NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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EXTRAORDINARY MEETING OF COUNCIL

Open Agenda

Meeting Date:	Thursday 11 June 2020
Time:	10.00am
Venue:	Large Exhibition Hall Napier War Memorial Centre Marine Parade Napier

Council Members	Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor, Wright
Officer Responsible	Interim Chief Executive
Administrator	Governance Team
	Next Ordinary Council Meeting **Thursday 23 July 2020**

ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Public forum

Nil

Announcements by the Mayor including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

Announcements by the management

Agenda items

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AGENDA ITEMS

1. CONSULTATION - RATES POSTPONEMENT POLICY

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	935149
Reporting Officer/s & Unit:	Garry Hrustinsky, Investment and Funding Manager

1.1 Purpose of Report

To review and update the policy to include a clearer definition around financial hardship. To introduce rates postponement resulting from Significant Extraordinary Circumstances. Some minor clarification of Criteria wording.

Officer's Recommendation

That Council:

a. Approve the proposed amendments to the Rates Postponement Policy to include Significant Extraordinary Circumstances.

b. Approve wording change from “Elderly” to “Older Persons”

c. Approve other minor changes detailed in this report

d. Approval to go to consultation on the revised Rates Postponement Policy to run parallel but separately to the Annual Plan 20/21.

e. Approve the consultation plan for the Rates Postponement Policy

1.2 Background Summary

The COVID-19 pandemic and a subsequent response planning has highlighted the need to better define rates postponements for Significant Extraordinary Circumstances.

1.3 Issues

In its current form, the Rates Postponement Policy is structured to review postponements on a very small (individual) scale. Significant time (including that of Prosperous Napier Committee) and resources are required to process each application. The proposed amendment allows the Council to apply broad postponements in situations where Significant Extraordinary Circumstances are identified.

The proposed amendment is as follows:

Postponement for Significant Extraordinary Circumstances

Objective

To provide a rates postponement to ratepayers experiencing financial hardship directly resulting from Significant Extraordinary Circumstances that affects their ability to pay rates.

For the purpose of this policy the following definitions will apply:

- ***Significant Extraordinary Circumstances:*** *as defined by Council resolution. Significant Extraordinary Circumstances may be natural or economic in nature, and will identify the type and location of properties affected.*
- ***Financial Hardship****: for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.*
- ***Small Business****: a business operated by a small business person, small partnership or close company as defined in section YA 1 of the Income Tax Act 2007.*

Conditions and Criteria

This part of the policy will only apply to Rating Units used for residential purposes or by Small Businesses.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available. Council may set a timeframe for the event. Council may review the criteria and/or timeframe of Significant Extraordinary Circumstances through subsequent resolutions.

Council resolution will include:

a. that the resolution applies under the Rates Postponement Policy; and

b. the Significant Extraordinary Circumstances triggering the policy (e.g. including, but not limited to, flood, pandemic, earthquake); and

c. how the Significant Extraordinary Circumstances are expected to impact the community (e.g. hardship); and

d. the types or location of properties effected by the Significant Extraordinary Circumstances; and

e. timeframe for postponement in relation to the Significant Extraordinary Circumstances.

No application for postponement can be made under this policy unless Significant Extraordinary Circumstances have been identified by Council.

Any requests for rates postponement for Rating Units with a land value greater than $1.5m will be decided upon at the discretion of Council and requests for rate postponement for Rating Units with a land value less than $1.5m will be delegated to Council officers.

The ratepayer must demonstrate, to the Council’s satisfaction that paying the rates would result in Financial Hardship.

The applicant must demonstrate to Council’s satisfaction that the ratepayer has taken all necessary steps to claim any central government benefits or allowances the ratepayer is properly entitled to receive that would assist the ratepayer to meet their financial commitments. Evidence such as official correspondence must be provided with the application.

Council will consider applications where the same ratepayer is liable for rates for multiple Rating Units. In such instances, Council will look at the collective impact to the ratepayer.

Only the person/s entered as the ratepayer (in the case of a close company every director must sign the application form), or their authorised agent, may make an application for rates postponement for Significant Extraordinary Circumstances that resulted in Financial Hardship. However, where the ratepayer is not the owner of the Rating Unit, the owner must also provide written approval of the application.

The ratepayer must be the current ratepayer for the Rating Unit at the time Significant Extraordinary Circumstances are identified by Council.

Where the Council decides to postpone rates the ratepayer must make acceptable arrangements for payment of rates, for example by setting up a system for regular payments. Such arrangements will be based on the circumstances of each case.

Council may charge a fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs. The fees will be set as part of the Council resolution identifying Significant Extraordinary Circumstances.

Postponed rates will remain postponed until the earlier of:

a. The ratepayer/s ceases to be the owner or occupier of the Rating Unit; or

b. A date specified by Council in the Council resolution identifying Significant Extraordinary Circumstances.

Further minor amendments include:

- Postponement for the elderly has been changed to Postponement for Older Persons with policy text amended to reflect the wording change.
- Removal of the 5 year ownership rule for applications under Postponement for Older Persons.
- Removal of the provision "At the end of five years any postponed rates will be written off if the rating unit has not been subdivided." From Postponement for Farmland. This will encourage development in areas identified for growth.
- Delegation to approve rates postponements for Postponement for Farmland and Postponement for Older Persons extended to Chief Financial Officer and Investment & Funding Manager.
- Additional legislative and Council document references have been included in the policy.
- Applications under Postponement for Special Circumstances can now be made by the "…ratepayer or their authorised agent…" instead of solely by the "applicant".

1.4 Significance and Engagement

There has been no external consultation on the proposed changes.

The proposed amendments are similar to those already in place, or proposed, for other Councils.

Significance of the proposed amendments are high as they could potentially impact proportion of residents or ratepayers.

If approved, public consultation will be required and undertaken as a separate consultation in parallel with the Annual Plan 20/21.

1.5 Implications

Financial

N/A

Social & Policy

The proposed amendment will allow Napier City Council to be more responsive by events that have a material negative impact on the wider city.

Risk

Taking the Postponement Policy in its current form, the Council is not well placed to provide timely postponement, and may be overwhelmed due to administrative burden should another extraordinary or emergency event occur.

1.6 Options

The options available to Council are as follows:

a. Adopt all of the proposed changes.
b. Adopt selected proposed changes.
c. Adopt none of the proposed changes.

1.7 Development of Preferred Option

The proposed changes to the Rates Postponement Policy allow Council to be more responsive in times of Significant Extraordinary Circumstances impacting the community.

1.8 Attachments

A Rates Postponement Policy ⇩
B Consultation Plan - Rates Postponement Policy ⇩

Rates Postponement Policy			
Approved By	Pending Approval by Council		
Department	Finance		
Original Approval Date	29 June 2018	**Review Approval Date**	Pending
Next Review Deadline	June 2023	**Document ID**	346038
Relevant Legislation	Local Government (Rating) Act 2002 Local Government Act 2002 Income Tax Act 2007		
NCC Documents Referenced	Published in the Long Term Plan 2018-2028 which was reviewed between March/April 2018 and adopted on 29-06-18 Reviewed and amended in response to COVID-19 Rating – Delegations under Local Government (Rating) Act 2002		

Purpose

To enable Council to postpone the requirement to pay all or part of the rates on a Rating Unit under Section 87 of the Local Government (Rating) Act 2002 where a rates postponement policy has been adopted and the conditions and criteria in the policy are met.

Policy

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 initially qualify, or continue qualifying, for postponement of rates under this policy the Rating Unit must be classified, or continue to 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 Director Corporate Services. 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.

If the Rating Unit is subdivided then postponed rates and any accumulated fees 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.

Authority to approve applications will be delegated by Council to the Director of Corporate Services, Chief Financial Officer and Investment and Funding Manager.

Postponement for Older Persons

Objective

The objective of this part of the policy is to assist ratepayers who are Older Persons with a fixed level of income to meet rates particularly, but not exclusively, resulting from increasing levels of rates.

Definition

Older Persons are those who are old enough to qualify to receive NZ Superannuation.

For the purpose of this provision, Financial Hardship is defined as the inability of a person, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards.

Conditions and Criteria

Postponement will only apply to Older Persons 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 occupant and current owner of 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 elsewhere).

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, period of postponement, equity in the property owned, and the amount of rates postponed.

Authority to approve applications will be delegated by Council to the Director of Corporate Services, Chief Financial Officer and Investment and Funding 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 (e.g. by setting up a system to meet agreed minimum regular payments) for payments required under the terms of the postponement approval for the current rating year, and future payment years.

Postponement will only apply on properties on which houses have been insured. Annual proof may be required that insurance has been maintained.

Where rates postponement is approved for a property with an outstanding mortgage, the mortgagee will be advised by Council that rates postponement has been granted by the Council.

Any postponed rates will be postponed until:

The death of the ratepayer(s); or

- Until the ratepayer(s) ceases to be either the owner or occupier of the Rating Unit; or
- Until a date specified by the Council.

The Council will charge an annual postponement fee. The annual postponement fee will cover Council's administrative costs including finance costs. The finance cost will be charged at the average return on investments rate for Council for that year.

All postponement fees payable (including finance costs) 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, inclusive of any accumulated postponement fees, 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 will charge any other costs or one-off fees incurred in relation to registration of the postponement as part of the postponement.

This policy will not affect any rates postponement 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-Older Person 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.

Postponement for Significant Extraordinary Circumstances

Objective

To provide a rates postponement to ratepayers experiencing financial hardship directly resulting from Significant Extraordinary Circumstances that affects their ability to pay rates.

For the purpose of this policy the following definitions will apply:

- **Significant Extraordinary Circumstances:** as defined by Council resolution. Significant Extraordinary Circumstances may be natural or economic in nature, and will identify the type and location of properties affected.
- **Financial Hardship**: for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New

Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.

- **Small Business**: a business operated by a small business person, small partnership or close company as defined in section YA 1 of the Income Tax Act 2007.

Conditions and Criteria

This part of the policy will only apply to Rating Units used for residential purposes or by Small Businesses.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available. Council may set a timeframe for the event. Council may review the criteria and/or timeframe of Significant Extraordinary Circumstances through subsequent resolutions.

Council resolution will include:

a. that the resolution applies under the Rates Postponement Policy; and

b. the Significant Extraordinary Circumstances triggering the policy (e.g. including, but not limited to, flood, pandemic, earthquake); and

c. how the Significant Extraordinary Circumstances are expected to impact the community (e.g. hardship); and

d. the types or location of properties effected by the Significant Extraordinary Circumstances; and

e. timeframe for postponement in relation to the Significant Extraordinary Circumstances.

No application for postponement can be made under this policy unless Significant Extraordinary Circumstances have been identified by Council.

Any requests for rates postponement for Rating Units with a land value greater than $1.5m will be decided upon at the discretion of Council and requests for rate postponement for Rating Units with a land value less than $1.5m will be delegated to Council officers.

The ratepayer must demonstrate, to the Council’s satisfaction that paying the rates would result in Financial Hardship.

The applicant must demonstrate to Council’s satisfaction that the ratepayer has taken all necessary steps to claim any central government benefits or allowances the ratepayer is properly entitled to receive that would assist the ratepayer to meet their financial commitments. Evidence such as official correspondence must be provided with the application.

Council will consider applications where the same ratepayer is liable for rates for multiple Rating Units. In such instances, Council will look at the collective impact to the ratepayer.

Only the person/s entered as the ratepayer (in the case of a close company every director must sign the application form), or their authorised agent, may make an application for rates postponement for Significant Extraordinary Circumstances that resulted in Financial Hardship. However, where the ratepayer is not the owner of the Rating Unit, the owner must also provide written approval of the application.

The ratepayer must be the current ratepayer for the Rating Unit at the time Significant Extraordinary Circumstances are identified by Council.

Where the Council decides to postpone rates the ratepayer must make acceptable arrangements for payment of rates, for example by setting up a system for regular payments. Such arrangements will be based on the circumstances of each case.

Council may charge a fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs. The fees will be set as part of the Council resolution identifying Significant Extraordinary Circumstances.

Postponed rates will remain postponed until the earlier of:

a. The ratepayer/s ceases to be the owner or occupier of the Rating Unit; or

b. A date specified by Council in the Council resolution identifying Significant Extraordinary Circumstances.

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 ratepayer or their authorised agent.

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 Review

This policy will be reviewed at least once every three years.

Document History

Version	Reviewer	Change Detail	Date
2.0.0	Caroline Thompson	Updated and approved by Council	29 June 2018
3.0.0		Updated and approved by Council	

Consultation Plan – Rates Postponement Policy

Introduction

Some changes to the Rates Postponement Policy are proposed that will provide some flexibility in times of hardship that affect a large number of our community. The key change would allow rates to be paid late. While this policy doesn't 'discount' rates, it does affect the amount of funding available to the Council in a given timeframe. It is expected the policy would be applied across the community affected rather than at an individual ratepayer level, which is already catered for in the current policy. The current policy allows for delayed payment, and subsequent write off, for rates applied to farmland, which is believed to discourage residential development in such areas. It is proposed that this is changed so that rates are no longer written off after five years, but payment still able to be delayed, for land in areas identified for residential development.

These policy changes are aligned with policy changes to the Rates Remission policy, which is being consulted on at the same time. Both matters will be promoted together given their strong association.

Significance and Engagement Policy

It is anticipated this policy change would be implemented in times when a significant proportion of the community is affected by an event or hardship, not on a day to day basis. A large proportion of the community may be affected but as it is only in place for these one off situations it does not have an ongoing affect. The matter will be of interest to Napier ratepayers and the wider community and therefore the consultation will be promoted to the general public. The change to the rates postponement facility for farmland may be of special interest to the farming sector.

Purpose

The objective of the consultation is to provide the community with the opportunity to provide their feedback on whether or not they support the proposed changes to the Rates Postponement Policy.

Approach

This consultation process will be run concurrently with the consultation on the Annual Plan 2020/21, from 18 June to 15 July and promoted to ratepayers and the general public. The farming sector has been identified as potentially having a special interest in the changes to how rates postponement for farmland is applied. As such, the consultation process will be advised directly to:

- Three property owners who currently use the postponement facility for farmland
- Federated Farmers
- Hawke's Bay Regional Council
- Ministry of Primary Industries

The policy, identifying the changes, will be available on www.sayitnapier.nz, along with a short summary and a submission form. Hard copies of the material will be available at the Council's Customer Service Centre, the libraries and by request.

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with a section also included in the Annual Plan 2020/21 Consultation Document.

Digital	• Facebook posts • Digital screens • Website (www.sayitnapier.nz) • Email to special interest parties
Print	• Included in the Annual Plan Consultation Document • Referenced in the Annual Plan Summary Brochure • Informing Napier (advertised with other consultations) • The Napier Courier (advertised with other consultations)

2. CONSULTATION - RATES REMISSON POLICY

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	935164
Reporting Officer/s & Unit:	Garry Hrustinsky, Investment and Funding Manager

2.1 Purpose of Report

To review and update the policy to include a clearer definition around financial hardship. To introduce rates remission resulting from Significant Extraordinary Circumstances. Some minor clarification of Criteria wording.

Officer's Recommendation

That Council:

a. Approve the proposed amendments to the Rates Remission Policy to include Significant Extraordinary Circumstances.

b. Approve other minor changes detailed in this report.

c. Approval for consultation on the revised Rates Remission Policy to run parallel but separately to the Annual Plan 20/21.

d. Approve the consultation plan for the Rates Remission policy

2.2 Background Summary

The COVID-19 pandemic and a subsequent response planning has highlighted the need to better define rates remissions for Significant Extraordinary Circumstances.

2.3 Issues

In its current form, the Rates Remission Policy is structured to review remissions on a very small (individual) scale. Significant time (including that of Prosperous Napier Committee) and resources are required to process each application. The proposed amendment allows the Council to be proactive, and apply broad remissions in situations where Significant Extraordinary Circumstances are identified.

The proposed amendment is as follows:

Remission of Rates in Response to Significant Extraordinary Circumstances being identified by Council.

Objective

To enable Council to provide rates remission to assist ratepayers in response to Significant Extraordinary Circumstances impacting Napier's ratepayers.

Definitions

Financial Hardship: for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered *necessary according to New Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.*

Conditions and Criteria

For this policy to apply Council must first have identified that there have been Significant Extraordinary Circumstances affecting the ratepayers of Napier, that Council wishes to respond to.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available.

For a Rating Unit to receive a remission under this policy it needs to be an "Affected Rating Unit" based on an assessment performed by officers, following guidance provided through a resolution of Council.

Council resolution will include:

1. *That the resolution applies under the Rates Remission Policy; and*
2. *Identification of the Significant Extraordinary Circumstances triggering the policy (including both natural and man-made events); and*
3. *How the Significant Extraordinary Circumstances are expected to impact the community (e.g. financial hardship); and*
4. *The type of Rating Unit the remission will apply to; and*
5. *Whether individual applications are required or a broad based remission will be applied to all affected Rating Units or large groups of affected Rating Units; and*
6. *What rates instalment/s the remission will apply to; and*
7. *Whether the remission amount is either a fixed amount, percentage, and/or maximum amount to be remitted for each qualifying Rating Unit.*

Explanation

The specific response and criteria will be set out by Council resolution linking the response to specific Significant Extraordinary Circumstances. The criteria may apply a remission broadly to all Rating Units or to specific groups or to Rating Units that meet specific criteria such as proven Financial Hardship, a percentage of income lost or some other criteria as determined by council and incorporated in a council resolution.

Council will indicate a budget to cover the value of remissions to be granted under this policy in any specific financial year.

The types of remission that may be applied under this policy include:

- *The remission of a fixed amount per Rating Unit either across the board or targeted to specific groups such as:*
    - *A fixed amount per residential Rating Unit*
    - *A fixed amount per commercial Rating Unit*

Further minor amendments include:

Provision for the remission of penalties through identification of Significant Extraordinary Circumstances.

Applications under Remission for Special Circumstances can now be made by the "…ratepayer or their authorised agent..." instead of solely by the "ratepayer".

2.4 Significance and Engagement

There has been no external consultation on the proposed changes.

The proposed amendments are similar to those already in place, or proposed, for other Councils.

Significance of the proposed amendments are high as they could potentially impact proportion of residents or ratepayers.

If approved, public consultation will be required and will be run in parallel to the Annual Plan 20/21.

2.5 Implications

Financial

N/A

Social & Policy

The proposed amendment will allow Napier City Council to be more responsive, by way of financial relief, to any events that have a material negative impact on the wider city.

Risk

Taking the Rates Remission Policy in its current form, the Council is not well placed to provide timely relief via remission, and may be overwhelmed due to administrative burden should further Significant Extraordinary Circumstances occur.

2.6 Options

The options available to Council are as follows:

a. Adopt all of the proposed changes.
b. Adopt selected proposed changes.
c. Adopt none of the proposed changes.

2.7 Development of Preferred Option

The proposed changes to the Rates Remission Policy allow Council to be more responsive in times of Significant Extraordinary Circumstances impacting the community.

2.8 Attachments

A Rates Remission Policy ⇩
B Consultation Plan - Rates Remission Policy ⇩

Rates Remission Policy			
Approved by	Pending Approval by Council		
Department	Finance		
Original Approval Date	30 June 2019	**Review Approval Date**	June 2020
Next Review Deadline	June 2023	**Document ID**	
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002		
NCC Documents Referenced	Published in the Long Term Plan 2018-2028 which was reviewed between March/Apr 2018 and adopted on 29-06-18 Reviewed and amended as part of 2019/20 Annual Plan Reviewed and amended as part of 2020/21 Annual Plan		

Purpose

To enable Council to remit all or part of the rates on a rating unit under Section 85 of the Local Government (Rating) Act 2002 where a Rates Remission Policy has been adopted and the conditions and criteria in the policy are met.

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

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.

Penalties will also be remitted based on the application, by officers, of Council criteria established after Council has identified that Significant Extraordinary Circumstances have occurred that warrants further leniency in relation to the enforcement of penalties that would otherwise have been payable. The criteria to be applied will be set out in a council resolution that will be linked to the specific Significant Extraordinary Circumstances that have been identified by Council.

Penalties will also be remitted where Council's Chief Financial Officer considers a remission of the penalty, on the most recent instalment, is appropriate as part of an arrangement to collect outstanding rates from a ratepayer.

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 Chief Financial Officer.

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.

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.

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:

- The actual use to which the land is being put at the date of valuation will be continued; and
- 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 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:

- part of a subdivision plan which has been deposited for separate lots, or separate legal titles exist; or
- 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 UAGC and Targeted Rates.

Conditions and Criteria

Remission of UAGC 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.

All remissions under this part of the policy will be approved by the Chief Financial Officer.

5. Remission for Water Rates (by meter)

Objective

To provide ratepayers with a measure of relief by way of partial rates remission where, as a result of the existence of a water leak on the Rating Unit which they occupy the payment of fuller rates is inequitable, or where officers are convinced that there are errors in the data relating to water usage.

Conditions and Criteria

- The existence of a significant leak on the occupied Rating Unit has been established and there is evidence that steps have been taken to repair the leak as soon as possible after the detection, or officers have reviewed the usage data and are convinced that the usage readings are so abnormal as to require adjustment.
- The Council or its delegated officer(s) as determined from time to time and set out in the Council's delegations register shall determine the extent of any remission based on the merits of each situation.

6. Remission to smooth the effects of change in rates on individual or groups of properties

Objective

To enable Council to provide rates remission where, as a result of a change in Council policy or other change that results in a significant increase in rates, Council decides it is equitable to smooth or temporarily reduce the impacts of the change by reducing the amount payable.

Conditions and Criteria

- Remission of part of the value based rates to enable the impact of a change in rates to be phased in over a period of no more than 3 years.

To continue with any existing rates adjustment where, due to change in process, policy or legislation Council considers it equitable to do so subject to a maximum limit of 3 years to a remission made under this clause in the policy.

7. 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 ratepayer or their authorised agent.

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.

8. Remission of Rates in Response to Significant Extraordinary Circumstances being identified by Council.

Objective

To enable Council to provide rates remission to assist ratepayers in response to Significant Extraordinary Circumstances impacting Napier's ratepayers.

Definitions

Financial Hardship: for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.

Conditions and Criteria

For this policy to apply Council must first have identified that there have been Significant Extraordinary Circumstances affecting the ratepayers of Napier, that Council wishes to respond to.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available.

For a Rating Unit to receive a remission under this policy it needs to be an "Affected Rating Unit" based on an assessment performed by officers, following guidance provided through a resolution of Council.

Council resolution will include:

1. That the resolution applies under the Rates Remission Policy; and
2. Identification of the Significant Extraordinary Circumstances triggering the policy (including both natural and man-made events); and
3. How the Significant Extraordinary Circumstances are expected to impact the community (e.g. financial hardship); and
4. The type of Rating Unit the remission will apply to; and
5. Whether individual applications are required or a broad based remission will be applied to all affected Rating Units or large groups of affected Rating Units; and
6. What rates instalment/s the remission will apply to; and
7. Whether the remission amount is either a fixed amount, percentage, and/or maximum amount to be remitted for each qualifying Rating Unit.

Explanation

The specific response and criteria will be set out by Council resolution linking the response to specific Significant Extraordinary Circumstances. The criteria may apply a remission broadly to all Rating Units or to specific groups or to Rating Units that meet specific criteria such as proven Financial Hardship, a percentage of income lost or some other criteria as determined by council and incorporated in a council resolution.

Council will indicate a budget to cover the value of remissions to be granted under this policy in any specific financial year.

The types of remission that may be applied under this policy include:

- The remission of a fixed amount per Rating Unit either across the board or targeted to specific groups such as:
    - A fixed amount per residential Rating Unit
    - A fixed amount per commercial Rating Unit

Policy Review

This policy will be reviewed at least once every three years.

Document History

Version	Reviewer	Change Detail	Date
2.0.0	Caroline Thomson	Updated and approved by Council with LTP	29 June 2018
3.0.0	Caroline Thomson	Updated in conjunction with 2019-20 Annual Plan	4 June 2019
4.0.0		Updated in conjunction with 2020-21 Annual Plan	

Consultation Plan – Rates Remission Policy

Introduction

Some changes to the Rates Remission Policy are proposed that will provide some flexibility in times of hardship that affect a large number of our community. The key change would allow a Council to refund or discount rates and rates-relation penalties (e.g. late fees). It is expected the policy would be applied across the community affected rather than at an individual ratepayer level, which is already catered for in the current policy. This policy change, when applied, will reduce the income Council receives from rates at that time.

These policy changes are aligned with policy changes to the Rates Postponement Policy, which is being consulted on at the same time. Both matters will be promoted together given their strong association.

Significance and Engagement Policy

It is anticipated this policy change would be implemented in times when a significant proportion of the community is affected by an event or hardship, not on a day to day basis. A large proportion of the community may be affected at a given time. The matter will be of interest to Napier ratepayers and the wider community and therefore the consultation will be promoted to the general public. There are no other parties identified as having a special interest in this matter, so no targeted consultation will be undertaken.

Purpose

The objective of the consultation is to provide the community with the opportunity to provide their feedback on whether or not they support the proposed changes to the Rates Remission Policy.

Approach

This consultation process will be run concurrently with the consultation on the Annual Plan 2020/21, from 18 June to 15 July and promoted to ratepayers and the general public.

The policy, identifying the changes, will be available on www.sayitnapier.nz, along with a short summary and a submission form. Hard copies of the material will be available at the Council's Customer Service Centre, the libraries and by request.

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with a section also included in the Annual Plan 2020/21 Consultation Document.

Digital	• Facebook posts • Digital screens • Website (www.sayitnapier.nz)
Print	• Included in the Annual Plan Consultation Document • Referenced in the Annual Plan Summary Brochure • Informing Napier (advertised with other consultations) • The Napier Courier (advertised with other consultations)

3. CONSULTATION DOCUMENT AND DRAFT ANNUAL PLAN 2020/21

Type of Report:	Legal
Legal Reference:	Local Government Act 2002
Document ID:	935370
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services

3.1 Purpose of Report

To present the consultation document and supporting information for the Annual Plan 2020/21 for Council adoption.

Officer's Recommendation

That Council:

a. Note that the Annual Plan 2020/21 does not meet the section 100 (i) balanced budget provision of the Local Government Act 2002, and Council will work towards a balanced budget for the Long Term Plan 2021-31.

b. Adopt the following documents as supporting information for the Annual Plan 2020/21:
    i. Draft Annual Plan financials for 2020/21
    ii. FAQs – Water
    iii. FAQs – Waste
    iv. Capital Programme Changes
    v. Remaining capital programme projection for Long Term Plan 2018-28
    vi. Long Term Plan 2018-28 Major Projects Update
    vii. Where your rates dollar goes
    viii. Water Supply Network Master Plan, Council report and minutes
    ix. Civic Precinct Report (Library) Council report and minutes
    x. Whakarire Revetment – Funding Decision, Council report and minutes and Consultation Summary
    xi. Project Shapeshifter business case
    xii. Napier Aquatic Development Update, Council report and minutes
    xiii. Napier Recovery Plan, Napier Recovery Budget, Council report and minutes
    xiv. Schedule of Fees and Charges 2020/21
    xv. Annual Plan proposed rate increase options.

c. Adopt the Consultation Document to form the basis of Council's consultation with the community on the Annual Plan 2020/21.

d. Note that separate consultation will occur on the proposed Rates Remissions Policy; Local Government Funding Agency; and Rates Postponement Policy.

e. Delegate responsibility to the Chief Financial Officer to approve any final edits required to the Consultation Document, financial information and supporting information in order to finalise the documents for uploading online and physical distribution.

f. Adopt the high level consultation plan and note that it includes options for engagement under different alert levels should Alert Levels for Covid-19 change during the consultation period.

3.2 Background Summary

Process to develop annual budget

The process to develop council's annual budget for the financial year commencing 1 July 2020 ending on 30 June 2021, began in November 2019, with a series of workshops with Councillors to set direction on the budget. These seminars occurred on 27 November, 4 December, 12 December, 23 January, 5 February, 10 February, and 20 February. Councillors were provided with cost pressures and efficiencies that could be made, and set direction to stay within the financial limits as outlined in the Financial Strategy. On 10 March 2020, Council approved the underlying material, assumptions and key decisions for the development of the draft Annual Plan 2020/21 and Consultation Document including a proposed average rates increase of 6.5% for existing ratepayers. The 6.5% was due to increases relating to waste, recycling and water-related projects.

Officers then prepared the Annual Plan 2020/21 Consultation Document and supporting information for community consultation based on the decisions of the 10 March 2020 meeting to present to Council on 31 March 2020.

On 20 March 2020, at the Audit and Risk Committee meeting, the Annual Plan 2020/21 was discussed, and Council's Auditor and Audit and Risk Committee directed Council to review the Annual Plan 2020/21 in light of Covid-19 impacts, particularly as Napier City Council receives only 51% of its total income from rates. It is a legislative requirement under the Local Government Act 2002 to have a balanced budget. The impact of Covid-19 on revenue would result in an unbalanced budget, and therefore Council had to review its 2020/21 budget.

On 25 March 2020, central government moved New Zealand to Alert Level 4, and then moved into Alert Level 3 on 27 April, then to Alert Level 2 on 13 May. At the time of this report, New Zealand remains in Alert Level 2. The impacts of the Alert Levels and the global response to the pandemic have caused significant implications for our community, and changes the context within which the Council can deliver its services and within which it must assess the corresponding budgetary implications.

In April 2020, Officers developed a project plan to develop a revised Annual Plan 2020/21 that allowed for revision of content and impact on timelines for consulting and hearings. The revised adoption date is set for 27 August. Adoption no later than this date will ensure that rates notices are delivered within quarter one to mitigate cashflow issues; and allow commencement of capital projects planned for 2020/21 as soon as possible.

Description	Indicative Date(s)
Consultation	18 June – 15 July 2020
Extraordinary Council meeting - Annual Plan 2020/21 & Special Consultative Process Hearing	12/13 August 2020
Extraordinary Council meeting - Annual Plan 2020/21 Adoption & Rates Setting	27 August 2020
Issue rates notices	10 September 2020

On 23 April, Council agreed to the deferral of the release of the Annual Plan 2020/21 until the most appropriate plan for the changed context of Covid-19 was developed and

agreed by Council. Council noted that by deferring the release of the plan, Council will be in breach of the legislative timelines under the Local Government Act 2002 to adopt the Annual Plan 2020/21 by 30 June the year prior to the plan commencing.

Advice provided by LGNZ, SOLGM and supported by Simpson Grierson confirms that an Annual Plan 2020/21 adopted after 30 June is lawful and if challenged is unlikely to be declared invalid provided the delay can be explained and the plan is not acted on until it is adopted. Audit NZ and the Department of Internal Affairs (DIA) have been advised of the late adoption date for the Annual Plan 2020/21.

Elected Members attended weekly workshops throughout April and May covering budget impacts, revised significant forecasting assumptions, rates (including funding options to reduce 2020/21 rates increase), options analysis and impact on future year's rates and loans, proposed recovery package budget, risks, financial policies, and consultation. The Audit and Risk Committee was updated fortnightly. Council set direction on a 4.8% rates increase.

Budget review

Proposed rates increase

Officers reviewed the budget in light of Covid-19 impacts to achieve a 4.8% rates increase and $3.7M of savings were identified across the board which are not expected to unduly impact levels of service. Officers also revised planning assumptions, and provided Council with a shortlist of options to fund the operating deficit $6.74M for 20/21 with a preferred option of utilising Council reserves.

Capital programme

The capital programme has not changed significantly as projects have already been programmed. Any changes to the programme of work will be addressed through officer's submissions to the Annual Plan 2020/21. The currently known proposed changes to the capital programme and remaining years of the capital programme for the current LTP are listed as supporting documents to the Annual Plan 2020/21. Delivery of the capital plan is an important aspect of economic recovery. Council will consider any final changes required for the capital plan as part of its final deliberation.

Central government funding

Officers have also applied for central government funding for a number funding streams available through Covid-19 recovery and at the time of this report are awaiting feedback.

Napier recovery plan

In parallel to the development of the revised Annual Plan 2020/21, officers revised the Rates Postponement Policy and Rates Remissions Policy to enable Council to provide relief for hardship to the community; and developed the Napier City Recovery Plan which includes:

- 543K for rates and rental relief for residents, businesses and community groups. Up to 350K available for residential reductions of up to $200; up to $500 for commercial reductions; and up to 193K for rental relief for organisations that are charged to rent, lease or for a license to occupy any Council land or premises.

- $1M to support recovery including continued support for We are Team Napier; Jump Start Innovation fund to support great ideas that help accelerate recovery for our community and or economy; Using the rest of the funding to support emerging ideas and longer term strategies.

External borrowing

Despite not requiring external borrowing in the past, the financial forecast taking into consideration Covid-19 impacts identified that Napier City Council may have a loan funding requirement of approximately $33 million for 20/21. Officers explored options for external borrowing and Council set direction to join the Local Government Funding Agency. To ensure that Council would be able to meet the criteria of the Local Government Funding Agency if membership was decided on, the Investment Policy and Liability Management Policy were reviewed for compliance.

Council decisions to inform Annual Plan 2020/21

Since the 10 March Council meeting where Council adopted the underlying material, assumptions and key decisions to form the basis of the Annual Plan 2020/21, Council has made several decisions related to the revised Annual Plan 2020/21. Council reports and decisions include:

Meeting	*Topic*	*Council report and decision*
9 April Council meeting	Whakarire Ave Revetment	Council received a report on Whakarire Ave including an update on residents' feedback and made the following decisions relevant to Annual Plan 2020/21: ➢ to proceed with the project, ➢ approve the updated project cost estimate that now includes additional items, including landscaping, stormwater conveyance and third party supervision and to fund the additional cost from loans; ➢ approve the private contribution to be held at the same amount as per the 2019/20 consultation, resulting in a change to the public/private split to 2.5% private/95.5% public. Whakaire Ave Revetment is an update in the Annual Plan 2020/21 Consultation Document. The Revenue and Financing Policy will be updated prior to the targeted rate commencing.
9 April Council meeting	Library Site Selection	Council received a report as an update on the Civic precinct project including library site selection process and made the following decisions relevant to Annual Plan 2020/21: ➢ accepted in principle, the recommendation from the Library site project steering group to pursue the development of the library on the Station Street Site. ➢ Noted the Annual Plan 2020/21 will include the preferred site for the library and any feedback received on this will be forward to the Civic Precinct Steering Group for consideration in the masterplan development. Napier Library Civic Precinct is an inform piece in the Annual Plan 2020/21 Consultation Document.
20 April Audit and Risk Committee meeting	External Accountability – investment and debt Annual Plan 20/21 underlying documents	The Committee received a report on External Accountability – investment and debt which outlined that although Council is still in a current cash position, Council will likely need to move into an external debt position through the Annual Plan 2020/21, depending on timing of projects. The Committee received the snapshot report on Council's Investment and Debt.

		The Committee received a report on the underlying financial information to the Annual Plan 2020/21. The Committee made the following recommendations to Council relevant to the Annual Plan: ➢ Received the underlying information including capital plan changes; 10 year revised capital plan; financial information. ➢ Noted that further review should be undertaken in light of Covid-19 impacts and the full Council to be advised immediately of this review.
23 April Extraordinary Council meeting	Annual Plan 2020/21 update	Council received a report on the suggested revised timelines for the Annual Plan 2020/21 and made the following decisions: ➢ Note that by deferring the release of the 2020/21 Annual Plan, Council will be in breach of its legislative timelines under the Local Extraordinary Meeting of Council - 23 April 2020 - Open Minutes 4 Government Act 2002 to adopt the Annual Plan by 30 June in the year prior to the plan. ➢ Approve the deferral of the release of the 2020/21 Annual Plan for community consultation, and amendments to Financial Policies, until such time as the most appropriate plan for the changed context of Covid-19 is developed and agreed by Council. ➢ Note Officers are working towards the draft Annual Plan 20/21 and consultation document being brought to Council in June with community consultation to occur after this. ➢ The Hearing and adoption of the Annual Plan will be most likely in August.
30 April Extraordinary Council meeting	Annual Plan proposed rate increase options Rates and debtors relief packages Fees and charges for 20/21	*Annual Plan proposed rates increase options* Council received a report on the details of the financial impacts of Covid-19 on the 2020/21 budget, with planning assumptions to guide budgeting for 2021, and a shortlist of options to fund the operating deficit. The report also sought Council approve for proposed rates increase and to prepare the 2020/21 draft Annual Plan and consultation document on the basis of the decisions made at the meeting. Council made the following decisions: ➢ Note that a number of briefing sessions/workshops have been held with elected members and seek Councillor input and direction setting in relation to preparing the final material required for the revised Annual Plan and consultation document for the community. ➢ Note the revised timeline that was provided to Council on 23 April, will see the adoption of the Annual Plan later than the statutory deadline due to the additional changes required for the revised plan and impact on the timeline for consulting and hearings. The revised adoption date is currently set for 27 August. ➢ Note that Covid-19 has had a material impact on Council's budget for the current year (2019/20), and is likely to put Council into a net operating rates deficit when the final position is known in August (currently estimated at $3m). ➢ Agree that the 2020/21 Annual Plan and consultation document be prepared for consideration by the Council, based on Option C, which recommends i. A 4.80% average rates, ii. Funding of a planned operating gap of $6.74 million is allocated from Council reserves, ($4 million from the Parking Reserve, and $2.74 million from the Suburban and

Urban Growth Fund.). Council will consult on the use of these funds as part of the Annual Plan 2020/21.

iii. Note that under section 80 of the Local Government Act 2002 Council could consider internal borrowing for any rates or debtors relief applications received prior to community consultation and adoption of the 2020/21 Annual Plan. If community consultation confirms that it is appropriate to use the parking and urban/suburban growth funds to fund the operating gap of $6.74m the internal loan would be repaid from these reserves.

iv. Note Council officers have identified operational savings of $3.7 million in the development of the revised Covid-19 Annual Plan 20/21.

There are two options provided regarding how to pay for the funding shortfall and achieve an average rates increase of 4.8% per household. The proposed option is to use reserves to fund the operating gap of $6.74m and the other option presented is to borrow to cover the operating gap.

Rates and debtors relief packages

Council received a report on financial relief options for Council to consider in response to financial stress in the community caused by Covid-19. Council made the following decisions:

- Note that a separate paper be bought back to Council with proposed changes to the Rates Postponement Policy for consideration and community consultation alongside the Annual Plan 20/21.
- Note that Rates Postponement for 20/21 be considered under “Special Circumstances” in the existing policy until such time the revised Rates Postponement Policy is adopted by Council.
- Approve funding of up to $525k to be funded from Reserves to support Rates Postponement Policy requirements for 2020/21 (being up to 50% of rates being deferred up to 6 months).
- Note delegation to the Director Corporate Services, Chief Financial Officer, and Investment and Funding Manager to approve Rates postponement in relation to the Covid-19 event for 2019/20 and 2020/21 is set out in the Rates Postponement Policy.
- Note that a public excluded paper will be bought to Council every 6 weeks documenting the approved delegated requests for rates postponement under “Special Circumstances” or “Extraordinary or Emergency Event”.
- Note that any request for rates postponement for properties with a capital value greater than $1.5m are to be considered by Council on a case by case basis in a public excluded agenda.
- Note the recommendation to reduce rates penalty for the first 6 months of 2020/21 (to December 2020) from 10% to 3.5% and will be adopted formally when the rates are set for 20/21.
- Reduce the Annual Plan 20/21 budget by $88k for rates penalty to reflect the reduction in anticipated penalty fees for 2020/21.

		➢ Approve rental relief up to $193k for those demonstrating hardship (across both 2019/20 and 2020/21), for leases, rents, licences to occupy, non-profit organisations. ➢ Provide delegation to the Director Corporate Services, Chief Financial Officer and Manager Property to approve rental relief in relation to the Covid-19 event for 2019/20 and 2020/21 ➢ Note that a public excluded paper will be bought to Council every 6 weeks documenting the approved delegated requests for rental relief. l. Approve in principle the formation of the Napier City Rates Relief Fund for one year only (20/21) up to $350k to be funded from Council Reserves $100k – commercial ratepayers $250k – residential ratepayers If approved, direct Council Officers to prepare a formal Napier City Council Rates Relief Policy 20/21 for adoption by Council to be effective 1 July 2020. ➢ Approve in principle the use of reserves be utilised for the purposes of the Rates Postponement, Rates Rebate and the net operating shortfall for the Annual Plan 2020/21. Reserve funding has been identified in the Parking Fund ($5m) and the Suburban and Urban Growth ($2.6m) Fund. This change in purpose from the original proposed use as identified in the Long Term Plan will be considered by the community as part of the Annual Plan consultation 2020/21. There will be approximately $5m balance in each of the two reserves after the proposed allocation from the reserve for future projects. The use of the funds, and the residual balance of the fund is considered prudent to offset hardship faced by the community during this time. ➢ Approve the ‘Community Information – Rates and Rental Relief’ document for distribution for residents and businesses in relation to rates, and rental support for the community. Napier’s Recovery Plan is an inform piece as part of the Annual Plan consultation. *Fees and Charges* ➢ Council received the Fees and Charges for the 20/21 financial year and decided to adopt the schedule of fees and charges for 2020/21 effective 1 July 2020, as specified in the document titled Schedule of Fees and Charges 2020/21. Fees and Charges forms part of the supporting documents to the Annual Plan. Note: fees and charges will be effective as of 1 July, except for Fees and Charges under the Resource Management Act which will be effective as of the Annual Plan Deliberations on 12-13 August.
7 May Extraordinary Council meeting	Water supply masterplan	Council received a report on Water Supply Master planning including the Water Supply Masterplan and a report which identified critical projects are need to be programmed and delivered in the 20/21 Annual Plan, and made the following decisions relevant to Annual Plan: ➢ Approve the approach to developing Borefield#1 in advance of the Global Resource Consent application, with the aim to provide low manganese source water as soon as practical. ➢ Accept that this approach has potential financial risks with the installation of the larger pipeline that connects the proposed bore to the existing network. Water Supply Projects is an inform piece in the Annual Plan consultation document.

14 May Extraordinary Council meeting	Napier recovery budget	Council received a report on the proposed funding of the recovery process for 20/21 and the terms of reference for the Napier City Council recovery effort, and made the following decisions relevant to Annual Plan ➢ Approve the funding of the recovery process for 20/21 ($1 million dollars). ➢ Endorse the recovery approach, Terms of Reference, and integration with the Long Term Plan direction setting. ➢ Receive regular reports on the Steering Group's activities and plans and have input into these where appropriate. Napier's Recovery Plan is an inform piece in the Annual Plan consultation document.
21 May Extraordinary Council meeting	Rates postponement policy review Rates remission policy review Investment policy review Liability management policy review Statement of proposed to join the local government funding agency	Council received several reports including: *Financial policies relating to community hardship* Rates Postponement Policy: proposed better definition around financial hardship resulting from Significant Extraordinary Circumstances. Rates Remission Policy: to include definition around financial hardship resulting from Significant Extraordinary Circumstances. These policies were not approved at this time and laid on the table for further review by Officers, in particular whether the policies would apply to an applicant who has owned the property for at least 5 years, and applicants who reside outside of Napier. These revised policies form part of a separate Council report at the 11 June Council meeting. These policies will be consulted on separately to the Annual Plan, but in parallel. *Financial policies relating to external borrowing* Investment Policy Review: proposed amendments to include provision for Napier City Council to hold bonds, commercial paper and shared issued by the Local Government Funding Agency (LGFA). Liability Management Policy: proposed amendments to include provision for Napier City Council to contribute a portion of borrowings back to the LGFA as and equity contribution, provide guarantees and allow charges by the LGFA – this is a condition of membership. Both policies were adopted without amendments. These policies are included as supporting documents to the Consultation on joining the LGFA . Statement of Proposal to join the LGFA: provided options available if Council decides to join the Local Government Funding Agency and commence process of joining the LGFA through release of a Statement of Proposal. Council made the following decisions relevant to Annual Plan: ➢ Approve Napier City Council proceeding with public consultation to join the Local Government Funding Agency (LGFA). ➢ Endorse Option 4 (join the LGFA as an unrated guaranteeing local authority) as Council's preferred membership option.

