion is based on use by non-residential users, including users from outside Napier.

Marine Parade Pools

The non-residential portion is based on use by non-residential users, including users from outside Napier.

Reserves

The non-residential portion was assessed on:

- a visitor promotion component on expenditure on foreshore reserves and major greenbelt reserves; and
- a visitor promotion component, particularly on expenditure for the City's high profile public gardens.

The balance was allocated as residential.

REVENUE AND FINANCING POLICY CONTINUED

Inner Harbour

12.5% of cost reflects benefits to direct commercial users such as fishing companies and other fishing industry servicing companies. Remaining costs reflect general benefits to the community and are allocated on the number of rateable properties (88% R, 12% NR).

Libraries

Non-residential portion assessed on a share of general benefit to the community (5%) and to a share of membership (5%). The balance is allocated as residential.

Napier War Memorial Conference Centre

The majority of use is by corporate/commercial businesses. A smaller percentage of use relates to ratepayer residential purposes such as weddings.

Napier Municipal Theatre

The majority of usage benefits the local and regional community through residents attending theatrical events, etc. The remainder relates to commercial hire and the benefits of this to non-residential beneficiaries.

MTG Hawke's Bay

Residential based on the benefits to residential ratepayers through cultural enrichment from an important community/public facility. The balance is allocated as non-residential to reflect the tourism economic impact.

Cultural Services

The major benefit is to the local residential community from the holding and maintaining of the regional collection.

Community Advice

Based on an assessed allocation of the services provided to the categories of beneficiaries.

Grants

Based on an assessed allocation of community related benefit.

Safer Community

Based on an assessed allocation of the services provided to the categories of beneficiaries.

Halls

Based on the current usage.

Cemeteries

Based on the number of residential and rural properties.

Public Toilets

Based on the number of rateable properties.

Emergency Management

Based primarily on the value of improvements to properties, but adjusted to recognise that the Civil Defence Plan is aimed towards the priority of restoring the business and commercial activities of the City following an emergency.

City and Business Promotion

Assessed as follows:

- | | | | |
|--|-------------------|-------|--------|
| • City/Destination Marketing | (49% of activity) | 50% R | 50% NR |
| • Business Advisory facilitation and support | (41% of activity) | 30% R | 70% NR |
| • Sister City relationship administration | (3% of activity) | 70% R | 30% NR |
| • Local economic information and monitoring | (7% of activity) | 20% R | 80% NR |

City Promotion Grants

Based on an assessment of the beneficiaries of work undertaken by Council based on tourist related reports considered by Council.

National Aquarium of New Zealand

The majority of people visiting are from outside of Napier, with benefits to the commercial tourism support sector. The Napier residential community benefits from visits and various functions.

Napier i-SITE Visitor Centre

Based on usage. Local residents source local and national information especially for visiting friends and relatives. Commercial activity and accommodation operators use the Centre to advertise their products and receive bookings.

Kennedy Park Resort

Residential benefits include accommodation for friends and family, quality of life/tourism benefits and employment opportunities. Non-residential benefits include commercial opportunities for local goods and service providers and commercial sector benefits from tourism activity generally.

REVENUE AND FINANCING POLICY CONTINUED

Property Holdings

Based on the total rateable land value of each of the property categories.

Planning Policy

Based on the proportion of the District Plan related to the various categories of properties.

Regulatory Consents

Based on the average number of subdivision, non-notified and notified consents issued over the last three years for the various categories of properties.

Building Consents

Based on the average volume of building consents for the last three years.

Environmental Health

Based on actual time and effort and materials on each type of activity, and the following assessment of benefit by function:

- General Licences 30% R 70% NR
- Liquor Licensing 10% R 90% NR
- General Activities 100% R
- Monitoring 90% R 10% NR

Animal Control

Based on the number of residential and rural properties.

TARGETED RATES

Water Rates

- Fire Protection Rate - recovers 13.24% of the net costs of the water supply systems before deduction of water by meter income.
- Water Rate - recovers the balance of the total net cost of the water supply systems.
- Water by Meter Charges - based on actual water use after the first 300m³ per annum and applies to all non-domestic water supplies in the Napier Water Supply Area, and domestic supplies outside the Napier Water Supply Area.

Refuse Collection and Disposal Rate

Recovers the net cost of the Refuse activity, excluding costs related to litter control and the kerbside recycling collection service.

Kerbside Recycling Rate

Recovers the net cost of the kerbside recycling collection service.

Sewerage Rate

Recovers the net cost of the Wastewater Activity.

Bay View Sewerage Connection Rate

Recovers loan servicing costs on loans raised to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

Off Street Car Parking Rates

- CBD Off Street Car Parking Rate - to provide additional off street car parking in the Central Business District.
- Taradale Off Street Car Parking Rate - to provide additional off street car parking in the Taradale Suburban Commercial area.
- Suburban Shopping Centre off Street Car Parking Rate - to provide additional off street car parking at each of these areas served by Council supplied off street car parking, and to maintain the existing off street car parking areas.

Ahuriri Beautification Rate

Recovers loan servicing costs on loans raised to meet the Ahuriri Commercial ratepayers' share of beautification carried out at the Ahuriri Shopping Centre in 2006.

CBD Promotion Rate

Recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc. The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

Taradale Promotion Rate

Recovers the full cost of the Taradale Marketing Association's promotional activities.

Full details of the rating system are included in the Funding Impact Statement.

LIABILITY MANAGEMENT POLICY

This policy is provided in accordance with Section 104 of the Local Government Act 2002 (LGA).

GENERAL POLICY

Napier City Council (the Council) needs to source funds for capital development to ensure that the city continues to progress, and borrowing is an important part of that equation. It is critical to the prudent management of Council's finances that the level of debt is planned and carefully monitored. Council approves borrowing by resolution during the Annual Plan or the Long Term Plan (LTP) process. A resolution of Council is not required for hire purchase, leased, credit or deferred purchase of goods if the period of indebtedness is less than 91 days or the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding \$250,000.

Council raises borrowing for the following primary purposes:

- General debt to fund Council's balance sheet.
- Specific debt associated with 'one-off' projects and capital expenditure.
- To fund assets with inter-generational qualities.
- To assist Council in its day-to-day financing, through leases and hire purchases, of equipment purchases and replacement.

Council considers that borrowing is the more prudent way of funding major projects which will benefit several generations of residents.

NEW BORROWINGS

Council is able to fund through a variety of mechanisms including internal borrowing, the issue of fixed and floating rate wholesale and retail loan stock, commercial paper, New Zealand Local Government Funding Agency and direct bank borrowing. Stock/paper may be issued to the wholesale market via banks and brokers, but issues into the retail market require additional Council approval. Council has a general preference to firstly use available special funds for its borrowing requirements and thereafter utilise external funding sources.

Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

The authority to arrange new borrowings, or to refinance existing debt on more acceptable terms, is delegated to the Corporate Services Manager, who has overall responsibility for all activities relating to implementation of approved policy, and for establishing appropriate structures, procedures and controls to support borrowing and risk management activity.

BORROWING LIMITS

In managing borrowing, Council will adhere to the following limits:

- The cost of servicing rate-funded borrowing should not exceed 16% of annual rating income. However this limit may be exceeded where:
 - i. Expenditure is required prior to receipt of financial returns from that expenditure, and the returns will exceed the expenditure incurred.
 - ii. Any additional loans raised in the short term can be fully repaid from identified asset sales or other income sources in the longer term.
- Liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%
- Net external debt as a percentage of total income will not exceed 100%
- Net rate-funded debt per capita will not exceed \$1,500
- Net interest expense as a percentage of total income will not exceed 12%

Council adheres to the borrowing limit that is reached first and provides the lowest level of debt capacity.

Borrowing Limit Definitions:

- The cost of servicing rate-funded borrowing includes both interest and principal, on internal and external rate-funded debt.
- Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Annual rates income excludes regional levies.
- Net external debt is defined as total external debt less cash investments.
- Liquidity is defined as external term debt plus committed bank facilities plus liquid financial investments divided by current external debt.
- Total income is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net interest is defined as external interest expense less interest income.

LIABILITY MANAGEMENT POLICY CONTINUED

LIQUIDITY AND CREDIT RISK MANAGEMENT

Council's ability to readily attract cost-effective borrowing is largely driven by its ability to maintain a strong balance sheet as well as its ability to rate, manage its image in the market and its relationships with investors, the Local Government Funding Agency (LGFA), bankers and brokers. Where practical, Council seeks a diversified pool of external borrowing and ensures that bank borrowings and incidental arrangements are sought from strongly rated New Zealand registered banks (minimum S&P long-term credit rating A+).

Council minimises its liquidity risk by:

- Matching expenditure closely to its revenue streams and managing cashflow timing differences through its liquid investment portfolio and/or committed bank facilities
- Maintaining its cash management and financial investments in liquid and negotiable instruments
- Avoiding concentration of debt maturity dates

To ensure funds are available when needed, Council maintains sufficient available operating cashflow, committed bank facilities and/or liquid financial investments to meet its projected cashflow commitments through the liquidity ratio, and maintains a \$3 million liquidity buffer through cash deposits.