		Joining the Local Government Funding Agency is a consultation run separate to the Annual Plan, but in parallel, and follows the Special Consultative Procedure.
4 June Council meeting	Napier Aquatic Centre Update	Council received a report with options in relation to the next steps in the development of the Napier Aquatic Centre, and made the following decisions relevant to Annual Plan: ➢ Note that Council, being conscious of the widespread community interest around progressing the previously proposed Napier Aquatic Centre Development, wishes to take some time to reconsider the various options. ➢ Resolve that Council will commence some further consultation on the Napier Aquatic Centre Development as part of its Long Term Plan 2021-31 with a view to ensuring that the whole community is involved in progressing any finally agreed project in due course even though that might not determine a final option until a future annual plan. ➢ Note that Council prefer not to continue with the tender for the Napier Aquatic Centre Development as issued on 21 May 2019 in favour of further considering the project as part of the Long Term Plan 2021-31. ➢ Note that Council had provided $5m in the draft Annual Plan 2020/21 on the basis that it wasn't sure of the court outcome at the time, nor of the best way to progress matters, and therefore had left itself some options to proceed while also noting the residual balance of the project sits in future years. ➢ Note that Council are consulting on its draft Annual Plan 2020/21 and can make the necessary changes to move the current budget to future years for the Napier Aquatic Centre Development as part of deliberations and community feedback. ➢ Resolve to transfer $500k from the reserve funding currently allocated for the pool in 2020/21 to operating costs to allow for further site investigations and design requirements at Onekawa site or any other requirements for potential consultation and further consideration as part of the Long Term Plan 2021-31. Council are informing the community on the use of $500,000 from reserves for further site investigations and any design requirements if required.

Annual Plan 2020/21 Consultation document

The consultation topics are:

- Rates increase and options for covering revenue shortfall due to Covid-19.
- Post Covid-19 Recovery Plan including rates and rental relief; Jump Start Innovation Fund; We are Team Napier promotion.
- Water Supply Projects.
- Safe chlorine-free drinking water review.
- Wastewater outfall.
- Kerbside waste collection.

- Napier Library Civic Precinct.

The Consultation Document provides updates on the Napier Aquatic Development; Community Housing; Project Shapeshifter (Aquarium); Te Pihinga and Whakarire Revetment. It also signals the timing changes to the capital works programme and potential impacts on 21/22 budget.

The Consultation Document also signals the separate consultation which will inform the Annual Plan 2020/21, occurring on

- Financial policy changes to rates policies and borrowing including Rates Remissions Policy; Rates Postponement Policy; Local Government Funding Agency (separate consultation).

The following documents have been prepared as supporting information for the Consultation Document:

- Draft Annual Plan financials for 2020/21
- FAQs – Water
- FAQs – Waste
- Capital Programme Changes
- Remaining capital programme projecting for Long Term Plan 2018-28
- Long Term Plan 2018-28 Major Projects Update
- Where your rates dollar goes
- Water Supply Network Master Plan, Council report and minutes
- Civic Precinct Report (Library), Council report and minutes
- Whakarire Revetment – Funding Decision, Council report, Council minutes, and Consultation Summary
- Project Shapeshifter business case
- Napier Aquatic Development Update, Council report and minutes
- Napier Recovery Budget, Council report and minutes including Napier Recovery Plan
- Schedule of Fees and Charges 2020/21.

3.3 Issues

Requirement to borrow externally

Napier City Council held approximately $58 million of cash investment including $48 million in term deposits and the balance in cash. It is expected that the timing of cash flow, reduced receipts, public support packages, operational expenditure for essential services and committed capital expenditure will result in a funding gap for 20/21. External borrowing is necessary as prior to the decision to join the LGFA. Council is forecasting external borrowing requirements of $33m for 20/21 (this is in line with year 3 of the LTP and assumes the capital programme will be fully completed). External borrowing will be required if there are insufficient reserve balances to draw on.

Council is forecasting $76.7m of internal debt and with forecast external borrowings of $33m for 20/21 this would bring total public debt to $109.7m.

Consultation on the proposal to join the LGFA will be undertaken separately and at the same time as the Annual Plan 20/21 consultation (refer Sections 82 to 83AA of the LGA 2002).

Covid-19 impacts

The fast-changing events since the pandemic impacted on New Zealand, its borders, and being in lockdown has meant it has been difficult to prepare our Annual Plan for 2020/21 with any certainty. It is in effect, an emergency budget rather than a normal Annual Plan.

Council is committed to a programme and budget that supports the city to recover, but many of those details are based on several factors, including how long the Covid-19 pandemic lockdown lasts, what role Central government play in recovery, and the impact on the economy and on residents and businesses.

While it will be important to build a budget that recognises the current financial challenges that household and business face, it is also important to note that substantial support packages are available via government, banks and local government.

It is important to note that any costs that are deferred, or funded through different funding mechanisms, shift this year's rates burden to future years and rates will be steeper in those years as a consequence.

The broad basis for setting the 2020/21 budget is finding the right balance between supporting those in need now and stimulating the local economy, while not over burdening ratepayers in the future.

Unbalanced budget

The significant reduction in revenue from the tourism activities has meant that Council will be setting an unbalanced budget for the 2020/21 year. Council has carefully considered in relation to section 80 of the LGA the options of funding the operating shortfall for 2020/21 and the future financial implications that will need to be managed in later years.

3.4 Significance and Engagement

Council has assessed that there are material and significant changes from the 2018-28 Long Term Plan for the 2020/21 year and that these matters will be consulted on as per the Consultation Document (Attached). The High Level Consultation Plan is also attached.

The consultation and submission period for the Annual Plan 2020/21 is Thursday 18 June 2020 to noon Wednesday 15 July 2020. Submissions can be made online on the Council website or by hardcopy. A summary brochure will be sent to all households outlining the consultation matters and information about feedback can be provided.

Due to Covid-19, instead of community meetings, Council will host live chat sessions where the public can ask questions and before making a submission to the Annual Plan 2020/21. The sessions will be led by the Mayor, supported by the Deputy Mayor with Councillors in attendance. The live chat sessions will occur on Council's facebook page fb.com/NapierCityCouncil at:

23 June 2020, 11.15am

2 July 2020, 7pm

9 July 2020, 7pm.

There will also be a formal hearing prior to the deliberations process. The Hearing provides an opportunity for interested members of the public to come and speak to their written submission. The Hearing meeting will allow for oral submissions to be made in person. However if Alert Level requirements change and prohibit this, an online solution will be provided. The Hearing will be livestreamed and will be held on:

12-13 August 2020, from 9am

Napier War Memorial Centre, Marine Parade.

A New Zealand Sign Language Communicator will be available at both the live chat sessions and the Hearing.

Council will consider all feedback from the community, received both online and through the live chats, and in submissions, when making its final decisions on the Annual Plan 2020/21.

At the Hearing, Council will deliberate and make a resolution to proceed and complete the final Annual Plan. Council adoption of final Annual Plan will be Thursday 27 August 2020.

3.5 Implications

Financial

The proposed rates increase in the Long Term Plan 2018-28 for 2020/21 was 5.1%, and it is now proposed to be 4.8%. To achieve the proposed rates increase of 4.8% there will be a funding shortfall of $6.74m. Council have considered section 80 of the LGA and are consulting on the use of reserves to fund this unbalanced budget funding gap.

Due to changes to water supply projects and kerbside waste and recycling collection, there is a possible 2.6% increase on rates for 2021/22. The rates impact of the waste collection service will result in a 0.8% increase, and the impact of recycling will be 1.2%. The rates impact for 2021/22 of the changes to the 3 waters programme is approximately 0.6%.

The impact of any of the changes proposed in 2020/21 on rates for 2021/22 will be considered in the development of the Long Term Plan for 2021-31.

Social & Policy

N/A

Risk

Audit and Risk committee to provide feedback on risks to Annual Plan delivery to Council by 9 June (via the Director of Corporate Services). This feedback will be tabled at the Council meeting.

3.6 Options

The options available to Council are as follows:

a. Approve the Annual Plan 2020/21 Consultation Document and the supporting documents for consultation.

b. Do not approve the Annual Plan 2020/21 Consultation Document and the supporting documents.
c. Approve in part the Annual Plan 2020/21 Consultation Document and the supporting documents.

3.7 Development of Preferred Option

Option A - Approve the Annual Plan 2020/21 Consultation Document and the supporting documents for consultation.

3.8 Attachments

A Draft Annual Plan financials for 2020/21 ⇩
B FAQs - Water ⇩
C FAQs - Waste ⇩
D Capital Programme Changes ⇩
E Remaining Capital Programme Projection for LTP 2018-28 ⇩
F LTP 2018-28 Significant Projects Update ⇩
G Where Your Rates Dollar Goes ⇩
H Water Supply Network Master Plan *(Under Separate Cover)*
I Water Master Planning, Council Report ⇩
J Water Master Planning, Council Minutes ⇩
K Civic Precinct Report (Library), Council Report ⇩
L Civic Precinct Report (Library), Council Minutes ⇩
M Whakarire Revetment - Funding Decision, Council Report ⇩
N Whakarire Revetment - Funding Decision, Council Minutes ⇩
O Whakarire Revetment Consultation Summary *(Under Separate Cover)*
P Project Shapeshifter Final Detailed Business Case *(Under Separate Cover)*
Q Napier Aquatic Development Update, Council Report ⇩
R Napier Aquatic Development Update, Council Minutes ⇩
S Napier Recovery Budget, Council Report ⇩
T Napier Recovery Budget, Council Minutes ⇩
U Schedule of Fees and Charges 2020/21 *(Under Separate Cover)*
V Consultation Document ⇩
W High Level Consultation Plan ⇩
X Annual Plan Proposed Rate Increase Options, Council Report ⇩

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FINANCIAL INFORMATION ANNUAL PLAN 20/21

Our Priority Areas

DEMOCRACY AND GOVERNANCE

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
Council works with and for the community.	Nil $ million	4.7 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Long term planning

- Review Revenue and Financing Policy and consult with community on proposed changes.
- Undertake Assets and investments Review.
- Review Development Contributions Policy.
- Develop Long Term Plan 2021-31 with a focus on improving community well-being (incorporating relevant initiatives from the Covid-19 recovery programme) and consult with community.

TRANSPORTATION

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
Excellence in infrastructure and public services for now and in the future.	13.3 $ million	15 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Marewa/Nelson Park

- Construct upgrade to Kennedy Road at Marewa Shops to improve safety for all users, including pedestrians and cyclists.
- Construct cycling connections along Kennedy Road between George's Drive and the central business district.

Poraiti/Taradale/Te Awa

- Detailed design and preparation of funding business case for the upgrade of Puketitiri Road between Fryer Road and Quarry Ridge, which will include road widening, curve easing and edge protection.
- Construct transport infrastructure to support residential and commercial development in Te Awa.

Ahuriri

- Construct improvements including traffic calming and reallocation of road space on West Quay to create a pedestrian, cycle and business friendly environment and reduce potential conflicts between the public and industrial activity in the Inner Harbour.

Safety improvements

- A number of safety improvement projects to reduce vehicle speeds, particularly in residential areas, including Pirimai and Marewa.

City Centre

- Construct pedestrian crossing facilities on Marine Parade to improve connections between the CBD and the shore; and develop a masterplan for the City Centre to encourage investment, improve pedestrian and cycle accessibility, increase vibrancy and enable central city living.

Our Priority Areas continued

STORMWATER

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
Excellence in infrastructure and public services for now and in the future.	3.4 $ million	4.9 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Stormwater studies and planning/design

- Undertake a comprehensive stormwater study before any further exploration or implementation of other stormwater-related projects in Ahuriri Estuary and Coastal areas. This will help us to understand the feasibility of projects and consider options for better managing the quality of our stormwater. This will include investigation of artificial wetlands on lagoon farm as part of the Regional Park initiative.
- Complete modelling and masterplanning of Napier's stormwater system.
- Undertake investigations to determine design to improve the pipes and drainage in the area of the Thames and Tyne waterways.

Stormwater improvements

- Make improvements to the stormwater quality entering the estuary from Bay View, the Lagoon Farm and Hawke's Bay Airport, as well as run off from rural residential areas of the western hills.

Te Awa

- Design and construct stormwater infrastructure to enable development in Te Awa.

Bylaw

- Implement Stormwater Bylaw.

WASTEWATER

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
Excellence in infrastructure and public services for now and in the future.	8.0 $ million	9.5 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Outfall leak

- Undertake investigations and design to address the outfall leak issue.
- Repair Wastewater outfall pipe and create storage for wastewater at our treatment plant to allow for shutdowns for maintenance and repairs.

Pandora Industrial Main

- Undertake investigation to upgrade the Pandora Industrial Main. The main sewer line servicing the industrial area of Pandora has become blocked with struvite. The line is currently redirected into the main city network until it is fixed.

Improvements to Wastewater system

- Develop a prioritised 30 year wastewater improvement programme to reduce the incidents of wastewater overflows and improve the system efficiencies. Urgent improvement works will begin during this annual plan period.

Te Awa

- Design and construct wastewater infrastructure to enable development in Te Awa.

Our Priority Areas continued

WATER SUPPLY

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
Excellence in infrastructure and public services for now and in the future.	14.6 $ million	7.6 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

3 Waters Review

- Finalise 3 Waters review and present full independent report evaluating the options and recommending a preferred option to Councils in Hawke's Bay for consideration.+

Water Supply Masterplan

- Implement masterplan to provide clear and clean water for Napier including projects:
    - Test and establish two new bores, to supply low manganese water.
    - Find suitable site for replacement reservoir on Napier Hill.
    - Manage dirty water and leakage in Tamatea and Parklands.
    - Design new water treatment plants.
    - Design mains pipes to connect bore fields to reservoirs and back to the network.
    - Improve access to the network for the Fire Service.
    - Build in more access points to the network for cleaning.

Chlorine-free drinking water review

- Commission independent review to look at the cost of, and options for, moving to a safe chlorine-free drinking water network.

Te Awa

- Design and Construct water supply infrastructure to enable development in Te Awa.

OTHER INFRASTRUCTURE

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
A sustainable city. Excellence in infrastructure and public services for now and in the future.	2.1 $ million	13.4 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Rubbish collection service

- Commence new rubbish collection service on 1 October with provision of a 120 litre Council-owned wheelie bin and weekly collection.
- Review of potential rates discount for following year if wheelie bin is put out once a fortnight or less.

Omarunui landfill

- Provide funding for Omarunui Development Valley D and B & C for the long term planning needs and development of the jointly owned landfill between Napier and Hastings.

Cemetery

- Implement the Cemetery Strategy including develop cemetery management plans for our six cemeteries. This will include improvements for the Napier Cemetery with a focus on heritage protection and tree management.

Our Priority Areas continued

CITY STRATEGY

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
A vibrant innovative city for everyone. Excellence in infrastructure and public services for now and in the future. A safe and healthy city that supports community well-being.	1.1 $ million	12.7 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

District Plan

- Notification of new Draft Napier District Plan for community consultation.

Recovery Plan

- Lead Covid19 recovery plan.

Civic Precinct and Library

- Develop masterplan for Napier city civic precinct including library.

Regional Park

- In line with the Ahuriri Estuary and Coastal Edge Masterplan, develop masterplan in conjunction with the Regional Council to facilitate a regional park around the Ahuriri Estuary. Develop a detailed concept for artificial wetlands that have an ecological and recreation value but also contribute to the polishing of storm water before it reaches the estuary.

CBD Parking

- Design and build a new car park for central business district (CBD).
- Upgrade parking meters with new equipment

Humber Street

- Advance the Ahuriri Estuary and Coastal Edge Masterplan, to further develop the Humber St estuary edge incorporating the land that is currently occupied by Te Aratika drilling.

COMMUNITY AND VISITOR EXPERIENCES

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
A vibrant innovative city for everyone. Excellence in infrastructure and public services for now and in the future. A sustainable city. A safe and healthy city that supports community well-being.	19.7 $ million	42.8 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Reinstatement of War Memorial

- Construct Napier War Memorial at the Napier War Memorial Centre once concept design is agreed by Council. Then, develop management policy to protect the site's heritage, and commemorative elements.

Reserves

- Construct Whakarire Ave revetment. The revetment will protect the reserve and properties on Whakarire Ave and will restore the public's access to the reserve.

Our Priority Areas continued - Community Services

- Implement the Open Space Strategy including develop Reserve Management Plans. The District Wide Reserves Management Plan will be the first priority and this will be followed by Maraenui Park and Taradale Park Management Plans to align with the priorities of the Community Development team.
- The playground renewals will be prioritised based on the findings of the recently drafted Playground Strategy, in particular, there will be a focus on upgrading neighbourhood playgrounds such as Essex Street and Norfolk Street.

Engagement/partnerships

- Review Significance and Engagement policy.
- Develop Te Reo and cultural strategy.
- Develop strategy to support Māori welfare and growth.

Recreation facilities

- Further consider and engage community on the future of Napier's aquatic facilities.
- Investigate provision of more indoor court space in Napier.

Aquarium

- Further consider and engage community on National Aquarium of NZ expansion project and other options, pending on result of central government funding support.

Business and Tourism

- Complete construction of Kennedy Park upgrade of the ablution block to ensure the main toilets, showers and communal kitchen facility are of a good standard.
- Complete an i-SITE Strategy (including Par2 Minigolf) and conduct an S17A review to give strategic derection on the asset and business activity.
- Commence development of a Business and Tourism Strategy.

Te Pihinga

- Finalise a concept design for a community facility in Maraenui that will support employment, training and entrepreneurship, with a focus on rangatahi development.
- Work with other agencies to repurpose land for housing development and community facilities in Maraenui.

Housing

- Commence implementation to meet the government's new healthy home stands across Council's community housing portfolio. This includes heating, ventilation and insulation in units.
- Complete Strategic Housing Review – options analysis because current income from rents is not covering the cost of maintaining the housing. Should a significant change in provision be recommended, consultation with community, including current tenants will be undertaken.

Community

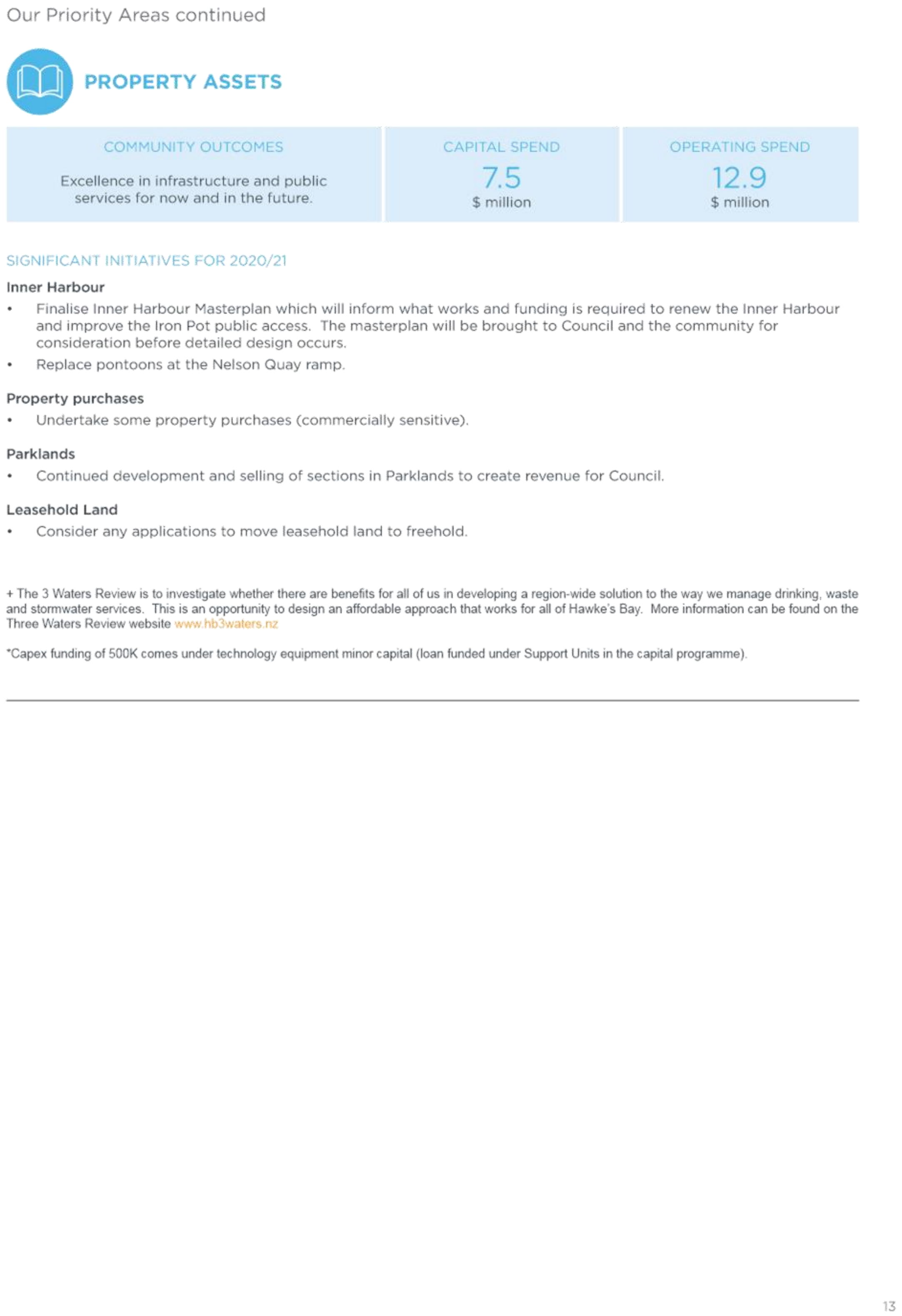
- Implement Disability, Positive Ageing and Youth Strategies.
- Develop Community Plan Framework.

Safety

- Replace and expand the CCTV network which is at the end of its life.*
- Investigate ambassadorial model for CBD patrols.

Museums

- Develop an activity management plan for the Faraday Centre including building/infrastructure requirements and service delivery for Council consideration.
- Investigation into regional museum research and archive centre with Joint Working Group (Hastings District Council, and the Hawke's Bay Museums Trust) and explore options.



Our Priority Areas continued

PROPERTY ASSETS

COMMUNITY OUTCOMES	CAPITAL SPEND	OPERATING SPEND
Excellence in infrastructure and public services for now and in the future.	7.5 $ million	12.9 $ million

SIGNIFICANT INITIATIVES FOR 2020/21

Inner Harbour

- Finalise Inner Harbour Masterplan which will inform what works and funding is required to renew the Inner Harbour and improve the Iron Pot public access. The masterplan will be brought to Council and the community for consideration before detailed design occurs.
- Replace pontoons at the Nelson Quay ramp.

Property purchases

- Undertake some property purchases (commercially sensitive).

Parklands

- Continued development and selling of sections in Parklands to create revenue for Council.

Leasehold Land

- Consider any applications to move leasehold land to freehold.

+ The 3 Waters Review is to investigate whether there are benefits for all of us in developing a region-wide solution to the way we manage drinking, waste and stormwater services. This is an opportunity to design an affordable approach that works for all of Hawke's Bay. More information can be found on the Three Waters Review website www.hb3waters.nz

*Capex funding of 500K comes under technology equipment minor capital (loan funded under Support Units in the capital programme).

Prospective Statement of Comprehensive Revenue and Expenses

Forecast for the year ending 30 June 2021

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
Revenue			
Rates revenue	63,858	61,969	60,326
Finance revenue	216	525	753
Development and financial contributions	3,391	3,621	3,349
Subsidies and grants	5,169	37,139	8,822
Other revenue	47,585	44,680	51,204
Other gains/(losses)	1,564	1,116	1,196
Total revenue	**121,783**	**149,050**	**125,650**
Expenditure			
Employee Benefit Expense	40,727	37,428	39,013
Depreciation and Amortisation	28,392	27,226	24,938
Finance Costs	413	675	-
Other Operating Expenses	52,321	38,161	48,122
Total expenditure	**121,853**	**103,490**	**112,073**
Operating surplus/(deficit) before tax	**(70)**	**45,560**	**13,577**
Share of associate surplus/(deficit)	310	249	248
Surplus/(deficit) before tax	**240**	**45,808**	**13,825**
Income tax expense	-	-	-
Surplus/(deficit) after tax	**240**	**45,808**	**13,825**
Other comprehensive revenue			
Valuation gains/(losses) taken to equity	5,626	5,603	22,749
Fair value gains/(losses) through comprehensive revenue on investments	-	-	-
Total comprehensive revenue and expenses	**5,866**	**51,411**	**36,574**

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Prospective Statement of Financial Position

Forecast for year ending 30 June 2021

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
Assets			
Current assets			
Cash and cash equivalents*	5,714	12,197	2,334
Debtors and other receivables	15,821	18,178	17,046
Prepayments	297	171	245
Inventories	5,821	3,667	5,063
Biological assets	354	296	322
Other financial assets	-	10,000	4,500
Total current assets	**28,007**	**44,509**	**29,510**
Non-current assets			
Property, plant and equipment	1,725,410	1,681,768	1,546,554
Intangible assets	550	1,496	1,030
Inventories	19,570	5,854	12,520
Investment property	58,791	37,178	40,757
Investment in associates	9,367	8,530	7,838
Other financial assets	3,452	3,416	3,924
Total non-current assets	**1,817,140**	**1,738,242**	**1,612,623**
Total assets	**1,845,147**	**1,782,751**	**1,642,133**
Liabilities			
Current liabilities			
Trade payables and other accruals	19,289	15,311	15,838
Employee benefit liabilities	4,876	4,016	4,688
Total current liabilities	**24,165**	**19,327**	**20,526**
Non-current liabilities			
Revenue received in advance	-	269	-
Employee benefit liabilities	723	961	790
Borrowings	33,000	30,000	-
Provisions	1,109	4,859	2,457
Total non-current liabilities	**34,832**	**36,089**	**3,247**
Total liabilities	**58,997**	**55,416**	**23,773**
Total net assets	**1,786,150**	**1,727,335**	**1,616,360**
Net assets / equity			
Accumulated revenue & expenses	820,065	880,055	804,539
Other reserves	966,085	847,280	813,821
Total net assets / equity	**1,786,150**	**1,727,335**	**1,618,360**

* In the LTP Cash and Cash equivalents included Omarunui Landfill ($2,968). This has been reclassified to Non-current Other Financial Assets in the AP 2020/21.

Prospective Statement of Changes In Net Assets / Equity

Forecast for the year ending 30 June 2021

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
Total net equity balance at 1 July	1,780,284	1,675,924	1,581,786
Total comprehensive revenue for the period	5,866	51,411	36,574
Total net equity balance at 30 June	**1,786,150**	**1,727,335**	**1,618,360**
Total comprehensive revenue and expenses attributable to:			
Napier City Council	5,866	51,411	36,574
Total comprehensive revenue and expenses	**5,866**	**51,411**	**36,574**

Prospective Statement of Cash Flows

Forecast for the year ending 30 June 2021

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
Cash flows from operating activities			
Receipts from rates revenue	60,665	61,879	59,930
Interest received	216	525	753
Dividends received	-	-	-
Receipts from other revenue	59,787	81,532	56,013
Goods and services tax (net)	-	-	(959)
Payments to suppliers and employees	(95,601)	(75,844)	(84,509)
Interest paid	(413)	(675)	-
Net cash from operating activities	**24,654**	**67,416**	**31,228**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	250	250	263
Proceeds from withdrawal of investments	27,000	40,100	97,354
Purchase of property, plant and equipment	(69,447)	(109,171)	(66,858)
Purchase of intangible assets	(127)	-	68
Acquisition of investments	(14,682)	(30,000)	(63,000)
Net cash from investing activities	**(57,006)**	**(98,821)**	**(32,173)**
Cash flows from financing activities			
Proceeds from borrowings	33,000	30,000	-
Net cash from financing activities	**33,000**	**30,000**	**-**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	648	(1,405)	(946)
Cash, cash equivalents and bank overdrafts at 1 July	5,066	16,570	3,280
Cash, cash equivalents and bank overdrafts at 30 June	**5,714**	**15,165**	**2,334**

Key Changes from the 2020/21 Year of the Long Term Plan

BY THE NUMBERS

0.3%

RATES REVENUE
to 4.8%, down from 5.1% forecast for 2020/21

MAIN REASONS FOR CHANGE
Reduced rates due to impact of COVID-19 shortfall on tourism and other Council related activities being funded by Council Reserves.

12%

OTHER REVENUE
to $48m, up from $45m

MAIN REASONS FOR CHANGE
Increase in Parklands residential sales due to timing delay from the previous year, partially offset by decreased revenue from lower than expected levels of tourism activity due to impact of COVID-19.

86%

SUBSIDIES AND GRANTS
to $5m, down from $37m

MAIN REASONS FOR CHANGE
Timing of expected external grant funding for the proposed Aquarium.

18%

OPERATING EXPENDITURE
to $122m, up from $104m

MAIN REASONS FOR CHANGE
Increased costs for waste and kerbside recycling.

Increase in Parklands Residential development costs.

Increased operating expenditure relating to water quality.

Changes to staff costs.

35.7%

CAPITAL EXPENDITURE
to $72m, down from $112m

MAIN REASONS FOR CHANGE
The capital works programme outlined in the LTP includes a substantial investment in a variety of projects. For the Annual Plan 2020/21, there have been several changes where projects have been re-phased to later years. There have also been new requirements that have been identified since the LTP and some projects which are no longer required. The tables below outline key changes made to 2020/21.

Capital Expenditure by Activity Group

	AP 2020/21 $000	LTP 2020/21 $000	Variance
City Strategy	1,067	592	475
Community and Visitor Experiences	19,717	72,754	(53,037)
Other Infrastructure	2,070	2,164	(94)
Property Assets	7,533	3,889	3,644
Stormwater	3,361	6,675	(3,314)
Transportation	13,290	15,048	(1,758)
Wastewater	8,036	3,795	4,241
Water Supply	14,604	4,955	9,649
Support Units	2,538	2,493	45
Total	**72,216**	**112,365**	**(40,149)**

Statement of Accounting Policies

In accordance with the Local Government Act 2002 Section 95a, Napier City Council (the Council) will adopt the 2020/21 Annual Plan on 26 June 2020. As the authorising body, the Council is responsible for the Annual Plan presented along with the underlying assumptions and all other required disclosures.

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

Reporting Entity

Napier City Council (the Council) is a New Zealand territorial local authority. It is governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The reporting entity consists of the Council only. The Council has investments in the following entities which are Council Controlled Organisations (CCO):

Hawke's Bay Museum Trust classified as an investment;

Hawke's Bay Airport Limited (26% share of voting rights) equity accounted.

The Council provides local infrastructure, local public services and amenities, and performs regulatory functions for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements comply with PBE Standards and have been prepared in accordance with Tier 1 PBE Standards.

Basis of Preparation

The prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

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 purposes of the prospective financial statements in the Annual Plan is to provide users with information about Council's plans for the next 12 months and the rates that will be required to fund this plan.

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

The Annual Plan is based on the forecast for the year ended 30 June 2021 included in the Long Term Plan 2018 – 2028. The prospective financial statements have been prepared by using the best information available at the time for the Annual Plan.

Changes in Accounting Standards

There were no changes in accounting policy during the financial year. All accounting policies and disclosures have been applied consistent with those applied in the previous financial year and Annual Plan.

Investments

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 subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the financial statements is increased or decreased to recognise the Council's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

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

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

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

Subsidiaries

The Council has no subsidiaries.

Joint Arrangements

Jointly Controlled Assets

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Council has an interest in a joint operation that is a jointly controlled asset. The Council recognises its share of the asset, classified as plant and equipment. In addition, the Council recognises its share of liabilities, expenses and income from the use and output of the joint operation.

Foreign Currency Translation

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 surplus or deficit of the Statement of Comprehensive Revenue and Expenses.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

Non-exchange Revenue

Rates Revenue

The following policies for rates have been applied:

General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised as revenue at the start of the financial year to which the rates resolution relates, and they are recognised at the amount due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Grants and Subsidies

Grants and subsidies received are recognised as revenue when the Council obtains control of the transferred asset (cash, goods, other assets or services) and the transfer is free from conditions that require the Council refund or return the asset if the conditions relating to the asset are not fulfilled. When grants and subsidies include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised. 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. The right to receive the funding from NZTA arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.

Donated, Subsidised or Vested Assets

Donated, subsidised or vested assets are recognised when the right to receive them is established. Revenue is recognised at this time unless there are conditions attached to the asset, which require the asset to be returned if conditions are not met. A liability is recognised until the conditions are met. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

Parking and Traffic Infringement

Revenue is recognised when the ticket is issued as there are no conditions attached.

Exchange Revenue

Licences and Permits

Revenue derived from licences and permits are recognised on receipt of appropriate application.

Residential Developments

Sales of sections in residential developments are recognised when contracts for sale are unconditional as control is deemed to have been transferred.

Development and Financial Contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

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 on a straight line basis over the term of the lease.

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 the 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.

Revenue Recognition continues

Dividend Revenue

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

Building and Resource Consent Revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Income Tax

In general, local authorities are only subject to tax from income derived through council controlled organisations and as a port operator.

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

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

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised in other comprehensive revenue and expense or directly in equity.

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.

Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

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 surplus or deficit in 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.

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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.

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 impairment 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. 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.

When the receivable is uncollectible, it is written-off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the items of inventory that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses in the period of the write-down.

Land held for development and future resale

When land held for development and future resale is transferred from investment property or property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

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 Held For Sale continues

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.

Other Financial Assets excluding derivatives

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at their value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Council commits to purchase or sell the asset. Financial assets are de-recognised 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.

Financial assets are classified into the categories below:

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. Those with maturities greater than 12 months after the balance date are classified as non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

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 the balance date, which are classified as non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Fair Value through Other Comprehensive Revenue and Expenses (Available for sale)

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 management intends to dispose of the investment within 12 months of the Statement of Financial Position date. These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the surplus or deficit 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 not carried at fair value through profit or loss is impaired. Impairment losses are recognised in the surplus or deficit. 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 and deficit is removed from equity and recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses. Impairment losses recognised on available for sale equity instruments are not reversed through surplus or deficit in the Statement of Comprehensive Revenue and Expenses. Instead, increases in the fair value of these assets after impairment are recognised in other comprehensive revenue and expenses in the Statement of Comprehensive Revenue and Expenses.

Property, Plant and Equipment

Property, Plant and Equipment consist of:

Operational assets – These include land, buildings, library books, plant and equipment and motor vehicles.

Restricted assets – Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – infrastructure assets are the fixed utility system owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Additions

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.

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probably that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Where a physical asset is acquired for nil or nominal consideration, it is recognised at its fair value at the date the asset was received with the fair value recognised as revenue. Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated comprehensive revenue and expense within equity.

Revaluations

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 (except land which is not depreciated). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. 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 and Library Collections are valued at depreciated replacement cost and revalued annually. Other infrastructural assets (except land under roads), Land and Buildings and Council Restricted Reserves are revalued on a three yearly valuation cycle.

Increases in the carrying amounts arising on a revalued class of assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously recognised for the same class of assets in the surplus or deficit, the increase is first recognised in the surplus or deficit. Where the revaluation movement would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

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.

Property, Plant and Equipment continues

Depreciation

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 Book Stock	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	60-130
Surfacings	20-25
Concrete Pavers	80
Footpaths & Pathways/Walkways	15-80
Drainage	25-100
Bridges & Structures	20-100
Road Lighting	4-50
Traffic Services & Safety	10-25
Water	
Reticulation	56-200
Reservoirs	100
Pump Stations	15-80
Stormwater	
Reticulation	80-100
Pump Stations	15-80

	Years
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.

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Valuation of Property, Plant and Equipment

Council's Property, Plant and Equipment are valued as follows:

Description	Method of Valuation
Library Collections	Carried at fair value less depreciation. Valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library in May 2002 for general collections and replacement cost for the Heritage Collection. The Library valuation is performed by Jessica Pearless, Director, Paragon Matter Art Services and performed on an annual basis. The last valuation was performed as at 30 June 2019.
Land under Roads	Carried at cost. Land under roads was valued based on fair value of adjacent land determined by M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2005. The Council has elected to use fair value of land under roads at 30 June 2005 as deemed cost. Land under roads is no longer revalued.
Land and Buildings	Carried at fair value less depreciation for buildings only. Land and Buildings are valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2019 using fair value based on market valuations. Land and buildings are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value.
Infrastructural Road Assets	Carried at fair value less depreciation. Infrastructural road assets are valued annually by Opus International Consultants Ltd at depreciated replacement cost using the RAMM valuation system. Road assets were revalued at 30 June 2019. Prepared and reviewed by Opus staff.
Water, Wastewater and Stormwater Above and Below Ground Assets	Carried at fair value less depreciation. Most Water, Wastewater and Stormwater above and below ground assets, excluding land, are valued at depreciated replacement cost by Council's engineers and independently reviewed by registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd at 30 June 2017. Some above ground assets e.g. Pumps are independently reviewed by registered valuer M Wyatt, of AECOM Ltd at 30 June 2017.
Restricted Assets	Carried at fair value less depreciation. Valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2019 using depreciated replacement cost method. Restricted assets are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, then the off-cycle asset classes are revalued. All restricted asset classes carried at valuation were valued.
Plant and Equipment	Carried at cost less depreciation and impairment. Valued in 1994 using market value. Additions are at cost.
Omarunui Landfill	Carried at cost less depreciation and impairment. Landfill assets are comprised of land, plant and equipment, and motor vehicles.

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 of the Statement of Comprehensive Revenue and Expenses.

Intangible Assets

Trademarks and Licences

Trademarks and licences have a finite useful life and are initially recognised at cost, and subsequently 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.

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

Impairment of Non-Financial Assets

Assets that have an indefinite useful life and capital work in progress are not subject to amortisation and are tested annually for impairment. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment will depend on whether the asset is deemed to be cash generating or non-cash generating. All cash generating assets are assets held with the primary objective of generating a commercial return, all other assets are non-cash generating.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For non-cash generating assets 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 cash generating assets, value in use is determined using a present value of future cash flows valuation methodology.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for assets that are cash generating. Once this assessment is made, this is adjusted through the revaluation reserve for revalued assets (where there is a positive reserve), or in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses where revaluation does not occur or there is no positive revaluation reserve.

Trade and Other Payables

These amounts are initially recorded at their fair value and subsequently recognised at amortised cost. They 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 their fair value plus transaction costs. After initial recognition, all borrowings are 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.

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.

Financial Guarantee

A financial guarantee contract is a contract that requires the Council or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and

The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

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. Any funds that are not spent for the approved purpose are returned to the Council by 30 June of the same financial year.

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 current employee benefit liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave and Gratuities

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

Retirement Benefit Obligations

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

Defined Contribution Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Employee Benefits continues

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. Changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

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.

These are:

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

Restricted and Council Created Reserves

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

Restricted reserves are those subject to specific requirements 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 (or Ratepayers' Funds), which comprise retained earnings and expenses and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' Funds are managed largely as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has Asset Management Plans in place for major classes of assets, detailing renewal and maintenance programmes to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance. The LGA requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan.

Napier City 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 Annual Plan and Long Term Plan comparatives in the prospective financial statements are those approved by the Council and adopted as a part of the Council's 2018 -2028 Long Term Plan or as revised and approved by Council prior to the commencement of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Cost Allocation

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

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

Critical Accounting Estimates and Assumptions

In preparing these prospective 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.

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. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for monitoring and recovery of gas
- Post-closure responsibilities:
- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

The management of the landfill will influence the timing of recognition of some liabilities – for example, the current landfill will operate in four stages. A liability relating to stages three and four will only be created when the stage is commissioned and when refuse begins to accumulate in these stages.

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 2.3%.

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 $94,000; and

The provision reported for the Council's share only (36.32%).

Critical Accounting Estimates and Assumptions continues

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 in 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, e.g. Pumps are independently valued by independent valuer.

Critical Judgements in applying Napier City Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period of the prospective financial statements.

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 some of these properties are held for service delivery objectives, they have been accounted for as property, plant and equipment.

Standards issued and not yet effective, and not early adopted

PBE IFRS 9 Financial Statements

In January 2017 the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council intends to apply this standard in its 30 June 2022 financial statements

The initial consideration of the impacts the implementation of PBE IFRS 9 is expected to have in the Council's financial statements are described below.

a) Classification and measurement

- Currently the Council classifies its investment in listed and non-listed equity shares and listed debt instruments as available-for-sale (AFS) financial assets. For the equity shares currently classified as AFS, the Council expects to continue measuring them at fair value.
- Loans as well as receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Council has analysed the contractual cash flow characteristics of those instruments and concluded they meet the criteria for amortised cost measurement under PBE IFRS 9. Therefore reclassification for these instruments is not required.

b) Impairment

- PBE IFRS 9 requires the Council to record expected credit losses on all of its debt instruments classified at amortised cost or fair value through other comprehensive revenues and expenses. For all of such assets, except receivables, the Council expects to apply the simplified approach and record lifetime expected losses on all receivables. The Council does not expect the application of PBE IFRS 9 to result in a significant impairment of its term deposits, or debt instruments.

Prospective Statement of Financial Performance

Forecast for the year ending 30 June 2021

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
Operating revenue (Activity Cost of Service Statements)			
City Strategy	6,507	6,378	6,543
Community and Visitor Experiences	12,026	49,126	21,291
Other Infrastructure	9,992	7,098	7,739
Property Assets	22,730	12,969	20,566
Stormwater	805	1,087	805
Transportation	7,540	9,252	8,108
Wastewater	10,202	9,857	9,273
Water Supply	7,208	6,705	6,873
Total operating revenue	**77,010**	**102,472**	**81,198**
Other revenue (as per Prospective Statement of Comprehensive Revenue and Expenses)			
General rates	43,378	44,837	42,263
Rates Remissions*	(339)	(219)	(219)
Interest revenue	216	525	753
Other revenue	1,518	1,216	1,656
Total revenue	**121,783**	**148,831**	**125,650**
Operating expenditure (Activity Cost of Service Statements)			
City Strategy	12,726	10,468	10,860
Community and Visitor Experiences	42,790	41,886	44,199
Democracy and Governance	4,685	3,603	3,883
Other Infrastructure	13,380	8,488	9,930
Property Assets	12,893	6,359	12,704
Stormwater	4,913	5,151	4,521
Transportation	15,010	14,875	13,109
Wastewater	9,535	9,185	8,601
Water Supply	7,579	6,135	6,837
Total operating expenditure	**123,511**	**106,150**	**114,643**
Other expenditure (as per Prospective Statement of Comprehensive Revenue and Expenses)			
Internal expenditure	(2,474)	(3,370)	(2,068)
Interest Expense	413	675	-
Other Expenses	403	(183)	(502)
Total expenditure	**121,853**	**103,272**	**112,073**
Operating surplus/(deficit) before tax (as per Prospective Statement of Comprehensive Revenue and Expenses)	**(70)**	**45,560**	**13,577**
Share of associate surplus/(deficit)	310	249	248
Surplus/(deficit) before tax (as per Prospective Statement of Comprehensive Revenue and Expenses)	**240**	**45,808**	**13,825**
Income tax expense	-	-	-
Surplus/(deficit) after tax	**240**	**45,808**	**13,825**

* LTP included rates remissions in expenditure where the correct treatment is to be against rates revenue.