To minimise the risk of large concentrations of external debt maturing or being reissued in periods of illiquidity or where credit margins are high, Council ensures external debt maturities are spread over a band of periods. Council manages this specifically by ensuring that the maturity profile, when total external debt is \$30 million or greater, is subject to the following limits:

Period	Minimum	Maximum
0-3 years	20%	60%
3-5 years	20%	60%
Over 5 years	0%	60%

When total external debt is less than \$30 million, no more than one third or \$15 million (whichever is the higher) is subject to refinancing in any financial year.

INTERNAL BORROWING / LOANS

Council has the option to use its day-to-day cashflow, financial investments and available special fund balances to internally fund capital expenditure as approved by Council resolution. Due to the interest rate margin between external investing and external borrowing, separating Council's investing and borrowing activities is not the most efficient use of its funds. Borrowing internally, utilising its own cash reserves, Council creates fiscal efficiencies by eliminating that margin.

Council manages debt on a net portfolio basis, and borrows externally only when it is commercially prudent to do so.

Interest on internally-funded loans is charged annually in arrears, on year end loan balances at the agreed three-year fixed interest rate. Except where a specific rate has been approved for particular circumstances, the three-year rate is set annually at the start of the financial year, based on the three-year swap rate plus the credit margin on three-year loan stock.

The credit margin is determined by either Council's actual three-year margin or with reference to the LGFA credit curve for a non-credit rated guaranteeing Council borrower.

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY (LGFA) LIMITED

The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

LIABILITY MANAGEMENT POLICY CONTINUED

INTEREST RATE RISK MANAGEMENT

Council's borrowing gives rise to a direct exposure to wholesale interest rate movements. Given the long term nature of Council's assets, projects, inter-generational factors, and Council's intention to avoid an adverse impact on rates, Council prefers a percentage of fixed rate or hedged debt. Where possible, interest rate re-pricing risk is spread over a range of maturities.

Council reduces uncertainty due to interest rate movements by the active management of underlying interest rate exposures. Council's fixed rate debt, as a percentage of debt, should be between a minimum of 55% and a maximum of 100%. The percentages are calculated on the rolling 12-month projected external core debt level.

'External Debt' is the amount of total external core debt.

'Fixed Rate' is defined as an interest rate repricing date beyond 12 months on a continuous rolling basis.

'Floating Rate' is defined as an interest rate repricing date within 12 months.

Interest rate risk management objectives are reflected in the table below and outline the target fixed or hedged rate requirements allocated into time bands.

Period of actual and planned forecast external debt	Fixed Rate Maturity Profile Limit	
	Minimum	Maximum
1 to 3 years	20%	60%
3 to 5 years	20%	60%
5 to 10 years	0%	60%

These limits do not apply when external core debt is less than \$15 million.

A fixed rate maturity profile that is outside the above limits, but self-corrects in less than 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits for greater than 90 days requires specific approval by Council.

INTEREST RATE STRATEGY

Management implements interest rate risk management strategy through the use of the following approved instruments:

- Forward rate agreements.
- Interest rate swaps.
- Purchased interest rate swaptions.

- Purchase of interest rate option products e.g. borrowers' caps, borrowers' swaptions.
- Interest rate collar type option strategies (1:1 collars).

Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.

Credit exposure arising on interest rate instruments is restricted to \$20 million with any one approved bank counterparty.

SECURITY

Council generally does not offer assets other than a charge over rates or rates revenue as security for any loan or performance of any obligation under an incidental arrangement. In exceptional circumstances, with prior Council approval, security may be offered as a charge over one or more specific assets. Where relevant a register of charges is established and maintained at Council's principal office.

In all borrowing and related activities, Council complies with the relevant provisions of the Securities Act.

REPAYMENT

Council repays external borrowings from the loan redemption reserve allocated to that borrowing, from general funds, rates revenue, asset sale proceeds, or through raising redemption loans. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Repayment amounts on internal loans are set based on a table loan calculation over the life of the loan. Repayments are made annually at financial year end.

CONTINGENT LIABILITIES

Council provides financial guarantees to community organisations. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on an annual basis. The Council needs to be satisfied that any community organisation to which it provides a financial guarantee is capable of servicing the proposed borrowing from its income sources. The annual contingent loan liability must not exceed 7.5% of Council's non-targeted rate take for the year.

Council does not give any guarantee, indemnity or security in respect of the performance of any obligation by a Council Community Trading Organisation (CCTO).

INVESTMENT POLICY

This policy is provided in accordance with Section 105 of the Local Government Act 2002.

GENERAL POLICY

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council in accordance with the relevant sections of the Council's Treasury Management Manual.

In its investment activities Council is guided by the Trustee Act of 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

Council is a risk-averse entity and does not wish to incur additional risk from its treasury activities. Its broad objectives in relation to treasury activity are to manage all of Council's investments within its strategic, financial and commercial objectives and optimise returns within these objectives, manage the overall cash position of Council's operations to meet known and reasonable unforeseen funding requirements, and invest surplus cash and the financial investment portfolio in liquid securities and strongly credit-rated counterparties.

Staff seek to develop and maintain professional relationships with Council's bankers, financial market participants and other stakeholders.

ACQUISITION OF NEW INVESTMENTS

With the exception of treasury investments, new investments are acquired if an opportunity arises and approval is given by the appropriate Council committee, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire treasury investments is delegated to the Corporate Services Manager.

MIX OF INVESTMENTS:

Council maintains investments in the following mix of investments:

Equity investments:

Equity Investments are held for various strategic, economic development and financial objectives, as outlined in the LTP. Council Equity Investments include interests in the Hawkes Bay Airport Authority and Omarunui Landfill Operation, and may include other Council Controlled Organisations (CCOs) or Council Controlled Trading Organisations (CCTOs). Council may also make advances to CCOs or CCTOs.

Council seeks to achieve an acceptable rate of return on all its equity investments, consistent with the nature of the investment and Council's stated philosophy on investments.

Council reviews the performance of these investments on a regular basis to ensure strategic and economic objectives are being achieved. Any disposition of these investments requires Council approval. Dividends received and proceeds from the disposition of equity investments are used to repay debt, to invest in new assets or investments or any other purpose that is considered appropriate by Council.

New Zealand Local Government Funding Agency Limited (LGFA)

Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited, and may borrow to fund that investment.

Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of investment and/or debt funding for the Council.

Council may invest in LGFA bonds and commercial paper as part of its financial investment portfolio.

As a borrower, Council's investment is recognised through shares and borrower notes. As an investor in LGFA shares and as a Guarantor, Council subscribes for uncalled capital in the LGFA.

INVESTMENT POLICY CONTINUED

Property Investments

Council's overall objective is to own only property that is necessary to achieve its strategic and commercial objectives, or deemed to be a core Council function. Council therefore retains an investment in car parking, leasehold land, and rental and retirement housing. Generally, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is retained only where it relates to a primary Council output.

Property purchases are supported by registered valuations and, where appropriate, a full business case analysis. Council does not purchase properties on a speculative basis.

Council provides car parking facilities which are operated on a commercial basis, and are run to cover ongoing operational costs.

Rentals and ground rent from property investments, other than land covered by the HB Endowment Land Empowering Act 2002, is included in the consolidated rating account. Council's leasehold land portfolio was transferred from the Hawke's Bay Harbour Board in 1989 as part of the local government reorganisation and Council, by virtue of the Hawke's Bay Endowment Land Empowering Act 2002, is allowing lessees to freehold residential properties, which is diminishing the portfolio.

Council owns various Napier properties which it classifies as the 'Napier City Council Investment Property Portfolio'. The land held in the portfolio is leased to a variety of individuals and entities, and is managed in line with Council's leasehold land policy.

Property disposals are managed to ensure compliance with statutory requirements. Any disposition of a property investment requires Council approval.

Treasury Investments

Council maintains treasury investments for the following primary reasons:

- to invest amounts allocated to loan redemption reserves, trusts, bequests and special funds.
- to invest surplus cash, and working capital funds.

All interest income from Council's treasury investments is included in the consolidated rating account or special activity account.

Treasury Investment Philosophy and Objectives

Council's philosophy in the management of treasury investments is to optimise its capital protection and liquidity objectives while balancing risk and return considerations. Council recognises that as a responsible public authority any investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

To provide the greatest benefit, Council utilises its surplus internal funds for internal borrowing to reduce external debt, thus effectively reducing net interest costs.

Council's primary objective when investing is the protection of its investment capital and liquidity of its investment. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties are selected on the basis of their current Standard and Poors (S&P) or equivalent rating, which must be strong or better.

To avoid undue concentration of exposures, treasury investments/financial instruments should be used with as wide a range of counterparties as practicable. Where possible, transaction notional and principal sizes and maturities should be well spread. Investment in corporate shares is considered to be an inappropriate asset class and therefore expressly forbidden.

Within the above credit constraints, Council also seeks to:

- Ensure investments are liquid.
- Maximise investment return.
- Manage potential capital losses due to interest rate movements.

Credit, Liquidity and Interest Risk Management

- Credit risk is minimised by placing maximum limits for each broad class of non-Government issuer, and by limiting investments to registered banks, strongly rated SOEs, supranationals, local authorities and corporates within prescribed limits.
- Liquidity / Maturity risk is minimised by managing maturity terms within strict Policy limits and ensuring that all negotiable investments are capable of being liquidated in a readily available secondary market.
- Interest Rate risk is minimised by investing in fixed rate bonds and bank term deposits spread over a range of maturity terms.