Reserve Funds

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2020 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2021 $000
COUNCIL CREATED RESERVES						
Aquarium Expansion	Derived from grants and donations for the Aquarium Expansion Project	Aquarium	(15)	-	-	(15)
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	(92)	22	(8)	(78)
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	1,333	52	(1,145)	240
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	(3)	194	(197)	(6)
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/ Walkways	Roading	-	2,735	(2,582)	153
Robson Collection Fund	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	14	-	(1)	13
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	(173)	822	(1,019)	(370)
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(39)	204	-	165
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services. Note: Council is itself a developer (Parklands) and contributions are transferred as internal charges.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	4,862	3,186	(8,519)	(471)

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2020 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2021 $000
Infrastructural Asset Renewal and Upgrade Funds	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	24,985	2,559	(10,718)	16,826
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	6,983	12,227	(11,194)	8,016
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	353	-	-	353
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	3,664	282	-	3,946
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	5,680	2,623	(7,331)	972
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,118	57		1,175
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	(118)	197	(221)	(142)
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	(529)	15,925	(14,202)	1,194
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roading property purchases and improvements.	Roading	(265)	-	(10)	(275)

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2020 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2021 $000
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	1,909	67	-	1,976
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	246	167	(141)	272
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	18,729	1,656	-	20,385
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	876	-	-	876
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	5,131	3,167	(4,345)	3,953
Lagoon Farm Account	Derived from the Lagoon Farm activity	Lagoon Farm	168	618	(619)	167
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	8,938	-	(3,543)	5,395
Total Council Created Reserves			**83,757**	**46,760**	**(65,795)**	**64,722**

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Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2020 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2021 $000
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	1,837	33	(1,800)	70
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	(580)	1,715	(7,500)	(6,365)
Total Restricted Reserves			**1,257**	**1,748**	**(9,300)**	**(6,295)**
BEQUESTS AND TRUST FUNDS						
Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital $2500) ii) Provide assistance for prisoners released from Napier jail. (Capital $500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital $1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls & Colenso High Schools. (Capital $1000)	Community Planning	30	1	(2)	29
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	171	6	-	177
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	25	1	-	26
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	6	-	-	6

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Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2020 $000	Deposits $000	Expenditure $000	Closing Balance 30 June 2021 $000
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy. A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993.	Community Planning	50	2	(1)	51
Morecroft Bequest	To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	15	-	-	15
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	34	13	(12)	35
Total Bequests Trust Funds			**331**	**23**	**(15)**	**339**

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Capital Plan

Project Name	AP 2020/21 $000
Transportation	
Ahuriri Masterplan - Thames Severn Stormwater Management	250
Ahuriri Masterplan - West Quay Car Park	1,000
Ahuriri Masterplan - West Quay Upgrade	750
Associated improvements	100
Ground stabilisation and retaining wall	350
Intersection Improvement Projects	50
Intersection Saftey Improvement Projects	1,106
KiwiRail - Level Crossing	90
New Cycle and Walking Tracks	750
Public transport infrastructure	50
Puketitiri Road Upgrade	2,500
Roading Renewals	2,484
Severn St roundabout	500
Te Awa Avenue (Ellison to NBHS)	1,200
Te Awa Structure Plan	800
Urban Corridor Improvement Projects	135
Total Transportation	**12,115**
Water Supply	
Awatoto Industrial & Phillips Road Bore	800
Borefield No.1 Rising Main	5,000
Borefield No.2 Land Purchase	1,500
District Monitoring Project	808
FW2 Fireflow Network Upgrades	100
Hospital Hill Falling Trunk Main	150
Network access points	100
New bores in Awatoto	1,500
New Taradale Bore Field	500
New Water Treatment Plant	2,000
Replacement of Enfield reservoir	1,500
Taradale Falling Trunk Main	150
Water Control System minor works	5
Water Meter Renewals	5
Water Pipes Renewals	265
Total Water Supply	**14,383**

Project Name	AP 2020/21 $000
Stormwater	
Ahuriri Master Plan stormwater study	100
AhuririMaster Plan Project 11 - Pandora catchment improvements	200
Ahuririr Master Plan Project 3 - improve direct outfalls	200
CBD Stormwater Upgrade	150
Minor drain Improvements	30
New pump station and pumping main for Marewa Catchment	100
New pump station in Bay View	400
Outfalls Marine Parade S852	75
Pump station minor replacements (mechanical)	20
SCADA minor replacements	25
Stormwater pump replacements	75
Stormwater pump station electrical replacements	20
Te Awa Structure Plan	1,000
Taradale Stormwater Diversion	-
Tennyson St outfall improvements	50
Thames/Tynes pipe and drain upgrades	100
Upgrade existing Onehunga Pump Station S846	68
Upgrading Dalton St pump station	300
Total Stormwater	**2,913**
Wastewater	
Flow metering	150
Harold Holt wastewater upgrades	100
Odour control at Petane pump station	40
Pandora Industrial Main	950
SCADA Upgrade	250
Taradale Wastewater Diversion	500
Te Awa Structure Plan - Wastewater	500
Wastewater Outfall Replacement	2,000
Wastewater Pipe Renewals	800
Wastewater Pump Station Renewals	145
Wastewater Treatment Plant Renewals	200
Wastewater Treatment Plant Upgrade	2,000
Total Wastewater	**7,635**
Other Infrastructure	
Cemeteries	
Cemetery Concept Plan Implementation	60
Cemetery Planting	25
Cemetries Renewals	110
Napier Cemetery Development	125
Wharerangi Building Refurbishment	10
Total Cemeteries	**330**

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Project Name	AP 2020/21 $000
Waste Minimisation	
Omarunui Development - Valley D	550
Omarunui Development - Plant	16
Omarunui Development - Forestry	5
Omarunui Development - Valleys B & C	1,076
Solid Waste Renewals.	93
Total Waste Minimisation	**1,740**
Total Other Infrastructure	**2,070**
City Strategy	
Animal Control	
Stock Control Equipment	2
Total Animal Control	**2**
Parking	
CBD Parking Projects	1,000
Alternative Transport Parking	10
Parking Minor Capital	5
Parking Equipment Replacement	50
Total Parking	**1,065**
Total City Strategy	**1,067**
Community and Visitor Experiences	
Bay Skate	
Park equipment	13
Skate ramps	60
Napier Skate Park Renewals	46
Total Bay Skate	**119**
Community Facilities	
Maraenui Community Space	1,000
Minor Capital Allowance	60
Taradale Town Hall internal refurbishment	85
Halls Renewals	35
Total Community Facilities	**1,180**
Housing	
Retirement Housing Renewals	1,251
Retirement Housing Minor Capital	89
Rental Housing Renewals	206
Rental Housing Minor Capital	21
Total Housing	**1,567**

Project Name	AP 2020/21 $000
Kennedy Park Resort	
Building Renewals	381
Main Ablution Block	650
Kennedy Park I.A.R.	160
Kennedy Park Minor Capital	20
Total Kennedy Park Resort	**1,211**
Libraries	
Building Renewals	11
Taradale Library - Minor Work 01	145
Library Renewals	10
Library Stock	340
Library Stock	20
Robson Collection Donations	1
Minor Capital	10
Total Libraries	**537**
Marine Parade Pools	
Marine Parade Pools Renewals	20
Total Marine Parade Pools	**20**
MTG Hawke's Bay	
Building Renewals	214
Minor Capital	15
MTG Renewals	60
MTG Minor Capital	60
Total MTG Hawke's Bay	**349**
Napier Aquatic Centre	
Napier Aquatic Centre expansion	5,000
NAC I.A.R.	332
Total Napier Aquatic Centre	**5,332**
Napier Conference Centre	
War Memorial	1,040
CC Renewals	140
CC Minor Capital	60
Total Napier Conference Centre	**1,240**
Napier i-SITE Visitor Centre	
i-SITE building upgrade	850
i-SITE Minor Capital	20
Total Napier i-SITE Visitor Centre	**870**

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Project Name	AP 2020/21 $000
Napier Municipal Theatre	
Building Renewals	18
NMT Renewals	172
NMT Minor Capital	60
Total Napier Municipal Theatre	**250**
National Aquarium of NZ	
Aquarium Renewals	336
Total National Aquarium of NZ	**336**
Par2 MiniGolf	
Building Renewals	13
Course Upgrade	500
Par2 Building Upgrade	850
Par2 MiniGolf Renewal	3
Par2 Minor Capital	1
Total Par2 MiniGolf	**1,367**
Reserves	
Ahuriri Estuary Projects	300
Coastal Erosion	200
Destination Playground - Stage 2	100
Foreshore Planting	20
Marine Parade renewals	265
Planting	70
Playground Renewals	200
Riparian Planting	20
Urban Growth	50
Reserves I.A.R.	610
Whakarire Ave Rock Revetment	2,200
Total Reserves	**4,035**
Sportsgrounds	
McLean Park Cricket Practice Nets upgrade	100
McLean Park Facility Renewals	440
McLean Park light tower upgrades	15
New Shade Areas	20
Park Island Southern Revelopment	100
Riparian Planting	10
Sportsgrounds I.A.R.	320
Total Sportsgrounds	**1,005**
Total Community and Visitor Experiences	**19,418**

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Project Name	AP 2020/21 $000
Property Assets	
Inner Harbour	
Ahuriri Masterplan - Iron Pot Public Access	4,007
Total Inner Harbour	**4,007**
Property Holdings	
Assessment & Compliance Projects	225
Building Purchase	1,800
Property Purchase	1,500
Total Property Holdings	**3,525**
Total Property Assets	**7,533**
Support Units	
Depot Building Renewals	83
Depot General Renewals	30
Depot Minor Capital	13
Lockable storage-more sheds	10
Software Replacements and Upgrades	494
Replacement of Mobile Plant and Vehicle	1,050
Minor Capital General Provision	70
Corporate IT Network	13
Technology Equipment Minor Capital	774
Total Support Units	**2,537**
Vested Assets	
Stormwater Vested Assets	448
Vested Assets	300
Wastewater Vested Assets	401
Water Supply Vested Assets	221
Roading Vested Assets	1,175
Total Vested Assets	**2,545**
Total Capital Programme	**72,216**

Funding Sources	2020/21 $000
Rates	627
Rates Funded Loans	22,403
Buildings Projects Fund	658
Capital Reserve	884
Cemeteries IAR Fund	270
City Services Project Fund	135
Endowment Land Account	1,800
Financial Contributions	9,359
HB HB Endowment Land Income	6,208
Housing Building Projects Fund	1,760
IT Project Fund	508
Libraries IAR Fund	21
Marine Pde Facilities IAR Fund	140
MTG IAR Fund	334
NZTA Subsidy	2,582
Parking Account	1,065
Parklands	3,500
Plant Purchases & Renewals Fund	1,050
Pools IAR Fund	332
Reserves	1
Reserves IAR Fund	1,685
Roading IAR	2,691
Sewer Pump Station Renewal	335
Sewer Treatment Plant Renewal	2,200
Sewerage IAR Pipes	800
Solid Waste Disposal Income A/c	1,647
Sportsgrounds IAR Fund	805
Stormwater Catchments Upgrade	200
Stormwater IAR Pipes	390
Technology Equip Renewal Fund	628
Tourism Capital Fund	1,385
Tsfe Stn & Composting IAR Fund	93
Vested Assets	2,545
Wastewater Outfall IAR	2,000
Water Meters IAR Fund	5
Water Supply IAR	1,170
	72,216

Borrowing Programme

Forecast for the year ending 30 June 2021

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
New loans			
Rates funded	53,682	64,524	29,199
Non-Rates funded	-	1,190	690
Total new loans	**53,682**	**65,714**	**29,889**
Less repayments (net)	(2,783)	(2,938)	(3,438)
Movement in debt	**50,899**	**62,776**	**26,451**
Opening public debt	58,852	74,924	51,415
Gross public debt	**109,751**	**137,699**	**77,866**
Internal funding	(76,751)	(107,699)	(77,866)
Net public debt	**33,000**	**30,000**	**-**

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Funding Impact Statement (Whole of Council)

Financial Overview: Summary of Revenue and Financing Mechanisms

	AP 2020/21 $000	LTP 2020/21 $000	AP 2019/20 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	43,378	44,837	42,263
Targeted rates	20,819	17,131	17,668
Subsidies and grants for operating purposes	2,433	2,377	2,357
Fees and charges	17,517	22,605	24,112
Interest and dividends from investments	216	525	753
Local authorities fuel tax, fines, infringement fees, and other receipts	28,870	19,393	26,489
Total operating funding (A)	**113,233**	**106,868**	**113,642**
Applications of operating funding			
Payments to staff and suppliers	93,045	75,367	88,486
Finance costs	413	675	-
Other operating funding applications	342	222	221
Total applications of operating funding (B)	**93,800**	**76,264**	**88,707**
Surplus/(deficit) of operating funding (A - B)	**19,433**	**30,604**	**24,935**
Sources of capital funding			
Subsidies and grants for capital expenditure	2,736	34,788	6,490
Development and financial contributions	3,391	3,621	3,349
Increase/(decrease) in debt	33,000	30,000	-
Gross proceeds from sale of assets	250	250	250
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**39,377**	**68,659**	**10,089**
Application of capital funding			
Capital expenditure			
- to meet additional demand	7,432	5,100	3,250
- to improve the level of service	37,224	57,168	28,198
- to replace existing assets	26,362	47,441	38,016
Increase (decrease) in reserves	(12,208)	(10,446)	(34,440)
Increase (decrease) of investments	-		
Total application of capital funding (D)	**58,810**	**99,263**	**35,024**
Surplus/(deficit) of capital funding (C - D)	**(19,433)**	**(30,604)**	**(24,935)**
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, along with an indicative level of rates, together with examples of the impact of rating proposals for 2020/21 over a range of different categories of property and a range of different values.

Examples of Proposed Rates for 2020/21

Examples of the impact of rating proposals for 2020/21 are shown in the following table:

Rates Impact on Sample Properties for Napier City

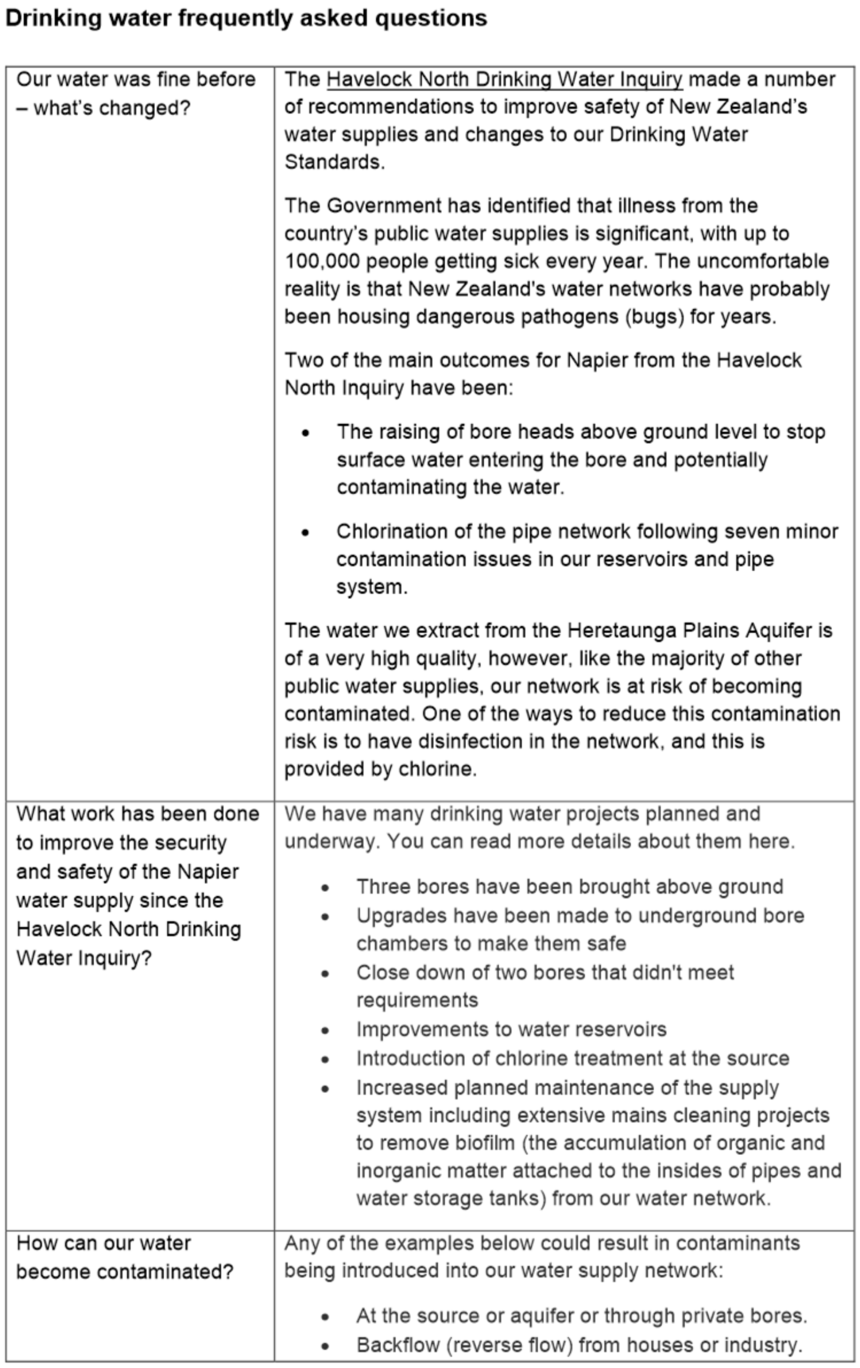
	Land Value	Rates 2019/20	Rates 2020/21	Annual Change Refuse & Recycling	Annual Change Water & Sewer	Annual Change - All other rates	Weekly change $	Change %
City Residential								
Average	214,000	2,239	2,362	59	42	22	2.37	5.5%
Median	200,000	2,163	2,285	59	42	21	2.35	5.7%
Quartile 1	160,000	1,952	2,071	59	42	18	2.30	6.1%
Quartile 3	250,000	2,430	2,556	59	42	25	2.42	5.2%
Commercial / Industrial								
Average	490,000	8,100	8,304	94	42	67	3.91	2.5%
CBD Average	291,000	6,544	6,806	141	42	79	5.04	4.0%
Industrial Average	563,000	9,122	9,333	94	42	75	4.07	2.3%
Miscellaneous Properties								
Average - no recycling	400,000	3,187	3,313	47	42	37	2.42	3.9%
Rural								
Average	460,000	2,042	2,105	59	0	3	1.20	3.0%
Bay View								
Average - No Sewerage	248,000	1,707	1,796	59	15	14	1.70	5.2%
Average - With Sewerage	248,000	2,079	2,195	59	42	14	2.22	5.5%

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

- Council's total rates revenue for 2020/21 will increase by 6% which is an average increase of4.8% for existing properties after an allowance of 1.2% is made for extra SUIPs and new properties added since last year.
  Many residential properties have a slightly higher percentage increase due to the introduction of the enhanced refuse collection service.

Rating Base Information

As at 30 June 2020	All Rating Units	Ratable Units
Number of Rating Units	26,099	25,720
Capital value of Rating Units	15,394,000,000	14,800,000,000
Land Value of Rating Units	6,652,000,000	6,480,000,000



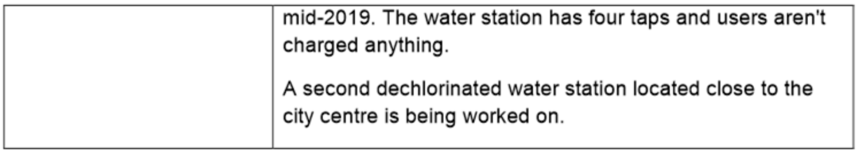
Drinking water frequently asked questions

Our water was fine before – what's changed?	The Havelock North Drinking Water Inquiry made a number of recommendations to improve safety of New Zealand's water supplies and changes to our Drinking Water Standards. The Government has identified that illness from the country's public water supplies is significant, with up to 100,000 people getting sick every year. The uncomfortable reality is that New Zealand's water networks have probably been housing dangerous pathogens (bugs) for years. Two of the main outcomes for Napier from the Havelock North Inquiry have been: • The raising of bore heads above ground level to stop surface water entering the bore and potentially contaminating the water. • Chlorination of the pipe network following seven minor contamination issues in our reservoirs and pipe system. The water we extract from the Heretaunga Plains Aquifer is of a very high quality, however, like the majority of other public water supplies, our network is at risk of becoming contaminated. One of the ways to reduce this contamination risk is to have disinfection in the network, and this is provided by chlorine.
What work has been done to improve the security and safety of the Napier water supply since the Havelock North Drinking Water Inquiry?	We have many drinking water projects planned and underway. You can read more details about them here. • Three bores have been brought above ground • Upgrades have been made to underground bore chambers to make them safe • Close down of two bores that didn't meet requirements • Improvements to water reservoirs • Introduction of chlorine treatment at the source • Increased planned maintenance of the supply system including extensive mains cleaning projects to remove biofilm (the accumulation of organic and inorganic matter attached to the insides of pipes and water storage tanks) from our water network.
How can our water become contaminated?	Any of the examples below could result in contaminants being introduced into our water supply network: • At the source or aquifer or through private bores. • Backflow (reverse flow) from houses or industry.

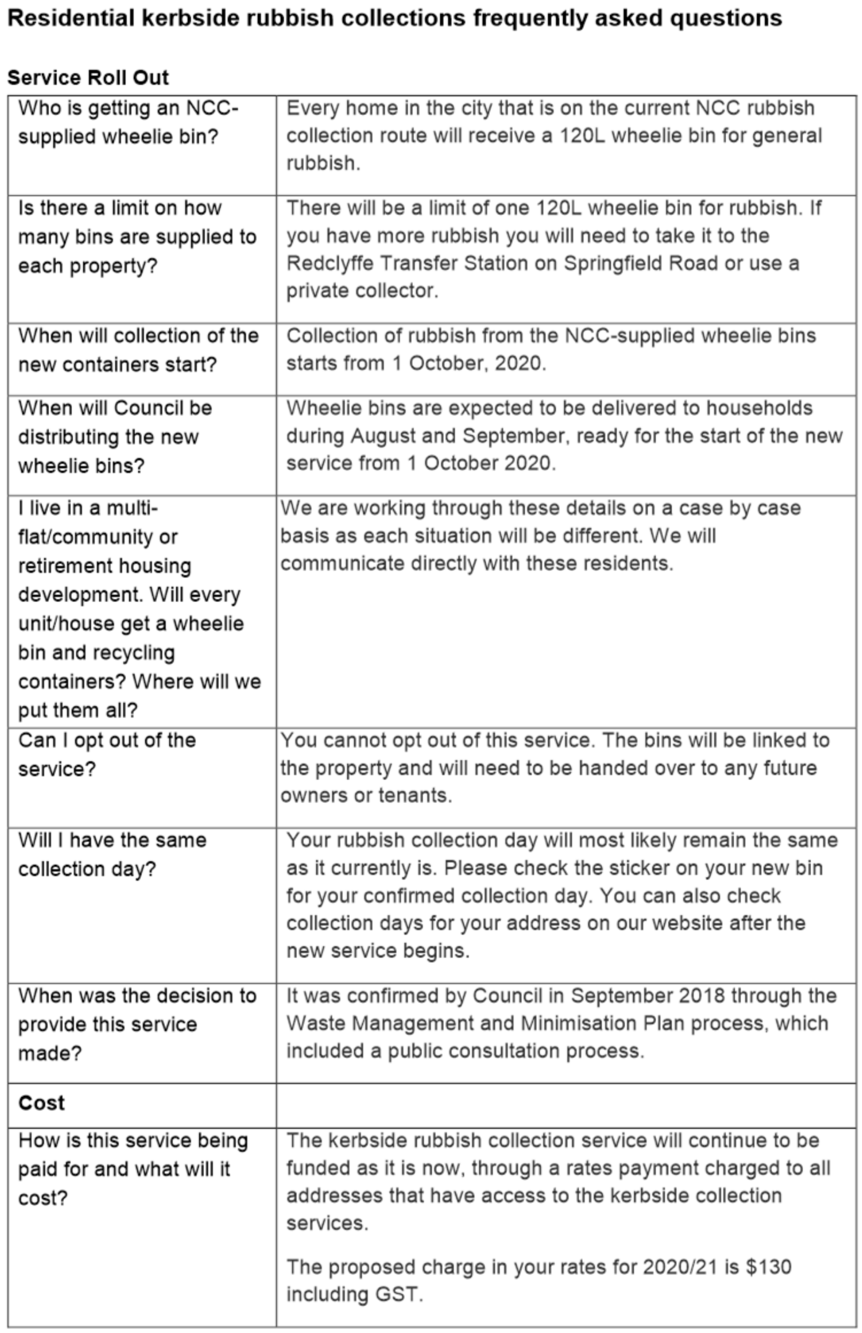
	• Damage to the pipes (eg. during excavation work or through vandalism, or asset failure). • Illegal access to water from fire hydrants. • Illegal connections to the water network. • Through pests and birds entering storage reservoirs.
Why use chlorine?	Supplying safe and clean drinking water is a core responsibility of Council. The community expects this and Council has a legal requirement to provide water that is safe to drink for our residents and our visitors to Napier. We need to take into account the learnings from Havelock North to ensure that a similar event doesn't happen here. Drinking from an untreated water supply (without having one designed appropriately to be chlorine free) is like driving without a seatbelt. It is safe most of the time, but you need the seatbelt in the event of an emergency. Chlorine acts a little like a seatbelt. Chlorine has been proven to be the most effective treatment for water supply networks for two main reasons: • It treats the water for pathogens (bugs). • It disinfects the pipes and reservoirs. It is very likely that upcoming changes to the Drinking Water Standards will require a "disinfection residual" in New Zealand's water supplies. It may soon be mandatory that our supply system is chlorinated.
How much chlorine is used?	We use as little chlorine in our supply as we possibly can. Typically we like to keep the dosing rate between 0.4mg/L to 0.6mg/L, but dosing rate can be raised up to 0.8mg/L depending on the residual chlorine level in the pipe network. Currently we have differing levels of chlorine at each person's house, the aim is for a chlorine "residual" of above 0.2mg/L to combat any pathogens that get into the supply.
Is Chlorine Safe?	The chlorine used to disinfect our supply is added in very low doses. Chlorine has been used worldwide for over 120 years to keep millions of people safe. Some countries have been concerned about the potential health impacts of distribution by products. We test our network six monthly and have not detected distribution by products.
Why can't we just switch the chlorine off?	We have a moral and legal requirement to keep people safe and to meet current legislation. Part of these requirements involve developing a Water Safety Plan that identifies the risks in our supply and how we manage them. We have

	Chlorine as a way to manage the risks in our supply (mainly the risk of contamination in our network). If we switch the chlorine off with no change to the way that we manage risks we would be non-compliant and potentially be subject to enforcement action. But mostly, we want to keep people safe and will meet our legal requirements.
Why we aren't chlorine free yet and why does the review cost so much?	We have a review underway with a consultant to look at two main options for our community. 1. Continuing with Chlorine free and upgrading our network, maintenance practices, risk management and monitoring etc with chlorine disinfection. Called "Status Quo Plus" 2. Providing a safe water supply without chlorine. We will present the potential options for chlorine free to our Councillors before we choose a preferred chlorine free option to compare against the "Status Quo Plus" option. This will let us know what work we need to provide a safe, modern, compliant network with or without chlorine, what the changes will be to our capital plan, our maintenance work and the costs to do this and the time it will take to do the work. We have local and international experts looking at these options for us and they will work with the Council, and the Ministry of Health to provide the best options going forward. Moving to a safe, chlorine free network will take time and resources and both options will need a significant amount of investment.
What is causing Napier's dirty water?	Our water source, the Heretaunga Aquifer, has naturally occurring manganese - one of the most abundant metals in the earth's crust. When water with manganese water with oxygen or chlorine, the manganese oxidises to manganese dioxide, a black solid that can be deposited in our pipes. Manganese has always been present in our water network. Dirty water is now more of an issue due to the manganese reacting with the chlorine we've been adding to our water since 2017. In Napier, this affects certain suburbs (Tamatea, Onekawa and Pirimai) more than others because of different water pressure and flow rates, and because there are higher levels of manganese in the aquifer bores that supply these suburbs.
I don't like the taste of chlorine, what can I do?	A cheap and simple way to deal with this is to fill a jug of water and put it on your bench or in your fridge for a few

	hours. The chlorine will dissipate naturally. You can also get a bench top filter jug which is very affordable or get an under bench filter to help remove the taste of chlorine. For washing and showering, there are shower filters or full householder filters that can be purchased. Some examples are: • www.mountainfresh.co.nz • www.pureflo.co.nz • www.aquafilterproducts.co.nz
What do I do if my water is discoloured?	Open your **outside** tap until the water colour clears. If it doesn't clear after 15 minutes, phone our Customer Service Centre on (06) 835 7579. To help with water conservation, don't let the taps run for more than 15 minutes. Please call us if the water hasn't run clear after this time. If you do resolve the problem yourself, we'd really appreciate a heads up that you've had problems. Please complete the 'Report It' form. If you experience a very strong chlorine smell, similar to a swimming pool, this generally indicates that the chlorine is doing its job, not that there is a really high level of chlorine in the water. We need to know if you have a really strong chlorine smell so that we can check it out. You can call us on our Customer Service Centre on (06) 835 7579 or complete the 'Report It' form.
Is dirty water safe?	Napier's source water has a manganese level of less than 0.07 mg/L, well below the manganese Maximum Acceptable Value of 0.40 mg/L. This is safe to drink. The dirty tap water some households have been experiencing has higher levels of manganese and **should not be drunk**.
Dirty laundry. Any tips on how to avoid this?	If you've experienced dirty water issues in the past, we'd recommend you run your laundry tub taps first before you do your washing. If your water isn't running clear, then run your **outside** tap hard for up to 15 minutes. If things still look murky, then call our 24/7 Customer Service number - 0800 4 NAPIER - and we'll send our team out ASAP. To help with water conservation, don't let the taps run for more than 15 minutes. Please call us if the water hasn't run clear after this time.
What about Dechlorinated Water Stations?	The first dechlorinated water station, located on the south east corner of Anderson Park (York Ave side) opened in



	mid-2019. The water station has four taps and users aren't charged anything. A second dechlorinated water station located close to the city centre is being worked on.

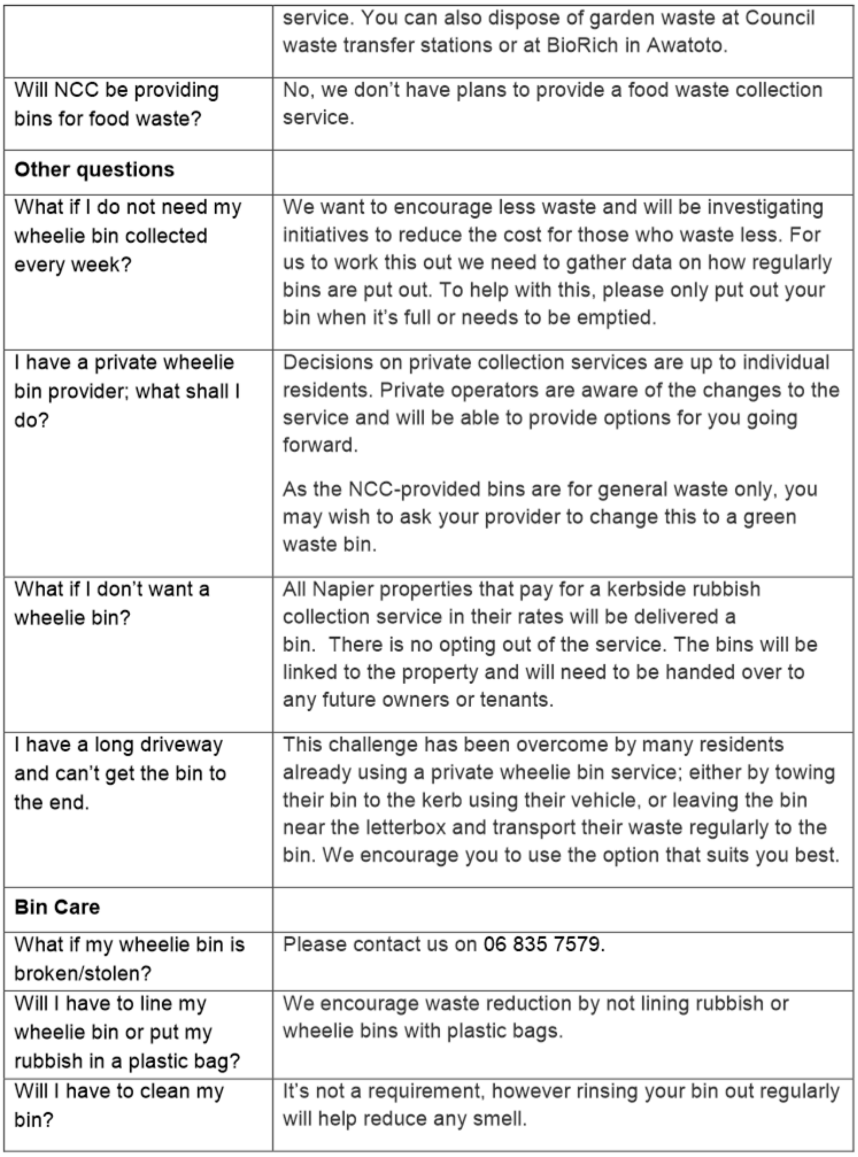


Residential kerbside rubbish collections frequently asked questions

Service Roll Out

Who is getting an NCC-supplied wheelie bin?	Every home in the city that is on the current NCC rubbish collection route will receive a 120L wheelie bin for general rubbish.
Is there a limit on how many bins are supplied to each property?	There will be a limit of one 120L wheelie bin for rubbish. If you have more rubbish you will need to take it to the Redclyffe Transfer Station on Springfield Road or use a private collector.
When will collection of the new containers start?	Collection of rubbish from the NCC-supplied wheelie bins starts from 1 October, 2020.
When will Council be distributing the new wheelie bins?	Wheelie bins are expected to be delivered to households during August and September, ready for the start of the new service from 1 October 2020.
I live in a multi-flat/community or retirement housing development. Will every unit/house get a wheelie bin and recycling containers? Where will we put them all?	We are working through these details on a case by case basis as each situation will be different. We will communicate directly with these residents.
Can I opt out of the service?	You cannot opt out of this service. The bins will be linked to the property and will need to be handed over to any future owners or tenants.
Will I have the same collection day?	Your rubbish collection day will most likely remain the same as it currently is. Please check the sticker on your new bin for your confirmed collection day. You can also check collection days for your address on our website after the new service begins.
When was the decision to provide this service made?	It was confirmed by Council in September 2018 through the Waste Management and Minimisation Plan process, which included a public consultation process.
Cost	
How is this service being paid for and what will it cost?	The kerbside rubbish collection service will continue to be funded as it is now, through a rates payment charged to all addresses that have access to the kerbside collection services. The proposed charge in your rates for 2020/21 is $130 including GST.

Will I get a discount if I don't use the service weekly?	In the future, we hope to move to a system that will incentivise and reward households that dispose less waste. Initially, we need to gather data to work out how this system would be funded. If you place your bin out only when it is full, it will help us to provide a service that matches demand. The ID tags on the wheelie bins will enable us to collect the data we need to design this system.
I rent my property, how will I pay for this?	As with the current service, this is part of the rates paid by the landlord. It will be at the discretion of the landlord how these charges will impact you.
Rubbish	
What size is the wheelie bin?	It is a 120-litre wheelie bin, approximately 900mm high, weighing about 8 kg.
Why this size?	Results from recent surveys indicate that a 120-litre bin, with no additional recycling or garden waste, will be suitable for almost all households. We want to stress that 120 litres is a maximum, not a target, and the aim is to avoid filling your bin as much as possible. We will closely monitor the city's rubbish collection volumes and investigate whether it is possible to provide a system that will those who only put their bin out once a fortnight or less, providing an incentive to create less waste.
What can I put in my wheelie bin?	All household rubbish that cannot be put in your recycling crates. Please note this EXCLUDES the following items: • Garden waste • Hot ashes • Batteries • Hazardous waste • Medical waste
Why won't you be accepting garden waste in the wheelie bins?	Our landfill is filling up and almost half of the waste going into the landfill is organic waste. In addition to taking up valuable space, when it's mixed with other waste and compacted to the point where no oxygen can get to it, it can't break down properly and rots very slowly. This creates methane gas and leachate, which contribute to climate change and threatens the environment.
Will NCC be providing garden waste bins?	No, we will not be providing a garden waste collection service. You could consider using a private collection



	service. You can also dispose of garden waste at Council waste transfer stations or at BioRich in Awatoto.
Will NCC be providing bins for food waste?	No, we don't have plans to provide a food waste collection service.
Other questions	
What if I do not need my wheelie bin collected every week?	We want to encourage less waste and will be investigating initiatives to reduce the cost for those who waste less. For us to work this out we need to gather data on how regularly bins are put out. To help with this, please only put out your bin when it's full or needs to be emptied.
I have a private wheelie bin provider; what shall I do?	Decisions on private collection services are up to individual residents. Private operators are aware of the changes to the service and will be able to provide options for you going forward. As the NCC-provided bins are for general waste only, you may wish to ask your provider to change this to a green waste bin.
What if I don't want a wheelie bin?	All Napier properties that pay for a kerbside rubbish collection service in their rates will be delivered a bin. There is no opting out of the service. The bins will be linked to the property and will need to be handed over to any future owners or tenants.
I have a long driveway and can't get the bin to the end.	This challenge has been overcome by many residents already using a private wheelie bin service; either by towing their bin to the kerb using their vehicle, or leaving the bin near the letterbox and transport their waste regularly to the bin. We encourage you to use the option that suits you best.
Bin Care	
What if my wheelie bin is broken/stolen?	Please contact us on 06 835 7579.
Will I have to line my wheelie bin or put my rubbish in a plastic bag?	We encourage waste reduction by not lining rubbish or wheelie bins with plastic bags.
Will I have to clean my bin?	It's not a requirement, however rinsing your bin out regularly will help reduce any smell.

Changes to the capital works programme

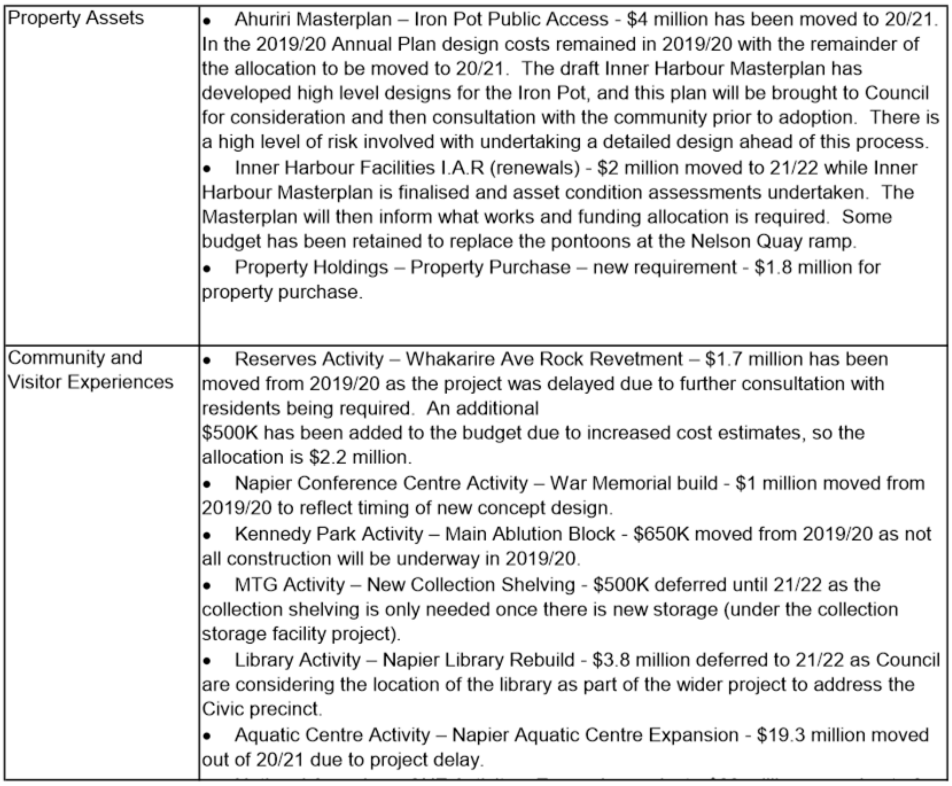
The capital works programme outlined in the LTP includes a substantial investment in a variety of projects. For the Annual Plan 2020/21 there have been several changes where projects have been re-phased. There have also been requirements that have been identified since the LTP and some projects which are no longer required. The tables below outline key changes made to 2020/21.

Table one: Variation between LTP Y3 and Annual plan 2020/21

Activity names as used in the LTP	**AP 2020/21 $000**	**LTP 2020/21 $000**	**Variance**
City Strategy	1067	592	475
Community and Visitor Experiences	19,717	72,754	(53,037)
Other Infrastructure	2,070	2,164	(94)
Property Assets	7,533	3,889	3,644
Stormwater	3,361	6,675	(3,314)
Transportation	13,290	15,048	(1,758)
Wastewater	8,036	3,795	4,241
Water Supply	14,604	4,955	9,649
Support Units	2,538	2,493	45
Total	**72,216**	**112,365**	**(40,149)**

Changes over $500,000 to a project between LTP year 3 and Annual Plan 2021/22

Activity Group	*Details of changes over $500,000 to 2020/21*
Water Supply	• Borefield No.1 Rising Main (New project), $5 million from [funding source] for new bore as a requirement to remove manganese from the water supply network. • New Water Treatment Plan, $2 million has been moved from 2019/20 as there are two treatment plants to be built and the timing of the second plant will be outside of 20/21 and identified in the LTP budgets. • Borefield No.2 Land purchase, $1.5 million has been moved from new Taradale borefields to fund this project. • Replacement of Enfield Reservoir – $1.5 million has been moved from 2019/20 as this allocation will be used to start the design and land designation process once land is secured. • New Bores in Awatoto - $1.5 million – additional funding requirement arisen out of Water Supply Model and Water Supply Masterplan. • Awatoto Industrial and Philips Road Bore - $800K additional requirement due to growth. • District Monitoring Project - $560K additional budget approved as part of the 2019/20. • New Reservoir Western Hills - $500K has been deferred as this funding is part of the Mission development and timing is subject to the progress of the subdivision.
Stormwater	• Ahuriri Masterplan project 11 – Pandora catchment improvements – 800K moved to 21/22 because stormwater modelling is still underway. • Ahuriri Masterplan project 3 – Improve Direct Outfalls - $800K moved to 21/22 because stormwater modelling is still underway. • New Pump Station in Bay View – $2.6 million deferred to 21/22 because stormwater modelling and masterplanning needs to occur first. • Te Awa Structure Plan – new requirement - $1 million additional funding to fund infrastructure to enable development in Te Awa, funded by development contributions.
Wastewater	• Wastewater Treatment Plant Upgrade – new requirement - additional funding of $2 million is required for urgent repairs. • Wastewater Outfall replacement – additional $1.9 million is required for investigations and design to address the outfall leak issue. • Sewer pipe renewal budget – moved to waste water outfall repairs budget - 500K • Pandora Industrial Main – 700K moved from 2019/20 because further investigation is required before work can be specified and programmed. • Te Awa Structure Plan – 500K new requirement to fund infrastructure to enable development in Te Awa, funded by development contributions.
Transportation	• Te Awa Structure Plan – new requirement - $800K additional funding to fund infrastructure to enable development in Te Awa, funded by development contributions. • Te Awa Avenue (Ellison to NBHS) - $1.2 million has been moved from 2019/20, as the project is deferred until NZTA funding is secured.
	• Intersection safety improvement projects - $820K moved from 2019/20 as the work on Kennedy Road/Marewa Shops upgrade was unable to be completed this year. • CBD Development – $4 million deferred until 21/22 and 22/22 for the Marine Parade Piazza and Emerson Street Upgrade to give adequate time to develop a comprehensive masterplan for the CBD and to develop detailed designs for the individual projects.