INVESTMENT POLICY CONTINUED

Financial Investment Interest Rate/Maturity Limits

The following control limits are designed to manage interest rate risk and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with Council's working capital funding requirement and liquidity buffer amount requirements. Core treasury investments relate to unencumbered investments that are invested for terms of greater than three months.

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure, thereby ensuring that investments are available when required.

Period	Minimum	Maximum
0-6 months	30%	80%
6-12 months	20%	70%
1-3 years	0%	50%
3-5 years	0%	20%

Counterparty Limits

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. Credit ratings are as determined by Standard and Poors, or equivalent rating. If any counterparty's credit rating falls below the minimum specified in the following table, then all practical steps are taken to eliminate the credit exposure to that counterparty as soon as practicable.

Issuers	Approved Instruments	Minimum Long-Term & Short-Term Credit Rating (S&P)	Maximum per Counterparty	Maximum % of Total Investment Portfolio
NZ Government	Treasury bills Government stock	N/A	Unlimited	100%
NZ Local Government Funding Agency	LGFA Fixed and Floating Rate Bonds Promissory notes / Commercial paper Borrower Notes	AA-/A-1	\$40.0m	50%
NZD Registered Supranationals	Promissory Notes / Commercial Paper, Fixed and Floating Rate Bonds	AAA	\$20.0m	30%
State-Owned Enterprises	Promissory Notes / Commercial Paper, Fixed and Floating Rate Bonds	A+/A-1	\$15.0m	20%
New Zealand Registered Banks *	Money market call deposits and term deposits, Registered Certificates of Deposit, Senior Bonds	A+/A-1	\$30.0m or 40% of total portfolio (whichever is the lesser)	100%
Corporate Bonds *	Promissory Notes, Commercial Paper, Fixed and Floating Rate Senior Bonds	A+/A-1	\$3.0m	20%
Local Authority	Fixed and Floating Rate Bonds and Stock, Commercial Paper	A+/A-1 (if rated) Unrated	\$5.0m \$3.0m	20%

* Note: An approved exception to the above is other treasury investments made with local registered banks that are regulated by the RBNZ having a credit rating of at least BBB. Such investments shall be limited to a term of 3 months or less, and be for not more than \$2 million in aggregate. At no time should the total exposure to this risk category be greater than 5% of the total investment portfolio

INVESTMENT POLICY CONTINUED

Any other financial instrument must be specifically approved by Council on a case-by-case basis and is applied to only the one singular transaction being approved.

All secured and unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- No asset backed securities are allowed.
- Structured debt where issuing entities are not a primary borrower/ issuer.
- Subordinated debt, junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

Council does not adopt the use of interest rate risk management instruments on its investments.

Loan Advances

Council may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic and commercial purposes only. New loan advances are by Council resolution only. Council does not lend money, or provide any other financial accommodation, to a CCTO on terms and conditions that are more favourable to the CCTO than those that would apply if Council were borrowing the money or obtaining the financial accommodation.

Loan advances are generally provided on an unsecured basis. Where possible, Council seeks security through a mortgage over land and buildings.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

LOAN REDEMPTION RESERVES

Council establishes specific Loan Redemption Reserves for each new external borrowing. The internal Loan Redemption Reserve is invested in accordance with Council's investment policy.

INVESTMENT MANAGEMENT AND REPORTING PROCEDURES

Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves and a cash buffer maintained. The daily cash position is monitored and managed through the Daily Cash Position Report, and long term cashflow through the annual Cashflow Forecast. To maintain liquidity, Council's short and long term investment maturities are matched with Council's known cashflow requirements.

The performance of Council investments is regularly reviewed to ensure Council's strategic

objectives are being met. Both performance and policy compliance are reviewed. Internal investment reports are a vital management tool and, depending on their nature, are produced on a daily, weekly, monthly, quarterly or annual basis. The results are summarised and reported to Council on a quarterly and annual basis.

FOREIGN EXCHANGE POLICY

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated assets approved through the capital planning process. Generally, all commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved, the purchase order is placed, and the exact timing and amount is known. Council uses both spot and forward foreign exchange contracts.

Council does not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY

1. GENERAL

LGA Section 106 enables Napier City Council to require development or financial contributions from developers to help fund the cost of new or expanded infrastructure and services which is required to meet the additional demand created by growth.

Financial Contributions are applicable to lots and units for residential purposes.

Development Contributions are applicable to construction and/or development of lots and units for commercial and/or industrial purposes.

The Financial and Development Contribution charges are adjusted annually on 1 July in accordance with the provisions of Sections 106(2B) and 106(2C) of the LGA, based on the Statistics NZ Producers' Price Index outputs for construction (PPI).

Council is required to have a policy on Development Contributions and/or Financial Contributions as a component of its Funding and Financial Policies. Section 106 of the LGA details the specific matters to be covered in any Development Contributions or Financial Contributions Policy.

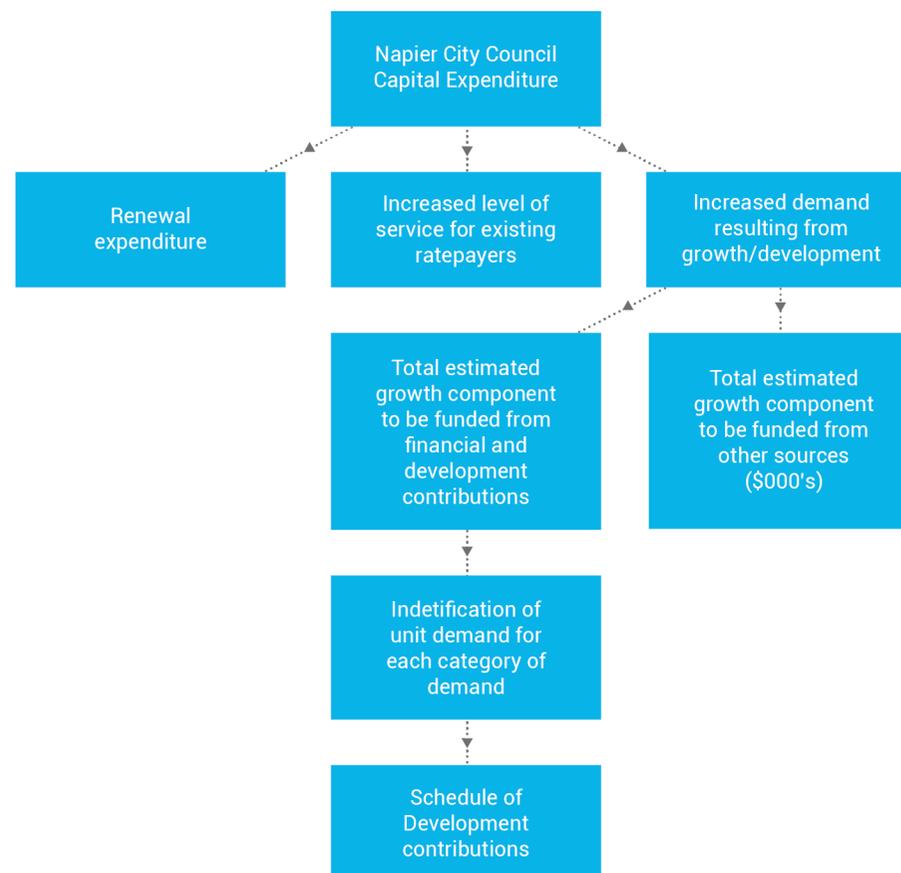
Council considers, at this stage, that it will rely on the financial contributions specified in the City of Napier District Plan prepared under the Resource Management Act 1991 (RMA) mainly for residential development, as this has been subject to considerable community consultation and is well accepted by the community. Residential activity for the purposes of this policy means the development of land and buildings (including accessory buildings such as garages, carports and storage sheds) primarily for the use of a household (whether any person is subject to care, supervision or not).

Council requires development contributions under Section 198 of the Act for Commercial and Industrial activities throughout the City. Commercial activity for the purposes of this policy means development of land and buildings primarily to be used for the display, offering, provision, sale or hire of goods, equipment or service and includes retailing, travellers' accommodation, day care centres, off-licence premises, wholesale liquor outlets, offices, shops, medical clinics/hospitals, churches, residential care facilities, educational facilities and retirement complexes but does not include activities specifically excluded under the LGA. Industrial activity for the purposes of this policy means development of land and buildings primarily to be used for manufacturing, assembling, testing, fabricating, processing, packing or associated storage of goods and the servicing and repair of goods and vehicles and includes service stations, transport depots, warehouses, factories, network utility operations and unsealed yards.

This policy sets out the development and financial contributions payable, specifies how and when they are to be calculated and paid, and summarises the methodology and rationale used in calculating the level of contributions.

This policy is distinct from and in addition to the provisions in the District Plan that provide Council with the discretion to require financial contributions under the RMA 1991.

Diagram 1 - Capital Expenditure and link to Financial and Development Contribution Policy



2. FINANCIAL CONTRIBUTIONS - RESIDENTIAL (A SUMMARY)

Council's functions under the RMA include establishing and implementing methods to achieve integrated management of the effects of the use, development or protection of land and the control of subdivision. The charging of financial contributions is an important mechanism in carrying out those functions and ensuring that there are positive effects on the environment which avoid, remedy or mitigate any adverse effect resulting from land development and subdivision.

Financial Contributions are a component of the City of Napier District Plan. Financial Contributions are applicable to development for residential purposes. Under the Local Government Act 2002, the Council is required to summarise the District Plan provisions that relate to financial contributions. Copies of the City of Napier District Plan can be viewed at the Napier or Taradale Public Libraries or on Napier City Council's website www.napier.govt.nz.

To ensure that the adverse effects of new land development, including subdivision, on the City's infrastructure are mitigated, and to ensure that subdividers and developers pay a fair and reasonable share of the cost of new development, the following policies will apply in relation to financial contributions:

- a. The subdivider or developer is required to meet the cost of providing all infrastructure within land being developed or subdivided where the benefits accrue directly to the land being subdivided or developed.
- b. Where existing infrastructure and services outside the land being subdivided or developed are inadequate for the existing development, the cost of upgrading or the provision of new facilities shall be shared fairly between the subdivider or developer and the Council if there is deferred capital works of benefit to another area.
- c. The subdivider or developer is required to meet the proportionate cost of upgrading infrastructure or for the provision of new infrastructure where the development/subdivision will necessitate such upgrading or new off site services.

2.1. Funding Approach

- i. The Council's share of apportioned costs is funded from borrowing, serviced by growth in the rating base.
- ii. The developer's share of costs is charged as financial contributions, applied to subdivision and various land use activities under the RMA. The actual level of financial contributions to be applied are authorised in Council's Schedule of Fees and Charges, which are revised annually.

2.2. General Purposes for Which Financial Contributions May Be Used

Financial contributions collected may be used for the following general purposes or a combination thereof:

- Water Supply
- Wastewater Disposal
- Waste Disposal
- Sports and Reserves
- Roads and Transportation
- Recreation Facilities
- Stormwater Disposal
- Library Facilities

Chapter 65 of the District Plan specifies in detail the issues, objectives, policies and rules relating to financial contributions. The provisions of the District Plan on financial contributions relate to the following matters:

- Land Development
- Subdivision
- Residential Multi-Unit Development
- Industrial and Commercial Land Development

2.3. Financial Contributions - Reserves

There is a long history of requiring subdividers of land to provide land or money for the purpose of providing public open space as reserves. Reserves are generally required as part of the subdivisions process as they provide the open space and recreation facilities and opportunities necessary to cater for additional demand generated and also to protect or enhance amenity values. As communities grow in size and populations there is a need to provide recreation and open space to meet their needs and requirements.

The guiding principle in the determination of reserves requirements relating to city growth is the preservation of the current ratio of recreational reserves per residential lot. This ratio for Napier has been calculated at 75m² per residential property and is perceived to be satisfactory by current users and appropriate for the future.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

2.4. Financial Contributions - Services

The developer of a subdivision or development is responsible for funding all work within its boundaries relating to services where the benefits accrue directly to the land being subdivided or developed. The developer must also meet the proportionate share of the cost to provide off site services. This is to ensure that the adverse effects of new land development and subdivision on the City's infrastructure are mitigated and a reasonable share of the cost of new development is borne by those undertaking the development.

3. DEVELOPMENT CONTRIBUTIONS - COMMERCIAL AND/OR INDUSTRIAL DEVELOPMENT

3.1. Legislative Requirements and Powers

Council is required to have a Development Contributions Policy (Policy) as a component of its Funding and Financial Policies in its Ten Year Plan under Section 102(2)(d) of the LGA.

Section 198 of the Act gives territorial authorities the power to require a contribution for developments. Development contributions provide Council with a method to obtain contributions to fund the provision of community facilities required to meet increased demand resulting from growth.

3.2. When a Development Contribution is Required

A development contribution is required in relation to a development when:

- the effect of development is an increase in demand, requiring the provision of community facilities to meet the increased demand; and
- the Council incurs capital expenditure to provide the community facilities, or has incurred capital expenditure in anticipation of the development.

Except that:

Water supply, wastewater and/or stormwater components of financial contribution will not be payable where there is no actual or potential relevant connection provided or to be provided to the site.

The Roads and Transportation component of financial contributions will not be payable where there is no actual or potential impact on the roading system arising from the land development. No actual or potential impact means that the increase in the average number of vehicle movements resulting from the land development does not exceed eight vehicle movements per day (being the average number of vehicle movements generated by a typical household).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A Development Contributions or Financial Contributions Policy also enables Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council in anticipation of development.

3.3. Limitations to the Application of Development Contributions

Council will not require a development contribution for network infrastructure in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the developer will fund or otherwise provide for the network infrastructure; or
- Where the Council has received or will receive funding from a third party.

3.4. Relationship to Resource Management Act

Development contributions under the Act are complementary to, and separate from, financial contributions under the RMA. Council generally intends only to require development contributions under this Development Contributions Policy for commercial and industrial purposes. However, Council will still have the authority to require works or services or seek cash or land contributions on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan or any transitional provision under the RMA.

Community Outcomes

Council outlines its community outcomes in the Long Term Plan. The community outcomes that Council will contribute to, among other things, is the funding of development expenditure for growth for water supply, wastewater, stormwater, roading, reserves and community infrastructure.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

The community outcomes are listed below:

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

4. OVERVIEW OF DEVELOPMENT CONTRIBUTIONS POLICY

Section 201 of the Act outlines the required contents of a Development Contributions Policy. The following section is consistent with this requirement of the Act.

4.1. Purpose and Principles of a Development Contributions Policy

The purpose of the Policy is to enable Council to recover from those persons undertaking development, a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

Council's baseline position is that it is inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of growth

This Policy is consistent with the purpose provisions of S197AA of the Local Government Act and follows the principles contained in S197AB of that Act.

Council has prepared a Supplementary Document which contains an analysis of the manner in which the Development Contributions Purpose has been considered and the Principles have been taken into account in Council's Policy.

4.2. Trigger for Taking a Development Contribution

Under Section 198 of the Act, Council can require a development contribution upon the granting of:

- A resource consent; or
- A building consent; or
- An authorisation for a service connection.

Council will generally require contributions for the roading component at the resource consent for subdivision stage. Council considers that the subdivision consent stage is generally the most appropriate stage to require a development contribution for roading for the following reasons:

- Practicality of implementation.
- Economies of scale in implementation costs.
- Fairness.
- Best available knowledge for projections and allocating budgets.

When Council requires a development contribution at subdivision consent stage, the expected dominant nature of activities in the underlying zone will determine the type of development contribution payable.

While generally development contributions will be required at subdivision consent stage, Council may require contributions at the building consent stage or at the service connection stage, where Council can better determine the scale and nature of the physical structures to be erected and where additional units of demand are created in the absence of subdivision. The Council's experience is that occasionally units of demand are created by additional units or alternative uses on land already subdivided. In such cases, as a matter of equity, Council will assess and seek the appropriate development contribution at the building consent stage. If additional units of demand are created in the absence of subdivision or outside of the building consent stage Council will require a development contribution at service connection stage.

4.3. Activities Requiring a Development Contribution to Meet the Costs of Growth

Council may require a development contribution from any development for the following:

- To fund the cost of the capital expenditure expected to be incurred to provide community facilities to meet the increased demand resulting from growth.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

- To fund the cost of the capital expenditure already incurred in anticipation of development, to provide community facilities to meet the increased demand resulting from growth.

Long term planning for future growth needs is considered over a 20 year time frame, to provide for anticipated growth as identified by Urban and Industrial Growth studies. The last review of the Urban Growth Strategy was completed in 2008. The infrastructure needed to provide for the anticipated level of growth is described in the Essential Services Development Reports prepared in 2000 and updated in the 2015 Activity Management Plans. Financial and development contributions are set at a level to recover the investment in reserves, network infrastructure and community infrastructure required as a result of growth.

For the purposes of this Policy, capital expenditure expected to be incurred as a result of growth is shown in Tables 2 and 3. Capital expenditure already incurred in anticipation of development has been accounted for from 1996/97 to 2011/12.