Property Assets	• Ahuriri Masterplan – Iron Pot Public Access - $4 million has been moved to 20/21. In the 2019/20 Annual Plan design costs remained in 2019/20 with the remainder of the allocation to be moved to 20/21. The draft Inner Harbour Masterplan has developed high level designs for the Iron Pot, and this plan will be brought to Council for consideration and then consultation with the community prior to adoption. There is a high level of risk involved with undertaking a detailed design ahead of this process. • Inner Harbour Facilities I.A.R (renewals) - $2 million moved to 21/22 while Inner Harbour Masterplan is finalised and asset condition assessments undertaken. The Masterplan will then inform what works and funding allocation is required. Some budget has been retained to replace the pontoons at the Nelson Quay ramp. • Property Holdings – Property Purchase – new requirement - $1.8 million for property purchase.
Community and Visitor Experiences	• Reserves Activity – Whakarire Ave Rock Revetment – $1.7 million has been moved from 2019/20 as the project was delayed due to further consultation with residents being required. An additional $500K has been added to the budget due to increased cost estimates, so the allocation is $2.2 million. • Napier Conference Centre Activity – War Memorial build - $1 million moved from 2019/20 to reflect timing of new concept design. • Kennedy Park Activity – Main Ablution Block - $650K moved from 2019/20 as not all construction will be underway in 2019/20. • MTG Activity – New Collection Shelving - $500K deferred until 21/22 as the collection shelving is only needed once there is new storage (under the collection storage facility project). • Library Activity – Napier Library Rebuild - $3.8 million deferred to 21/22 as Council are considering the location of the library as part of the wider project to address the Civic precinct. • Aquatic Centre Activity – Napier Aquatic Centre Expansion - $19.3 million moved out of 20/21 due to project delay.

Overview of changes to Capital Programme

The following charts show overall changes made to 2020/21 and how that impacts across the LTP programme

Chart 1: Comparison of total capital spend between LTP and revised budgets based on changes to 2020/21

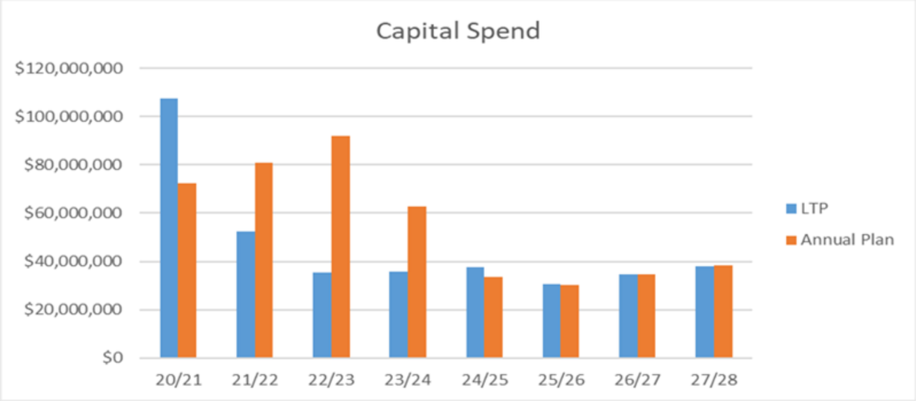


Chart 2: Comparison of total capital spend between LTP and revised budgets for Water Supply

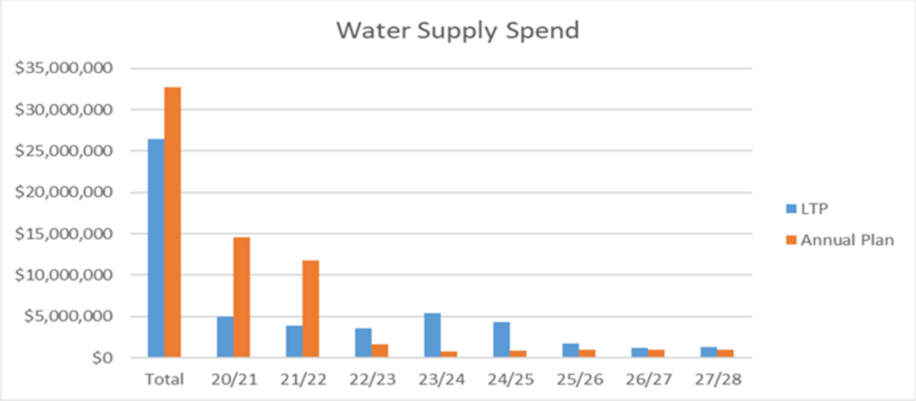


Chart 3: Comparison of total capital spend between LTP and revised budgets for Wastewater

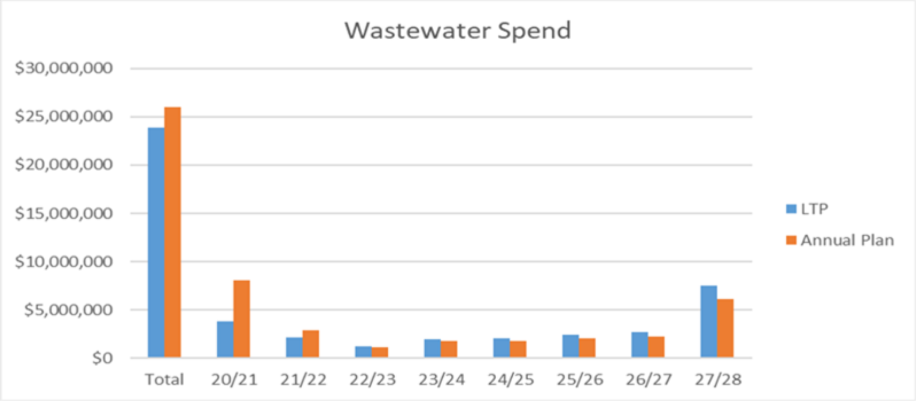
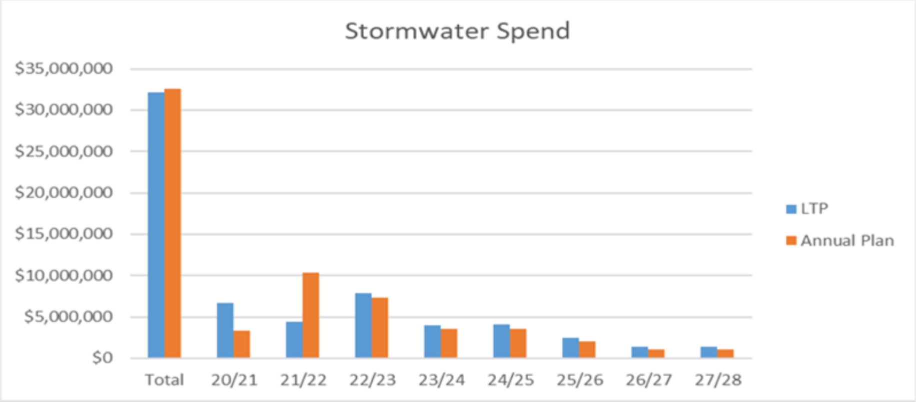


Chart 4: Comparison of total capital spend between LTP and revised budgets for Stormwater



Capital plan for remaining years of LTP

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Transportation									
Ahuriri Masterplan - Bridge Street Pedestrian facilities	-	-	-	-	-	-	130	2,300	1,800
Ahuriri Masterplan - Meeanee Quay Upgrade	-	-	-	120	-	1,200	-	1,200	-
Ahuriri Masterplan - Pandora Road Upgrade	-	-	-	-	-	-	-	60	900
Ahuriri Masterplan - Thames Severn Stormwater Management	-	250	-	-	250	-	-	-	-
Ahuriri Masterplan - West Quay Car Park	-	1,000	1,500	-	-	-	-	-	-
Ahuriri Masterplan - West Quay Upgrade	45	750	-	-	-	-	-	-	-
Associated improvements	100	100	150	150	150	150	150	150	150
Awatoto to Expressway Link Improvements	-	-	-	-	-	-	-	-	500
Capacity Improvement Projects	-	-	-	-	-	-	-	-	100
CBD Development	500	-	5,795	5,900	120	800	-	-	-
Ground stabilisation and retaining wall	300	350	350	350	350	350	250	250	250
Intersection Improvement Projects	1,185	50	50	700	1,650	2,500	1,020	1,250	1,575
Intersection Safety Improvement Projects	630	1,106	202	402	1,802	2,102	1,252	602	252
KiwiRail - Level Crossing	90	90	75	50	25	10	10	10	10
Local Area Traffic Management Projects	200	-	-	400	240	400	-	25	220
Marine Parade Safety Improvements	200	-	-	575	500	-	-	-	-
New Cycle and Walking Tracks	1,050	750	425	125	300	160	2,710	1,410	760
Public transport infrastructure	50	50	50	50	50	50	50	50	50
Puketitiri Road Upgrade	270	2,500	3,000	2,000	-	-	-	-	-
Roading Renewals	3,183	2,484	3,539	3,518	3,578	3,639	3,757	3,106	2,979
School Zone Safety work	300	-	-	-	-	-	-	-	-
Severn St roundabout	750	500	-	-	-	-	-	-	-
Te Awa Avenue (Ellison to NBHS) S630	-	1,200	-	-	-	-	-	-	-
Te Awa Structure Plan	-	800	-	-	-	-	-	-	-
Urban Corridor Improvement Projects	470	135	110	610	710	35	10	535	760
Total Transportation	**9,323**	**12,115**	**15,246**	**14,950**	**9,725**	**11,396**	**9,339**	**10,948**	**10,306**

Project Name	**Forecast 2019/20 $000**	**Forecast 2020/21 $000**	**Forecast 2021/22 $000**	**Forecast 2022/23 $000**	**Forecast 2023/24 $000**	**Forecast 2024/25 $000**	**Forecast 2025/26 $000**	**Forecast 2026/27 $000**	**Forecast 2027/28 $000**
Water Supply									
Awatoto Industrial & Phillips Road Bore	-	800	700	-	-	-	-	-	-
Awatoto Trunk main extentison	-	-	3,000	-	-	-	-	-	-
Borefield No.1 Rising Main	-	5,000	-	-	-	-	-	-	-
Borefield No.2 Land Purchase	-	1,500	-	-	-	-	-	-	-
Church Rd booster to rising main	-	-	2,700	-	-	-	-	-	-
De-Chlorination Station - Anderson Park	55	-	-	-	-	-	-	-	-
De-Chlorination Station - Marine Parade	180	-	-	-	-	-	-	-	-
Dedicated water takes from hydrants S892	84	-	-	-	-	-	-	-	-
District Modelling Projects	677	808	35	-	-	35	-	-	35
FW2 Fireflow Network Upgrades	-	100	-	-	-	-	-	-	-
Hospital Hill Falling Trunk Main	-	150	-	-	-	-	-	-	-
IAR Pump Stations	63	-	-	-	-	-	-	-	-
Improve Bores S892	236	-	-	-	-	-	-	-	-
Network access points	100	100	-	-	-	-	-	-	-
New bores in Awatoto	50	1,500	-	-	-	-	-	-	-
New Reservoir Taradale	171	-	-	-	-	-	-	-	-
New Reservoir Westen Hills	50	-	1,900	-	-	-	-	-	-
New Taradale Bore Field	802	500	-	-	-	-	-	-	-
New Water Treatment Plant	265	2,000	-	-	-	-	-	-	-
Optimise Church Rd Booster Pump Station S892	-	-	400	-	-	-	-	-	-
Replacement of Enfield reservoir	5,039	1,500	2,250	-	-	-	-	-	-
Reservoir inlets and outlets improvements	821	-	-	-	-	-	-	-	-
Taradale Falling Trunk Main	-	150	-	-	-	-	-	-	-
Thompson Reservoir Upgrade	116	-	-	880	-	-	-	-	-
Upgrade Water Supply Control System	194	-	-	-	-	-	-	-	-
Water Control System minor works	5	5	5	5	5	5	5	5	5
Water Meter Renewals	5	5	6	6	6	6	205	205	205
Water Pipes Renewals	365	265	565	565	565	565	585	565	565
Total Water Supply	**9,278**	**14,383**	**11,561**	**1,456**	**576**	**611**	**795**	**775**	**810**

Project Name	**Forecast 2019/20 $000**	**Forecast 2020/21 $000**	**Forecast 2021/22 $000**	**Forecast 2022/23 $000**	**Forecast 2023/24 $000**	**Forecast 2024/25 $000**	**Forecast 2025/26 $000**	**Forecast 2026/27 $000**	**Forecast 2027/28 $000**
Stormwater									
Ahuriri Master Plan Project 1 - stormwater treatment wetlands	-	-	-	-	300	2,000	-	-	-
Ahuriri Master Plan Project 4 - Upper catchment stormwater quality improvements	-	-	500	500	-	-	-	-	-
Ahuriri Master Plan stormwater study	100	100	100	-	-	-	-	-	-
AhuririMaster Plan Project 11 - Pandora catchment improvements	200	200	800	-	-	-	-	-	-
Ahuririr Master Plan Project 3 - improve direct outfalls	200	200	800	-	-	-	-	-	-
CBD Stormwater Upgrade	100	150	750	-	-	-	-	-	-
Construction of a hydraulic model and upgrades	152	-	-	50	-	-	50	-	-
Installation of emergency generator - Dalton St pump station	-	-	350	-	-	-	-	-	-
Jervoistown Stormwater Improvements	-	-	150	-	-	-	-	-	-
Minor drain Improvements	30	30	30	30	30	30	30	30	30
New pump station and pumping main for Marewa Catchment	-	100	300	3,500	1,500	-	-	-	-
New pump station in Bay View	-	400	3,000	-	-	-	-	-	-
Outfalls Marine Parade	-	75	-	-	75	-	-	75	-
Pump station minor replacements (mechanical)	20	20	20	20	20	20	20	20	20
SCADA minor replacements	25	25	25	25	25	25	25	25	25
SCADA upgrade project	292	-	-	-	-	-	-	-	-
Stormwater Catchment Project	-	-	-	-	-	500	500	500	500
Stormwater Catchments IAR - Fin Cont	23	-	-	-	-	-	-	-	-
Stormwater pipe upgrades Marewa Catchment	-	-	-	-	100	500	500	-	-
Stormwater pump replacements	-	75	-	75	-	-	-	-	75
Stormwater pump station electrical replacements	40	20	20	20	20	20	20	20	20
Stormwater reticulation replacements	-	-	-	500	-	-	500	-	-
Taradale Catchment Stormwater Upgrades - Stage 1	-	-	250	1,500	1,050	-	-	-	-
Taradale Stormwater Diversion	200	-	150	-	-	-	-	-	-
Te Awa Structure Plan	-	1,000	-	-	-	-	-	-	-
Tennyson St outfall improvements	50	50	150	200	-	-	-	-	-
Thames/Tynes pipe and drain upgrades	50	100	550	-	-	-	-	-	-
Upgrade existing Onehunga Pump Station	-	68	-	-	-	-	-	-	-
Upgrading Dalton St pump station	-	300	2,000	500	-	-	-	-	-
Upgrading Stormwater Catchments	96	-	-	-	-	-	-	-	-
Total Stormwater	**1,578**	**2,913**	**9,945**	**6,920**	**3,120**	**3,095**	**1,645**	**670**	**670**

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Wastewater									
Construction of a hydraulic model and subsequent upgrades	12	-	30	-	-	30	-	-	30
Flow meter replacements	-	-	-	50	-	-	-	-	50
Flow metering	150	150	-	-	-	-	-	-	-
Guppy Rd pumping main installation	100	-	350	-	-	-	-	-	-
Harold Holt wastewater upgrades	100	100	400	-	-	-	-	-	-
Installation of Generator Connections	200	-	-	-	-	-	-	-	-
Odour control at Petane pump station	-	40	-	-	-	-	-	-	-
Pandora Industrial Main	450	950	-	-	-	-	-	-	-
SCADA Upgrade	446	250	15	15	15	15	15	15	15
Taradale Wastewater Diversion	176	500	410	-	-	-	-	-	-
Te Awa Structure Plan - Wastewater	-	500	-	-	-	-	-	-	-
Wastewater Outfall Replacement	100	2,000	400	50	50	300	750	750	4,000
Wastewater Pipe Renewals	150	800	500	300	1,000	250	550	750	500
Wastewater Pump Station Renewals	944	145	145	95	95	595	95	95	95
Wastewater Treatment Plant Renewals	349	200	200	200	200	220	250	250	500
Wastewater Treatment Plant Upgrade	-	2,000	-	-	-	-	-	-	500
Total Wastewater	**3,177**	**7,635**	**2,450**	**710**	**1,360**	**1,410**	**1,660**	**1,860**	**5,690**

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Other Infrastructure									
Cemeteries									
Cemetery Concept Plan Implementation	60	60	60	80	60	80	40	40	-
Cemetery land purchase	-	-	-	-	-	-	-	-	500
Cemetery Planting	25	25	25	25	25	25	25	25	25
Cemetries Renewals	110	110	110	110	20	20	20	-	-
Napier Cemetery Development	110	125	35	35	10	10	10	10	10
Taradale cemetery Heritage work	-	-	-	-	15	-	-	-	-
Western Hill Extension - Stage 2	-	-	350	-	-	-	-	-	-
Wharerangi Building Refurbishment	-	10	10	10	-	-	-	-	-
Total Cemeteries	**305**	**330**	**590**	**260**	**130**	**135**	**95**	**75**	**535**
Public Toilets									
Parent Facility	49	-	-	-	-	-	-	-	-
Public Toilets Renewals	300	-	-	100	450	550	200	300	650
Total Public Toilets	**349**	**-**	**-**	**100**	**450**	**550**	**200**	**300**	**650**
Waste Minimisation									
Recycling Crate Purchases	1,061	-	-	-	-	-	-	-	-
Transfer Station Pavement & Surfacing	2	-	-	-	-	-	-	-	-
Omarunui Development - Valley D	470	550	277	214	285	268	214	214	214
Omarunui Development - Plant	17	16	242	16	91	29	71	27	105
Omarunui Development - Forestry	12	5	5	5	7	5	5	7	5
Omarunui Development - Valleys B & C	1,196	1,076	531	339	297	297	297	297	297
Solid Waste Renewals.	150	93	93	93	93	93	93	93	93
Total Waste Minimisation	**2,908**	**1,740**	**1,148**	**667**	**773**	**692**	**680**	**638**	**714**
Total Other Infrastructure	**3,562**	**2,070**	**1,738**	**1,027**	**1,353**	**1,377**	**975**	**1,013**	**1,899**

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
City Strategy									
Animal Control									
Agility Tracks	23	-	-	-	-	40	-	-	-
Complex Shelter & Office Renewals	8	-	3	2	14	5	2	26	8
Stock Control Equipment	2	2	2	2	2	2	2	2	2
New Canopy	22	-	-	-	-	-	-	-	-
Total Animal Control	**55**	**2**	**5**	**4**	**16**	**47**	**4**	**28**	**10**
Parking									
CBD Parking Projects	2,200	1,000	-	500	500	500	500	500	600
Alternative Transport Parking	30	10	10	10	10	10	10	10	10
Parking Minor Capital	5	5	5	5	5	5	5	5	5
Parking Equipment Replacement	50	50	50	50	50	50	25	25	-
Total Parking	**2,285**	**1,065**	**65**	**565**	**565**	**565**	**540**	**540**	**615**
Total City Strategy	**2,340**	**1,067**	**70**	**569**	**581**	**612**	**544**	**568**	**625**

Project Name	**Forecast 2019/20 $000**	**Forecast 2020/21 $000**	**Forecast 2021/22 $000**	**Forecast 2022/23 $000**	**Forecast 2023/24 $000**	**Forecast 2024/25 $000**	**Forecast 2025/26 $000**	**Forecast 2026/27 $000**	**Forecast 2027/28 $000**
Community and Visitor Experiences									
Bay Skate									
Park equipment	10	13	-	-	-	-	-	-	-
Skate ramps	-	60	-	-	60	-	-	60	-
Napier Skate Park Renewals	44	46	19	23	20	49	22	20	71
Total Bay Skate	**54**	**119**	**19**	**23**	**80**	**49**	**22**	**80**	**71**
Community Facilities									
Maraenui Com Centre internal refurbishment	30	-	-	-	-	-	-	-	-
Maraenui Community Space	-	1,000	1,000	-	-	-	-	-	-
Minor Capital Allowance	60	60	60	60	60	60	60	60	60
Taradale Town Hall internal refurbishment	-	85	-	-	-	-	-	-	-
Halls Renewals	260	35	30	75	30	30	50	60	100
Total Community Facilities	**350**	**1,180**	**1,090**	**135**	**90**	**90**	**110**	**120**	**160**
Housing									
Henry Charles Hall Internal Refurbishment	-	-	80	-	-	-	-	-	-
Retirement Housing Renewals	782	1,251	704	1,024	1,324	759	1,756	802	2,810
Retirement Housing Minor Capital	89	89	89	89	89	89	89	89	89
Rental Housing Renewals	202	206	204	210	210	150	210	157	210
Rental Housing Minor Capital	21	21	21	21	21	21	-	-	-
Total Housing	**1,094**	**1,567**	**1,098**	**1,344**	**1,644**	**1,019**	**2,055**	**1,048**	**3,109**
Kennedy Park Resort									
Building Renewals	107	381	68	258	594	113	888	343	1,009
Deluxe Ensuite Units	-	-	160	-	-	-	-	-	-
Kitchen Cabins	-	-	-	120	-	-	-	-	-
Main Ablution Block	710	650	-	-	-	-	-	-	-
Replace Workshop	-	-	400	-	-	-	-	-	-
Upgrade TV Infrastructure	-	-	-	175	-	-	-	-	-
Kennedy Park I.A.R.	152	160	435	175	200	210	300	120	190
Kennedy Park Minor Capital	20	20	20	20	20	20	20	20	20
Total Kennedy Park Resort	**989**	**1,211**	**1,083**	**748**	**814**	**343**	**1,208**	**483**	**1,219**

Community and Visitor Experiences Continued

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Libraries									
Building Renewals	11	11	16	5	11	29	48	179	38
Customer Insight beams - Napier	-	-	-	50	-	-	-	-	-
Napier Library Rebuild	150	-	969	3,836	9,998	-	-	-	-
Taradale Library - Minor Work	5	145	-	-	-	-	80	-	-
Technology Hub - Napier	-	-	150	200	100	50	-	-	-
Library Renewals	10	10	10	10	10	10	10	10	15
Library Stock	360	360	360	440	440	440	440	440	440
Robson Collection Donations	1	1	1	1	1	1	1	1	1
Minor Capital	10	10	10	10	10	10	10	10	10
Total Libraries	**547**	**537**	**1,516**	**4,552**	**10,570**	**540**	**589**	**640**	**504**
Marine Parade Pools									
Marine Parade Pools Renewals	20	20	20	20	20	20	20	20	20
Ocean Spa Upgrade	400	-	-	-	-	-	-	-	-
Total Marine Parade Pools	**420**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**
MTG Hawke's Bay									
Archive Store conversion to Gallery	-	-	-	100	100	-	-	-	-
Building Renewals	23	214	90	246	49	129	286	833	524
Building Upgrades	-	-	180	-	-	-	-	-	-
Century Theatre Foyer Upgrade	-	-	-	50	50	-	-	-	-
Development of new gallery space off Century Theatre Foyer	-	-	-	20	80	150	-	-	-
Earthquake Gallery	-	-	80	-	-	-	-	-	-
Fit Out for New Storage Facility	-	-	300	-	-	-	-	-	-
Minor Capital	5	15	5	5	5	5	5	-	-
New Collection Shelving	-	-	517	-	-	-	-	-	-
Seismic Strengthening	300	-	-	-	-	-	-	-	-
MTG Renewals	106	60	102	60	60	60	60	60	60
MTG Minor Capital	80	60	102	50	50	80	50	50	50
Total MTG Hawke's Bay	**514**	**349**	**1,376**	**531**	**394**	**424**	**401**	**943**	**634**

Community and Visitor Experiences Continued

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Napier Aquatic Centre									
Napier Aquatic Centre expansion	2,000	5,000	8,565	23,000	5,000	-	-	-	-
NAC I.A.R.	92	332	194	318	229	107	538	427	324
Total Napier Aquatic Centre	**2,092**	**5,332**	**8,759**	**23,318**	**5,229**	**107**	**538**	**427**	**324**
Napier Conference Centre									
Building Renewals	208	-	15	18	7	640	58	43	168
War Memorial	500	1,040	-	-	-	-	-	-	-
CC Renewals	40	140	195	110	110	130	40	40	40
CC Minor Capital	60	60	60	60	60	60	60	60	60
Total Napier Conference Centre	**808**	**1,240**	**270**	**188**	**177**	**830**	**158**	**143**	**268**
Napier i-SITE Visitor Centre									
i-SITE building upgrade	-	850	-	-	-	-	-	-	-
i-SITE Renewals	-	-	-	-	-	50	-	-	-
i-SITE Minor Capital	65	20	-	-	-	-	-	-	-
Total Napier i-SITE Visitor Centre	**65**	**870**	**-**	**-**	**-**	**50**	**-**	**-**	**-**
Napier Municipal Theatre									
Administration Room and Staff Tearoom	-	-	-	-	75	-	-	-	-
Building Renewals	14	18	151	71	122	141	44	276	31
Replace sound system	238	-	-	-	-	-	-	-	-
Upgrade ticket and reception office	-	-	-	-	75	-	-	-	-
NMT Renewals	293	172	120	309	190	130	30	155	155
NMT Minor Capital	40	60	40	40	40	40	30	30	30
Total Napier Municipal Theatre	**585**	**250**	**311**	**420**	**502**	**311**	**104**	**461**	**216**
National Aquarium of NZ									
Expansion Project	1,000	-	7,754	26,345	15,813	-	-	-	-
Aquarium Renewals	400	336	122	-	112	6	187	10	164
NANZ Minor Capital	-	-	-	-	75	75	75	75	75
Total National Aquarium of NZ	1,400	336	7,876	26,345	16,000	81	262	85	239

Community and Visitor Experiences Continued

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Par2 MiniGolf									
Building Renewals	3	13	-	17	13	-	3	16	74
Course Upgrade	-	500	450	-	-	-	-	-	-
Par2 Building Upgrade	-	850	-	-	-	-	-	-	-
Par2 MiniGolf Renewal	46	3	3	3	3	3	3	3	3
Par2 Minor Capital	1	1	1	1	1	1	1	1	1
Total Par2 MiniGolf	**50**	**1,367**	**454**	**21**	**17**	**4**	**7**	**20**	**78**
Reserves									
Ahuriri Estuary Projects	20	300	1,000	100	-	-	-	-	-
Allen Berry Future Development	-	-	100	-	-	-	-	-	-
Coastal Erosion	400	200	200	200	200	200	200	200	200
Destination Playground - Stage 2	100	100	800	-	-	-	-	-	-
Foreshore Planting	20	20	20	20	20	20	20	20	20
Freedom Camping	-	-	-	-	-	-	-	-	400
Maraenui Park Developmnent	-	-	100	-	-	-	-	-	-
Marine Parade Historic Skating Rink	-	-	800	-	-	-	-	-	-
Marine Parade renewals	265	265	390	240	130	20	20	20	20
Passive Recreation Reserves	199	-	-	-	-	-	-	-	-
Planting	70	70	70	70	70	70	70	70	70
Playground Renewals	350	200	-	100	100	100	100	100	100
Riparian Planting	20	20	20	20	20	20	20	20	20
Urban Growth	200	50	250	450	50	250	600	50	2,050
War Memorial and Eternal Flame	35	-	-	-	-	-	-	-	-
Western Hill Pathway Development	280	-	-	-	120	-	-	-	-
Westshore Erosion and Inudation Remediation	-	-	-	-	2,500	3,500	1,500	-	-
Westshore Nearshore Restoration	500	-	-	250	-	-	250	-	-
Reserves I.A.R.	1,107	610	800	990	200	540	200	190	150
Whakarire Ave Rock Revetment	-	2,200	-	-	-	-	-	-	-
Hardinge Road Erosion	307	-	-	-	-	-	-	-	-
Total Reserves	**3,873**	**4,035**	**4,550**	**2,440**	**3,410**	**4,720**	**2,980**	**670**	**3,030**

Community and Visitor Experiences Continued

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Sportsgrounds									
McLean Park Cricket Practice Nets upgrade	269	100	520	-	-	-	-	-	-
McLean Park Digital Screen	-	-	-	-	-	-	250	-	-
McLean Park Facility Renewals	210	440	230	350	200	-	-	-	200
McLean Park light tower upgrades	-	15	-	-	-	-	-	7	-
McLean Park Player Facility Upgrade	18	-	-	-	-	-	-	-	-
Neighbourhood Parks Upgrades	17	-	-	250	-	-	-	-	700
New Pathways	40	-	40	-	40	-	40	-	40
New Shade Areas	20	20	20	20	10	10	10	10	10
Onekawa Park	-	-	-	-	-	700	-	-	-
Park Island Central Revelopment	-	-	-	-	-	-	-	-	100
Park Island Northern Revelopment	2,140	-	100	-	1,194	-	-	-	250
Park Island Southern Revelopment	-	100	-	100	100	150	787	8,000	-
Playground Development	-	-	100	100	-	100	-	-	-
Riparian Planting	-	10	-	10	-	10	-	10	-
Safety Projects/CPTED	10	-	10	-	10	-	10	-	10
Turf Farm development	-	-	-	-	-	-	-	-	1,000
Sportsgrounds I.A.R.	420	320	440	340	340	340	340	340	540
Total Sportsgrounds	**3,144**	**1,005**	**1,460**	**1,170**	**1,894**	**1,310**	**1,437**	**8,367**	**2,850**
Total Community and Visitor Experiences	**15,985**	**19,418**	**29,882**	**61,255**	**40,841**	**9,898**	**9,891**	**13,507**	**12,722**

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Property Assets									
Inner Harbour									
Ahuriri Masterplan - Iron Pot Public Access	480	4,008	-	-	-	-	-	-	-
Inner Harbour Facilities I.A.R.	674	-	3,800	-	-	-	-	-	-
Total Inner Harbour	**1,154**	**4,008**	**3,800**	**-**	**-**	**-**	**-**	**-**	**-**
Property Holdings									
Assessment & Compliance Projects	1,455	225	50	50	30	30	20	20	20
Building Purchase	-	1,800	-	-	-	-	-	-	-
Pandora Pond Buildings	250	-	-	-	-	-	-	-	-
Property Purchase	-	1,500	-	-	-	-	-	-	-
Seismic Strengthening Council Buildings	176	-	-	-	-	-	-	-	-
Civic Buildings Renewals	-	-	100	100	100	100	100	100	100
Library Building Renewals	-	-	150	300	300	300	300	300	300
Total Property Holdings	**1,881**	**3,525**	**300**	**450**	**430**	**430**	**420**	**420**	**420**
Total Property Assets	**3,035**	**7,533**	**4,100**	**450**	**430**	**430**	**420**	**420**	**420**

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Support Units									
Depot Building Renewals	39	83	944	54	15	36	107	210	52
Depot General Renewals	47	30	30	30	30	30	30	30	30
Depot Minor Capital	13	13	13	13	13	13	13	13	13
Lockable storage-more sheds	13	10	5	-	-	-	-	-	-
Network Connection to Smoko Building	-	-	-	-	-	-	10	-	-
Software Replacements and Upgrades	532	494	515	515	575	515	515	515	515
Replacement of Mobile Plant and Vehicle	900	1,050	900	900	900	900	950	950	1,000
Minor Capital General Provision	70	70	70	70	70	70	70	70	70
Corporate IT Network	13	13	13	13	13	13	13	13	13
Technology Equipment Minor Capital	1,175	774	968	475	435	758	685	475	818
Total Support Units	**2,802**	**2,537**	**3,458**	**2,070**	**2,051**	**2,335**	**2,393**	**2,276**	**2,511**

Project Name	Forecast 2019/20 $000	Forecast 2020/21 $000	Forecast 2021/22 $000	Forecast 2022/23 $000	Forecast 2023/24 $000	Forecast 2024/25 $000	Forecast 2025/26 $000	Forecast 2026/27 $000	Forecast 2027/28 $000
Vested Assets									
Stormwater Vested Assets	448	448	448	448	448	448	448	448	448
Vested Assets	300	300	300	300	300	300	300	300	300
Wastewater Vested Assets	401	401	401	401	401	401	401	401	401
Water Supply Vested Assets	221	221	221	221	221	221	221	221	221
Roading Vested Assets	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Total Vested Assets	**2,545**	**2,545**	**2,545**	**2,545**	**2,545**	**2,545**	**2,545**	**2,545**	**2,545**
Total Capital Programme	**53,625**	**72,216**	**80,995**	**91,952**	**62,582**	**33,709**	**30,207**	**34,582**	**38,198**

LTP 2018-28 Significant Projects Update

This document provides an update on any consultation topics from the 2018-28 LTP that have not been already outlined in the Annual Plan Consultation Document or as a separate supporting document. Key topics include:

- Ahuriri Estuary and Coastal Edge Masterplan
- Leasehold Land
- Coastal Hazards Strategy.

AHURIRI ESTUARY AND COASTAL EDGE MASTERPLAN PROJECTS

Stormwater study: We will carry out a comprehensive stormwater study before any further exploration or implementation of other stormwater-related projects. This will help us to understand the feasibility of projects and consider options for better managing our stormwater.

Upper Catchment: we will make improvements to the stormwater quality entering the estuary from Bay View, the Lagoon Farm and Hawke's Bay Airport, as well as run off from rural residential areas of the western hills.

Pandora catchment improvements: along with stormwater quality improvements carried out by businesses in the Pandora catchment, we will implement stormwater quality improvement works to the Thames and Tyne drains. We will add value through including education and recreation benefits.

Improve direct outfalls: An opportunity to address stormwater quality at individual outfalls flowing directly into the estuary or coastal environment. Measures may include treatment devices, wetlands/swales, bio-retention systems or screens.

West Quay Upgrade: Construct improvements including traffic calming and reallocation of road space on West Quay to create a pedestrian, cycle and business friendly environment and reduce potential conflicts between the public and industrial activity in the Inner Harbour.

Iron Pot Public Access: We are preparing a plan to improve the Inner Harbour and create better access for the public. One of the initiatives is the creation of a waka hub within the Iron Pot area, providing safe, functional, and attractive spaces for berthing waka hourua. The waka hub, with its extended public spaces, improved stormwater quality initiatives, and improved connection around the waterfront will be a benefit to all, including our visitors.

Regional Park: In line with the Ahuriri Estuary and Coastal Edge Masterplan, develop masterplan in conjunction with the Regional Council to facilitate a regional park around the Ahuriri Estuary. Develop a detailed concept for artificial wetlands that have an ecological and recreation value but also contribute to the polishing of storm water before it reaches the estuary.

Humber Street: Advance the Ahuriri Estuary and Coastal Edge Masterplan, to further develop the Humber St estuary edge incorporating the land that is currently occupied by Te Aratika drilling.

LEASEHOLD LAND

The majority of properties in Council's Investment Property Portfolio are situated in Onekawa, Ahuriri and Pandora. The total portfolio is currently valued at approx. $55 million and provides current income of approx. $2 million annually. Under legislation, we use this income to support the improvement, protection, management, or use of the Inner Harbour and certain foreshore reserves.

Council owns the lessor's interest (land) in these properties and a number of individuals and businesses own the lessee's interest (buildings and improvements). The ground leases are perpetually renewable.

Historically Council's policy was not to allow the freeholding of these properties.

As a result of consultation through the Long Term Plan 2018-28, Council made the following decisions in relation to leasehold land:

- To allow freeholding of non-strategic land using as a guide the June 2016 Boffa Miskell report "Napier City Investment Portfolio: Urban Landscape Strategic review" on a case by case basis.

- That recommendations on the freeholding of all identified non-strategic land be considered by the Audit and Risk Committee in the first instance for recommendation to Council.

- That the sale of leasehold land be a Decision of Council.

- That a divestment and investment policy for the sale proceeds is established and approved by Council resolution prior to the release of any leasehold land.

Council subsequently on 18th September 2018 approved an Investment Property Portfolio Policy which outlined the terms and conditions on which Council may sell non-strategic land included in the portfolio.

Council has pursuant to the policy approved some land for sale and will continue to consider applications. It must however act prudently in its considerations as it requires appropriate reinvestment opportunities.

COASTAL HAZARDS STRATEGY

This strategy will help us to assess coastal hazard risks and identify options for managing those risks for the next 100 years.

It assesses coastal erosion, storm surge inundation, and tsunami risk.

In response to the risks, the strategy will implement the selected option(s) in a coordinated and planned manner that will provide the best overall outcome for Hawke's Bay.

For more information, go to: www.hbcoast.co.nz

Where Your Rates Dollar Goes

COMMUNITY SERVICES	Community services - library, pools, grants, MTG, sportsgrounds and reserves, safe community, youth etc	31¢
3 WATERS		25¢
10¢ **WASTEWATER**	Safe domestic and commercial sewerage collection, treatment and disposal	
8¢ **WATER SUPPLY**	Supply of safe potable water and water for firefighting	
7¢ **STORMWATER**	Sustainable stormwater management to minimise flooding	
TRANSPORTATION	Roads, footpaths, bridges, lighting, traffic planning, management and safety, street cleaning	15¢
OTHER INFRASTRUCTURE	Waste minimisation, cemeteries, public toilets	11¢
CITY STRATEGY	Sustainable management of our resources (city planning, consents, licencing, parking, animal control)	8¢
DEMOCRACY AND GOVERNANCE	Council and elections	7¢
VISITOR EXPERIENCES	National Aquarium of New Zealand, i-Site, Napier Conference Centre, Municipal Theatre Note: Kennedy Park and Par2 Minigolf make a profit	3¢

1. WATER MASTER PLANNING

Type of Report:	Operational and Procedural
Legal Reference:	Health (Drinking Water) Amendment Act 2007
Document ID:	912288
Reporting Officer/s & Unit:	Russell Bond, 3 Waters Programme Manager

1.1 Purpose of Report

To introduce the Water Master Plan to Council and to identify critical projects that are needing to be programmed and delivered in the 2020/21 Annual Plan.

Officer's Recommendation

That Council:

a. Receive the report.

b. Approve the approach to developing Borefield #1 in advance of the Global Resource Consent application, with the aim to provide low manganese source water as soon as practical.

c. Accept that this approach has potential financial risks with the installation of the larger pipeline that connects the proposed bore to the existing network.

Mayor's Recommendation

That the Council consider and debate the officer's recommendation.

1.2 Background Summary

Napier City Council has been working on the development of the Water Supply Hydraulic Model and the associated Water Supply Network Master Plan since 2017. Late in 2019, Council received the master plan, which was based on the final calibrated model, and outlines the key projects required to deliver a "safe, clean, resilient water supply" to the people of Napier. The master plan covers a 30-year planning horizon and will be a key input into the next Long Term Plan.

The current water supply network has a number of isolated bores that have minimal treatment (emergency chlorination) which pump through the network and eventually to our storage reservoirs. The system as it currently stands met previous drinking water standards (DWS) and was a cost effective way to manage the supply.

Following Havelock North, Public Water Suppliers are now entering a new regulatory environment with changes to the Drinking Water Standards that are moving Council's needs beyond the current network design to the requirement of being more resilient, better management of risks to our supply, improving water treatment and increasing our operational flexibility.

Master Plan 2019

With the change in requirements, Council has developed a Water Supply Network Master Plan that identifies how Napier will have a safe, clean, resilient supply from now into the future.

The plan introduces the philosophy to move our network from isolated bores feeding through the network with little operational control to a resilient network with two main bore "zones".

The plan proposes a Taradale Zone and a Napier City Zone that eventually will be able to operate independently but support each other if the need arises.

Each zone will consist of a cluster of bores (a borefield), a treatment plant (likely to be UV and chlorine in line with Drinking Water Standards and new Water Safety Plan requirements) and dedicated pipes taking the water up to reservoirs from which the network can then be fed by gravity.

Over the last few months Council Officers have been reviewing the outputs of the master plan and this process will continue through to the development of the LTP.

Due to the current issues around dirty water, particular attention has been given to the projects, or parts of projects that will help to address the dirty water issues. Consideration has also been given to how Council might expedite these projects.

There are three critical path items that could hold this process up and has led to some changes around how Council might phase the projects in the Master Plan. These are:

1. The need for a new Global Resource Consent and the overlap with the Hawkes Bay Regional Council (HBRC) TANK plan change being notified.
2. Finalising the location of the future borefield sites.
3. Any major work that Council undertake will drive the need for a new Water Safety Plan under the new 2018 Framework.

Resource Consent

Council's current resource consent for source water extraction is due to expire on 31st May 2027. Typically, a consent application for renewal of this type of activity is required to be submitted between 6-12 months prior to a consents expiry date. This allows for the continued use of the existing consent until the new one is completed.

With the changes required to Napier's water supply network, a consent renewal is required to meet the conditions required under the Resource Management Act 1991 (RMA) and the HBRC's TANK Plan which is being finalised and is likely to be notified in the next few months. There is currently uncertainty around the timing and requirements for the consent with the TANK Plan change not yet being operative. It is likely that Council's consent will be the first application of its size to be tested under the TANK plan.

A key part of this consent will be to understand where Council can locate the new borefields, their impact on the surrounding water users and the local rivers. Water conservation will be a key input into our Resource Consent application as well as assessments around the environmental impacts of the proposed water takes.

HBRC has confirmed that NCC's new consent will be notified which could potentially result in a two year process to obtain the new consent. Originally, Council had planned to establish both borefields at the same time and gain the new consent. Now that the consent will be notified Council needed to look at other ways to deliver improved water quality outcomes quickly.

Consent Variation

One of the primary drivers of Council's programme is good quality water. Initially the plan was to develop a borefield around the existing Awatoto bores. Since the introduction of chlorine and after further investigation and testing, the water quality at this location is not appropriate for our needs as it is high enough in manganese to cause water clarity issues.

The main options to manage this are to move where the water quality is better or to provide for manganese treatment on site.

One potential option for Council is to locate two replacement bores (for A1 and C1) into a location away from higher manganese water that could be developed and consented as part of a *variation* to our existing consent. This option will also help to mitigate the immediate dirty water concerns and the long-term goals of the WSMP.

Borefield Location Selection

There have been 6 sites investigated to determine a suitable location for a new borefield that would form part of the Napier Central Zone. Water quality samples have eliminated 4 of these sites due to the manganese concentrations in neighboring bores. It was noticed that the greater the distance from the A1 location the lower the manganese concentration became.

Due to the high cost of treating manganese, it is prudent to locate this borefield in a location with good quality water with as low as possible manganese concentration as possible.

Initial Options

There are three potential options to consider that will allow Napier to move away from higher manganese water to help with dirty water issues whilst still working towards delivery of our Master Plan.

Option One: Obtain Global Consent

This option looks at waiting to obtain our "Global Water Take Consent" before developing the two new borefields and providing good quality water.

The timeframe associated with this would be around 2-5 years depending upon how much risk Council would like to take on (i.e. starting development the borefields prior to achieving consent).

Water quality issues would not be addressed quickly.

Option Two: Partial Borefield and Consent Variation

This option will swap out the two high Manganese bores (A1 and C1) with two new bores located at the new borefield site for the city zone.

This project would allow for low manganese water entering our supply so that Council can stop introducing more manganese into the system.

The risk of doing this work is that Council have an issue getting consent to have our whole borefield located here which means the cost of the pipe connecting the borefield to the network is more expensive that it needs to be. (The pipeline will cost around $5m for a full borefield and could potentially be less due to cheaper material costs, although installation costs would be the same, potential amount at risk $1m).

Option Three: Treat for Manganese at A1

This option would include the installation of a greensand filter located near A1 to remove the manganese before the water enters the supply.

The Capital cost for the greensand filter is estimated to be $6m for one bore.

Additional to the treatment plant there are the associated costs for 300,000L a day of backwash water to be disposed. The current services in this area are roadside drainage that would need to be upgraded to manage the flow demand. The pipeline would need to be 3.5km in length to reach the Cross-country drain. This would also require a pump and tank to manage the flow. This system has been estimated at an additional $5million to make a total budget capital cost for Manganese treatment of A1 of $11million. In addition, the greensand would need to be replaced frequently and there would be increased operational costs.

Option Recommendation

Dealing with dirty water is a key driver for Council and the quickest, most cost effective solution to remedy this is moving to a low manganese water source. Option Two above will deliver this and is the first key step to implementing the master plan programme.

Other Water Quality Projects

The other key project that is being investigated is the zoning of Tamatea and Parklands into a separate zone. Tamatea has been the most badly impacted by dirty water issues and this is in part due to A1 feeding directly into the network in Tamatea.

The dirty water issues are a combination of biofilm, manganese oxides and changes in flow. By zoning off Tamatea/Parklands Council can supply the network directly from the Taradale reservoir which is low in manganese, flows can be better managed with one supply point and targeting cleaning can be done to get this zone clean.