Funding Council's cost of capital expenditure for growth with development contributions must be considered alongside Council's other funding tools. Development contributions are required from development under this Policy to meet the growth component of the future capital expenditure budgets, not met from other sources, for reserves, network infrastructure and community infrastructure. Table 1 below identifies activities Council will require development contributions for:

Table 1: Commercial and/or Industrial Activities requiring a Development Contribution

Activities	Community Facilities
Water Supply	Network Infrastructure
Wastewater	Network Infrastructure
Roading	Network Infrastructure
Stormwater	Network Infrastructure

4.4. Schedule of Assets for which Development Contributions will be used

The following disclosure table shows a summary for each Activity and for each area of benefit, for the period 2014/15 to 2022 of Council's current Long Term Plan 2012 - 2022. The disclosure table shows -

- The nature and level of expected program of works for which the development contributions requirements set out in the Development Contributions and Financial Contributions Policy are intended to be used ; and
- The estimated capital cost for the program of work above ; and
- The proportion of the capital cost Council proposes to recover through development contributions; and
- The proportion of the capital cost Council proposes to recover from other sources.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

Asset/Work Program	Estimated Capital Cost (\$000)	% Development contributions	% Financial contributions	% Other sources
Roading - Te Awa Structure Plan area:				
-Te Awa Structure Plan	\$11,554	0%	100%	0%
Roading - District Wide:				
Austin St capacity improvement	\$756	18%	82%	0%
Austin St/Ford Rd traffic signals	\$350	18%	82%	0%
Awatoto to Expressway link	\$7,446	18%	82%	0%
Carlyle St/Georges Dr intersection	\$750	18%	82%	0%
Coventry Ave capacity improvement (shift kerbs)	\$396	18%	82%	0%
Georges Dr capacity (reinstate parking lanes)	\$500	18%	82%	0%
Gloucester St widening - Lee Rd to Roskilda Tce	\$250	18%	82%	0%
Gloucester St widening - Roskilda Tce to EIT	\$400	18%	82%	0%
Gloucester St Reconstruction - York Rd to Lee Rd	\$2,500	18%	82%	0%
Gloucester St/York Ave intersection	\$500	18%	82%	0%
Hyderabad capacity improvement	\$500	18%	82%	0%
Kennedy Rd/Maadi Rd/Wycliffe St intersection	\$800	18%	82%	0%
Kennedy Rd widening - Taradale Rd to York Rd	\$500	18%	82%	0%
Kennedy/Georges Intersection	\$250	18%	82%	0%
Kenny Rd/Eriksen Rd intersection (roundabout)	\$700	18%	82%	0%
Kenny Rd widening Eriksen Rd to Willowbank Ave	\$240	18%	82%	0%
Latham St capacity	\$3,492	18%	82%	0%
Latham St/Georges Dr Intersection	\$350	18%	82%	0%
Lee Rd Widening	\$1,575	18%	82%	0%
Lee Rd/ Meeanee Rd Intersection stage 2	\$1,500	18%	82%	0%
Meeanee Rd capacity (Guppy Rd - Lee Rd) Stage 2	\$1,640	18%	82%	0%
Meeanee Rd/Guppy Rd intersection Stage 2	\$1,000	18%	82%	0%
Misc intersection improvements	\$2,500	18%	82%	0%
Misc transportation works	\$1,800	18%	82%	0%
Pandora Rd/Thames St Roundabout	\$1,000	18%	82%	0%
Prebensen Dr four Laning	\$6,400	18%	82%	0%
Puketapu Rd/Meeanee Rd clearway	\$160	18%	82%	0%
Puketitiri Rd reconstruction (Fryer Rd to Poraiti Rd, less Poraiti intersection)	\$500	18%	82%	0%
Taradale Rd capacity improvement (RTBs)	\$250	18%	82%	0%

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

Asset/Work Program	Estimated Capital Cost (\$000)	% Development contributions	% Financial contributions	% Other sources
Taradale Rd/Carnegie Rd/Maadi Rd realignment	\$800	18%	82%	0%
Taradale Rd/Niven St signals	\$350	18%	82%	0%
Te Awa Ave/Ellison St intersection (roundabout)	\$600	18%	82%	0%
Riverbend Rd Capacity Increase	\$1,900	18%	82%	0%
Kenny Ave Extension	\$2,104	18%	82%	0%
Trinity St/Bill Hercock St/ Kennedy Rd	\$750	18%	82%	0%
Riverbend Latham Intersection	\$900	18%	82%	0%
Dommet St Extension	\$2,134	18%	82%	0%
Taradale Rd/Riverbend Rd Intersection	\$350	18%	82%	0%
Willowbank Ave Kenny Rd intersection (RTB)	\$120	18%	82%	0%
Wycliffe St/Riverbend Rd/Lodge Rd intersection (signals)	\$350	18%	82%	0%
Domett Street Extension	\$1,513	18%	82%	0%
Costs have been incurred in anticipation of future growth through the construction of the Church Road/Prebensen Drive extension.	\$10,674	18%	82%	0%
Water Supply - Te Awa Structure Plan area:				
- Te Awa Structure Plan	\$1,153	0%	100%	0%
Water Supply - District Wide Bulk supply upgrades including:				
-New Reservoir -Taradale	\$2,831	33%	67%	0%
-Trunk main Awatoto	\$2,179	33%	67%	0%
-Additional well Awatoto	\$838	33%	67%	0%
Costs have been incurred in anticipation of future growth through the construction of:				
-New Reservoir Taradale	\$352	33%	67%	0%
-Trunk Main Awatoto	\$360	33%	67%	0%
-Construction of a new well T7	\$230	12%	25%	63%
-Increase in capacity of Pump Station T2	\$91	12%	25%	63%
-Increase in capacity of Pump Station T5	\$85	12%	25%	63%
-Tamatea trunk main booster station	\$568	12%	25%	63%
Stormwater - Te Awa Structure Plan area:				
-Te Awa Structure Plan	\$15,678	0%	100%	0%
Stormwater - District Wide Catchment upgrades including:				
-Upgrade Taipo Stream	\$630	18.5%	31.5%	50%

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

Asset/Work Program	Estimated Capital Cost (\$000)	% Development contributions	% Financial contributions	% Other sources
-Ellison Street Pump Station	\$5,204	7.4%	12.6%	80%
-Te Awa Stormwater Pond	\$1,627	37%	63%	0%
Costs have been incurred in anticipation of future growth through the construction of:				
-the Overland (Cross Country) Drain	\$15,318	16%	28%	56%
-Plantation Drain widening	\$126	16%	28%	56%
-Saltwater Creek widening	\$408	16%	28%	56%
-Purimu Overflow	\$278	16%	28%	56%
-Upgrade pump - Purimu drain	\$200	16%	28%	56%
-Georges Drive Overflow	\$364	16%	28%	56%
Wastewater- Te Awa Structure Plan area:				
-Te Awa Structure Plan	\$2,937	0%	100%	0%
Wastewater - District Wide				
Costs have been incurred in anticipation of future growth through the construction of:				
-Redirect McLean Park pumping main	\$216	28%	72%	0%
-Pump station Taradale Road and associated Pumping Main	\$5,844	21%	54%	25%
-Other Pump Station upgrades	\$224	28%	72%	0%

* Costs incurred to service demand generated by growth are recovered from developers through financial contributions for residential development, and development contributions for non-residential development. The proportion of costs that are recovered through financial contributions and development contributions is directly related to the proportion of residential to non-residential growth. The percentage of project costs expected to be funded from financial contributions and development contributions shown on the Table are based on the proportion of residential to non-residential growth for the 2013/14 financial year. The proportion of residential to non-residential growth changes every year and the proportion of project funding generated from financial contributions and development contributions therefore fluctuates over time.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

In the 2013/14 financial year revenue from development contributions for each activity, expressed as a percentage of the total revenue received from development contributions and financial contributions, comprised the following percentages:

- Rooding - 17%
- Water Supply - 31%
- Stormwater - 26%
- Wastewater - 26%

4.5. Capital Expenditure Council Expects to Incur as a Result of Growth

The total estimated capital expenditure Council expects to incur, as a result of growth, to meet increased demand for network infrastructure, reserves, and community infrastructure over the next 10 years, is summarised in Table 2 below. The total growth component, excluding funding from other sources, of the capital expenditure budgets will be funded by development contributions and financial contributions.

Table 2: Summary of Estimated Capital Expenditure and Funding for Growth from 2012/13 to 2021/22

Activity	Total planned capital (\$000)	Total non growth component (\$000)	Total estimated growth component (\$000)	Total estimated growth component to be funded from financial & development contributions (\$000)	Total estimated growth component to be funded from other sources
Water Supply	18,371	9,478	8,893	6,066	2,827
Wastewater	45,758	38,065	7,693	-	7,693
Stormwater	46,170	35,381	10,789	5,056	5,733
Rooding	116,401	74,335	42,066	27,053	15,013
Total	226,700	157,259	69,441	38,175	31,266

Note: All amounts are inflation adjusted. Indexing must be applied to both financial contribution amounts and capital cost estimates.

Table 3: Summary of Estimated Capital Expenditure and Funding for Growth for 2022/23*

Activity	Total estimated growth component \$000s	Total growth component to be funded from FCs for 2022/23 \$000s
Water Supply	1,075	815
Wastewater	707	-
Stormwater	3,313	1,275
Rooding	3,862	2,482
Total	8,957	4,572

Note: All amounts year 2012 dollars. Indexing must be applied to both financial contribution amounts and capital cost estimates. Relates to planned spend outside the 10 year planning timeframe and part of the ESDP Review 2009.

* Relates to planned spend outside the 10 year planning time frame and part of the ESDP Review 2009.

4.6. Capital Expenditure Council has incurred in Anticipation of Development

Development contributions will also be required from development to meet the cost of capital expenditure already incurred in anticipation of development, where Council has assessed it appropriate and reasonable. For the purpose of this Policy, taking a contribution for capital expenditure already incurred in anticipation of development is considered appropriate for roads, water, wastewater and stormwater infrastructure.

4.7. Council Use of Development Contributions

Council will use development contributions only on the activity for which they are collected. This will be undertaken on an aggregated project basis for each of the activities. Where Council anticipates funding from a third party for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the total estimated growth component to be funded by development contributions in Table 2.