The long term plan for the network is to break the network into zoned areas or DMAs (district Metered Areas) that assists with flow and leakage management. This project would be the first step in setting these zones up.

The initial estimates are around $300,000 to deliver the zone as Council need to address some firefighting capacity issues. The project has become more complex than expected and the team are working through options with the modelling consultant to identify the best way forward.

Water Supply Master Plan Projects

Apart from the above critical projects that the team are working on, the main outputs of the water network master plan are:

- Two bore fields will be constructed in the outskirts of Napier's Urban area
- Two treatment plants will be installed at two bore field sites
- Reduced manganese levels would be required in the water supply
- Enfield reservoir will be replaced with a new reservoir system at the same location or at a higher site on Hospital Hill, allowing for future growth and demand
- Taradale bore field will pump water directly into Taradale reservoir system and Awatoto bore field will pump water directly into new reservoir system at Hospital Hill

- Water network will be divided into two distinct zones. Southern side of the city will be one zone and northern side of the city and Bayview will be the second zone
- The southern zone will be gravity fed from Taradale reservoir system and northern and Bayview zone will be gravity fed from the new reservoir system located on Hospital Hill. In emergencies, the two supply zones can be interconnected for resilience and supply continuity.
- Upgrading of pipes to meet future growth and demand areas
- Upgrading of pipes to meet firefighting requirements due to the changes in network flows
- Operational projects to manage water demand and improved system control

The total capital cost of achieving the goals of water network master plan over the next 30 years has been estimated at $41.5m. Our initial peer review shows that these costs are low in some instances. These figures will be confirmed for the LTP and prioritized accordingly.

1.3 Issues

Below is a more detailed discussion around the key elements and issues that the master plan has been developed to address.

Contamination risk from bores

With the exception of the Awatoto water bore (A1) and the bore located in Tareha Park (T6), all the other water bores are located in urban areas within close proximity to the City's wastewater network. While a low risk, a small number of wastewater main failures occur annually and these present a risk of contamination to the water supply network. Recent condition assessment of these bores revealed that the bore conditions are moderate to poor. The only exception is A1 bore which is in a good condition. The location of bores in close proximity to the wastewater network poses a potential risk of contamination of water supply through the bores.

Water clarity issues

At present, there is a significant issue of water clarity due to manganese in water and biofilm buildup in the water network. The manganese level is elevated In two bores, A1 and C1 (Coverdale bore). DWS aesthetic guidelines for manganese in water is 0.03 ppm and the manganese level from these two bores is 0.06 ppm. Historically, there have been water clarity complaints from customers but the situation got significantly worst following the introduction of chlorination. The proposed option to move away from Awatoto and to form a partial borefield will address these issues.

Condition of Enfield reservoir

Enfield reservoir is the main reservoir supplying water to a large area of Napier. The reservoir is over 80 years old and leaking. A high-level seismic assessment of the reservoir structure indicated that there are some structural issues associated with the reservoir. The reservoir also has some operational challenges due to its design and location. It is also not sized to meet future supply requirements.

Renewal of Older Assets

Some underground assets are nearly at the end of their expected life and our knowledge of their condition is poor which means that Council have less information around how they might fail and when and the potential impacts and costs.

Temporary chlorination system

The current chlorination systems were installed were as a response to E.coli transgressions incidents. The systems were installed with urgency and these systems are not permanent and have not been designed to meet industry standards in terms of Environmental and Health & Safety requirements. Permanent treatment processes will assist in managing risk and will improve operational control around residual levels of chlorine in the network and odour complaints.

Direct pumping into network

The current operating system is pumping water directly into reticulation creating localized peak pressure areas and introduces hydraulic shocks during pump stops and starts, causing significant water clarity issues in the network. This is evident mainly in the areas where water is pumped directly into the reticulation. It also limits our operational control across the network.

Capacity for future demand

New infrastructure is required to service future growth and demand. If there are significant developments in the western hills and Te Awa areas, new pipelines & reservoir storage is required to service these areas.

1.4 Significance and Engagement

Water Programme Changes

With the potential impacts on other users and the aquifer at large, HBRC has signaled that a renewal of our Citywide Water Supply Resource Consent would require a public notification process. Due to the size and complexity of the consent and the overlay of the TANK Plan Change, it is expected that the consent process could take up to two years. In order to reduce this time delay in our programme it is proposed to apply for a variation to the existing consent by replacing bores A1 and C1 with 2 new bores in the Meeanee area.

This process cannot be applied to the full proposed master plan changes as the full impact of changes trigger a full consent renewal process. This step change does allow Council to move forward with the required changes to achieve the target of a manganese free water supply.

Our overall capital spend for the next year is similar to that signaled previously, but Council have adjusted the priorities somewhat. The pipeline of work that Council are aiming to deliver next year follows:

- 2 x test bores to confirm the quality and flow at our proposed new borefield sites and finalising their location
- 2 new production bores, treatment and mains connecting into our network to have low manganese water
- Ongoing investigation into an appropriate site for our replacement reservoir on Hospital Hill and potential site purchase (if not already completed in 2019-2020 FYR)
- Development of a zone for Tamatea and Parklands to manage dirty water and to start on leakage management
- Design of the water treatment plants
- Design of the mains connecting proposed borefields to reservoirs and back to the network
- Design of improvements to the network to maintain firefighting levels of service

- More access points to the network for improved network cleaning

The benefit of this programme of work is to fast track projects that will assist with our dirty water issues whilst still taking us forward to a safe, resilient and clean water supply.

1.5 Implications

Financial

The LTP 2018-2028 financial year for the 2020/21 had a capital budget total of $11million. The proposed changes to this Annual Plan with the water capital plan will look to re-profile this expenditure. The total proposed capex budget for the adjusted programme is $15 million (incl renewals).

Social & Policy

N/A

Risk

Key risk for this report are;

- Resource Consent Renewal
- TANK timing and impact to consent application
- Financial Risk of Pipeline investment
- Peer review process
- Delays due to Covid- 19
- Unknown cost and timing impacts on construction industry (Government projects etc)

The financial risks with this programme is in the programme estimates as a whole and in the timing of key projects within the WSMP. There have been some indicative budgeting estimates in the master plan that will require further investigation to provide a higher level of accuracy in the numbers that will be required for the LTP process. This process is already underway to better understand the financial implications of the WSMP.

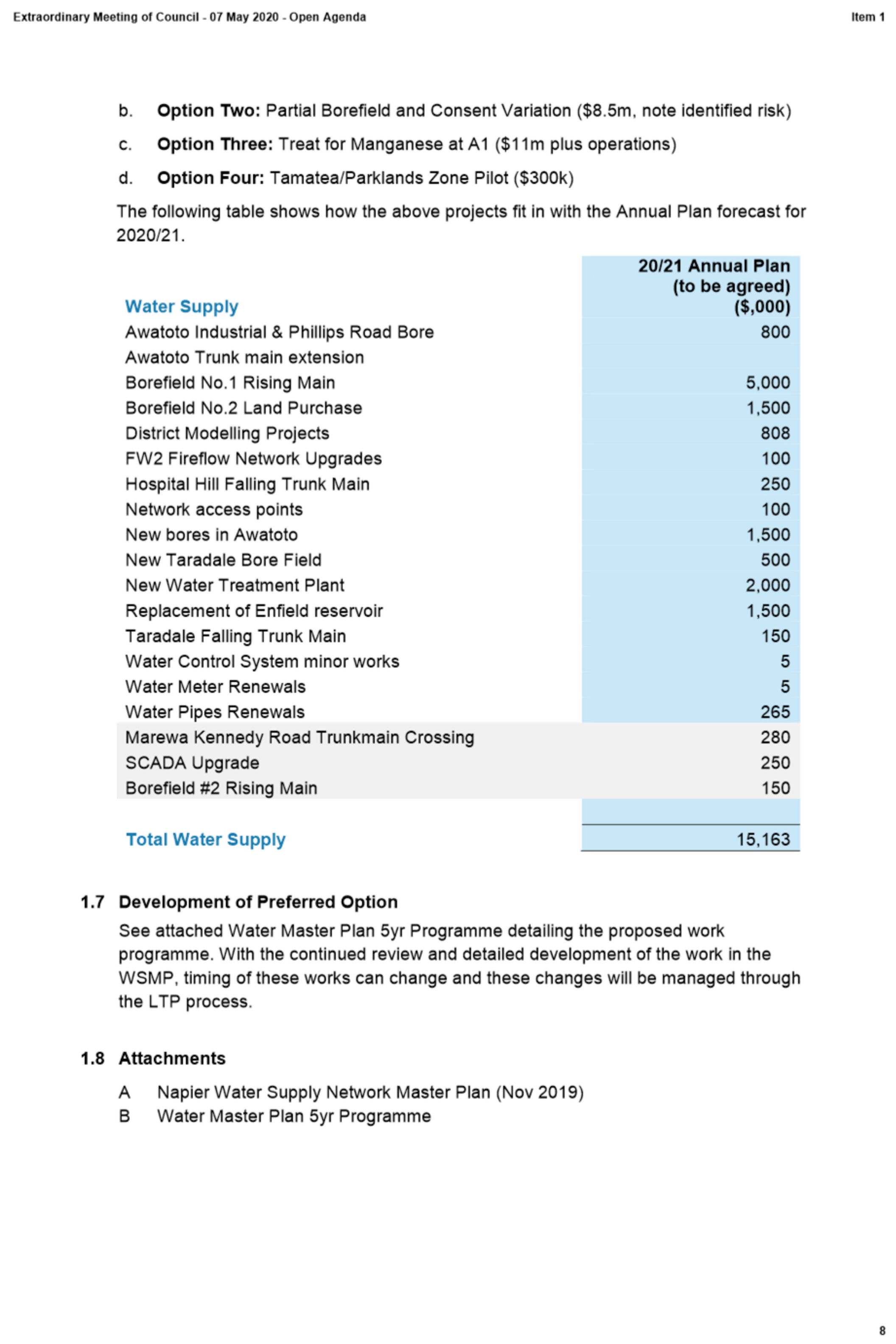
There is also a potential financial loss associated with the increase in pipe size with the pipeline proposed from the new bores in Meeanee to the A1 site. The programme is currently proposing to install a larger diameter pipe of DN550 instead of DN400. This would future proof the pipeline for the proposed borefield development. The risk with this investment is the cost of upsizing the pipe and the associated fittings. As the permission to develop and draw the required water for the full borefield is still subject to a successful citywide consenting process. If the consent process were unsuccessful, the financial risk would be the cost differential between the two pipe sizes. This could be in order of $1-1.5M.

The current pandemic, impacts on the construction industry, implications of the Government's recovery programme and the regional economic recovery programme etc. are currently unknown. Council have added additional time onto our projects to allow for delays and cost fluctuations are expected. Council are uncertain at this stage around this impact.

1.6 Options

The options available to Council are as follows:

a. **Option One:** Obtain Global Consent (Majority of Master Plan)



b. **Option Two:** Partial Borefield and Consent Variation ($8.5m, note identified risk)

c. **Option Three:** Treat for Manganese at A1 ($11m plus operations)

d. **Option Four:** Tamatea/Parklands Zone Pilot ($300k)

The following table shows how the above projects fit in with the Annual Plan forecast for 2020/21.

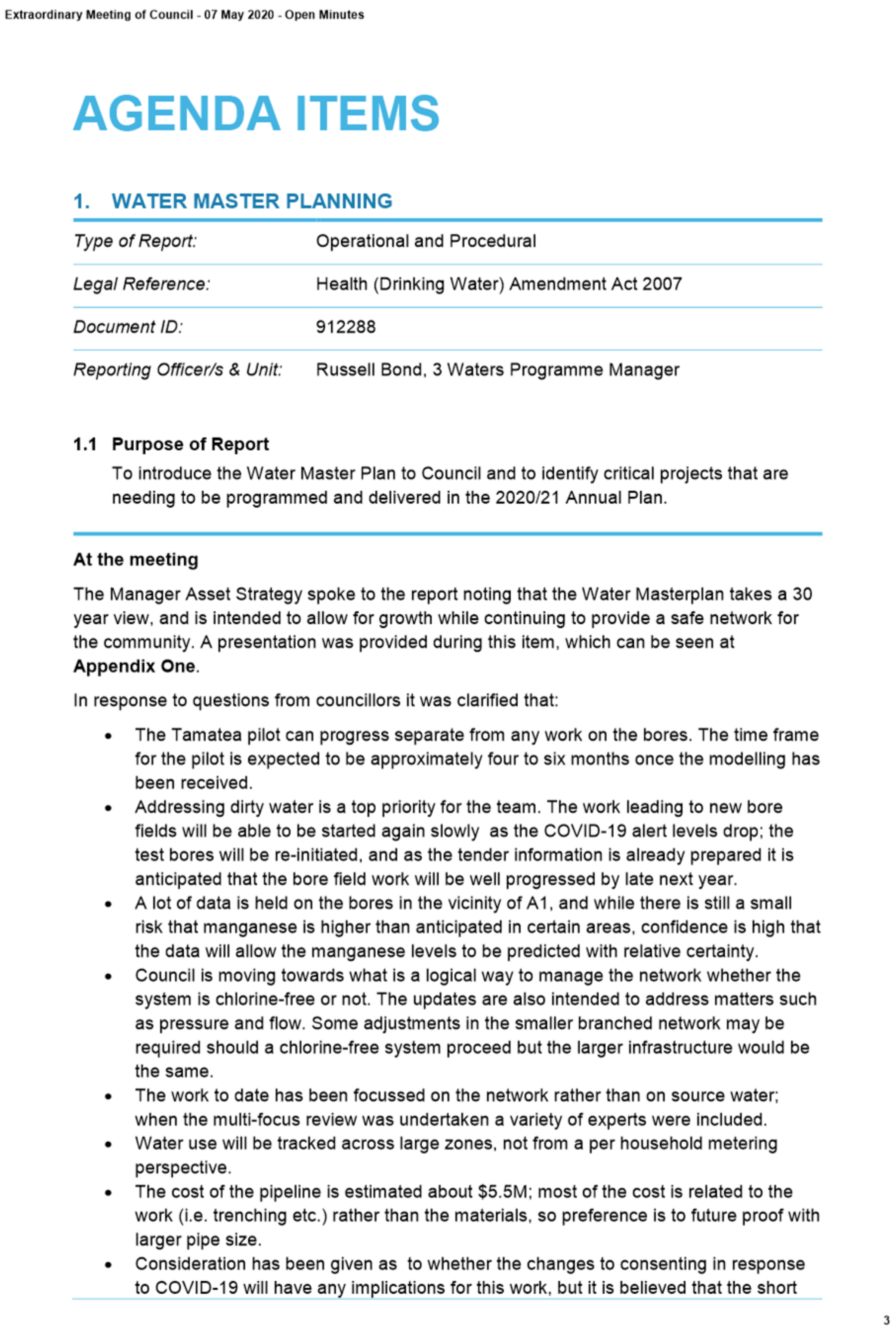
Water Supply	**20/21 Annual Plan (to be agreed) ($,000)**
Awatoto Industrial & Phillips Road Bore	800
Awatoto Trunk main extension	
Borefield No.1 Rising Main	5,000
Borefield No.2 Land Purchase	1,500
District Modelling Projects	808
FW2 Fireflow Network Upgrades	100
Hospital Hill Falling Trunk Main	250
Network access points	100
New bores in Awatoto	1,500
New Taradale Bore Field	500
New Water Treatment Plant	2,000
Replacement of Enfield reservoir	1,500
Taradale Falling Trunk Main	150
Water Control System minor works	5
Water Meter Renewals	5
Water Pipes Renewals	265
Marewa Kennedy Road Trunkmain Crossing	280
SCADA Upgrade	250
Borefield #2 Rising Main	150
Total Water Supply	15,163

1.7 Development of Preferred Option

See attached Water Master Plan 5yr Programme detailing the proposed work programme. With the continued review and detailed development of the work in the WSMP, timing of these works can change and these changes will be managed through the LTP process.

1.8 Attachments

A Napier Water Supply Network Master Plan (Nov 2019)
B Water Master Plan 5yr Programme



AGENDA ITEMS

1. WATER MASTER PLANNING

Type of Report:	Operational and Procedural
Legal Reference:	Health (Drinking Water) Amendment Act 2007
Document ID:	912288
Reporting Officer/s & Unit:	Russell Bond, 3 Waters Programme Manager

1.1 Purpose of Report

To introduce the Water Master Plan to Council and to identify critical projects that are needing to be programmed and delivered in the 2020/21 Annual Plan.

At the meeting

The Manager Asset Strategy spoke to the report noting that the Water Masterplan takes a 30 year view, and is intended to allow for growth while continuing to provide a safe network for the community. A presentation was provided during this item, which can be seen at **Appendix One**.

In response to questions from councillors it was clarified that:

- The Tamatea pilot can progress separate from any work on the bores. The time frame for the pilot is expected to be approximately four to six months once the modelling has been received.
- Addressing dirty water is a top priority for the team. The work leading to new bore fields will be able to be started again slowly as the COVID-19 alert levels drop; the test bores will be re-initiated, and as the tender information is already prepared it is anticipated that the bore field work will be well progressed by late next year.
- A lot of data is held on the bores in the vicinity of A1, and while there is still a small risk that manganese is higher than anticipated in certain areas, confidence is high that the data will allow the manganese levels to be predicted with relative certainty.
- Council is moving towards what is a logical way to manage the network whether the system is chlorine-free or not. The updates are also intended to address matters such as pressure and flow. Some adjustments in the smaller branched network may be required should a chlorine-free system proceed but the larger infrastructure would be the same.
- The work to date has been focussed on the network rather than on source water; when the multi-focus review was undertaken a variety of experts were included.
- Water use will be tracked across large zones, not from a per household metering perspective.
- The cost of the pipeline is estimated about $5.5M; most of the cost is related to the work (i.e. trenching etc.) rather than the materials, so preference is to future proof with larger pipe size.
- Consideration has been given as to whether the changes to consenting in response to COVID-19 will have any implications for this work, but it is believed that the short

time frame to produce the supporting documentation would not fit with Council's time frames.

- As the country moves into recovery from the COVID-19 response, Council will be packaging different pieces of work together to ensure the best value for money is gained for all projects. How the works are combined and what is in included in each 'package' will impact on whether quotes are sought from the Depot.
- The treatment station does need to be in place before any new bore could be used. This work will also trigger the requirement to implement the new Water Safety plan requirements.
- About a six week delay has been experienced in the chlorine-free review from the COVID-19 response; the team will be working hard to bring this time frame as close to the original as possible again.
- In the content of potable water, "discharging" into an area means to supply water into an area.
- There will be much greater emphasis on managing water demand under the recently notified TANK plan. There are very high water users in Napier and this will need to be reduced, through conservation efforts and active leak management.
- By "zoning off" the Tamatea area Council will be able to better address the dirty water issues as the number of bores supplying water will be reduced and greater overall control of the supply conditions will be possible (for example pressure and flow issues). A number of options will also be explored to reduce existing manganese load.
- The District Metered Areas will have meters to provide data on incoming and outgoing flows; Council's SCADA system will also be upgraded. This is within existing budgets.
- The potential impacts of the central government three waters review are as yet unknown, but it is highly likely to result in a new regulator and much greater expectations being placed on water managers. Indications to date suggest that chlorine may become mandatory. The Masterplan is moving Napier into a space where it better placed to meet the higher monitoring, reporting and conservation requirements that are anticipated as likely from the review.
- There are always some low risks of contamination in any water supply. Where risks are identified for Napier, these are actively reviewed and action taken as it can be, for example one bore head has been closed as it was identified as being quite close to a wastewater main.
- Council will be kept up to date as the works are further progressed and ensuing decisions are required.

Council resolution

Mayor Wise / Councillor Simpson

That Council:

a. Receive the report.

b. Approve the approach to developing Borefield #1 in advance of the Global Resource Consent application, with the aim to provide low manganese source water as soon as practical.

c. Accept that this approach has potential financial risks with the installation of the larger pipeline that connects the proposed bore to the existing network.

Carried

2. CIVIC PRECINCT PROJECT STEERING GROUP

Type of Report:	Procedural
Legal Reference:	N/A
Document ID:	908302
Reporting Officer/s & Unit:	Richard Munneke, Director City Strategy

2.1 Purpose of Report

The purpose of the report is to update Council on the process, recommendations and decisions made to date on the Council Civic offices, Hotel development, and new Napier Library. The report also seeks endorsement for the formation of a Steering Group to support the project's next steps through the development of a civic precinct masterplan.

Officer's Recommendation

That Council:

a. Receive and accept in principle the recommendation from the Library site project steering group to pursue the development of the library on the Station Street site.
b. Endorse the formation of a Civic Precinct Steering Group.
c. Endorse the Civic Precinct Steering Group Terms of Reference.
d. Note that the Civic Precinct Steering Group will undertake comprehensive master planning for the Civic Precinct including any important linkages beyond that site, keeping Council informed ahead of specific recommendations to Council on the master planning.
e. Note that the Civic Precinct Steering Group will recommend key consultation steps to Council for the project
f. Note the annual plan will include the preferred site for the library, and that any feedback on this through the annual plan can be forwarded to the Civic Precinct Steering Group for consideration in the master plan development
g. Resolve that the time capsule and mural relating to the civic building be housed in temporary storage prior to demolition of the old civic site.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

2.2 Background Summary

The 2015-25 Long Term Plan allocated $7.5m to fix seismic issues and refurbish the two civic buildings. Following the Kaikoura Earthquake of 2016, the Building (Earthquake-Prone Buildings) Amendment Act 2016 amended the method of assessing buildings for their seismic strength and how they were to be rated. In mid-2017 Council engaged structural engineering specialists to undertake a new seismic assessment of both the Library and Civic Buildings under the new Building Act requirements. The results of this assessment found that the Library Building achieved 15% NBS (new building standard), while the Civic Building achieved 10% NBS, making both buildings earthquake-prone.

In September 2017, the Napier Library relocated to its temporary premises at the MTG. Cost estimates to strengthen and refurbish both buildings were deemed unfeasible. Council offices were also decanted to the three buildings in which they are located presently.

In December 2017, a Statement of Proposal (SOP) to divest the site on which the Civic Building is located was approved by Council. The SOP was supported by a Business Case that showed how both the Council offices and a central Library could be accommodated within the Library Building site. Additionally, it considered which type of commercial development would provide the greatest benefit to the City, recommending that a 4+ star international-brand hotel was a viable prospect that could provide the greatest benefit to the City.

Hotel-Mixed Use Development

Following an early Expression of Interest (EOI) process, a Request for Proposal (RFP) was sent to several hotel operators. Candidates were assessed against a number of criteria including proven performance, financial backing, job creation, and environmental credentials. Council began negotiations with the winning candidate, Estilo, in 2018. This development would see a mixed-use development, with ground-floor retail, all day dining facilities, roof-top bar and a 4.5-star hotel of 128 rooms. The building would be of modular construction achieving a 5-star Green Star rating.

Modular construction, where the building is constructed using a series of modules built off-shore and assembled on-site, is a fairly new building technique in New Zealand, and does not have a standardised and well-tested method for ensuring construction meets New Zealand Building Code requirements. This presents a risk to Council in relation to liability. Council are currently working through ways to reduce this risk with the Ministry of Building, Innovation and Enterprise (MBIE).

While negotiations continue, Council Officers will continue working with MBIE and will demolish the Civic Building, making the site ready for redevelopment.

In terms of demolition two matters require resolution that being the time capsule and the mural on the east wall. It is envisaged that these be removed to temporary storage so that they do not hold up the demolition programme in the meantime. From there each item's permanent home can form a project in its own right.

Library

In 2018, Council adopted the Library Strategy, which established the community's needs for Napier's new Library, and helped define the criteria for a suitable Library site. Requirements included a minimum of 2000sqm public space over a maximum of two levels, access to the outdoors, a sense of place, accessible and adaptable spaces, and a good neighbour and landlord to likeminded collaborators.

Using this information, Council Officers devised a multi-criteria analysis that, once approved by Council, was used to assess the 16 Napier CBD sites that had been suggested. A steering group comprising of elected members and Council officers considered the all the sites against the selection criteria. Three sites were short-listed, including one privately-owned site and two publicly-owned sites. One of these was the site of the former Napier Library, at 22 Station Street, while the other was a site formed by taking sections of road, and a small portion of Memorial Square, connecting to a refurbished Women's Rest. Further due diligence on all three sites discounted both the privately-owned site and the Memorial/Clive Square site, leaving the recommended site of Station Street, the home of the former Napier Library. The site selection process together with the findings of the steering group can be found at attachment?

This paper seeks endorsement from the Council to accept the site selection process in principal and indicate that Council efforts now focus on master planning the library with the civic function and the hotel development in what is termed at this stage the civic precinct.

Council will signal to the public its' desire to return the library function to its original site through this years' annual planning process and request feedback. Comprehensive public engagement including a full statement of proposal can then occur on the masterplan for the entire site.

Civic Offices

Following the Council decision declaring the Civic Building surplus to Council requirements, Council engaged consultants PWC to prepare a Business Case on the options for the new Council Offices. A long list of options was considered including, but not limited to the reuse of the old Library Tower building; the demolition of the library Tower building and rebuild of a new building on this site; continued leasing of the existing buildings, and the purchase and fit out of another building. In assessing these options, it was important that a number of outcomes could be achieved, including:

- Optimising the footprint/cost per person
- Customer experience
- An accessible Chambers/place for democracy
- Optimised workplace quality
- Improved Councillor facilities
- Alignment with City Vision principles
- Financially acceptable

The recommendation made in the Business Case was to strengthen and refurbish the former Library Tower Building for Council Offices. This recommendation was however, made in isolation of the site selection process for the Library, and it is now necessary to bring all three of the above projects together to ensure the right decisions are made for the City. One of the options that was considered in the Business Case was to purchase and fit out another building. The Dalton/Vautier House Building located to the south of the Library Building is currently on the market and given its size, location and vacancy, is worth considering to further strengthen this Civic campus.

Project Trifecta

A Civic Campus at Station Street, including the Hotel on the Hastings Street edge, would anchor the southern extent of the City and bring greater vibrancy and foot traffic to this area. It would present an opportunity to reimagine Station Street as a pedestrian-centred street and a revitalised Civic Court.

Some funding has already been provided for in the Long Term Plan for each of these projects, though it is expected that these will be revised as decisions are advanced and design finalised. Sufficient funding is available in this financial year for the demolition of the Civic Building. The Library has $15.8m allocated, of which the majority sits in the 21/22 financial year. The Civic Offices have primarily OPEX funding available until such time decisions are made on the future direction of these.

To take this project forward, it is recommended that a steering group be formed to guide Council Officers in procedural matters as they relate to Project Trifecta. The makeup, responsibilities and Terms of Reference for this Working Party will be presented to Council for endorsement in the new year.

2.3 Issues

This report provides an update to Council on progress thus far of the three projects that comprise Project Trifecta, and presents a recommendation to form a project steering group to take this project through its future steps and address the myriad of issues that such a development will likely encounter.

Given the scale of the project it is essential that comprehensive master planning is undertaken for the site to ensure that the opportunities of the three developments and possibly others are realised and also that the community can engage with an overall plan in the first instance rather than individual component parts. The Masterplan development will require input from various sectors of the community and we recommend that it be appropriately resourced and advised by external providers well versed in civic projects of this magnitude. In this way the steering group will receive best practice advice from the outset.

2.4 Significance and Engagement

N/A

2.5 Implications

Financial

There is funding required for master planning, which can be accommodated within existing budgets in the first instance. There are no further financial implications at this stage, however any implications identified will be reported to Council as decisions are made and detailed design is finalised.

Social & Policy

N/A

Risk

This report provides an update to Council on the process to date, and recommends an approach for the project as it progresses to the next phase.

The main risk at this stage is that Council pursues individual projects without master planning first and a secondary risk is that insufficient resources are allocated to procuring and appropriately skilled external provider to undertake the master planning exercise.

2.6 Options

N/A

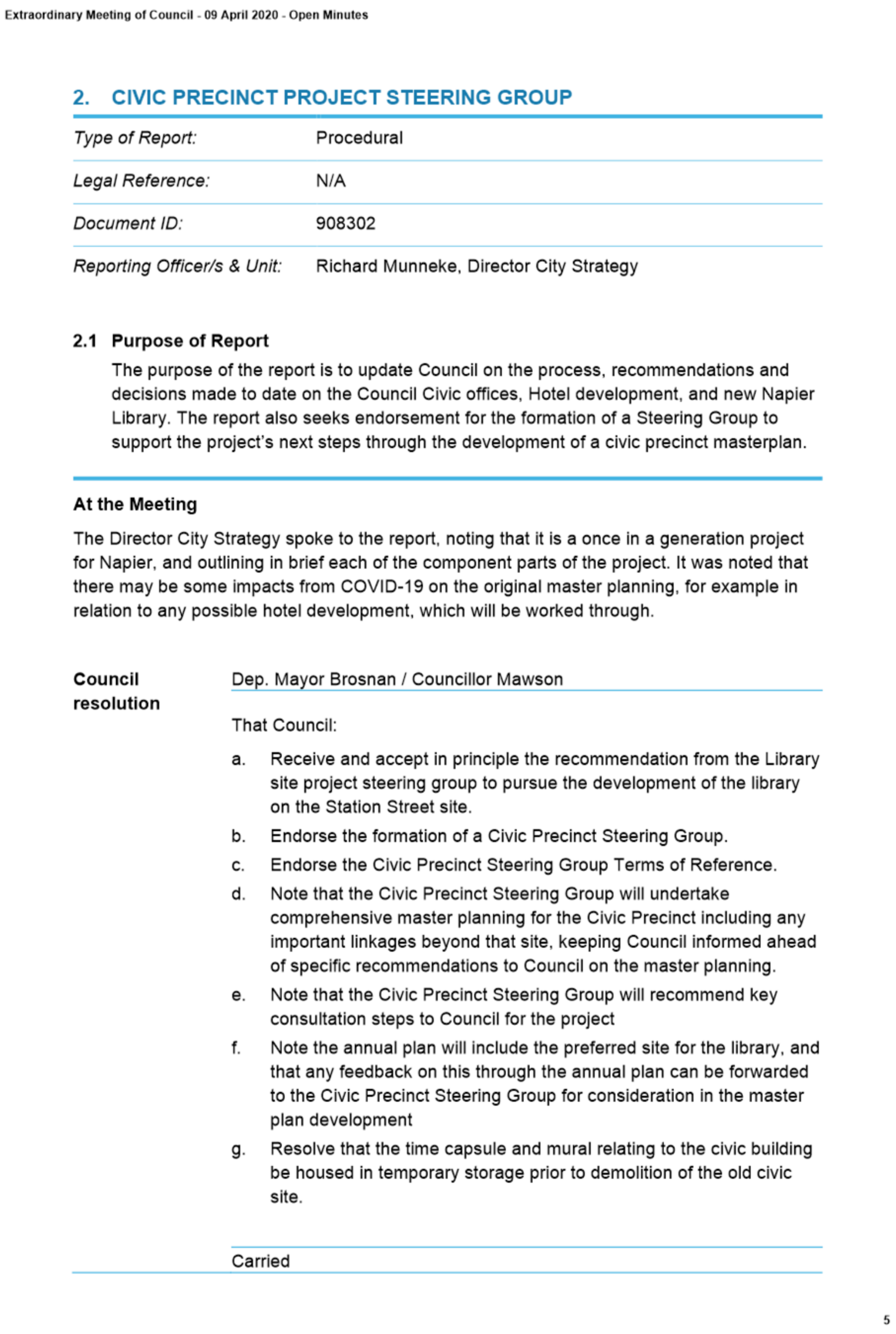
2.7 Development of Preferred Option

Steering groups that guide the direction of a project are best practice and commonplace within the industry. A Steering Group was established for the Napier Library project, which proved to be an invaluable tool for ensuring transparency and a representative voice from the community through the representation of Councillors.

This is a complex challenging city changing project of a scale that requires careful consideration of the issues and opportunities. A steering group can provide the relevant focus required across the wide-ranging issues that will be encountered and provide recommendations to the Council on a way forward.

2.8 Attachments

A Civic Precinct Steering Group - Terms of Reference
B Library Project Update Memo to Council, 12 November 2019



2. CIVIC PRECINCT PROJECT STEERING GROUP

Type of Report:	Procedural
Legal Reference:	N/A
Document ID:	908302
Reporting Officer/s & Unit:	Richard Munneke, Director City Strategy

2.1 Purpose of Report

The purpose of the report is to update Council on the process, recommendations and decisions made to date on the Council Civic offices, Hotel development, and new Napier Library. The report also seeks endorsement for the formation of a Steering Group to support the project's next steps through the development of a civic precinct masterplan.

At the Meeting

The Director City Strategy spoke to the report, noting that it is a once in a generation project for Napier, and outlining in brief each of the component parts of the project. It was noted that there may be some impacts from COVID-19 on the original master planning, for example in relation to any possible hotel development, which will be worked through.

Council resolution

Dep. Mayor Brosnan / Councillor Mawson

That Council:

a. Receive and accept in principle the recommendation from the Library site project steering group to pursue the development of the library on the Station Street site.
b. Endorse the formation of a Civic Precinct Steering Group.
c. Endorse the Civic Precinct Steering Group Terms of Reference.
d. Note that the Civic Precinct Steering Group will undertake comprehensive master planning for the Civic Precinct including any important linkages beyond that site, keeping Council informed ahead of specific recommendations to Council on the master planning.
e. Note that the Civic Precinct Steering Group will recommend key consultation steps to Council for the project
f. Note the annual plan will include the preferred site for the library, and that any feedback on this through the annual plan can be forwarded to the Civic Precinct Steering Group for consideration in the master plan development
g. Resolve that the time capsule and mural relating to the civic building be housed in temporary storage prior to demolition of the old civic site.

Carried

1. WHAKARIRE REVETMENT - FUNDING DECISION

Type of Report:	Operational
Legal Reference:	Local Government Act 2002
Document ID:	911279
Reporting Officer/s & Unit:	Jon Kingsford, Director Infrastructure Services

1.1 Purpose of Report

The purpose of this report is to:

- Update Council on recent engagement undertaken in relation to the Whakarire Avenue Revetment project
- Obtain approval to proceed with the project; and
- Confirm direction from Council on the balance on the public / private funding split for the project.

Officer's Recommendation

That Council:

a. Note the change in scope of the project to now include stormwater conveyance, landscaping and third party supervision.

b. Resolve to proceed with the project.

c. Approve the updated project Cost Estimate that now includes additional items, including landscaping, stormwater conveyance and third party supervision and to fund the additional cost from loans.

d. Approve the private contribution to be held at the same amount as per the 2019/20 consultation, resulting in a change to the public/private split to 2.5% private/ 97.5% public.

e. Note that Council have committed to further consultation with residents of Whakarire Avenue to development a landscaping plan and that this will be undertaken as the project commences.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

The Whakarire Revetment initiative has been in planning for many years and has been the subject of many discussions and reports. This report seeks to strike a balance between summarising past discussions and reports within the body of the report and appending reports to provide additional information.

The present breakwater was constructed in 1994 and encloses a small lagoon that fills and empties with the tide. The area is frequented by families over the summer season and by surfers at any time there is sufficient swell. However the area is not as popular as other beach areas as access to the lagoon and along the reserve area in front of the houses is difficult, with private infrastructure encroaching into the reserve.

The original sea wall was constructed of concrete rubble. In 1995 approximately 15,000 cubic metres of fine gravel and sand were placed behind, and adjacent to the sea wall. In 1997 the initial works were dressed with limestone rock armour although this is mainly confined to the leeward side.

In 2003 a BECA report on coastal erosion along Westshore identified that during a significant storm with elevated sea levels it is likely the existing breakwater would fail. (Beca 2003). At that time some of the limestone rock armour has become displaced and can be seen on both the seaward and leeward sides of the existing breakwater. Further displacement of rock has occurred in the intervening years, further compromising the integrity and effectiveness of the breakwater.

It is proposed to rebuild the existing breakwater that fronts properties in Whakarire Avenue. The existing structure also funnels waves into the southern end of Westshore Beach causing northward and seaward movement of sediment and the renourishment material placed there.

A consent application for the construction of a seawall was lodged with the Hawkes Bay Regional Council (HBRC) in 2009, for a significantly larger and more comprehensive structure than that which was finally consented.

The original design of the groynes to remediate the threat of coastal erosion in this area received significant opposition from the surfing community and local residents. As a consequence the resource consent application received many submissions in opposition. Through mediation a new design was introduced to the submitters. The new plans included a reserve area for public access and a revetment which would hug the coastline and not intrude into the surf break as the initial design had done. Residents in the Whakarire area and other submitters including the surfing community signed off on these new plans agreeing to the revetment and the reserve areas.

Consent was granted in October 2016 and is required to be given affect to within 5 years prior to the consent lapsing.

In order for the project to proceed, Council made available capital funding to the value of $1.737mill in the 2018-28 Long Term Plan.

While funding of the revetment had never been actively discussed with the submitters or the Whakarire Avenue residents, there was an implicit assumption at the time that the costs would be absorbed by all the city's residents. This reflects that Napier (being a city council with relatively small rural land holdings) has not had a strong tradition of using targeted rates (N.B. current targeted rates are listed in the Long Term Plan on page 203).

Subsequent to the resource consent for the works being fully approved for construction, the regional coastal erosion work (Clifton to Tangoio Coastal Hazards Strategy) began to explore and define the beneficiaries from coastal erosion interventions to understand the link between those who benefit and those that are paying. In this way the community good and the private good is identified in particular.

Essentially this work has hypothesised that the immediate property abutting the coastal erosion will benefit significantly if work is done to halt that erosion. There is also a suggestion that there might be secondary beneficiaries, where a public space (reserve or road) lies between the property and the coastal erosion or where the local community might have added benefits of accessing the area under threat from erosion. Both of these scenarios are over and above the benefits received from doing the work by the rest of the Napier residents.

The work also identified regional and national beneficiaries. This included the Port and Airport and the region and nation as a whole. However it should be noted that these parties are difficult to realise funding from – therefore the while a percentage of benefit/ cost can be apportioned it can't be collected using rates for example.

Council held a workshop to discuss and explore how such a funding split (as prescribed by Section 101 (3) of the Local Government Act) would apply to Whakarire revetment.

At Council's finance committee on the 18 of October 2018 the basic steps associated with an assessment under Section 101 (3) LGA applied to the Whakarire revetment project were outlined.

At the Council on the 11 of December 2018 the funding split of 97% public and 3% private was approved in Principle, noting that consultation would be undertaken regarding the funding model and that residents would have the opportunity to engage in that process.

In 2019/20 annual plan consultation process, on a targeted rate, feedback from the general community of 107 submitters, was 14% disagreed, 33% agreed, and 53% neutral. Of Whakarire Residents, 86% disagreed, and 14% were neutral.

Since that time, Officers have undertaken further consultation with residents

Annual Plan and post annual plan consultation is detailed in the Consultation report (**Attachment A**). Post Annual plan consultation is summarised below.

All owners and occupiers of the affected properties were invited to a meeting held on the 28th of November 2019 to discuss the project. 14 people attended the meeting which commenced with a presentation (included in the consultation report - **attachment A**) made by Jon Kingsford – Director Infrastructure and was followed by questions and answers.

Residents were asked to consider their support for the revetment project itself and the targeted rate proposal. At the meeting, all those present bar one resident advised they supported the revetment proceeding. Residents were advised that a letter requesting their feedback in writing by 31 January 2020 would be sent all residents including those that did not attend the meeting.

A letter (included in the consultation report - **Attachment A**) was sent on 4 December 2019 summarising the points covered at the meeting and the impacts of proceeding or not proceeding with the revetment project.

A reminder email was sent to those who had not provided written feedback on 22 January 2020.

Residents from 12 of the 14 affected properties responded. The results are as follows:

Revetment Project

- Of the 12 respondents, 11 support the project proceeding (92%)
- Of the residents, 11 support the project proceeding, one is against the project proceeding and two did not respond. A total of **79% of residents support the revetment proceeding**.

Targeted Rate

- Of the 12 respondents, seven agree with the targeted rate (58%), four were against (33%) and one response was inconclusive.
- Of the residents, with seven agreeing, four against, one inconclusive and two with no response, a total of **50% of residents agree to the targeted rate.**

Detail on submissions and responses is available in the consultation report attached.

1.3 Issues

Following several engagement efforts with residents there is now clear majority support for the revetment project proceeding; however, there does not appear to be clear support for the targeted rate.

All consultation to date has been based on the project cost budgeted for in the 2018-28 Long Term Plan of $1.747mill. The current project estimate, accounting for some changes in scope now place the project cost at $2.2mill.

Of those that were willing to pay a targeted rate, several residents preferred to pay the full amount in a one-off payment and that the contribution be based on the $1.747 million originally proposed as the project cost.

1.4 Significance and Engagement

Approval of a funding option will require further consultation through the 2020/21 Annual Plan. This matter has been incorporated into the recent report to Council on draft annual plan consultation items and is further discussed below.

1.5 Implications

Financial

Council Officers have reviewed the timing of the project and project costs, with revised costs of an estimated $2.2 million.

The increased costs are partly due to expected increases in material costs, however the estimate now also includes items that amount to a change in scope to include stormwater management and landscaping (originally to come post project completion), and also recognises project and contract management costs, fees for the independent Chartered Engineering supervision of the construction and a contingency sum of $200,000 + GST.

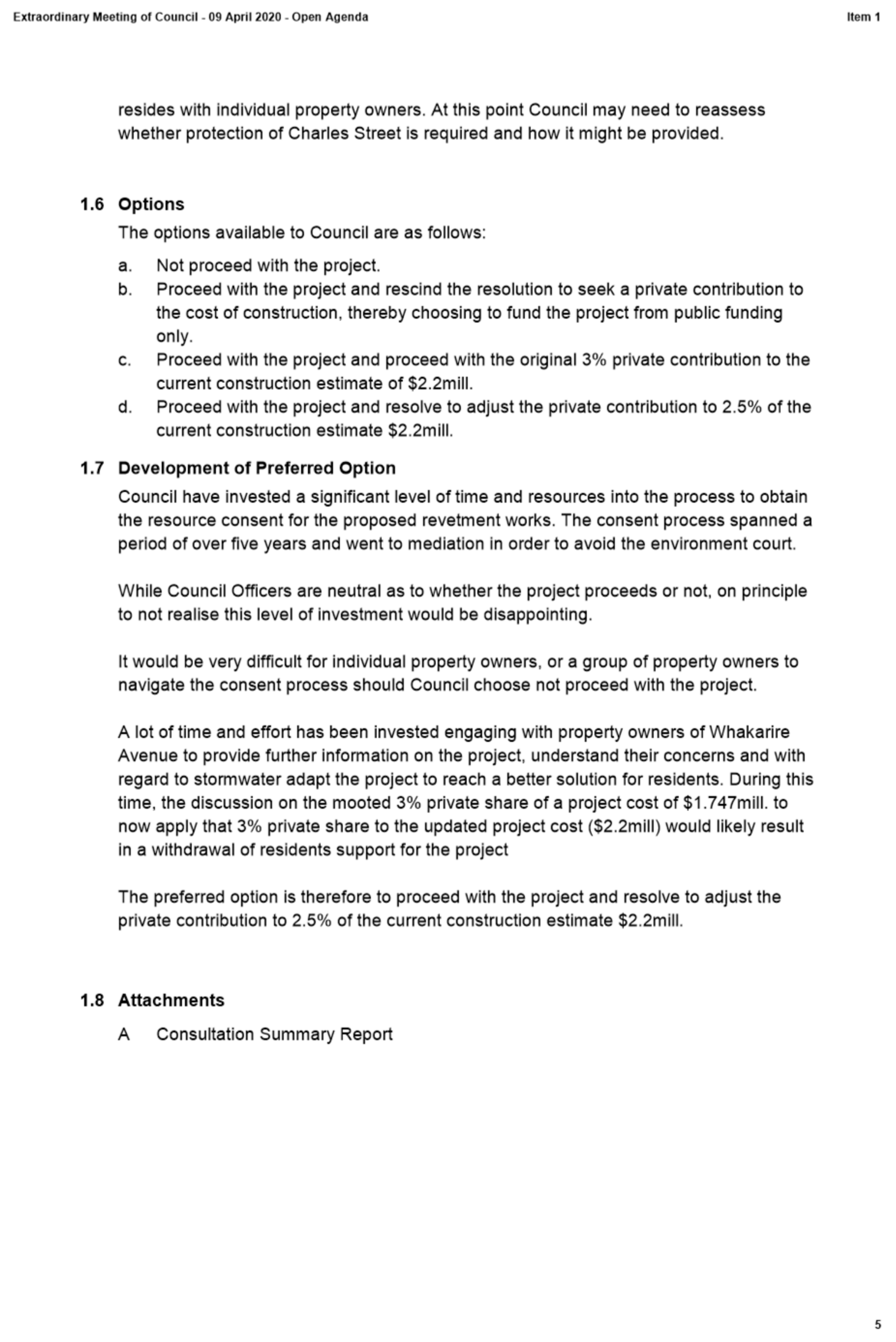
Social & Policy

N/A

Risk

One resident has responded to Council's engagement process through their barrister. This resident has voiced strong opposition to the project and to the proposal of a targeted rate. There is a risk that this resident will choose to further litigate this matter with Council should the decision be made to proceed with the project and/or the targeted rate.

Council do have the choice of not proceeding with the project. Such a decision would recognise that the reserve then performs the role of a buffer to erosion of private property and will eventually be lost. Should the project not proceed the risk of coastal erosion



resides with individual property owners. At this point Council may need to reassess whether protection of Charles Street is required and how it might be provided.

1.6 Options

The options available to Council are as follows:

a. Not proceed with the project.
b. Proceed with the project and rescind the resolution to seek a private contribution to the cost of construction, thereby choosing to fund the project from public funding only.
c. Proceed with the project and proceed with the original 3% private contribution to the current construction estimate of $2.2mill.
d. Proceed with the project and resolve to adjust the private contribution to 2.5% of the current construction estimate $2.2mill.

1.7 Development of Preferred Option

Council have invested a significant level of time and resources into the process to obtain the resource consent for the proposed revetment works. The consent process spanned a period of over five years and went to mediation in order to avoid the environment court.

While Council Officers are neutral as to whether the project proceeds or not, on principle to not realise this level of investment would be disappointing.

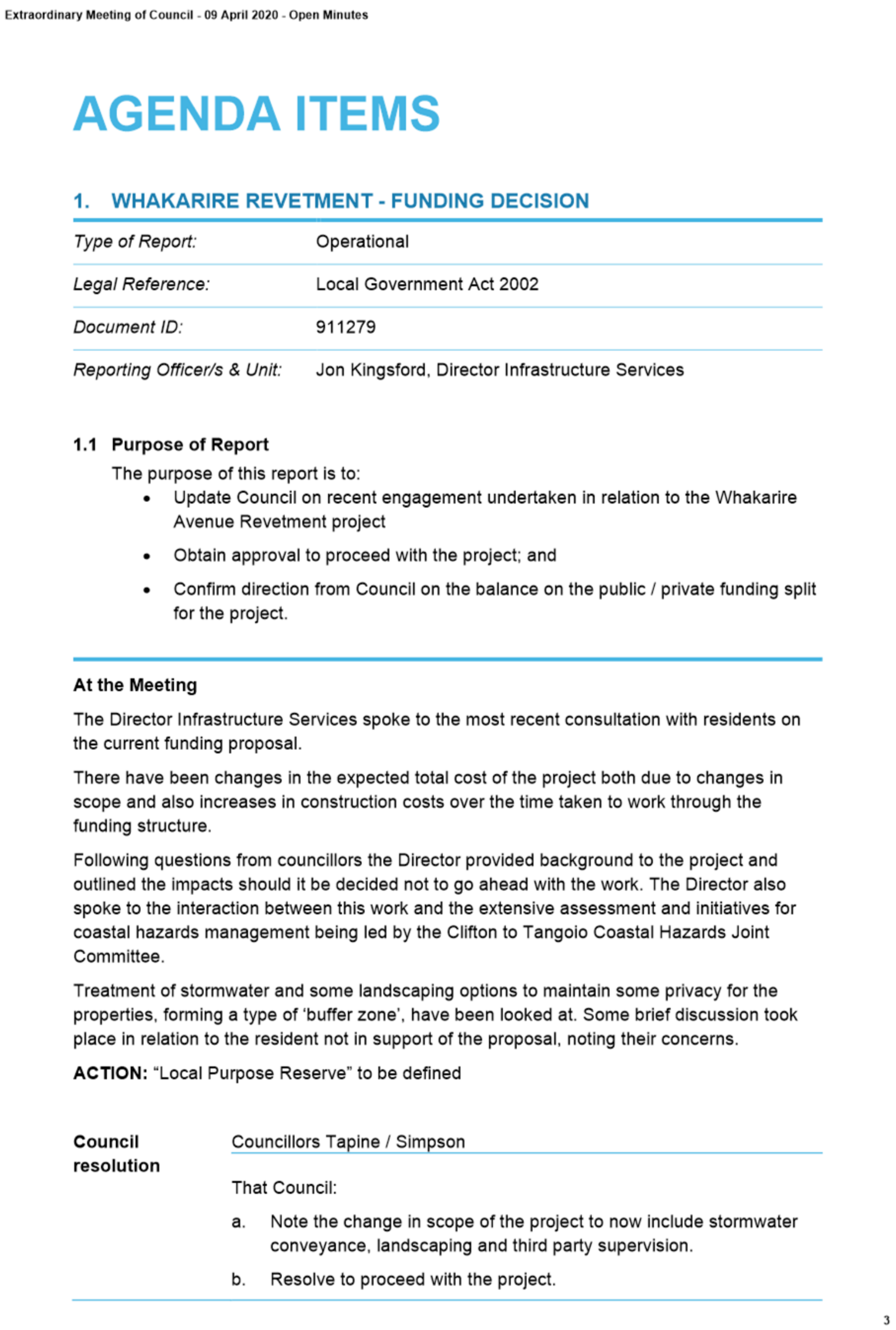
It would be very difficult for individual property owners, or a group of property owners to navigate the consent process should Council choose not proceed with the project.

A lot of time and effort has been invested engaging with property owners of Whakarire Avenue to provide further information on the project, understand their concerns and with regard to stormwater adapt the project to reach a better solution for residents. During this time, the discussion on the mooted 3% private share of a project cost of $1.747mill. to now apply that 3% private share to the updated project cost ($2.2mill) would likely result in a withdrawal of residents support for the project

The preferred option is therefore to proceed with the project and resolve to adjust the private contribution to 2.5% of the current construction estimate $2.2mill.

1.8 Attachments

A Consultation Summary Report



AGENDA ITEMS

1. WHAKARIRE REVETMENT - FUNDING DECISION

Type of Report:	Operational
Legal Reference:	Local Government Act 2002
Document ID:	911279
Reporting Officer/s & Unit:	Jon Kingsford, Director Infrastructure Services

1.1 Purpose of Report

The purpose of this report is to:

- Update Council on recent engagement undertaken in relation to the Whakarire Avenue Revetment project
- Obtain approval to proceed with the project; and
- Confirm direction from Council on the balance on the public / private funding split for the project.

At the Meeting

The Director Infrastructure Services spoke to the most recent consultation with residents on the current funding proposal.

There have been changes in the expected total cost of the project both due to changes in scope and also increases in construction costs over the time taken to work through the funding structure.

Following questions from councillors the Director provided background to the project and outlined the impacts should it be decided not to go ahead with the work. The Director also spoke to the interaction between this work and the extensive assessment and initiatives for coastal hazards management being led by the Clifton to Tangoio Coastal Hazards Joint Committee.

Treatment of stormwater and some landscaping options to maintain some privacy for the properties, forming a type of 'buffer zone', have been looked at. Some brief discussion took place in relation to the resident not in support of the proposal, noting their concerns.

ACTION: "Local Purpose Reserve" to be defined

Council resolution

Councillors Tapine / Simpson

That Council:

a. Note the change in scope of the project to now include stormwater conveyance, landscaping and third party supervision.

b. Resolve to proceed with the project.

c. Approve the updated project Cost Estimate that now includes additional items, including landscaping, stormwater conveyance and third party supervision and to fund the additional cost from loans.

d. Approve the private contribution to be held at the same amount as per the 2019/20 consultation, resulting in a change to the public/private split to 2.5% private/ 97.5% public.

e. Note that Council have committed to further consultation with residents of Whakarire Avenue to development a landscaping plan and that this will be undertaken as the project commences.

Carried

2. NAPIER AQUATIC DEVELOPMENT UPDATE

Type of Report:	Operational and Procedural
Legal Reference:	Local Government Act 2002
Document ID:	933460
Reporting Officer/s & Unit:	Keith Marshall, Interim Chief Executive

2.1 Purpose of Report

To seek agreement in relation to the next steps in relation to the Napier Aquatic Development.

Officer's Recommendation

That Council:

a. Note that Council, being conscious of the widespread community interest around progressing the previously proposed Napier Aquatic Centre Development, wishes to take some time to reconsider the various options.

b. Resolve that Council will commence some further consultation on the Napier Aquatic Centre Development as part of its Long Term Plan 2021-31 with a view to ensuring that the whole community is involved in progressing any finally agreed project in due course even though that might not determine a final option until a future annual plan.

c. Note that Council prefer not to continue with the tender for the Napier Aquatic Centre Development as issued on 21 May 2019 in favour of further considering the project as part of the Long Term Plan 2021-31.

d. Note that Council had provided $5m in the draft Annual Plan 2020/21 on the basis that it wasn't sure of the court outcome at the time, nor of the best way to progress matters, and therefore had left itself some options to proceed while also noting the residual balance of the project sits in future years.

e. Note that Council are consulting on its draft Annual Plan 2020/21 and can make the necessary changes to move the current budget to future years for the Napier Aquatic Centre Development as part of deliberations and community feedback.

f. Resolve to transfer $500k from the reserve funding currently allocated for the pool in 2020/21 to operating costs to allow for further site investigations and design requirements at Onekawa site or any other requirements for potential consultation and further consideration as part of the Long Term Plan 2021-31.

2.2 Background Summary

Council undertook consultation as part of its Long Term Plan 2018-28 to look at options for providing additional pool space in Napier including a new pool at a new location or an extension to the existing pool. The consultation feedback found small favour of a new pool located on Prebensen Drive (51% compared to the alternative option of 49%).

Council adopted as part of its Long Term Plan 2018-28 to progress a new pool at a new site, however these plans were put on hold subject to a Judicial Review around the process that Council undertook. The Judicial Review judgement of 30th April saw all 9 causes of action being dismissed by the Court.

There have been a number of seminars held with the new Council to discuss the history and background surrounding the pool, right through to the resolutions of Council as part of the Long Term Plan 2018-28. This Council have expressed that it is their expectation that any decision around the expansion of the existing pool, or to progress the new pool be made ensuring that the whole community is involved in progressing any project in due course even though that might not determine a final option until a future annual plan.

To enable this outcome to be achieved, it is recommended Council take the time to work through how to best move forward in the best interest of the city. And as such, it is crucial that the whole community is involved when making such an important decision for the city. Council are open to re-examine how this might happen.

To achieve this, it is proposed that this conversation is progressed with the community through the Long Term Plan process, which would mean that it is anticipated that no progress on a new pool would start until 2021/22.

2.3 Issues

Tender

Council were in a tender process at the time of the Judicial Review to progress a new pool on Prebensen Drive. If it is the preference not to progress the tender and tenderers will need be advised of Councils decision.

Funding

Due to the pandemic and impact on the financial position of Council, no funding was provided for any further site investigation for Onekawa or any other work required to satisfy Councils requirements to further consultation with the community. A resolution to change funding from capital to operating from reserves can be considered if Council wished to advance this to obtain a better understanding of the site conditions prior to consultation of the Long Term Plan 2021-31.

LGA Requirements

Council are responsible for ensure that the Local Government Act requirements are met and whether the significance and engagement policy requirements have been met.

2.4 Significance and Engagement

Consultation on next steps may be reconsidered as part of the Long Term Plan 2021-31 or as separate consultation with the community. This will be subject to a Council recommendation and decision around next steps.

The three options are considered to go back to the community with, but not limited to, are:

- The proposed option at Prebensen/Tamatea Drives.
- A design with the same features and level of service as the proposed option amended to fit the Onekawa site (essentially the proposed option made to fit at Onekawa).
- Expansion built around the existing Ivan Wilson complex.

These options have not been fully investigated to date, and will require additional funding to progress. A resolution to progress funding has been provided in this paper.

Consideration will be given to the development comparable options. Council will determine based on further information what options may be result in further consultation with the community.

2.5 Implications

Financial

There is currently $5m in the Annual Plan 2020/21 to allow Council to progress the pool tender if required. Council will have the ability to move the funding to future years as part of the deliberations of the Annual Plan 2020/21 based on what is resolved as part of this paper.

There will be additional costs associated with undertaking site investigations and potential design requirements (allowed $500k) associated with a proposed new layout of the pool as deemed necessary. Until such time a decision is made to progress with a pool, these costs are considered operating costs and not capital costs. Council have the option to transfer some funds from the reserves it currently had allocated to the project to meet these requirements without further impacting the ratepayer. This may mean additional loan costs should the pool project progress to meet the total cost associated with the expansion/new pool.

The Prebensen site has been prepared should this be the preferred option site, however will require moving and spraying to maintain while a final decision is made.

Project delays are likely to increase the overall cost of the project depending on the preferred option.

Social & Policy

N/A

Risk

There is financial risk to the project with time delays now anticipated, which will result in the overall cost of the project likely to be higher than what was originally signalled should a similar sized project be progressed.

Prior to the pandemic there was unmet aquatic demand in Napier. The future delays and growth of the city are likely to mean this gap might widen.

2.6 Options

The options available to Council are as follows:

a. Continue with the existing project as adopted in the Long Term Plan 2018-28
Advantage – all the planning has been done, and a pool could be delivered once the tender has been let. Costs should be in line with current budgets.
Disadvantage – a small group of the community expressed dissatisfaction with the pool proposal and the process undertaken, and therefore proceeding with the pool without again checking in on community opinion could result in further divisions in the community and a lack of a strong mandate to proceed.

b. Take further time and go back to the community with options as part of the Long Term Plan 2021-31.
Advantage – Provides community with an opportunity to have a re-think and provide more direction. Some pockets of community may have particular interest to get more involved.

Disadvantage – further time delay will increase construction costs for Prebenson Pool, if it is in fact that option the community selects.

c. Go back to the drawing board and reassess Napier's aquatic facility options across all current and proposed facilities in Napier and Hawke's Bay region.
Advantage – takes into consideration any funding from central government that may be successful for a regional pool, and may decrease the pool space requirement for Napier.
Disadvantage – will take longer to assess wider options and this could mean a delay in getting out the options to the community, and may not be possible to get full options scoped before December when consultation document for LTP. There is a risk that the proposed option may not make it into the LTP budget and therefore require an LTP amendment subsequently from July 2021.

2.7 Development of Preferred Option

Option B - Council will undertake further consultation on the Napier Aquatic Centre Development as part of its Long Term Plan 2021-31 and ensure that the whole community is involved in progressing such an important project for the city.

2.8 Attachments

Nil

2. NAPIER AQUATIC DEVELOPMENT UPDATE

Type of Report:	Operational and Procedural
Legal Reference:	Local Government Act 2002
Document ID:	933460
Reporting Officer/s & Unit:	Keith Marshall, Interim Chief Executive

2.1 Purpose of Report

To seek agreement in relation to the next steps in relation to the Napier Aquatic Development.

At the Meeting

The Interim Chief Executive spoke to the report noting that the intention is to provide the public with greater clarity as to where the conversation is currently at in relation to aquatic facilities, particularly as the Annual Plan and Long Term Plan processes progress.

In response to questions from councillors it was clarified that:

- The proposed transfer of funds is intended to allow for site investigations into the Onekawa site should Council wish to proceed with these.
- If Council approve today's recommendation a work programme would be able to be developed with regards to any site investigations.

ACTION Analyse current usage of aquatic facilities across Napier and how the offering could be expanded or improved while the future provision is being worked through.

Council resolution

Mayor Wise / Councillor Mawson

That Council:

a. Note that Council, being conscious of the widespread community interest around progressing the previously proposed Napier Aquatic Centre Development, wishes to take some time to reconsider the various options.

b. Resolve that Council will commence some further consultation on the Napier Aquatic Centre Development as part of its Long Term Plan 2021-31 with a view to ensuring that the whole community is involved in progressing any finally agreed project in due course even though that might not determine a final option until a future annual plan.

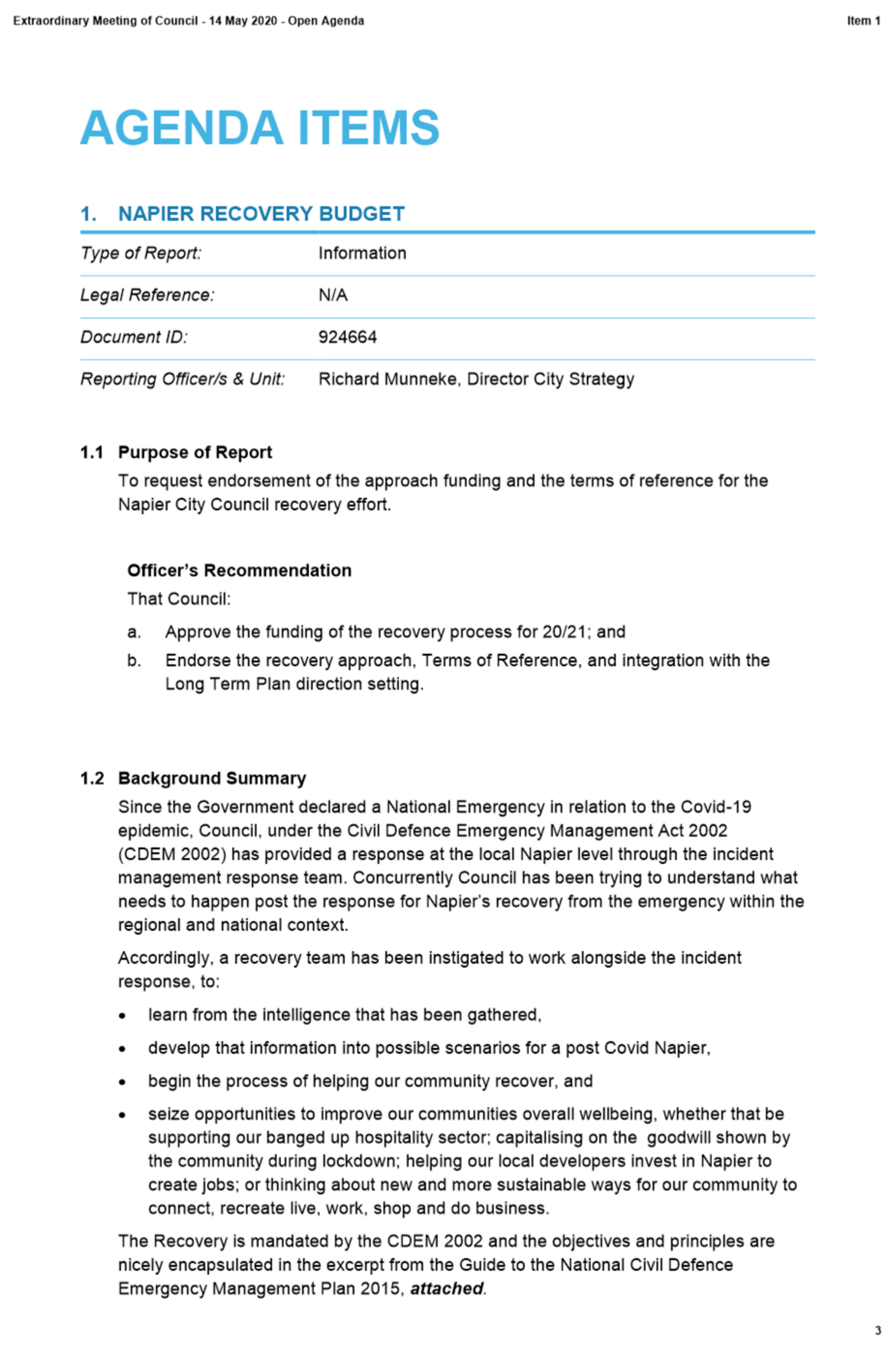
c. Note that Council prefer not to continue with the tender for the Napier Aquatic Centre Development as issued on 21 May 20109 in favour of further considering the project as part of the Long Term Plan 2021-31.

d. Note that Council had provided $5m in the draft Annual Plan 2020/21 on the basis that it wasn't sure of the court outcome at the time, nor of the best way to progress matters, and therefore had left itself some options to proceed while also noting the residual balance of the project sits in future years.

e. Note that Council are consulting on its draft Annual Plan 2020/21 and can make the necessary changes to move the current budget to future years for the Napier Aquatic Centre Development as part of deliberations and community feedback.

f. Resolve to transfer $500k from the reserve funding currently allocated for the pool in 2020/21 to operating costs to allow for further site investigations and design requirements at Onekawa site or any other requirements for potential consultation and further consideration as part of the Long Term Plan 2021-31.

Carried



AGENDA ITEMS

1. NAPIER RECOVERY BUDGET

Type of Report:	Information
Legal Reference:	N/A
Document ID:	924664
Reporting Officer/s & Unit:	Richard Munneke, Director City Strategy

1.1 Purpose of Report

To request endorsement of the approach funding and the terms of reference for the Napier City Council recovery effort.

Officer's Recommendation

That Council:

a. Approve the funding of the recovery process for 20/21; and

b. Endorse the recovery approach, Terms of Reference, and integration with the Long Term Plan direction setting.

1.2 Background Summary

Since the Government declared a National Emergency in relation to the Covid-19 epidemic, Council, under the Civil Defence Emergency Management Act 2002 (CDEM 2002) has provided a response at the local Napier level through the incident management response team. Concurrently Council has been trying to understand what needs to happen post the response for Napier's recovery from the emergency within the regional and national context.

Accordingly, a recovery team has been instigated to work alongside the incident response, to:

- learn from the intelligence that has been gathered,
- develop that information into possible scenarios for a post Covid Napier,
- begin the process of helping our community recover, and
- seize opportunities to improve our communities overall wellbeing, whether that be supporting our banged up hospitality sector; capitalising on the goodwill shown by the community during lockdown; helping our local developers invest in Napier to create jobs; or thinking about new and more sustainable ways for our community to connect, recreate live, work, shop and do business.

The Recovery is mandated by the CDEM 2002 and the objectives and principles are nicely encapsulated in the excerpt from the Guide to the National Civil Defence Emergency Management Plan 2015, ***attached***.

Key are:

- Regeneration and enhancement of the social, psychological, economic, cultural, and physical wellbeing of individuals, communities and the economic built and natural environments that support wellbeing.
- Coordinated efforts and processes to effect the short, medium, and long term holistic regeneration and enhancement of our community.
- Flexible and scalable in accordance with meeting the needs of the community.

The terms of reference for the recovery team are ***attached***.

1.3 Issues

While the recovery is clearly geared at the Napier communities recovery it needs to be resourced and funded through the Council which in turn has impacts on the business planning of Council.

The current thinking is that there are six goals that the recovery would like to focus on. These are:

- We have access to clean drinking water, food and housing
- We are healthy and active
- Our economy is resilient and innovative
- Our city centre and local shops are vibrant and sustainable
- Our community is safe, connected and resilient
- Revival of our city respects our cultural heritage and environment

In order to achieve these goals, short, medium and long-term projects and interventions are proposed.

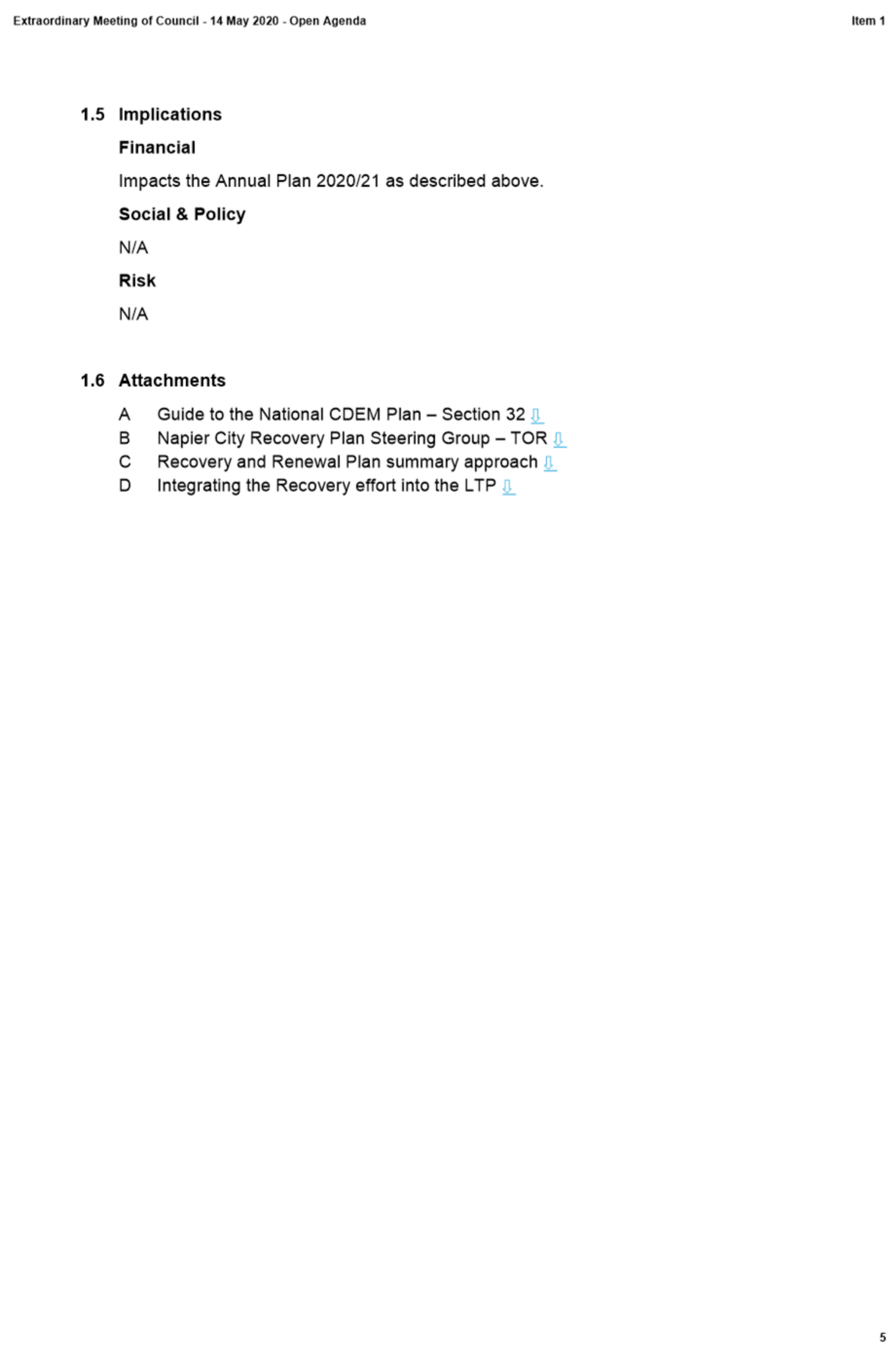
The short term goals are earmarked for delivery in this financial year, therefore the funding of them needs to be allocated in the 20/21 Annual Plan. $1 million dollars has been allocated for this purpose, and to unravel and implement medium term and long term projects for consideration as part of the Long Term Plan.

This is described in the recovery framework diagram ***attached***.

It is also envisaged that Covid–19 represents a new dawn for Napier and that the recovery will instigate lasting new ways of the council delivering services for the community. It may well be that the goals in the recovery plan are shared in the Long Term Plan and provide a catalyst for evolution of the LTP to explore the opportunities and new community needs that will become the "new normal" for Napier.

1.4 Significance and Engagement

While significant, it is also extremely important that the recovery plan implementation can be timely. The recovery planning team includes Mayor Kirsten Wise and Cr Sally Crown to help guide any recovery interventions to be relevant and timely for the community. It should be noted that the CDEM 2002 Act empowers the recovery process to act in a timely way. By clarifying that there is funding to achieve the 6 goals and that the recovery needs to be agile and responsive, it is implicit that the usual consultation practices under the LGA will be employed only if the Mayor and Cr Crown expressly request that this is appropriate.



1.5 Implications

Financial

Impacts the Annual Plan 2020/21 as described above.

Social & Policy

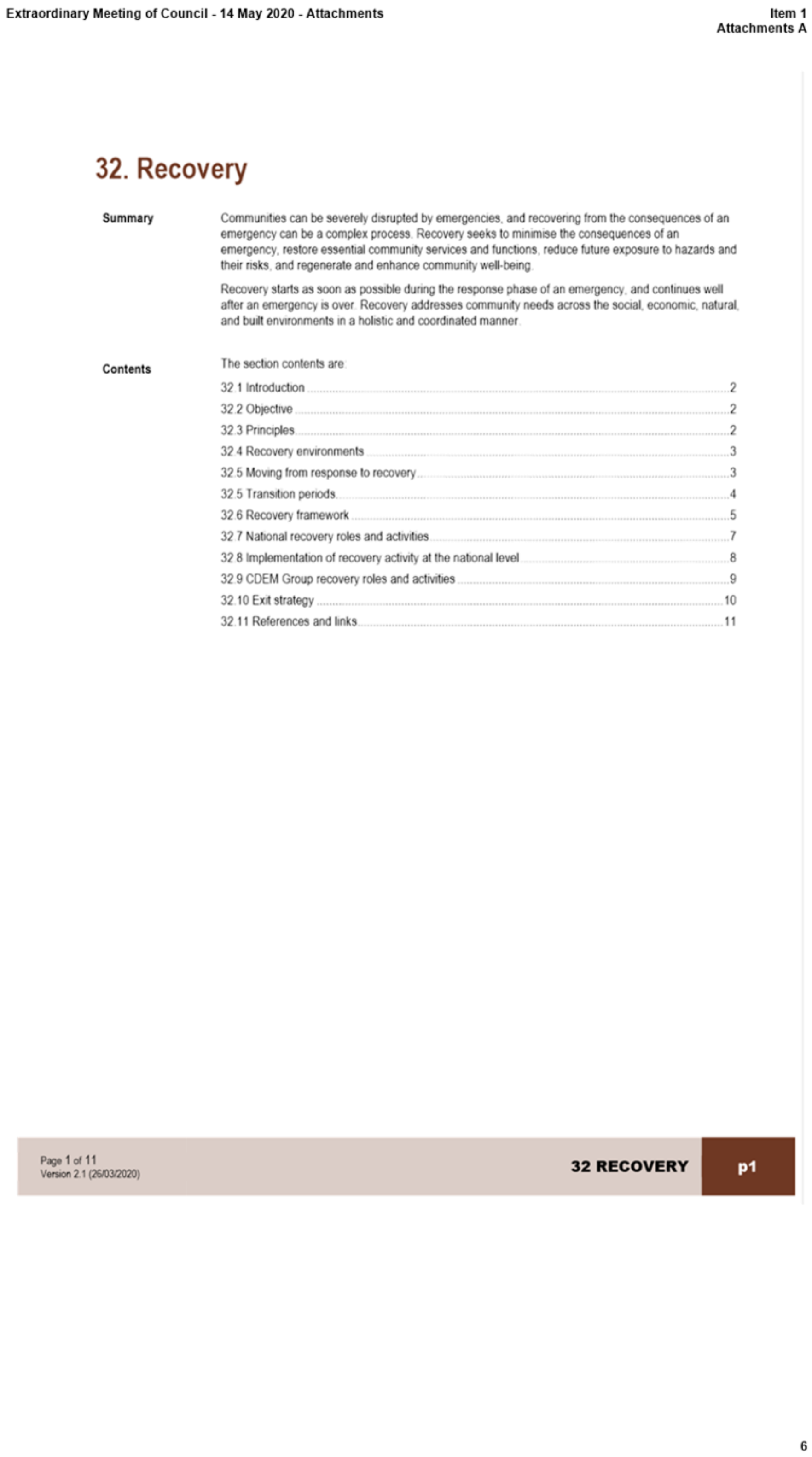
N/A

Risk

N/A

1.6 Attachments

A Guide to the National CDEM Plan – Section 32 ⇩
B Napier City Recovery Plan Steering Group – TOR ⇩
C Recovery and Renewal Plan summary approach ⇩
D Integrating the Recovery effort into the LTP ⇩



32. Recovery

Summary

Communities can be severely disrupted by emergencies, and recovering from the consequences of an emergency can be a complex process. Recovery seeks to minimise the consequences of an emergency, restore essential community services and functions, reduce future exposure to hazards and their risks, and regenerate and enhance community well-being.

Recovery starts as soon as possible during the response phase of an emergency, and continues well after an emergency is over. Recovery addresses community needs across the social, economic, natural, and built environments in a holistic and coordinated manner.

Contents

The section contents are:

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32.3 Principles 2
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32.5 Moving from response to recovery 3
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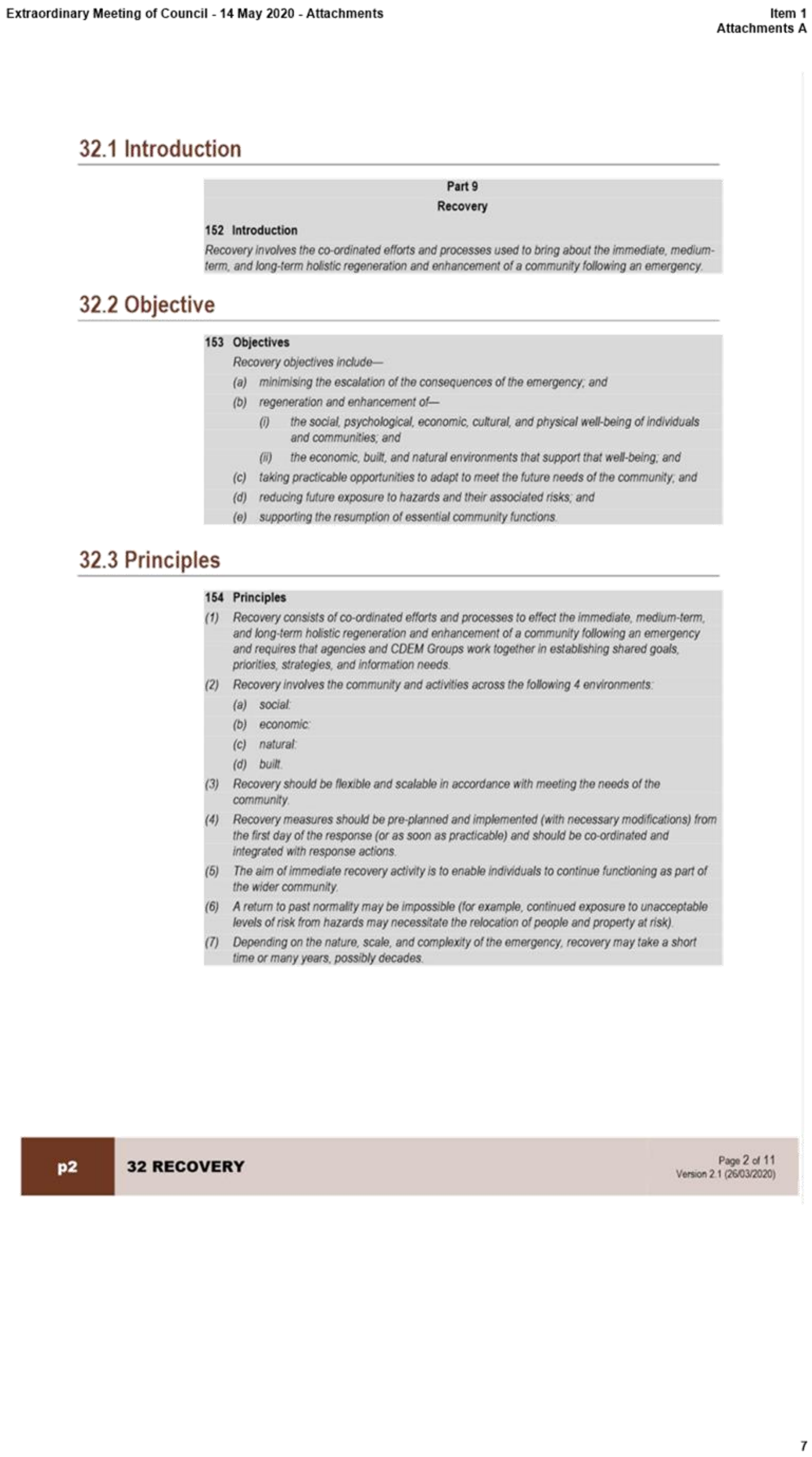


32.1 Introduction

Part 9

Recovery

152 Introduction

Recovery involves the co-ordinated efforts and processes used to bring about the immediate, medium-term, and long-term holistic regeneration and enhancement of a community following an emergency.

32.2 Objective

153 Objectives

Recovery objectives include—

(a) minimising the escalation of the consequences of the emergency; and

(b) regeneration and enhancement of—

  (i) the social, psychological, economic, cultural, and physical well-being of individuals and communities; and

  (ii) the economic, built, and natural environments that support that well-being; and

(c) taking practicable opportunities to adapt to meet the future needs of the community; and

(d) reducing future exposure to hazards and their associated risks; and

(e) supporting the resumption of essential community functions.

32.3 Principles

154 Principles

(1) Recovery consists of co-ordinated efforts and processes to effect the immediate, medium-term, and long-term holistic regeneration and enhancement of a community following an emergency and requires that agencies and CDEM Groups work together in establishing shared goals, priorities, strategies, and information needs.

(2) Recovery involves the community and activities across the following 4 environments:

(a) social:

(b) economic:

(c) natural:

(d) built.

(3) Recovery should be flexible and scalable in accordance with meeting the needs of the community.

(4) Recovery measures should be pre-planned and implemented (with necessary modifications) from the first day of the response (or as soon as practicable) and should be co-ordinated and integrated with response actions.

(5) The aim of immediate recovery activity is to enable individuals to continue functioning as part of the wider community.

(6) A return to past normality may be impossible (for example, continued exposure to unacceptable levels of risk from hazards may necessitate the relocation of people and property at risk).

(7) Depending on the nature, scale, and complexity of the emergency, recovery may take a short time or many years, possibly decades.

32.4 Recovery environments

Recovery environments

The four environments of recovery (see **Figure 32.1**) are interdependent foundations that support a community to function and thrive. The intent of recovery environments is to provide a framework to identify and consider all possible and actual, direct and indirect consequences of an emergency so that these can be addressed during recovery.

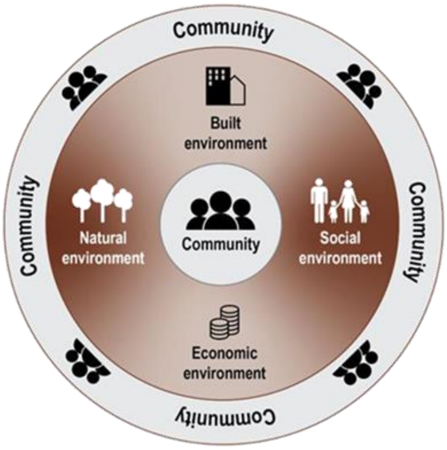


***Figure 32.1**: The recovery foundations that interact and connect to support a community to function and thrive*

32.5 Moving from response to recovery

155 Transition from response to recovery

(1) Information received in response to an emergency should be used as a basis for developing a recovery action plan, and recovery strategy (if required), for establishing and planning effective recovery arrangements.

(2) As the response concludes, a planned transition to recovery must be managed.

(3) The transition from response to recovery in emergencies may be staged and variable across regions and areas.

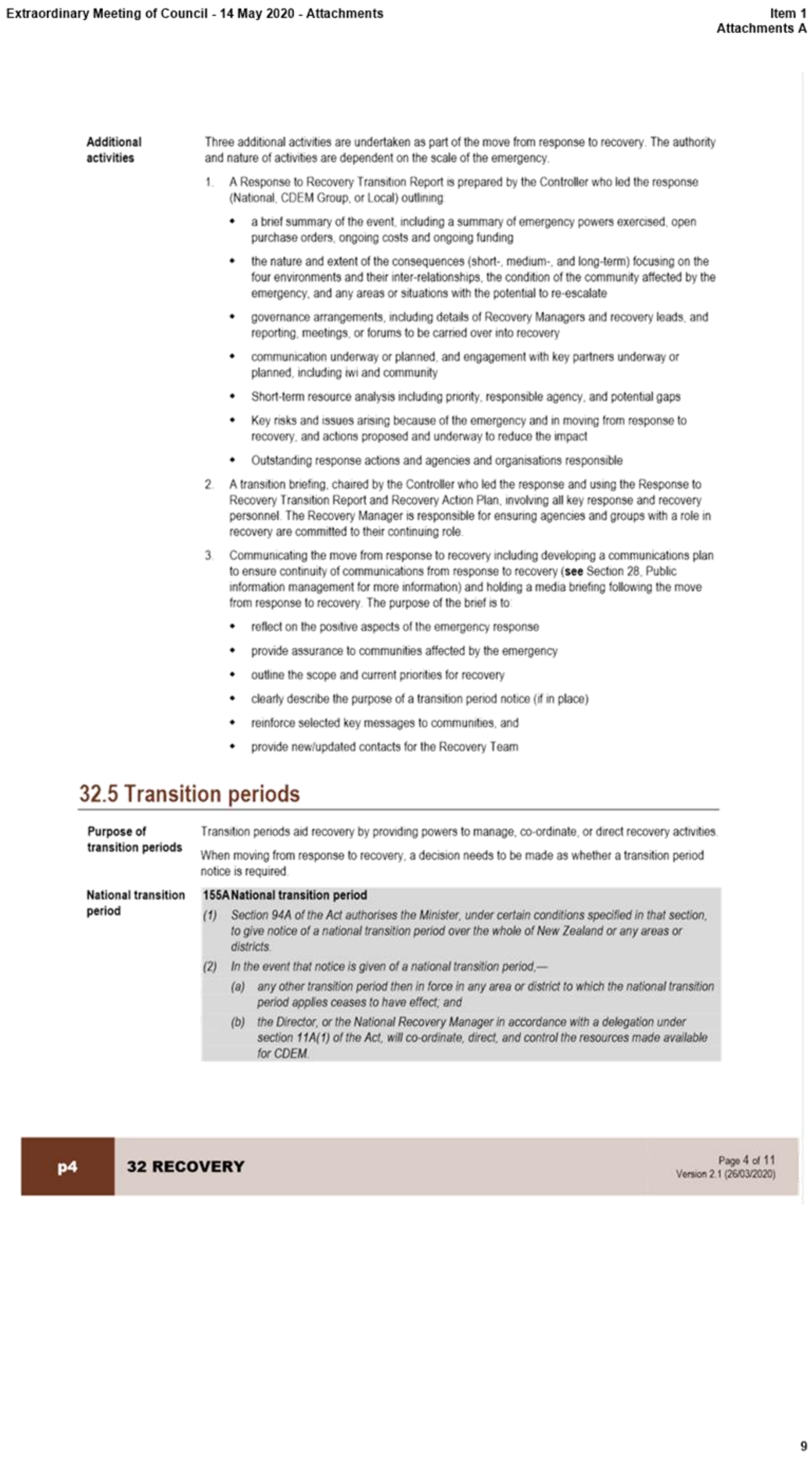
(4) Effective transition from response to recovery depends on understanding and agreement between Controllers and Recovery Managers.

(5) The principal aspects of this transition are to be outlined in the recovery action plan and, if needed, the recovery strategy.

Recovery Action Plan

The first Recovery Action Plan is developed to plan effective recovery arrangements based on the specific consequences of the emergency and outlines the principal aspects of the move from response to recovery.

A Recovery Action Plan template is available in the Recovery Toolkit on www.civildefence.govt.nz.



Additional activities

Three additional activities are undertaken as part of the move from response to recovery. The authority and nature of activities are dependent on the scale of the emergency.