4.8. Level of Service

The level of service component of Council's capital expenditure budgets, for the network activities, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligation (e.g. environmental standards for water quality or technological improvements). The level of service proportion of the capital expenditure budget will not be funded by development contributions. Approved Council Asset Management Plans for each activity define the relevant level of service for that activity.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

4.9. Implementation and Review

It is anticipated that this Policy will be updated on a three yearly basis or at shorter intervals if Council deems it necessary. Any review of the Policy will take account of:

- Any changes to significant assumptions underlying the Development Contributions Policy
- Any changes in the capital development works programme for growth
- Any changes in the pattern and distribution of development in the District
- Any changes that reflect new or significant modelling of the networks
- The regular reviews of the Funding and Financial Policies, and the Ten Year Plan
- Any other matters Council considers relevant
- Any review of the Urban Growth Study and Essential Services Development Plans

5. SIGNIFICANT ASSUMPTIONS OF THE DEVELOPMENT CONTRIBUTIONS POLICY

5.1. Approach to Methodology

In developing a methodology for the Commercial and/or Industrial Development Contributions Policy, Council has taken an approach to ensure that the cumulative effect of development is considered with a system-wide view. This Policy considers the specific infrastructure demands created by individual developments in the context of Council's wider community responsibilities as an infrastructure service provider.

5.2. Development Contribution Areas

For the purposes of development contributions they have been established in the three following categories:

- Non - local (off site)
- Local (off site) and
- On site

5.3. Planning Horizons

A 20 year time frame was used as a basis for forecasting growth and applying a development contribution. This is consistent with Council's Asset Management planning horizons, Urban Growth Study and Essential Services Development Plan. The planning period is reviewed periodically.

5.4. Best Available Knowledge

Development contributions are based on capital expenditure budgets from Council Asset Management Plans and Essential Services Development Plans. The capital expenditure budgets and projected estimates of future asset works are based on the best available knowledge at the time of preparation. The Policy will be updated, as practical, to reflect better information as it becomes available.

5.5. Growth in the District

Industrial development within the city is likely to focus in the Onekawa, Pandora, Awatoto and Ahuriri areas. Some commercial development may also occur in these areas. Other areas in which commercial development is likely to take place is the Fringe Commercial Zone in central Napier and areas zoned for industrial or commercial development.

5.6. Unit of Demand

The unit of demand is a form of measurement to allocate units of demand to developments. Council will demonstrate that it has attributed units of demand to particular developments or types of developments on a consistent and equitable basis.

6. ADMINISTRATION OF DEVELOPMENT CONTRIBUTIONS

6.1. Reconsideration

An applicant may request Council reconsider the requirement for a Development Contribution if the applicant has grounds to believe that:

- a. The development contribution was incorrectly calculated or assessed under Council's Development Contributions Policy; or
- b. Council incorrectly applied its Development Contributions Policy ; or
- c. The information used to assess the applicant's development against the Development Contributions Policy, or the way Council has recorded or used it when requiring a development contribution, was incomplete or contained errors.

A request for Reconsideration must be made in writing stating clearly which of the above grounds the applicant believes Council has erred. The request for Reconsideration must be made within 10 working days after the date on which the applicant received the demand notice or invoice for the Development Contributions.

The request must outline specifically which part of the assessment should be reconsidered, and contain any appropriate supporting information which supports the request.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

Once it is satisfied it has all the relevant information needed to make a decision on the reconsideration, Council will notify the person in writing that the application for reconsideration has been received. The request will be reviewed by Council against the Development Contributions policy in force at the time of the application being lodged and consideration will be given to any new information supplied to Council.

Council will then give written notice of the outcome of that reconsideration within 15 working days to the applicant requesting the reconsideration.

An applicant may lodge an objection under section 199C, if they are dissatisfied with the outcome of any reconsideration.

An applicant may not apply for a reconsideration of a requirement for a development contribution if the applicant has already lodged an objection to that requirement under section 199C and Schedule 13A.

6.2. Objections

In accordance with section 199C and 199D of the Act, a person may object to any development contribution requirement. Whilst the right to object does not apply to challenges to the content of a Development Contribution Policy prepared in accordance with section 102 of the Act, it can apply if the objector believes:

- a. Council has failed to properly take into account features of the objectors' development that on their own or cumulatively with other developments, would substantially reduce the impact of the development upon the requirement for Council to provide infrastructure; or
- b. Council required a development contribution for infrastructure not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or
- c. Council has required a development contribution that is not in accordance with section 200 of the Act ; or
- d. Council has incorrectly applied its Development Contributions Policy to the objector's development

Application Process

Any objection must be lodged in accordance with the requirements of Schedule 13A of the Act.

Council will follow the procedures required under the Act to appoint a commissioner(s) to consider and decide on any objection.

The objector's right to apply for judicial review remains unaffected by any decisions made by the commissioner(s).

Recovery of Actual or Reasonable Costs associated with the Objection:

Under section 150 of the Act, Council may recover any actual or reasonable costs in respect of the objection from the person making the objection. This may include the selection, engagement and employment of the development contribution commissioner(s), administrative support of the objection hearing, and for preparing for, organising and holding the hearing.

Withdrawal of Objection:

A person who has served a notice of an objection may at any time withdraw the objection by serving notice on council and any development commissioner appointed to decide the objection. This does not affect the right of the person to lodge another objection, whether on the same grounds or different grounds provided it is within the 15 working day timeframe specified under the Act.

6.3. Remissions

At the request of the applicant, the development contribution required on a development may be considered for remission at Council's discretion on a case-by-case basis. Remission (in whole or in part) of development contributions may be allowed in the following circumstances:

- The development creates no additional unit of demand.
- A contribution has already been paid for the same service.
- Development contributions applicable to a particular development are deemed by Council to be manifestly excessive for any other reason. (This catchall is inserted because Council recognises that there may be situations not envisaged at the time this policy was established that justifies remission. However, where units of demand are created it would only be in exceptional circumstances that Council would accept that a remission is justified.)

Remissions must be applied for before a development contribution payment is made to Council. Council will not allow remissions retrospectively.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

6.4. Process for Consideration for Remission of Development Contribution

Any request for remission of development contributions shall be made by notice in writing, from the applicant to Council, before development contributions required on the development are paid.

The following diagram sets out the reconsideration process.

Any request for remission shall set out reasons for the request. In undertaking the review:

- Council shall consider the request as soon as reasonably practicable.
- Council may, at its discretion, uphold, reduce, or cancel the original amount of development contribution required on the development and shall communicate its decision in writing to the applicant within 15 working days of receiving the request.
- Council will make the decision, by way of delegation, to officers to an appropriate level and on the papers.

Where Council decides to consider such a request the following matters will be taken into account:

- The Development Contributions Policy.
- The Contributions Model.
- Council's Funding and Financial Policy.
- The extent to which the value and nature of works proposed by the applicant reduces the need for works proposed by Council in its capital works programme.
- Existing uses on the site of the proposed development.
- Development contributions paid and/or works undertaken and/or land set aside as a result of:
 - Development Contributions.
 - Agreements with Council.
 - Financial Contributions under the Resource Management Act.
 - Any other matters Council considers relevant.

In any case, Council retains the right to uphold the original amount of development contributions levied on any particular development.

6.5. Postponements

For the purposes of this Policy, postponements on payment of development contributions will not be applied.

6.6. Refunds

The refund of money if development does not proceed will be applied in accordance with Sections 209 and 210 of the Act.

Any refunds will be issued to the current landowner of the development to which they apply and will not be subject to any interest or inflationary adjustment.

6.7. Payment of Development Contributions

Development contributions payable on resource consents, building consents or service connections will be assessed at the time of application. Development contributions will be required to be made before:

- a resource consent is granted under the RMA for a development;
- a building consent is granted under the Building Act 2004; or
- an authorisation for a service connection is granted.

If payment of development contributions is not received Council may, in accordance with Section 208 of the Act, withhold a resource consent, building consent or authorisation to connect or may enforce powers outlined in Section 208 of the Act. Those provisions state that until a development contribution required in relation to a development has been paid or made under Section 198, a territorial authority may:

1. In the case of a development contribution required under section 198(1) (a):
2. Withhold a certificate under section 224(c) of the Resource Management Act 1991:
3. Prevent the commencement of a resource consent under the Resource Management Act 1991.
4. In the case of a development contributions required under section 198(1) (b), withhold a code of compliance certificate under section 95 of the Building Act 2004.
5. In the case of development contribution required under section 198(1)(c), withhold a service connection to the development.
6. In each case, register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

Cost escalation charges are applied to Development contributions and Financial contributions in accordance with the Statistics NZ Producer's Price Index outputs for construction (PPI) up to the date that payment is made. Adjustments for cost escalation are made on 1 July each year.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

6.8. Extraordinary Circumstances

Council reserves the discretion to enter into specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.

6.9. Further Development Contributions may be required

Pursuant to Section 200(4) of the LGA2002, another development contribution may be required to be made for the same purpose as an earlier development contribution if the further development contribution is required to reflect an increase in the scale or intensity of the development since the original contribution was required.

6.10. Tax - GST

Development and financial contributions required will incur a Goods and Services Tax at the appropriate rate.

6.11. Cross Boundary Development

In the situation where a proposed development lies partially in each of two or more development contribution areas, the development contribution for the entire development will be calculated based on the contribution applicable to the development contribution area that contains the majority of the development land area.

7. MEASURING UNITS OF DEMAND - EXPLANATION AND JUSTIFICATION FOR DEVELOPMENT CONTRIBUTIONS

All new allotments for industrial and/or commercial purposes created at subdivision stage are assumed to be equal to the creation of an equivalent unit for water supply, wastewater, and stormwater and eight equivalent units for roading. Each equivalent unit creates a unit of demand. For water supply, wastewater, and stormwater access to the network is via a connection.

The measure for units of demand for water supply, wastewater and stormwater is an equivalent household unit. Each lot or equivalent unit is assessed to have one service connection. The measure for units of demand for roading infrastructure is equivalent vehicle movements (a typical household generates eight equivalent vehicle movements per day). A vehicle movement generated by a light passenger vehicle is an equivalent vehicle movement. Assessments of the number of equivalent vehicle movements for Heavy Commercial Vehicles are based on space equivalents. Table 4 shows how development contributions for water supply, wastewater, stormwater and roading are calculated.

7.1. Applying Units of Demand

The following development contribution conditions shall apply to all land developments for industrial and/or commercial purposes:

- a. On every land development for industrial and/or commercial purposes, development contributions must be paid to the Council as set out in Table 4 (subject to adjustment as a result of the indexations referred to in Chapter 65 of the City of Napier District Plan and Chapter 25 of the Ahuriri Sub-District Plan) for:
 - i. Each additional lot created by the subdivision;
 - ii. The second and each subsequent unit of development;
 - iii. Development of existing lots.
- b. This rule does not apply where the subdivision is solely for the purpose of creating a title for an existing and lawfully established business unit and which does not give rise to any additional units of demand.
- c. Such development contributions shall be payable:
 - i. Upon the granting of any resource consent relating to the land development and must be paid prior to a Section 224 Certificate being issued in respect of subdivision; or
 - ii. Prior to any building consent being issued or uplifted; or
 - iii. Prior to the authorisation of a service connection.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

8. SCHEDULE OF CONTRIBUTIONS PER UNIT OF DEMAND

The schedule of development contributions refers to all land developments for Industrial and/or Commercial purposes within Napier City.

Table 4:

		Water Supply Contribution			Wastewater Contribution	Stormwater Contribution	Roads & Transportation Contribution
		EITHER			EITHER		
Non Residential Based		Gross floor area (\$/m ²)	plus	Pervious land area (\$/m ²)	Gross floor area (\$/m ²)	Land area** (\$/m ²)	Per 8 equivalent vehicle movements per day*** (\$)
i	Offices & Shops	6.97	plus	2.63	4.85	4.75	11,595.00
ii	Medical Clinics/ Hospitals	8.69	plus	2.63	6.06	4.75	11,595.00
iii	Warehouses/ Factories/ Network Utility Operations	3.54	plus	2.63	2.43	4.75	11,595.00
iv	Unsealed Yards	-	plus	2.63	-	1.21	11,595.00
v	Churches	3,481.00	plus	2.63	2,428.00	4.75	11,595.00
Residential Based		Population (\$ per head)	plus	Pervious land area (\$/m ²)	Population (\$ per head)	Land area** (\$/m ²)	Per 8 equivalent vehicle movements per day*** (\$)
vi	Residential Care Facilities	261.00	plus	2.63	182.00	4.75	11,595.00
vii	Travellers' Accommodation	261.00	plus	2.63	182.00	4.75	11,595.00
viii	Day Care Centres	131.00	plus	2.63	91.00	4.75	11,595.00
ix	Educational Facilities	131.00	plus	2.63	91.00	4.75	11,595.00
x	Retirement Complexes	259.00	plus	2.63	182.00	4.75	11,595.00
		OR Equivalent Water Connection (Whichever is the greater)			OR Equivalent Wastewater Connection (whichever is the greater)		

Equivalent Connections								
Water connection Diameter (mm)	15	20	25	32	40	50	80	100
Water (\$)	1,741.00	3,097.00	4,838.00	7,927.00	12,375.00	19,337.00	49,496.00	77,341.00
Wastewater (\$)	1,214.00	2,169.00	3,388.00	5,551.00	8,663.00	13,536.00	34,647.00	54,139.00

** Stormwater - based on maximum site coverage allowed for a resource consent stage. Charges relating to any additional impermeable area are required at Building Consent or Service Connection stage.

*** Roads and Transportation - Contribution calculated to nearest equivalent vehicle movement. A minimum of eight equivalent vehicle movements per day applies to each new lot.

Land Development will attract charges for:

- Water Supply
- Wastewater
- Stormwater
- Roads and Transportation

Except that:

Water supply, wastewater and/or stormwater components of financial contributions will not be payable where there is no actual or potential relevant connection provided or to be provided to the site.

The Roads and Transportation component of financial contributions will not be payable where there is no actual or potential impact on the roading system arising from the land development. No actual or potential impact means there is no increase in the average number of vehicle movements resulting from the land development.

Notes:

1. All figures in Table 4 are as at 1st July 2014 and include GST of 15%. Figures for subsequent years (taking into account indexation) will be shown in Council's Schedule of Fees and Charges, available from 1st July each year.
2. The assessment of the cost of works upon which the contributions are based, was derived from the Essential Services Development Plan 2000, as updated by the 2015 Activity Management Plans.
3. Basis for calculation contained in Table 5.

DEVELOPMENT AND FINANCIAL CONTRIBUTION POLICY CONTINUED

Table 5: Basis for calculation for Schedule of Units of Demand

Water and Wastewater			
Equivalent Household Units (floor area)		Household Equivalent (per resident or student)	
	1 household equivalent	Residential Care	0.15
Offices and Shops	250m ² floor area	Travellers Accommodation	0.15
Medical Clinics / Hospitals	200m ² floor area	Day Care	0.075
Warehouses / Factories / Network Utility Operations	500m ² floor area	Educational	0.075
Churches	2 household equivalents	Retirement	0.15

Stormwater	Water Supply (previous land area)
Based on household equivalent lot being 40% sealed and 12 lots/Ha.	Based on 75% of peak household demand used for irrigation purposes and 500m ² of permeable area per lot.

Roading		
	Equivalence/HUE unit/m ²	Equivalence/HUE unit/100m ²
Business		
Commercial Offices	0.0027	0.27
Retail		
Fast Moving Consumer Goods Centre	0.0068	0.68
Bulk Goods	0.0050	0.50
Industry		
Warehousing	0.0008	0.08
Manufacturing	0.0027	0.27
Other		
Accommodation	0.0019	0.19
Restaurant	0.0088	0.88
Education	0.0027	0.27

RATES REMISSION POLICY

1. REMISSION OF PENALTIES

Objective

The objective of this part of the Rates Remission Policy is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

Conditions and Criteria

Penalties incurred will be automatically remitted where Council has made an error which results in a penalty being applied.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. This will apply in the case of death, illness, or accident of a family member, at about the times rates are due.

Remission of the penalty will be considered if the ratepayer forgets to make payment, claims a rates invoice was not received, is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. As a guide, remission of one penalty will be allowed every two years provided the ratepayer has a history of paying on time in Napier.

Remission of a penalty will be considered where sale has taken place very close to due date, resulting in confusion over liability, and the notice of sale has been promptly filed, or where the solicitor who acted in the sale for the owner acted promptly but made a mistake (e.g. inadvertently provided the wrong name and address) and the owner cannot be contacted. Each case shall be treated on its merits.

A penalty shall not be remitted where professionals such as solicitors, accountants or trust companies have failed to perform their duties to a professional standard (e.g. omitted to file a notice of sale within one month) which led to the penalty being applied.

Decisions on remission of penalties will be delegated to the Finance Manager and the Rating Supervisor as set out in the Council's delegations resolution.

2. REMISSION FOR RESIDENTIAL LAND IN COMMERCIAL OR INDUSTRIAL AREAS

Objective

To ensure that owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

Conditions and Criteria

To qualify for remission under this part of the policy the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the City of Napier District Plan, copies of which are available from the Council office.
- Be listed as a 'residential' property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council office.

Rates will be automatically remitted annually for those properties which had Special Rateable Values applied under Section 24 of the Rating Valuations Act 1998 up to 30 June 2003, and for which evidence from Council's Valuation Service Provider indicates that, with effect from the 2002 revaluation of Napier City, the land value has been penalised by its zoning. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this part of the policy must make an application in writing addressed to the Corporate Services Manager.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

Applications for remission under this part of the policy will be determined by the Corporate Services Manager acting under delegated authority from the Council as specified in the delegations resolution.

Where an application is approved, the Council will direct its Valuation Service Provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the district. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the Valuation Service Provider's decision is final as there are no statutory right of objection or appeal for values done in this way.

RATES REMISSION POLICY CONTINUED

3. REMISSION FOR LAND SUBJECT TO SPECIAL PRESERVATION CONDITIONS

Objective

To preserve and encourage the protection of land and improvements which are the subject of special preservation conditions.

Conditions and Criteria

Rates remission under this Section of the policy relates to land that is subject to:

- A heritage covenant under the Historic Places Act 1993; or
- A heritage order under the Resource Management Act 1991; or
- An open space covenant under the Queen Elizabeth the Second National Trust Act 1977; or
- A protected private land agreement or conservation covenant under the Reserves Act 1977; or
- Any other covenant or agreement entered into by the owner of the land with a public body for the preservation of existing features of land, or of buildings, where the conditions of the covenant or agreement are registered against the title to the land and are binding on subsequent owners of land.