1. A Response to Recovery Transition Report is prepared by the Controller who led the response (National, CDEM Group, or Local) outlining:
   - a brief summary of the event, including a summary of emergency powers exercised, open purchase orders, ongoing costs and ongoing funding
   - the nature and extent of the consequences (short-, medium-, and long-term) focusing on the four environments and their inter-relationships, the condition of the community affected by the emergency, and any areas or situations with the potential to re-escalate
   - governance arrangements, including details of Recovery Managers and recovery leads, and reporting, meetings, or forums to be carried over into recovery
   - communication underway or planned, and engagement with key partners underway or planned, including iwi and community
   - Short-term resource analysis including priority, responsible agency, and potential gaps
   - Key risks and issues arising because of the emergency and in moving from response to recovery, and actions proposed and underway to reduce the impact
   - Outstanding response actions and agencies and organisations responsible
2. A transition briefing, chaired by the Controller who led the response and using the Response to Recovery Transition Report and Recovery Action Plan, involving all key response and recovery personnel. The Recovery Manager is responsible for ensuring agencies and groups with a role in recovery are committed to their continuing role.
3. Communicating the move from response to recovery including developing a communications plan to ensure continuity of communications from response to recovery (**see** Section 28, Public information management for more information) and holding a media briefing following the move from response to recovery. The purpose of the brief is to:
   - reflect on the positive aspects of the emergency response
   - provide assurance to communities affected by the emergency
   - outline the scope and current priorities for recovery
   - clearly describe the purpose of a transition period notice (if in place)
   - reinforce selected key messages to communities, and
   - provide new/updated contacts for the Recovery Team

32.5 Transition periods

Purpose of transition periods

Transition periods aid recovery by providing powers to manage, co-ordinate, or direct recovery activities.

When moving from response to recovery, a decision needs to be made as whether a transition period notice is required.

National transition period

155A National transition period

(1) Section 94A of the Act authorises the Minister, under certain conditions specified in that section, to give notice of a national transition period over the whole of New Zealand or any areas or districts.

(2) In the event that notice is given of a national transition period,—

(a) any other transition period then in force in any area or district to which the national transition period applies ceases to have effect; and

(b) the Director, or the National Recovery Manager in accordance with a delegation under section 11A(1) of the Act, will co-ordinate, direct, and control the resources made available for CDEM.

National transition period

155A National transition period

(1) Section 94A of the Act authorises the Minister, under certain conditions specified in that section, to give notice of a national transition period over the whole of New Zealand or any areas or districts.

(2) In the event that notice is given of a national transition period,—

- *(a) any other transition period then in force in any area or district to which the national transition period applies ceases to have effect; and*
- *(b) the Director, or the National Recovery Manager in accordance with a delegation under section 11A(1) of the Act, will co-ordinate, direct, and control the resources made available for CDEM.*

Transition period functions

155B Transition period functions

(1) The functions of a Group Recovery Manager and a Local Recovery Manager are set out in section 30A of the Act and the specific powers of all Recovery Managers during a transition period are set out in Part 5B of the Act.

(2) Without limiting subclause (1), a Recovery Manager has responsibility under this plan for the following:

- *(a) co-ordinating the use of resources made available under this plan; and*
- *(b) directing and controlling the use of resources made available under this plan; and*
- *(c) ensuring that any relevant CDEM Group and the Director (and, in turn, the Minister and ODESC) are adequately briefed on the situation during the transition period.*

Factsheets and Quick Guides on local transition periods can be downloaded from www.civildefence.govt.nz – search for 'transition period'.

32.6 Recovery framework

National recovery management framework

The national recovery management framework describes the arrangements for managing recovery at local, CDEM Group, and national level and ensures recovery activities in the immediate, medium-term, and long-term are coordinated and undertaken in a timely fashion.

Figure 32.2 shows the common arrangements, connections and interactions between the three levels of government and the community. These interactions (note these are not reporting lines) are shown by the solid arrows, while the graduated horizontal arrows show responsibilities that vary depending on the scale and specific circumstances. Note not all levels of the framework may be active for any given recovery.

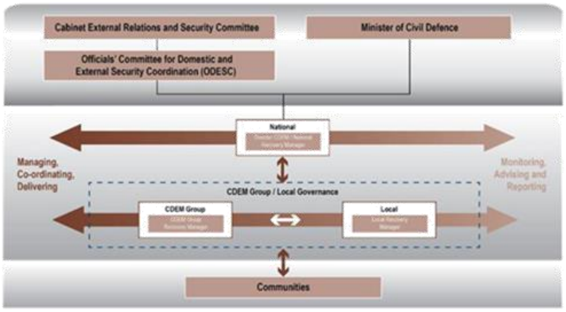
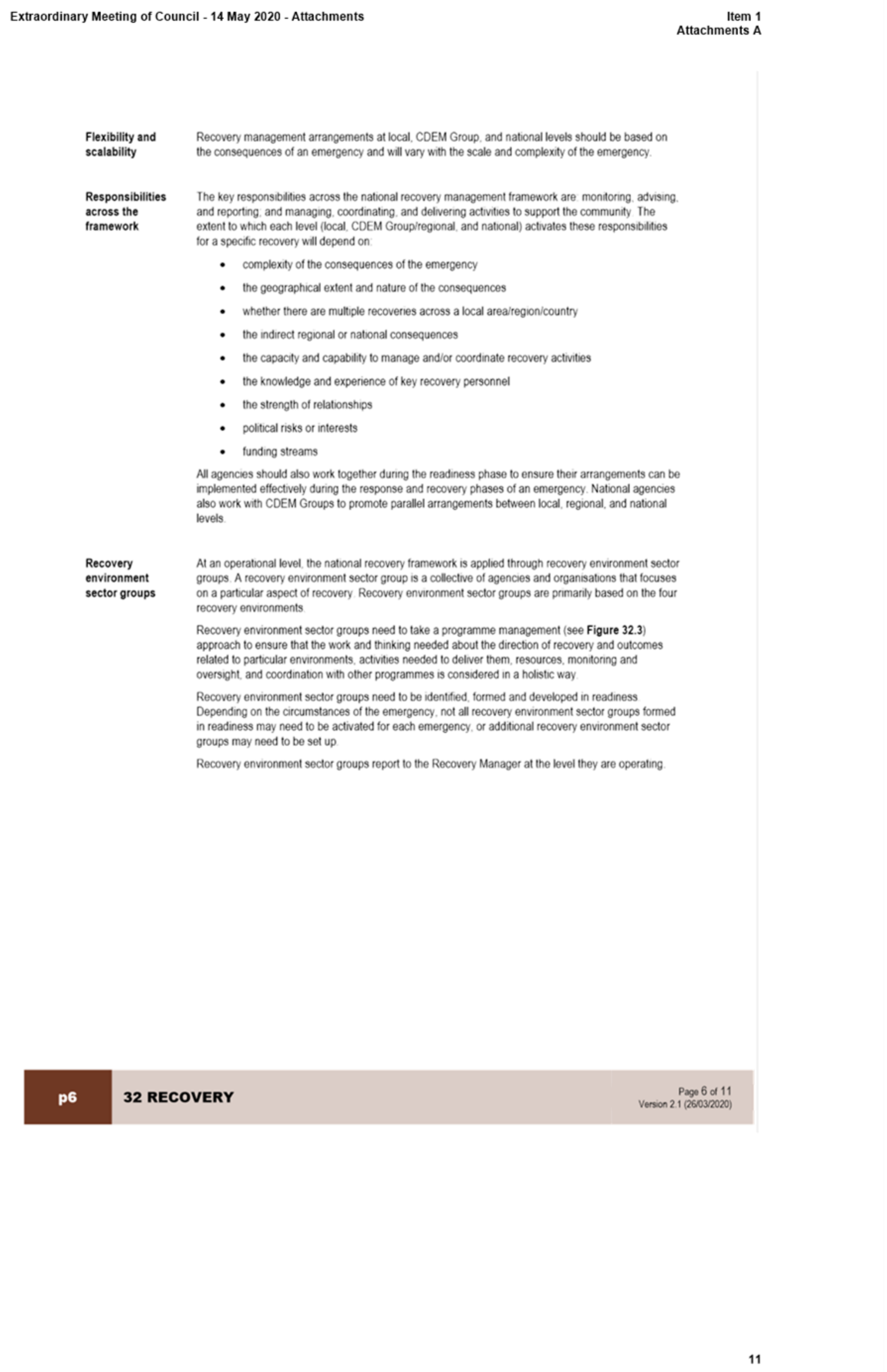


Figure 32.2: *The national recovery management framework*



Flexibility and scalability

Recovery management arrangements at local, CDEM Group, and national levels should be based on the consequences of an emergency and will vary with the scale and complexity of the emergency.

Responsibilities across the framework

The key responsibilities across the national recovery management framework are: monitoring, advising, and reporting; and managing, coordinating, and delivering activities to support the community. The extent to which each level (local, CDEM Group/regional, and national) activates these responsibilities for a specific recovery will depend on:

- complexity of the consequences of the emergency
- the geographical extent and nature of the consequences
- whether there are multiple recoveries across a local area/region/country
- the indirect regional or national consequences
- the capacity and capability to manage and/or coordinate recovery activities
- the knowledge and experience of key recovery personnel
- the strength of relationships
- political risks or interests
- funding streams

All agencies should also work together during the readiness phase to ensure their arrangements can be implemented effectively during the response and recovery phases of an emergency. National agencies also work with CDEM Groups to promote parallel arrangements between local, regional, and national levels.

Recovery environment sector groups

At an operational level, the national recovery framework is applied through recovery environment sector groups. A recovery environment sector group is a collective of agencies and organisations that focuses on a particular aspect of recovery. Recovery environment sector groups are primarily based on the four recovery environments.

Recovery environment sector groups need to take a programme management (see **Figure 32.3**) approach to ensure that the work and thinking needed about the direction of recovery and outcomes related to particular environments, activities needed to deliver them, resources, monitoring and oversight, and coordination with other programmes is considered in a holistic way.

Recovery environment sector groups need to be identified, formed and developed in readiness. Depending on the circumstances of the emergency, not all recovery environment sector groups formed in readiness may need to be activated for each emergency, or additional recovery environment sector groups may need to be set up.

Recovery environment sector groups report to the Recovery Manager at the level they are operating.

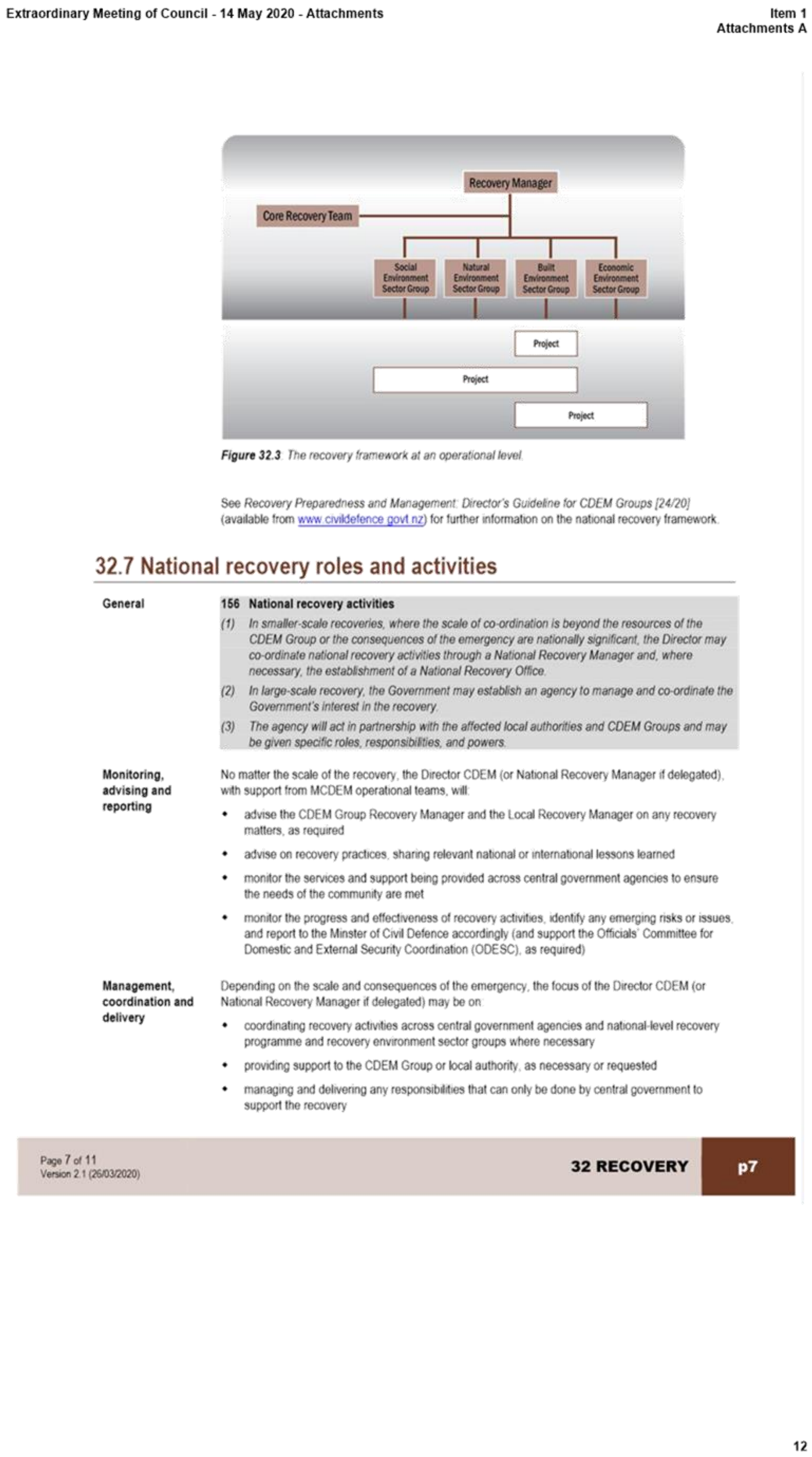
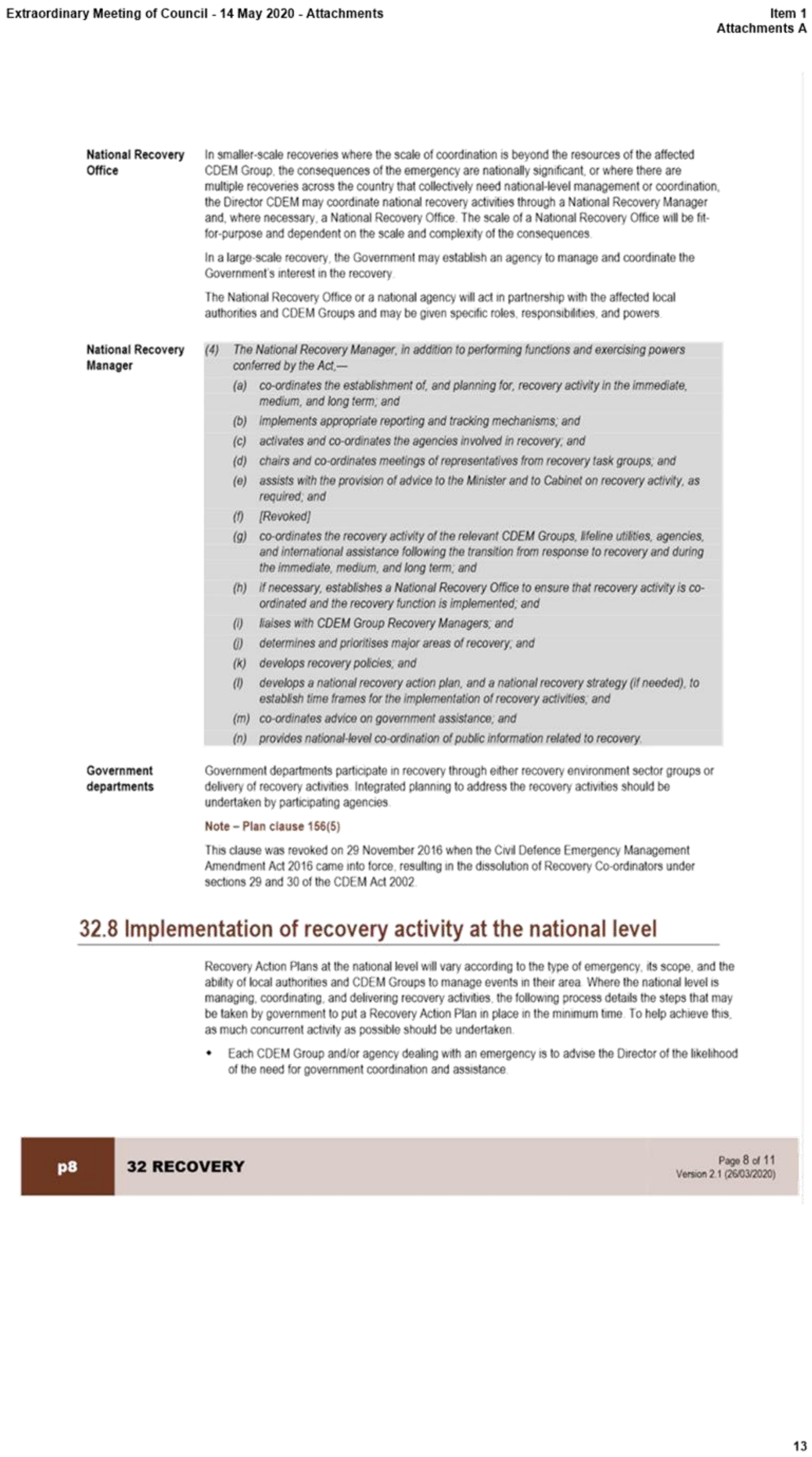


Figure 32.3: *The recovery framework at an operational level.*

See *Recovery Preparedness and Management: Director's Guideline for CDEM Groups [24/20]* (available from www.civildefence.govt.nz) for further information on the national recovery framework.

32.7 National recovery roles and activities

General	**156 National recovery activities** *(1) In smaller-scale recoveries, where the scale of co-ordination is beyond the resources of the CDEM Group or the consequences of the emergency are nationally significant, the Director may co-ordinate national recovery activities through a National Recovery Manager and, where necessary, the establishment of a National Recovery Office.* *(2) In large-scale recovery, the Government may establish an agency to manage and co-ordinate the Government's interest in the recovery.* *(3) The agency will act in partnership with the affected local authorities and CDEM Groups and may be given specific roles, responsibilities, and powers.*
Monitoring, advising and reporting	No matter the scale of the recovery, the Director CDEM (or National Recovery Manager if delegated), with support from MCDEM operational teams, will: • advise the CDEM Group Recovery Manager and the Local Recovery Manager on any recovery matters, as required • advise on recovery practices, sharing relevant national or international lessons learned • monitor the services and support being provided across central government agencies to ensure the needs of the community are met • monitor the progress and effectiveness of recovery activities, identify any emerging risks or issues, and report to the Minster of Civil Defence accordingly (and support the Officials' Committee for Domestic and External Security Coordination (ODESC), as required)
Management, coordination and delivery	Depending on the scale and consequences of the emergency, the focus of the Director CDEM (or National Recovery Manager if delegated) may be on: • coordinating recovery activities across central government agencies and national-level recovery programme and recovery environment sector groups where necessary • providing support to the CDEM Group or local authority, as necessary or requested • managing and delivering any responsibilities that can only be done by central government to support the recovery



National Recovery Office

In smaller-scale recoveries where the scale of coordination is beyond the resources of the affected CDEM Group, the consequences of the emergency are nationally significant, or where there are multiple recoveries across the country that collectively need national-level management or coordination, the Director CDEM may coordinate national recovery activities through a National Recovery Manager and, where necessary, a National Recovery Office. The scale of a National Recovery Office will be fit-for-purpose and dependent on the scale and complexity of the consequences.

In a large-scale recovery, the Government may establish an agency to manage and coordinate the Government's interest in the recovery.

The National Recovery Office or a national agency will act in partnership with the affected local authorities and CDEM Groups and may be given specific roles, responsibilities, and powers.

National Recovery Manager

(4) The National Recovery Manager, in addition to performing functions and exercising powers conferred by the Act,—

- *(a) co-ordinates the establishment of, and planning for, recovery activity in the immediate, medium, and long term; and*
- *(b) implements appropriate reporting and tracking mechanisms; and*
- *(c) activates and co-ordinates the agencies involved in recovery; and*
- *(d) chairs and co-ordinates meetings of representatives from recovery task groups; and*
- *(e) assists with the provision of advice to the Minister and to Cabinet on recovery activity, as required; and*
- *(f) [Revoked]*
- *(g) co-ordinates the recovery activity of the relevant CDEM Groups, lifeline utilities, agencies, and international assistance following the transition from response to recovery and during the immediate, medium, and long term; and*
- *(h) if necessary, establishes a National Recovery Office to ensure that recovery activity is co-ordinated and the recovery function is implemented; and*
- *(i) liaises with CDEM Group Recovery Managers; and*
- *(j) determines and prioritises major areas of recovery; and*
- *(k) develops recovery policies; and*
- *(l) develops a national recovery action plan, and a national recovery strategy (if needed), to establish time frames for the implementation of recovery activities; and*
- *(m) co-ordinates advice on government assistance; and*
- *(n) provides national-level co-ordination of public information related to recovery.*

Government departments

Government departments participate in recovery through either recovery environment sector groups or delivery of recovery activities. Integrated planning to address the recovery activities should be undertaken by participating agencies.

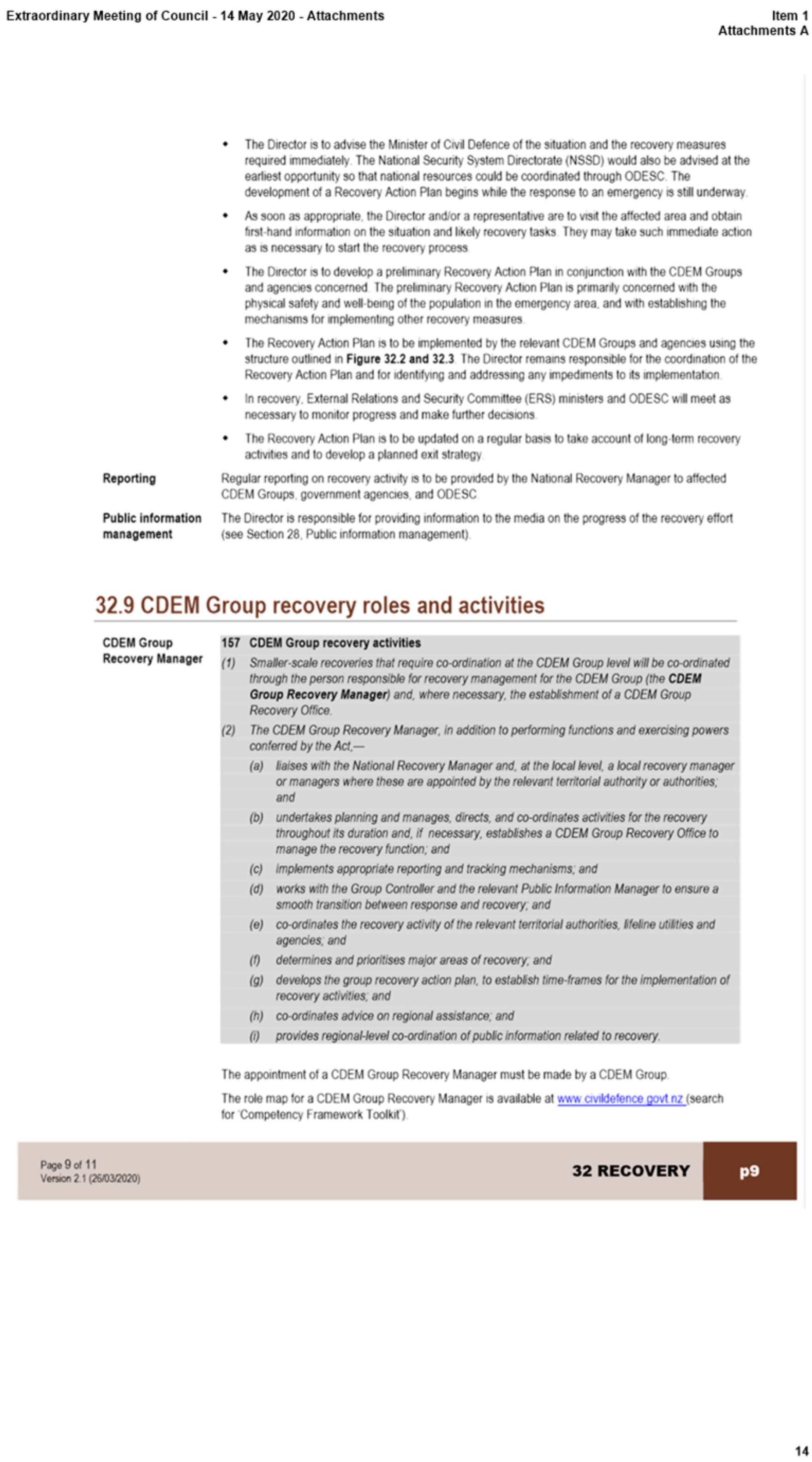
Note – Plan clause 156(5)

This clause was revoked on 29 November 2016 when the Civil Defence Emergency Management Amendment Act 2016 came into force, resulting in the dissolution of Recovery Co-ordinators under sections 29 and 30 of the CDEM Act 2002.

32.8 Implementation of recovery activity at the national level

Recovery Action Plans at the national level will vary according to the type of emergency, its scope, and the ability of local authorities and CDEM Groups to manage events in their area. Where the national level is managing, coordinating, and delivering recovery activities, the following process details the steps that may be taken by government to put a Recovery Action Plan in place in the minimum time. To help achieve this, as much concurrent activity as possible should be undertaken.

- Each CDEM Group and/or agency dealing with an emergency is to advise the Director of the likelihood of the need for government coordination and assistance.



- The Director is to advise the Minister of Civil Defence of the situation and the recovery measures required immediately. The National Security System Directorate (NSSD) would also be advised at the earliest opportunity so that national resources could be coordinated through ODESC. The development of a Recovery Action Plan begins while the response to an emergency is still underway.
- As soon as appropriate, the Director and/or a representative are to visit the affected area and obtain first-hand information on the situation and likely recovery tasks. They may take such immediate action as is necessary to start the recovery process.
- The Director is to develop a preliminary Recovery Action Plan in conjunction with the CDEM Groups and agencies concerned. The preliminary Recovery Action Plan is primarily concerned with the physical safety and well-being of the population in the emergency area, and with establishing the mechanisms for implementing other recovery measures.
- The Recovery Action Plan is to be implemented by the relevant CDEM Groups and agencies using the structure outlined in **Figure 32.2 and 32.3**. The Director remains responsible for the coordination of the Recovery Action Plan and for identifying and addressing any impediments to its implementation.
- In recovery, External Relations and Security Committee (ERS) ministers and ODESC will meet as necessary to monitor progress and make further decisions.
- The Recovery Action Plan is to be updated on a regular basis to take account of long-term recovery activities and to develop a planned exit strategy.

Reporting Regular reporting on recovery activity is to be provided by the National Recovery Manager to affected CDEM Groups, government agencies, and ODESC.

Public information management The Director is responsible for providing information to the media on the progress of the recovery effort (see Section 28, Public information management).

32.9 CDEM Group recovery roles and activities

CDEM Group Recovery Manager

157 CDEM Group recovery activities

(1) Smaller-scale recoveries that require co-ordination at the CDEM Group level will be co-ordinated through the person responsible for recovery management for the CDEM Group (the ***CDEM Group Recovery Manager****) and, where necessary, the establishment of a CDEM Group Recovery Office.*

(2) The CDEM Group Recovery Manager, in addition to performing functions and exercising powers conferred by the Act,—

(a) liaises with the National Recovery Manager and, at the local level, a local recovery manager or managers where these are appointed by the relevant territorial authority or authorities; and
(b) undertakes planning and manages, directs, and co-ordinates activities for the recovery throughout its duration and, if necessary, establishes a CDEM Group Recovery Office to manage the recovery function; and
(c) implements appropriate reporting and tracking mechanisms; and
(d) works with the Group Controller and the relevant Public Information Manager to ensure a smooth transition between response and recovery; and
(e) co-ordinates the recovery activity of the relevant territorial authorities, lifeline utilities and agencies; and
(f) determines and prioritises major areas of recovery; and
(g) develops the group recovery action plan, to establish time-frames for the implementation of recovery activities; and
(h) co-ordinates advice on regional assistance; and
(i) provides regional-level co-ordination of public information related to recovery.

The appointment of a CDEM Group Recovery Manager must be made by a CDEM Group.

The role map for a CDEM Group Recovery Manager is available at www.civildefence.govt.nz (search for 'Competency Framework Toolkit').

32.10 Exit strategy

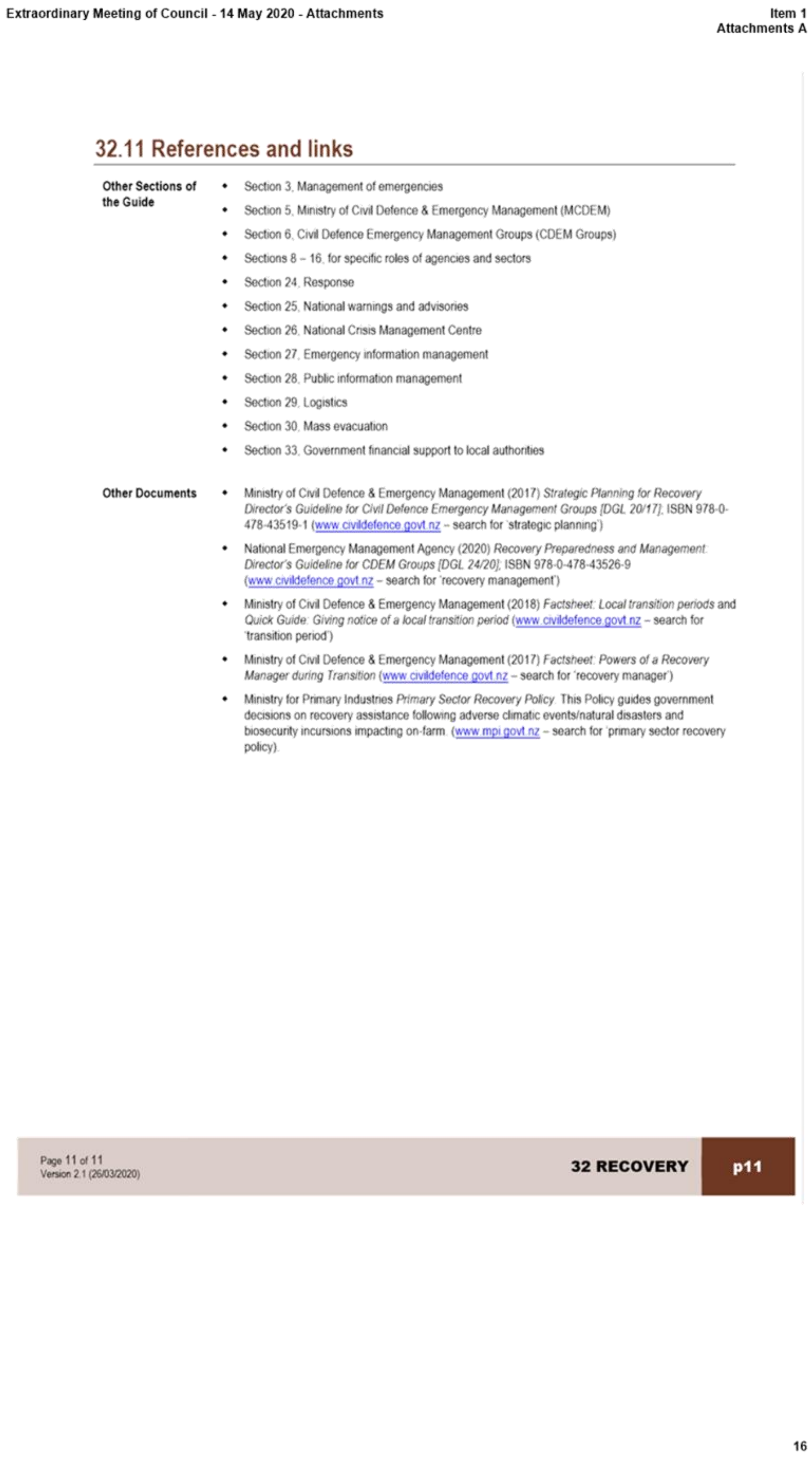
An exit strategy is a plan to:

- achieve the formal withdrawal of recovery arrangements, and
- incorporate long-term recovery activity into CDEM Group and local authority business as usual functions

158 Exit strategy

An exit strategy must be established that includes—

(a) assistance required in the long term; and
(b) a transition to business as usual so as to manage long-term recovery; and
(c) planning and reporting in the long term; and
(d) the management of public information and communications; and
(e) opportunities for communities to discuss unresolved issues and to continue to participate in their recovery; and
(f) changes to organisational arrangements, including the need for recovery task groups; and
(g) debriefing and reviewing.



Extraordinary Meeting of Council - 14 May 2020 - Attachments

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Attachments A

32.11 References and links

Other Sections of the Guide

- Section 3, Management of emergencies
- Section 5, Ministry of Civil Defence & Emergency Management (MCDEM)
- Section 6, Civil Defence Emergency Management Groups (CDEM Groups)
- Sections 8 – 16, for specific roles of agencies and sectors
- Section 24, Response
- Section 25, National warnings and advisories
- Section 26, National Crisis Management Centre
- Section 27, Emergency information management
- Section 28, Public information management
- Section 29, Logistics
- Section 30, Mass evacuation
- Section 33, Government financial support to local authorities

Other Documents

- Ministry of Civil Defence & Emergency Management (2017) *Strategic Planning for Recovery Director's Guideline for Civil Defence Emergency Management Groups [DGL 20/17]*; ISBN 978-0-478-43519-1 (www.civildefence.govt.nz – search for 'strategic planning')
- National Emergency Management Agency (2020) *Recovery Preparedness and Management: Director's Guideline for CDEM Groups [DGL 24/20]*; ISBN 978-0-478-43526-9 (www.civildefence.govt.nz – search for 'recovery management')
- Ministry of Civil Defence & Emergency Management (2018) *Factsheet: Local transition periods* and *Quick Guide: Giving notice of a local transition period* (www.civildefence.govt.nz – search for 'transition period')
- Ministry of Civil Defence & Emergency Management (2017) *Factsheet: Powers of a Recovery Manager during Transition* (www.civildefence.govt.nz – search for 'recovery manager')
- Ministry for Primary Industries *Primary Sector Recovery Policy*. This Policy guides government decisions on recovery assistance following adverse climatic events/natural disasters and biosecurity incursions impacting on-farm. (www.mpi.govt.nz – search for 'primary sector recovery policy).

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Napier City Recovery – Steering group

Terms of Reference

Purpose

The purpose of the Napier City Recovery – Steering Group is to carry out the functions, led by the Local Recovery Manager, of the Civil Defence Emergency Management Act 2002 for local recovery from the COVID-19 pandemic state of emergency.

The Napier City Recovery is an all-of-community approach. The Local Recovery Manager is employed by Napier City Council however the roles and responsibilities are on behalf of the whole of the Napier community.

Background

On 25 March 2020, a nationwide state of national emergency was declared due to the COVID-19 pandemic. This triggered the response requirements and powers of the Civil Defence Emergency Management Act 2002 ('the Act") at a national, group (regional) and local level. Following the immediate response to an emergency, the Act sets out the requirements for transition and recovery from the state of emergency.

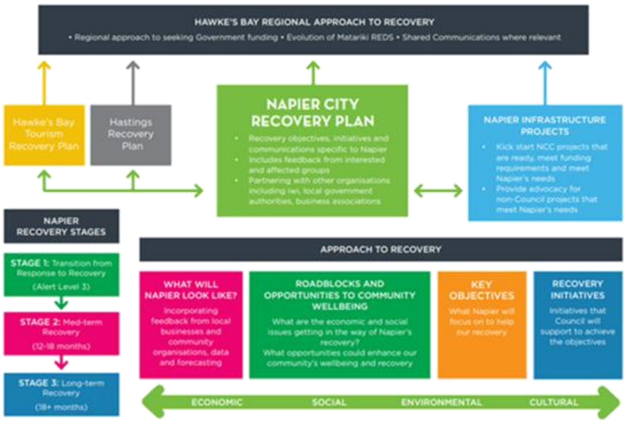
Recovery is defined in the Act as:

> *the co-ordinated efforts and processes used to bring about the immediate, medium-term, and long-term holistic regeneration and enhancement of a community following an emergency*

Approach to Napier City Recovery

The overall approach to developing a plan for the recovery of Napier City is outlined in the diagram below. Key points are:

- The Napier City Recovery will assist in delivery of the Hawke's Bay Regional Economic Recovery Plan as relevant in the Napier context
- The Napier City Recovery Plan will seek to align with other recovery plans within the region to ensure co-ordination and avoid duplication of efforts
- The Napier City Recovery will cover three different stages/timeframes as we move from response to recovery
- The approach to developing the Napier City Recovery Plan is broadly to identify the key issues for Napier, the goals for recovery (including targets against indicators), and to ensure the recovery initiatives will assist in achieving the holistic regeneration and enhancement of Napier's community following the COVID-19 state of emergency.



Objectives of the Napier City Recovery Plan – Steering Group

- ***Plan preparation:*** Prepare a Napier City Recovery Plan to co-ordinate the efforts and processes used to bring about the holistic regeneration and enhancement of Napier's community following the COVID-19 emergency. This plan will be prepared for the:
    - Immediate term (Note: This is already complete "Napier City Response-Recovery Plan: Alert Level 3")
    - Medium term (12-months)
    - Long term (18- months minimum)

- ***Engagement:*** Acknowledge and engage with a range of interested parties, stakeholder groups, and the wider community in the collaborative development of the Napier City Recovery Plan

- ***Recovery goals:*** Development of:
    - A vision of success for the holistic regeneration and enhancement of Napier's community following the COVID-19 emergency
    - Key goals for the Napier City Recovery Plan; and
    - Performance indicators to measure progress against the goals in the medium and long term

- ***Information:*** Ongoing assessment and monitoring of the effects of the COVID-19 pandemic and the needs of Napier's community, including potential scenarios, roadblocks, and opportunities for Napier. Communication of this information with the community

- ***Co-ordination:*** The co-ordination and integration of planning, decisions, actions, and resources including:
    - Interrelationship with National and Group Recovery Plans
    - Alignment with Napier City Council strategy and processes, in particular development of the Long Term Plan 2021
    - Establishment of partnerships with mana whenua, community and business organisations across Napier to ensure a co-ordinated approach in Napier's recovery

- ***Recovery initiatives:*** Identification of measures ("recovery initiatives") to support:
    - Community wellbeing and resilience to the COVID-19 pandemic and its effects
    - regeneration, restoration and enhancement of individuals and communities across the four wellbeings (economic, social, cultural, environmental)
    - Reduction of risks

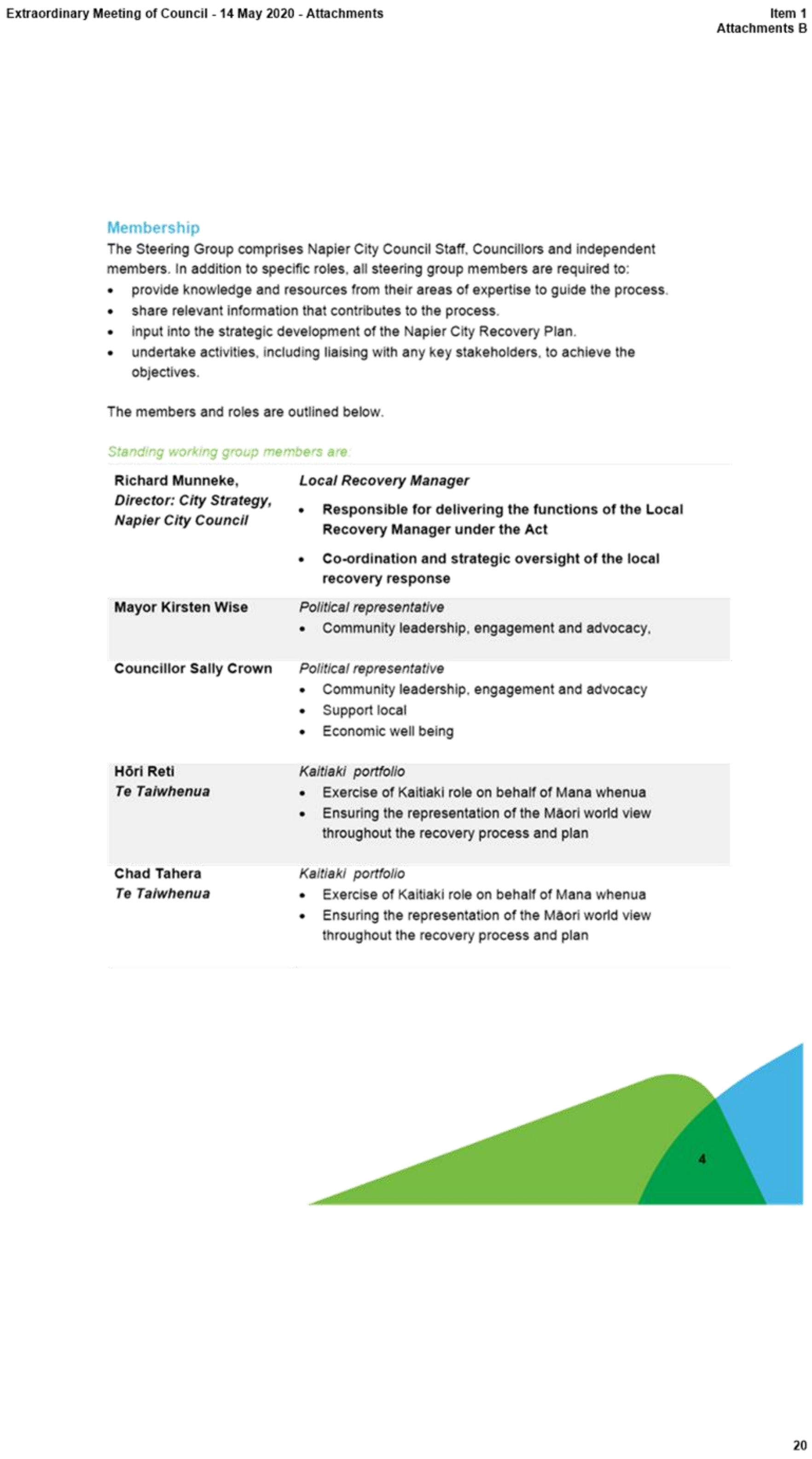
  These measures may include advocacy, welfare support, funding of projects, financial relief, regulatory changes, and other measures to achieve the objectives of the Recovery Plan. Project teams will be set up to develop project plans for the delivery of identified Recovery initiatives and these will report back to the Napier City Recovery Plan – Steering Group. Recovery initiatives may include Napier City Council initiatives, initiatives from other organisations/businesses/community, and/or partnerships.

- ***Communication* and *Engagement:*** Prepare and implement a Communications and Engagement Plan for each stage as appropriate

- ***Tracking and review:*** Track and review key indicators to identify the extent to which recovery initiatives are successful in achieving the goals, where changes may be required, and/or where additional recovery initiatives may be required over time.

Principles

- Members bring objectivity and contribute proactively to achieve the objectives and steering groups terms of reference
- Each member has expertise, knowledge and resources they will contribute to achieve the purpose
- Members ensure their views are expressed, and all views are explored to support a robust process.
- Members engage collaboratively with key stakeholders within their portfolio to ensure a wide range of inputs into development of the Napier City Recovery Plan.



Membership

The Steering Group comprises Napier City Council Staff, Councillors and independent members. In addition to specific roles, all steering group members are required to:

- provide knowledge and resources from their areas of expertise to guide the process.
- share relevant information that contributes to the process.
- input into the strategic development of the Napier City Recovery Plan.
- undertake activities, including liaising with any key stakeholders, to achieve the objectives.

The members and roles are outlined below.