Ratepayers who own rating units meeting this criteria may qualify for remission under this part of the policy.

Rates will automatically be remitted annually for those properties which had Special Rateable Values applied under Section 27 of the Rating Valuations Act up to 30 June 2003, and which meet the above criteria. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this part of the policy must apply in writing to the Council office, and must provide supporting documentary evidence of the special preservation conditions, e.g. copy of the Covenant, Order or other legal mechanism.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year.

Applications for remission under this part of the policy will be approved by the Council. The Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Where an application is approved, the Council will direct its Valuation Service Provider to inspect the rating unit and provide a special valuation. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the Valuation Service Provider's decision is final as there is no statutory right of objection or appeal for values done in this way.

The equivalent special rateable value will be determined by the Valuation Service Provider on the assumption that:

1. The actual use to which the land is being put at the date of valuation will be continued; and
2. Any improvements on the land will be continued and maintained or replaced in order to enable the land to continue to be so used.

It will be assessed taking into account any restriction on the use that may be made of the land imposed by the mandatory preservation of any existing tenements, hereditaments, trees, buildings, other improvements, and features.

4. REMISSION OF UNIFORM ANNUAL GENERAL CHARGES (UAGC) AND TARGETED RATES OF A FIXED AMOUNT ON RATING UNITS OWNED BY THE SAME OWNER

Objective

To provide for relief from Uniform Annual General Charges (UAGC) and Targeted Rates of a fixed amount per rating unit or separately used or inhabited parts of a rating unit, where two or more rating units are owned by the same person or persons, and are either:

- part of a subdivision plan which has been deposited for separate lots, or separate legal titles exist; or
- are contiguous or separated only by a road, railway, drain, water race, river or stream, but the rating units may not necessarily be used jointly as a single unit, and each rating unit does not benefit separately from the services related to the UAGCs and Targeted Rates.

RATES REMISSION POLICY CONTINUED

Conditions and Criteria

Remission of UAGCs and Targeted Rates of a fixed amount applies in the following situations:

- Unsold subdivided land, where as a result of the High Court decision of 20 November 2000 'Neil Construction and others vs. North Shore City Council and others', each separate lot or title is treated as a separate rating unit, and such land is implied to be not used as a single unit.
- A residential property which has a separate vacant section attached for use as a garden, tennis court, etc.
- Multi-unit garages, where each garage is subject to a separate cross-lease, and a ratepayer owns two or more garages within the complex.
- Any similar situation where the rating unit cannot benefit separately from the services provided which relate to the UAGC and Targeted Rates.

Remission does not apply where one owner owns two or more rating units situated contiguously, but each is used for the purposes that would benefit separately from the services giving rise to the UAGC and Targeted Rates (e.g. neighbouring shops or houses).

Rating units that meet the criteria under this policy may qualify for a remission of UAGCs and Targeted Rates of a fixed amount. The ratepayer will remain liable for at least one set of each type of rate.

The rating units on which remission is applied must be owned by the same ratepayer.

Remission will be made automatically for all properties identified by Council staff as being eligible for remission under this part of the policy. Ratepayers who consider themselves eligible for remission under this part of the policy, but who do not receive any remission, may make application in writing to the Corporate Services Manager. All applications will be considered, and where eligible, remission will be backdated to the beginning of the rating year in which the application has been received.

All remissions under this part of the policy will be approved by the Corporate Services Manager.

5. REMISSION FOR SPECIAL CIRCUMSTANCES

Objective

To enable Council to provide rates remission for special and unforeseen circumstances, where it considers relief by way of rates remission is justified in the circumstances.

Conditions and Criteria

Applications for rates remission must be made in writing by the applicant.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of remission will be decided by Council on a case by case basis.

The applicant will be advised in writing of the outcome of the application.

RATES POSTPONEMENT POLICY

1. POSTPONEMENT FOR FARMLAND

Objective

To support the District Plan by encouraging owners of farmland around urban areas to refrain from subdividing their land for residential purposes.

Conditions and Criteria

To qualify for postponement of rates under this policy the rating unit must be classified as farmland for differential purposes (ratepayers wishing to ascertain their classification are welcome to inspect the Council's rating information database at the Council office).

Rates postponement will continue to apply on those properties that were subject at 30 June 2003 to postponement under Section 22 of the Rating Valuations Act 1998. Other rural ratepayers wishing to take advantage of this part of the policy must make application in writing, addressed to the Corporate Services Manager. The application for postponement must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

For properties currently subject to rates postponement and for new applications approved, Council will postpone the difference between rates payable on the equivalent Rates Postponement Value advised by its Valuation Service Provider and rates payable on the Rateable Value of the land each year.

The Council may charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. The amount of the fee is included in Council's Schedule of Fees and Charges.

At the end of five years any postponed rates will be written off if the rating unit has not been subdivided. However, if the rating unit is subdivided then postponed rates and interest will be payable. The ratepayer will be required to sign an agreement acknowledging this. Postponed rates will be registered as a charge against the land (i.e. in the event that the property is sold the Council has first call against any of the proceeds of that sale). Again, the ratepayer will be required to sign an agreement acknowledging this.

The Council will delegate authority to approve applications under this criteria to the Corporate Services Manager as specified in the delegations resolution.

2. POSTPONEMENT FOR THE ELDERLY

Objective

The objective of this part of the policy is to assist elderly ratepayers with a fixed level of income to meet rates particularly, but not exclusively, resulting from increasing levels of rates.

Conditions and Criteria

Postponement will only apply to elderly ratepayers on a fixed income.

Only rating units used solely for residential purposes will be eligible for consideration for rates postponement under this policy.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for financial hardship. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on the Council's rating information database as the 'ratepayer' must not own any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the Council Office).

The Council will consider, on a case by case basis, all applications received that meet the criteria outlined under this section. The following factors will be considered – age, income source and level, annual rates payable, and equity in the property owned. In considering the eligibility for and the period of postponement, the equity in the property and the amount of rates postponed will be important determinant factors. The Council will delegate authority to approve applications for rates postponement to the Corporate Services Manager.

Applicants seeking rates postponement will be encouraged to seek independent advice before formally accepting any offer for postponement made by the Council.

As a general rule postponement will not apply to the first \$500 per annum of the rate account after any rates rebate has been deducted.

Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Postponement will only apply on properties on which houses have been insured. Annual proof may be required that insurance has been maintained.

RATES POSTPONEMENT POLICY CONTINUED

Where rates postponement is approved for a property with an outstanding mortgage, the mortgagee will be advised by Council that rates postponement has been negotiated with the ratepayer.

Any postponed rates will be postponed until:

1. The death of the ratepayer(s); or
2. Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
3. Until the ratepayer(s) ceases to use the property as his/her residence; or
4. Until a date specified by the Council.

The Council will charge interest annually on the amount postponed. Interest will be calculated on the average amount of rates outstanding during the year, and will be charged at the average return on investments rate for Council for that year.

The Council may also charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative costs and may vary from year to year. The amount of the fee is included in Council's Schedule of Fees and Charges.

Interest and fees payable will be added to the amount of postponed rates annually and be paid at the time postponed rates are paid.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit. In addition to the annual fee and interest, Council charge any other costs or one-off fees incurred in relation to registration of the postponement.

This policy will not affect any rates postponed provisions approved prior to 1 July 2009, which will continue to apply in accordance with the conditions related to each case.

This policy does not apply to non-elderly ratepayers experiencing financial hardship.

Council will assist in the referral of any other ratepayer on a fixed income facing long term financial hardship to the appropriate agency.

Council will consider ways of assisting any ratepayer facing temporary financial hardship (e.g. resulting from redundancy) by temporary deferral of partial or full rates payments without penalty. Each case will be considered on its merits.

3. POSTPONEMENT FOR SPECIAL CIRCUMSTANCES

Objective

To enable Council to provide rates postponement for special and unforeseen circumstances, where it considers relief by way of rates postponement is justified in the circumstances.

Conditions and Criteria

Application for rates postponement must be made in writing by the applicant.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of postponement including any application of an annual fee will be decided by Council on a case by case basis.

The applicant will be advised in writing of the outcome of the application.

POLICY ON RATES REMISSION AND RATES POSTPONEMENT ON MAORI FREEHOLD LAND

Napier City Council has only three known rating units that occupy Maori freehold land. Two qualify as non-rateable, one is rateable. The rateable land is used productively. Council considers no criteria or conditions exist which requires rates relief on Maori freehold land additional to or which differs from rates remissions or postponement policies which apply to all rateable properties within Napier.

AUDIT NEW ZEALAND REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader

Independent auditor's report on Napier City Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for the Napier City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 30 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 112 to 115 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the City Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether the:

- Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

- information in the plan is based on materially complete and reliable asset and activity information;
- Council's key plans and policies have been consistently applied in the development of the forecast information;
- assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Stephen Lucy, Audit New Zealand
On behalf of the Auditor-General, Wellington, New Zealand

GLOSSARY OF TERMS

Activities and Activity Groups

The main elements of the Council's services offered to the Napier community are divided into Activities. These Activities are described in detail in the Activity Groups section of the plan including the performance measures and targets and the financial budgets for 2015/16 to 2024/25.

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 (CommunitrakTM)

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.