Standing working group members are:

Richard Munneke, ***Director: City Strategy, Napier City Council***	***Local Recovery Manager*** • **Responsible for delivering the functions of the Local Recovery Manager under the Act** • **Co-ordination and strategic oversight of the local recovery response**
Mayor Kirsten Wise	*Political representative* • Community leadership, engagement and advocacy,
Councillor Sally Crown	*Political representative* • Community leadership, engagement and advocacy • Support local • Economic well being
Hōri Reti ***Te Taiwhenua***	*Kaitiaki portfolio* • Exercise of Kaitiaki role on behalf of Mana whenua • Ensuring the representation of the Māori world view throughout the recovery process and plan
Chad Tahera ***Te Taiwhenua***	*Kaitiaki portfolio* • Exercise of Kaitiaki role on behalf of Mana whenua • Ensuring the representation of the Māori world view throughout the recovery process and plan

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Adele Henderson ***Director: Corporate Services, Napier City Council***	*NCC Finance portfolio* • Co-ordination of advice on financial and resourcing implications for Napier City Council on potential recovery initiatives • Strategic alignment between Recovery Plan and NCC processes and budgets
Dean Prebble ***Economic Development Manager, Napier City Council***	*Economic wellbeing portfolio* • Intelligence gathering on trends, roadbloacks and opportunities to economic wellbeing in the recovery phase, including for Napier's business organisations and local businesses • Co-ordination of the "Recovery dashboard" initiative to share data and information to track recovery over time • Advice and recommendations on potential recovery initiatives to achieve plan objectives relating to economic wellbeing
Michele Grigg ***Community Services, Senior Policy Advisor, Napier City Council***	*Community services and wellbeing portfolio* • Intelligence gathering on trends, roadbloacks and opportunities to community wellbeing in the recovery phase, including for Napier's community organisations • Input into developing the Recovery dashboard • Advice and recommendations on potential recovery initiatives to achieve plan objectives relating to community wellbeing • Co-ordination of advice on potential impacts on community wellbeing (including council facilities and activities) from the COVID-19 pandemic and potential recovery opportunities
Darran Gillies ***Libraries Manager, Napier City Council***	*Support Local portfolio* • Co-ordination of the "Support Local" initiative including developing a project plan (objectives and actions), communications and community engagement
James Mear ***Manager Design and Projects, Napier City Council***	*Infrastructure portfolio* • Advice and recommendations on potential recovery initiatives relating to infrastructure projects • Engagement with MBIE, HDC, HBRC and the Crown Infrastructure Fund to identify and co-ordinate funding applications for infrastructure initiatives for Napier

Kate Penny ***Communications Specialist, Napier City Council***	*Communications portfolio* • Develop a communications plan for each stage of the Recovery Plan • Co-ordinate ongoing communications including media releases, website, social media, print media and radio communications
Catherine Reaburn ***Senior Policy Planner, Napier City Council***	*Strategy portfolio* • Assist the Local Recovery Manager in carrying out functions including co-ordination and strategic oversight of the local recovery response
Kathryn Hunt ***Team Leader Regulatory Administration***	*Administrative support* • Administrative support to the steering group including meeting minutes/actions

At the discretion of the Local Recovery Manager and the Mayor, additional members can be seconded to the steering group on an as-required basis.

Term

This group has been formed to assist with the Napier City Recovery Plan project to deliver the stated objectives, and will conclude once that process is complete.

Meetings

- Weekly (initially).
- Notes are taken at each meeting and distributed to all members.

Communication Protocol

Media enquiries, media releases and statements about the process will be drafted by Council's communications team and signed off by the steering group through the Recovery Manager.

Councillor members will keep the wider Council informed on a regular basis and also recommend workshops and agenda items as appropriate.

Review Date

The Terms of Reference will be reviewed should the Steering Group continue beyond achieving its purpose.

Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

POTENTIAL SCENARIO

What might the COVID-19 Pandemic mean for the wellbeing of Napier's community?

- **Unemployment is likely to continue to rise (forecast 9.2% in March 2020 quarter)** and as a result, more people are likely to require welfare support to meet their basic needs
- **Ongoing uncertainty, restrictions and job losses as a result of COVID-19 may impact on mental health, crime and sense of wellbeing in our community**
- **Napier's housing needs may change as a result of changes to the economy:**
  - Ongoing need to transition people into permanent housing
  - Housing prices in Napier are predicted to drop by around 10%
  - Reduced migration and profit margins may reduce progress of new housing developments – resulting in long term undersupply
- **Consumer confidence is predicted to hit an all-time low and disposable income will likely be reduced**, resulting in a domino effect on Napier's economy
- **People will start to gather again – but this will likely not the same as before.** Physical distancing and contact tracing will likely become the "new normal" in the short-medium term
- **It may feel increasingly quiet in the City Centre** due to decreased tourism and people continuing to work from home
- **Business investment may slow** – but there is opportunity for Napier to be recognised as tech friendly
- **People may value retaining and leveraging environmental gains achieved through the COVID-19 lockdown**

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information

TEAM NAPIER
TE KOTAHI TĀTOU o AHURIRI

Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

How will Napier respond to these changes to our city?

Together, we will restore and enhance the social and economic wellbeing of our community while respecting and celebrating our cultural heritage and environment

Principles

Community engagement and participation

Agile and innovative

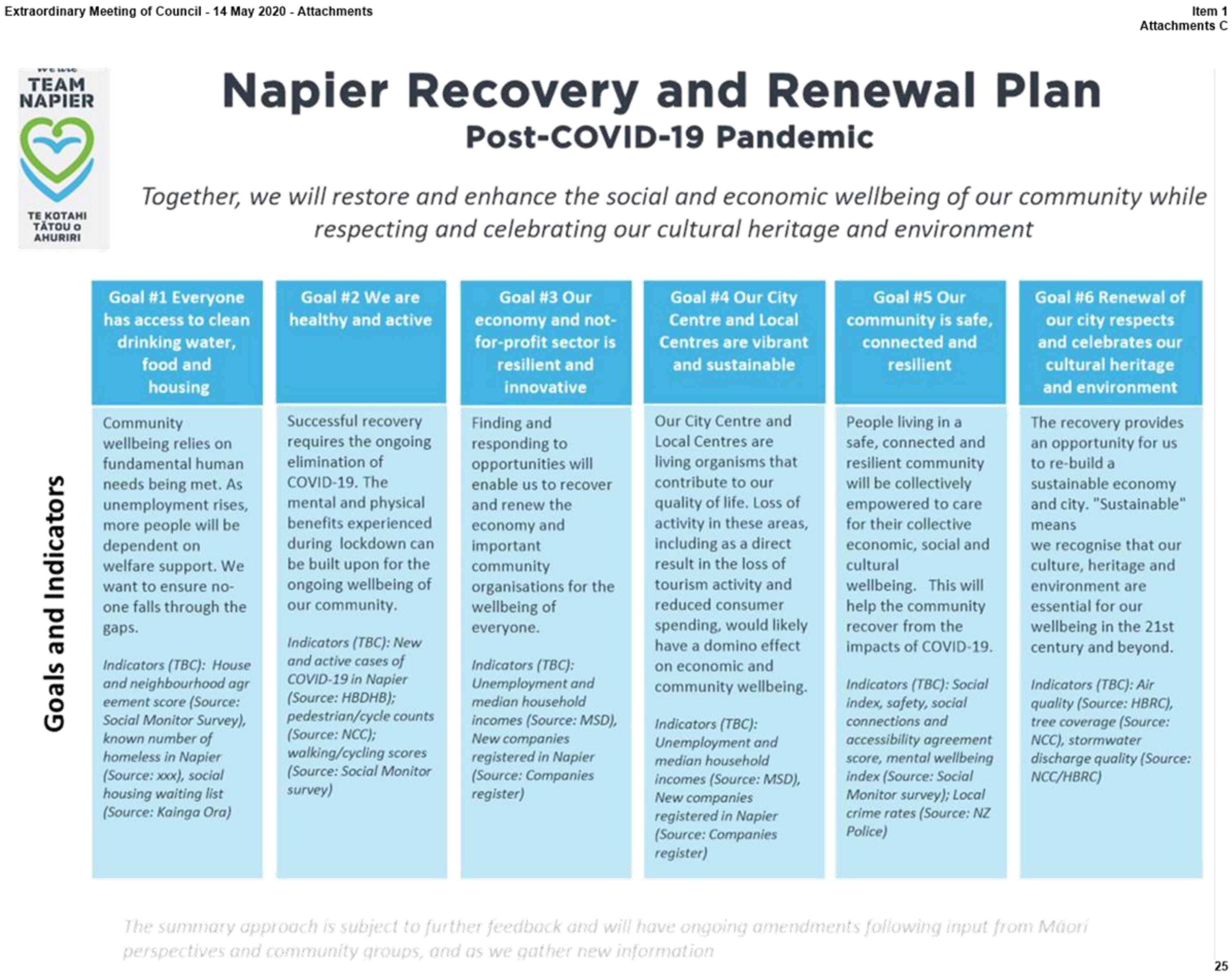
Iwi partnership

Sustainability – living within environmental limits

Recovery objectives
Civil Defence Emergency legislation

1. **Minimise the escalation of the consequences of the COVID-19 Pandemic**
2. **Regeneration and enhancement of wellbeing**
3. **Take practicable opportunities to adapt to meet the future needs of the community**
4. **Reduce future exposure to hazards and their associated risks**
5. **Support the resumption of essential community functions.**

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information



TEAM NAPIER
TE KOTAHI TĀTOU o AHURIRI

Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

Together, we will restore and enhance the social and economic wellbeing of our community while respecting and celebrating our cultural heritage and environment

Goals and Indicators

Goal #1 Everyone has access to clean drinking water, food and housing	Goal #2 We are healthy and active	Goal #3 Our economy and not-for-profit sector is resilient and innovative	Goal #4 Our City Centre and Local Centres are vibrant and sustainable	Goal #5 Our community is safe, connected and resilient	Goal #6 Renewal of our city respects and celebrates our cultural heritage and environment
Community wellbeing relies on fundamental human needs being met. As unemployment rises, more people will be dependent on welfare support. We want to ensure no-one falls through the gaps.	Successful recovery requires the ongoing elimination of COVID-19. The mental and physical benefits experienced during lockdown can be built upon for the ongoing wellbeing of our community.	Finding and responding to opportunities will enable us to recover and renew the economy and important community organisations for the wellbeing of everyone.	Our City Centre and Local Centres are living organisms that contribute to our quality of life. Loss of activity in these areas, including as a direct result in the loss of tourism activity and reduced consumer spending, would likely have a domino effect on economic and community wellbeing.	People living in a safe, connected and resilient community will be collectively empowered to care for their collective economic, social and cultural wellbeing. This will help the community recover from the impacts of COVID-19.	The recovery provides an opportunity for us to re-build a sustainable economy and city. "Sustainable" means we recognise that our culture, heritage and environment are essential for our wellbeing in the 21st century and beyond.
Indicators (TBC): House and neighbourhood agreement score (Source: Social Monitor Survey), known number of homeless in Napier (Source: xxx), social housing waiting list (Source: Kainga Ora)	*Indicators (TBC): New and active cases of COVID-19 in Napier (Source: HBDHB); pedestrian/cycle counts (Source: NCC); walking/cycling scores (Source: Social Monitor survey)*	*Indicators (TBC): Unemployment and median household incomes (Source: MSD), New companies registered in Napier (Source: Companies register)*	*Indicators (TBC): Unemployment and median household incomes (Source: MSD), New companies registered in Napier (Source: Companies register)*	*Indicators (TBC): Social index, safety, social connections and accessibility agreement score, mental wellbeing index (Source: Social Monitor survey); Local crime rates (Source: NZ Police)*	*Indicators (TBC): Air quality (Source: HBRC), tree coverage (Source: NCC), stormwater discharge quality (Source: NCC/HBRC)*

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information

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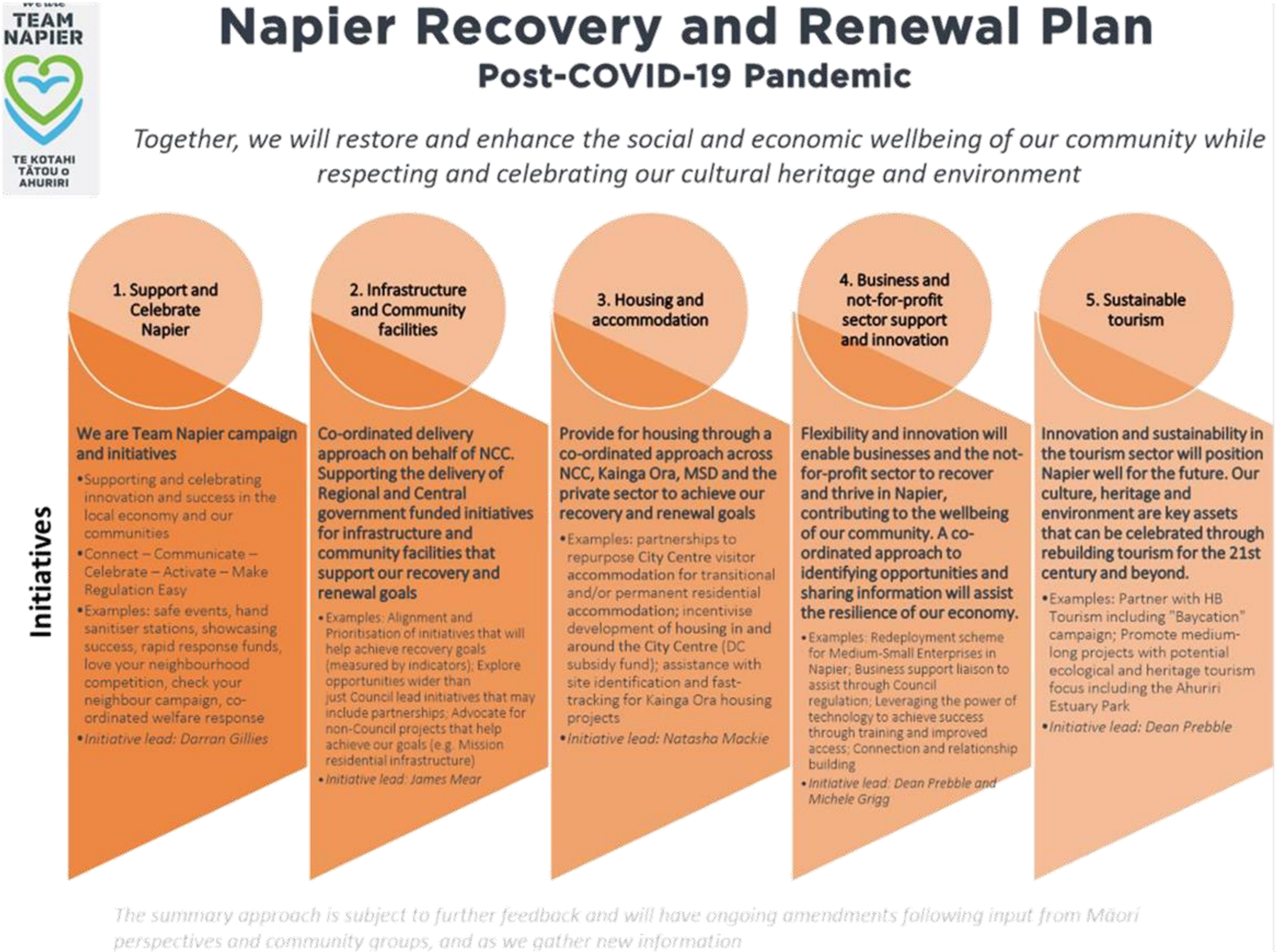

TEAM NAPIER
TE KOTAHI TĀTOU o AHURIRI

Napier Recovery and Renewal Plan
Post-COVID-19 Pandemic

Together, we will restore and enhance the social and economic wellbeing of our community while respecting and celebrating our cultural heritage and environment

Initiatives

1. Support and Celebrate Napier

We are Team Napier campaign and initiatives

- Supporting and celebrating innovation and success in the local economy and our communities
- Connect – Communicate – Celebrate – Activate – Make Regulation Easy
- Examples: safe events, hand sanitiser stations, showcasing success, rapid response funds, love your neighbourhood competition, check your neighbour campaign, co-ordinated welfare response
- *Initiative lead: Darran Gillies*

2. Infrastructure and Community facilities

Co-ordinated delivery approach on behalf of NCC. Supporting the delivery of Regional and Central government funded initiatives for infrastructure and community facilities that support our recovery and renewal goals

- Examples: Alignment and Prioritisation of initiatives that will help achieve recovery goals (measured by indicators); Explore opportunities wider than just Council lead initiatives that may include partnerships; Advocate for non-Council projects that help achieve our goals (e.g. Mission residential infrastructure)
- *Initiative lead: James Mear*

3. Housing and accommodation

Provide for housing through a co-ordinated approach across NCC, Kainga Ora, MSD and the private sector to achieve our recovery and renewal goals

- Examples: partnerships to repurpose City Centre visitor accommodation for transitional and/or permanent residential accommodation; incentivise development of housing in and around the City Centre (DC subsidy fund); assistance with site identification and fast-tracking for Kainga Ora housing projects
- *Initiative lead: Natasha Mackie*

4. Business and not-for-profit sector support and innovation

Flexibility and innovation will enable businesses and the not-for-profit sector to recover and thrive in Napier, contributing to the wellbeing of our community. A co-ordinated approach to identifying opportunities and sharing information will assist the resilience of our economy.

- Examples: Redeployment scheme for Medium-Small Enterprises in Napier; Business support liaison to assist through Council regulation; Leveraging the power of technology to achieve success through training and improved access; Connection and relationship building
- *Initiative lead: Dean Prebble and Michele Grigg*

5. Sustainable tourism

Innovation and sustainability in the tourism sector will position Napier well for the future. Our culture, heritage and environment are key assets that can be celebrated through rebuilding tourism for the 21st century and beyond.

- Examples: Partner with HB Tourism including "Baycation" campaign; Promote medium-long projects with potential ecological and heritage tourism focus including the Ahuriri Estuary Park
- *Initiative lead: Dean Prebble*

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information

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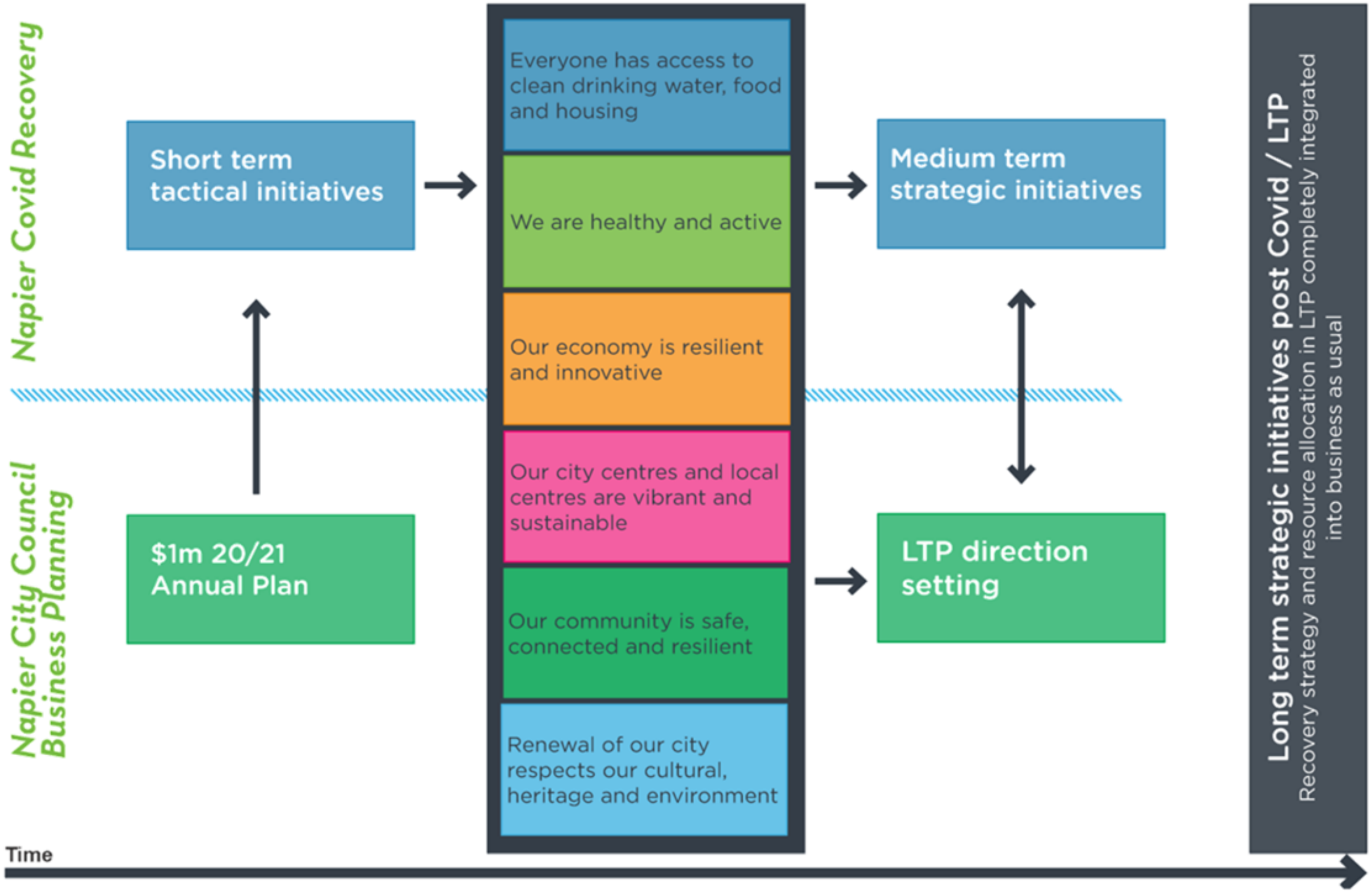
INTEGRATING THE RECOVERY EFFORT INTO THE LTP



Napier Covid Recovery

Napier City Council Business Planning

Short term tactical initiatives

$1m 20/21 Annual Plan

Everyone has access to clean drinking water, food and housing

We are healthy and active

Our economy is resilient and innovative

Our city centres and local centres are vibrant and sustainable

Our community is safe, connected and resilient

Renewal of our city respects our cultural, heritage and environment

Medium term strategic initiatives

LTP direction setting

Long term strategic initiatives post Covid / LTP

Recovery strategy and resource allocation in LTP completely integrated into business as usual

Time

AGENDA ITEMS

1. NAPIER RECOVERY BUDGET

Type of Report:	Information
Legal Reference:	N/A
Document ID:	924664
Reporting Officer/s & Unit:	Richard Munneke, Director City Strategy

1.1 Purpose of Report

To request endorsement of the approach funding and the terms of reference for the Napier City Council recovery effort.

At the Meeting

The Director City Strategy spoke to the report, noting that the principles of recovery are applicable nationally, and have been central to the team as the recovery planning for Napier has been initiated.

The wellbeing of the community as a whole is important, and everybody has a part to play. Council has been working closely with other agencies, and the development of the "Make a Plan" and "Team Napier" campaigns are intended to highlight individual and business responsibility to all work together alongside Council and agencies to look after and build our community.

An evidence based approach is being taken to ensure that planning and prioritisation are directed to the appropriate areas of need, and are flexible enough to allow for change as these shift.

The funding allocated in the revised Annual Plan is intended to provide for short and medium term actions; recovery will also be built into the long term planning process, and over time this process will be fully integrated into 'business as usual'.

The Senior Policy Planner spoke to a presentation on the recovery planning that is underway (please see **Appendix One**). The intention is to be future focussed, not purely reactive, and indicators of progress will be set and monitored to follow our recovery and growth as a community. A number of specific issues of current focus were touched on, as well as ways that shifts such increased walking and cycling can be supported to continue.

The plan is for the community, and must respond to its needs. Central to the plan is how Council can work with Mana Whenua entities to ensure that tikanga and cultural wellbeing is deeply embedded into the actions and areas of focus. The plan and its areas of focus at any given time may shift, to make sure Council can be responsive and prioritise the highest needs at any given time.

In response to questions from Councillors it was clarified that:

- Under Emergency Management legislation there is a recovery process which is legislated, and responsibility sits with the Recovery Manager to lead this; the legislation recognises that a certain level of agility is needed in certain circumstances. It was noted that existing delegations to management also allow for many actions to take place appropriately.

- A coordinated approach across the Council is required to ensure that core business is not being negatively impacted by the recovery process. The extra funding provided for through the upcoming Annual Plan is required to help advance towards our recovery goals. There will also be some cross-over between recovery, core business and future works already planned, so integration will be created as much as possible.
- Feedback from the community on the recovery process will not come via a formal consultation process, as swift movement will be important for some actions. However, the community can engage in the upcoming Annual Plan consultation, there will be smaller surveys run, and Council are working with local commercial groups for instant feedback from the business sector. The public can also contact the Recovery Team via recovery@napier.govt.nz
- The state of emergency was lifted yesterday and the nation is now in a transition period for the next 90 days. The Incident Management Team is still activated but only at a low level to maintain some welfare as required.
- It is anticipated that the activities of the Recovery Steering Group will be fully "blended" into 'business as usual' within 12 months.
- Good local information will be sought to monitor recovery for Napier in particular, noting that we have unique qualities even within our own region. Wider data will also be sought so that useful comparisons with other similar cities across the country can be made.
- It is difficult to fully predict at this point which businesses will be most impacted and how.

Officer's Recommendation

That Council:

a. Approve the funding of the recovery process for 20/21; and

b. Endorse the recovery approach, Terms of Reference, and integration with the Long Term Plan direction setting.

Substitute Motion Councillors Boag / Crown

Council Resolution

That Council:

a. Approve the funding of the recovery process for 20/21; and

b. Endorse the recovery approach, Terms of Reference, and integration with the Long Term Plan direction setting.

c. Receive regular reports on the Steering Group's activities and plans and have input into these where appropriate.

Carried

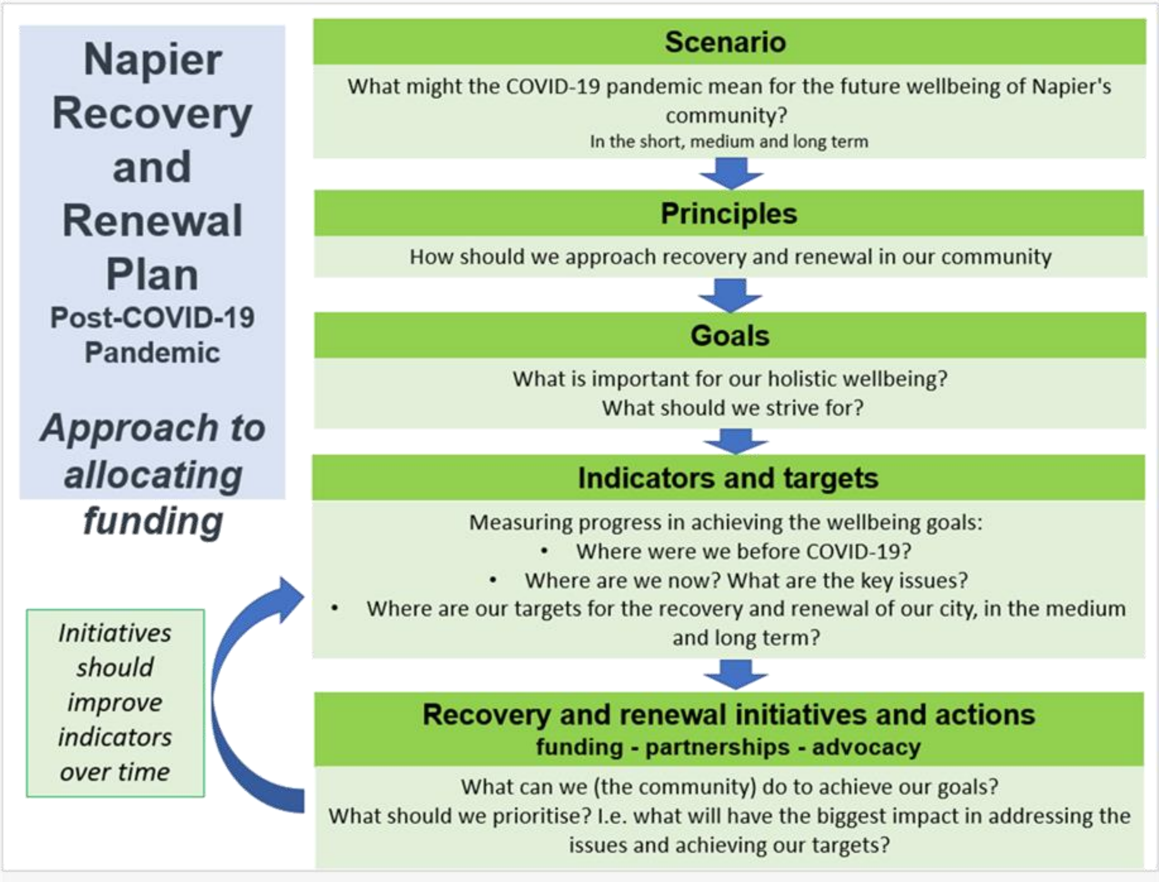
The meeting closed at 11.29am

Approved and adopted as a true and accurate record of the meeting.

Chairperson ....

Date of approval ....

Appendix One



Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

Approach to allocating funding

Scenario

What might the COVID-19 pandemic mean for the future wellbeing of Napier's community?
In the short, medium and long term

Principles

How should we approach recovery and renewal in our community

Goals

What is important for our holistic wellbeing?
What should we strive for?

Indicators and targets

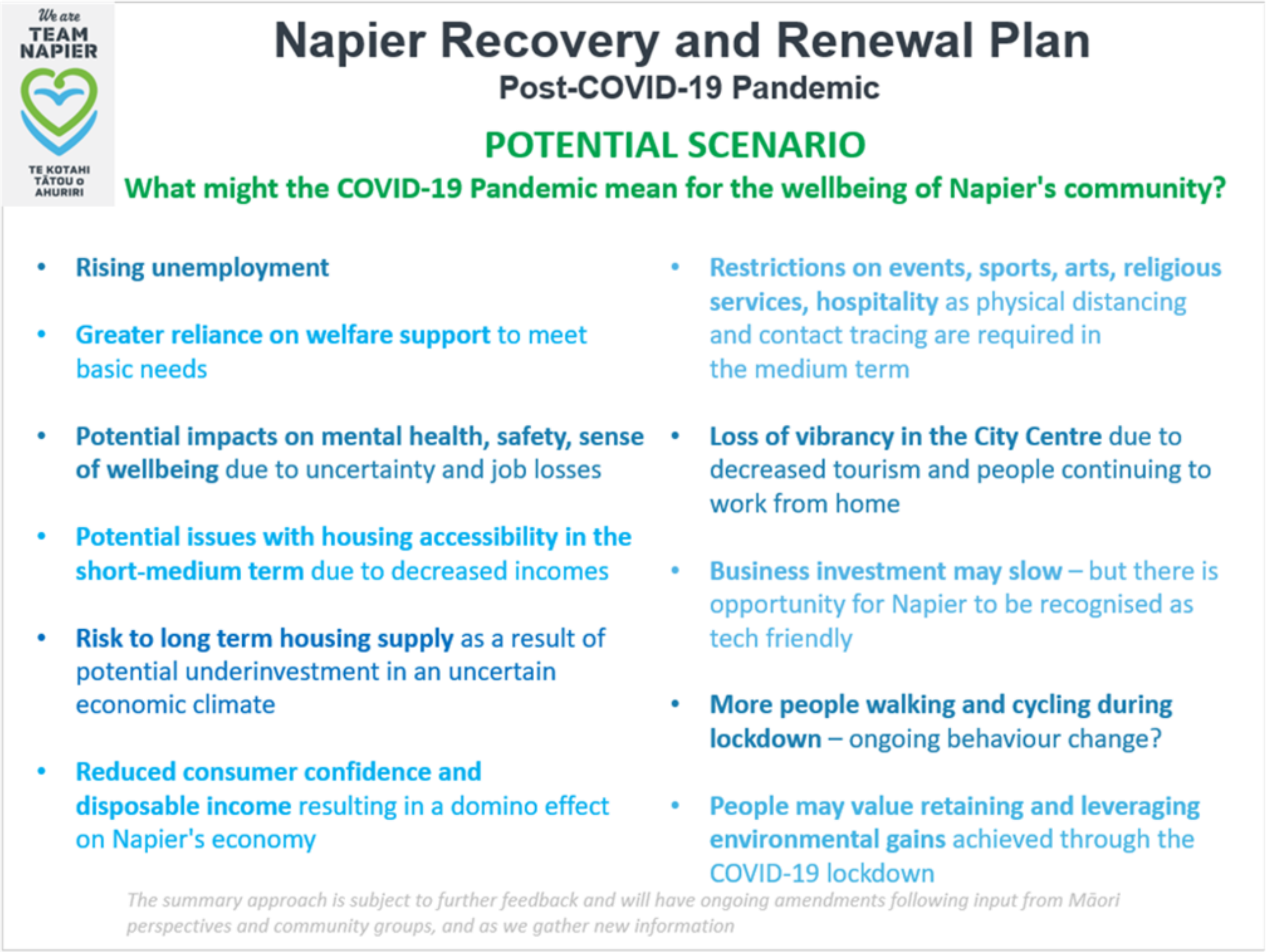
Measuring progress in achieving the wellbeing goals:

- Where were we before COVID-19?
- Where are we now? What are the key issues?
- Where are our targets for the recovery and renewal of our city, in the medium and long term?

Recovery and renewal initiatives and actions
funding - partnerships - advocacy

What can we (the community) do to achieve our goals?
What should we prioritise? I.e. what will have the biggest impact in addressing the issues and achieving our targets?

Initiatives should improve indicators over time



Napier Recovery and Renewal Plan

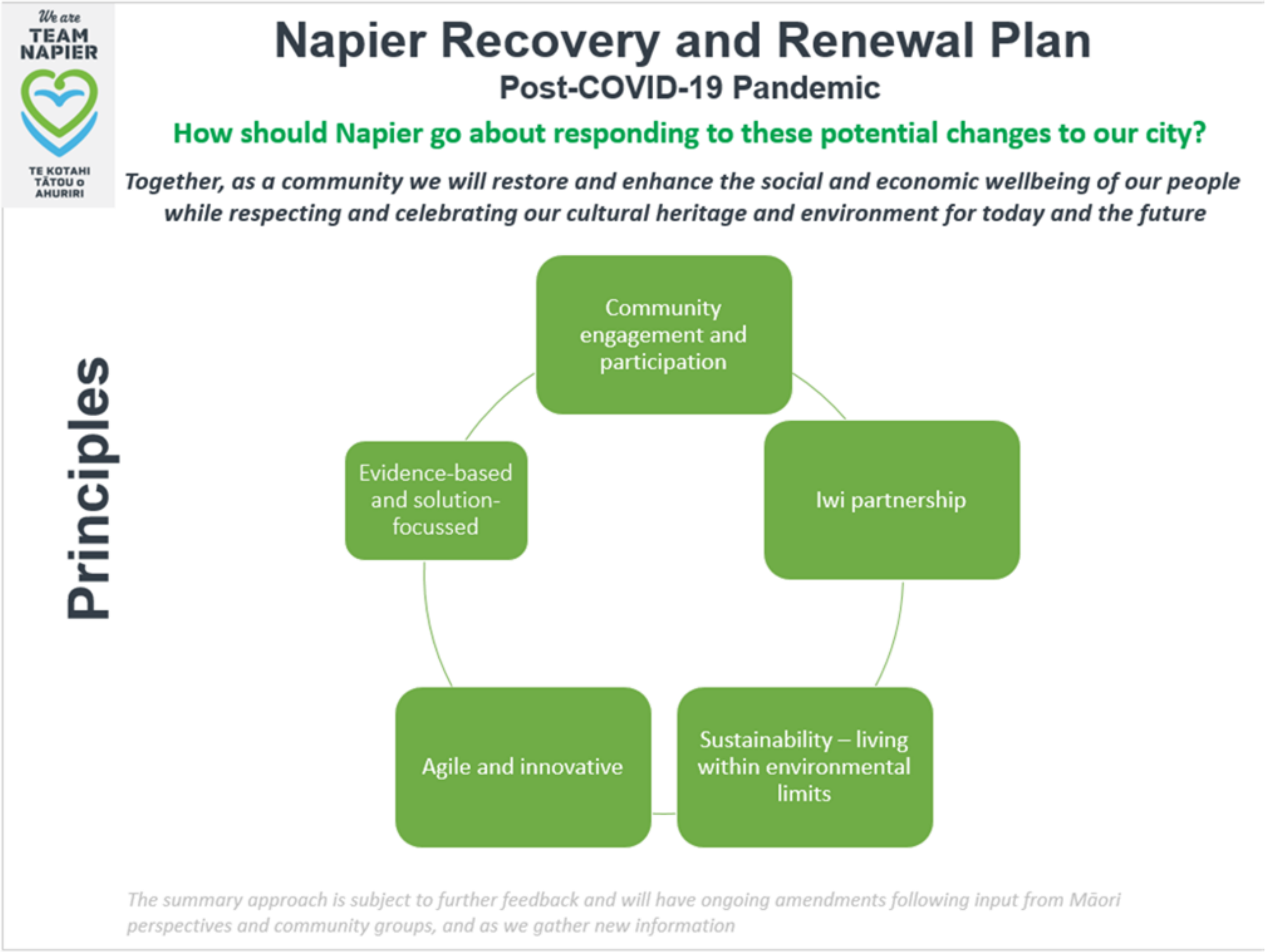
Post-COVID-19 Pandemic

POTENTIAL SCENARIO

What might the COVID-19 Pandemic mean for the wellbeing of Napier's community?

- **Rising unemployment**
- **Greater reliance on welfare support** to meet basic needs
- **Potential impacts on mental health, safety, sense of wellbeing** due to uncertainty and job losses
- **Potential issues with housing accessibility in the short-medium term** due to decreased incomes
- **Risk to long term housing supply** as a result of potential underinvestment in an uncertain economic climate
- **Reduced consumer confidence and disposable income** resulting in a domino effect on Napier's economy
- **Restrictions on events, sports, arts, religious services, hospitality** as physical distancing and contact tracing are required in the medium term
- **Loss of vibrancy in the City Centre** due to decreased tourism and people continuing to work from home
- **Business investment may slow** – but there is opportunity for Napier to be recognised as tech friendly
- **More people walking and cycling during lockdown** – ongoing behaviour change?
- **People may value retaining and leveraging environmental gains** achieved through the COVID-19 lockdown

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information



We are TEAM NAPIER

TE KOTAHI TĀTOU O AHURIRI

Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

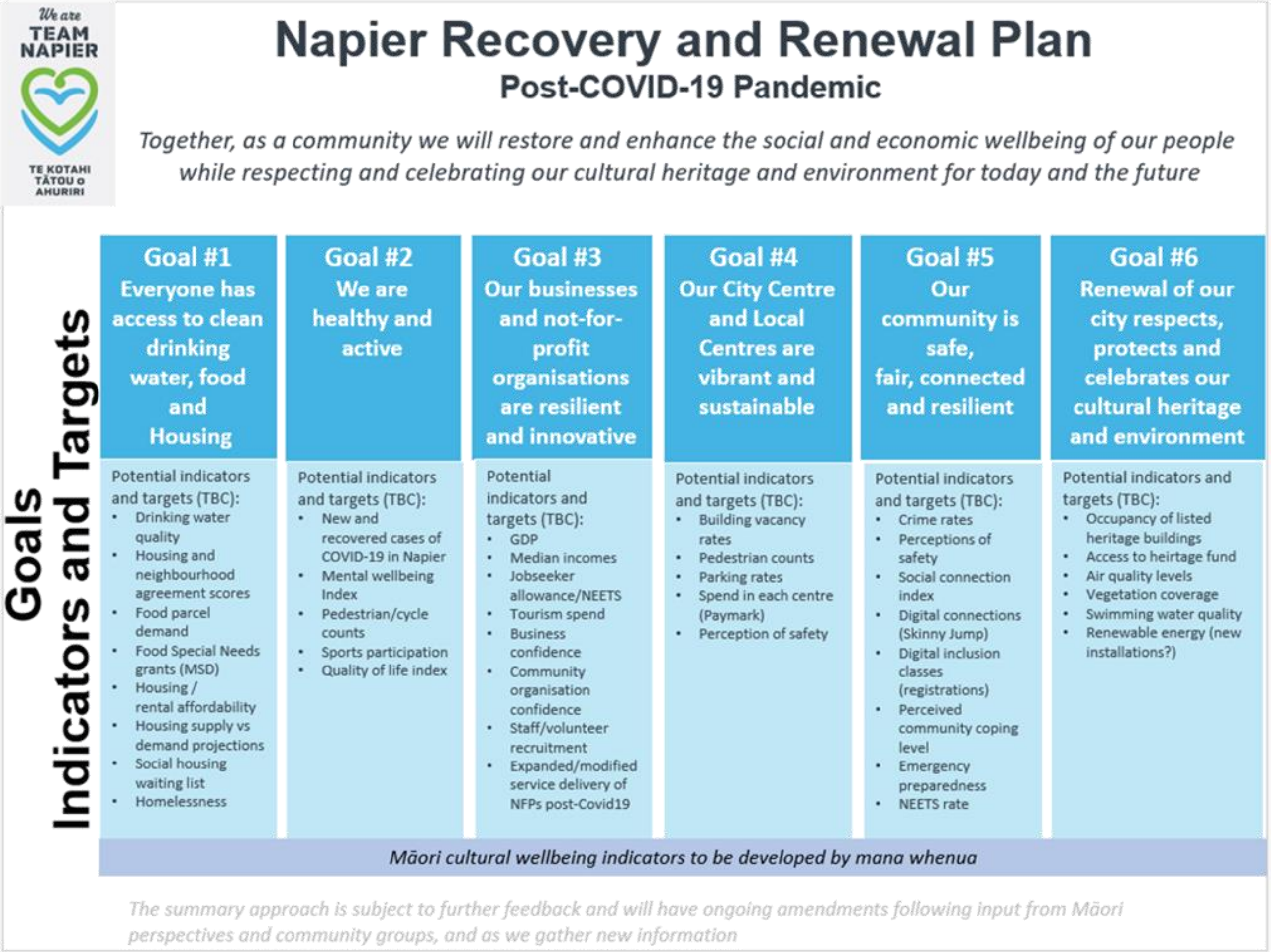
How should Napier go about responding to these potential changes to our city?

Together, as a community we will restore and enhance the social and economic wellbeing of our people while respecting and celebrating our cultural heritage and environment for today and the future

Principles

- Community engagement and participation
- Iwi partnership
- Sustainability – living within environmental limits
- Agile and innovative
- Evidence-based and solution-focussed

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information



We are
TEAM
NAPIER

TE KOTAHI
TĀTOU o
AHURIRI

Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

Together, as a community we will restore and enhance the social and economic wellbeing of our people while respecting and celebrating our cultural heritage and environment for today and the future

Goals

Indicators and Targets

Goal #1
Everyone has access to clean drinking water, food and Housing

Potential indicators and targets (TBC):
- Drinking water quality
- Housing and neighbourhood agreement scores
- Food parcel demand
- Food Special Needs grants (MSD)
- Housing / rental affordability
- Housing supply vs demand projections
- Social housing waiting list
- Homelessness

Goal #2
We are healthy and active

Potential indicators and targets (TBC):
- New and recovered cases of COVID-19 in Napier
- Mental wellbeing Index
- Pedestrian/cycle counts
- Sports participation
- Quality of life index

Goal #3
Our businesses and not-for-profit organisations are resilient and innovative

Potential indicators and targets (TBC):
- GDP
- Median incomes
- Jobseeker allowance/NEETS
- Tourism spend
- Business confidence
- Community organisation confidence
- Staff/volunteer recruitment
- Expanded/modified service delivery of NFPs post-Covid19

Goal #4
Our City Centre and Local Centres are vibrant and sustainable

Potential indicators and targets (TBC):
- Building vacancy rates
- Pedestrian counts
- Parking rates
- Spend in each centre (Paymark)
- Perception of safety

Goal #5
Our community is safe, fair, connected and resilient

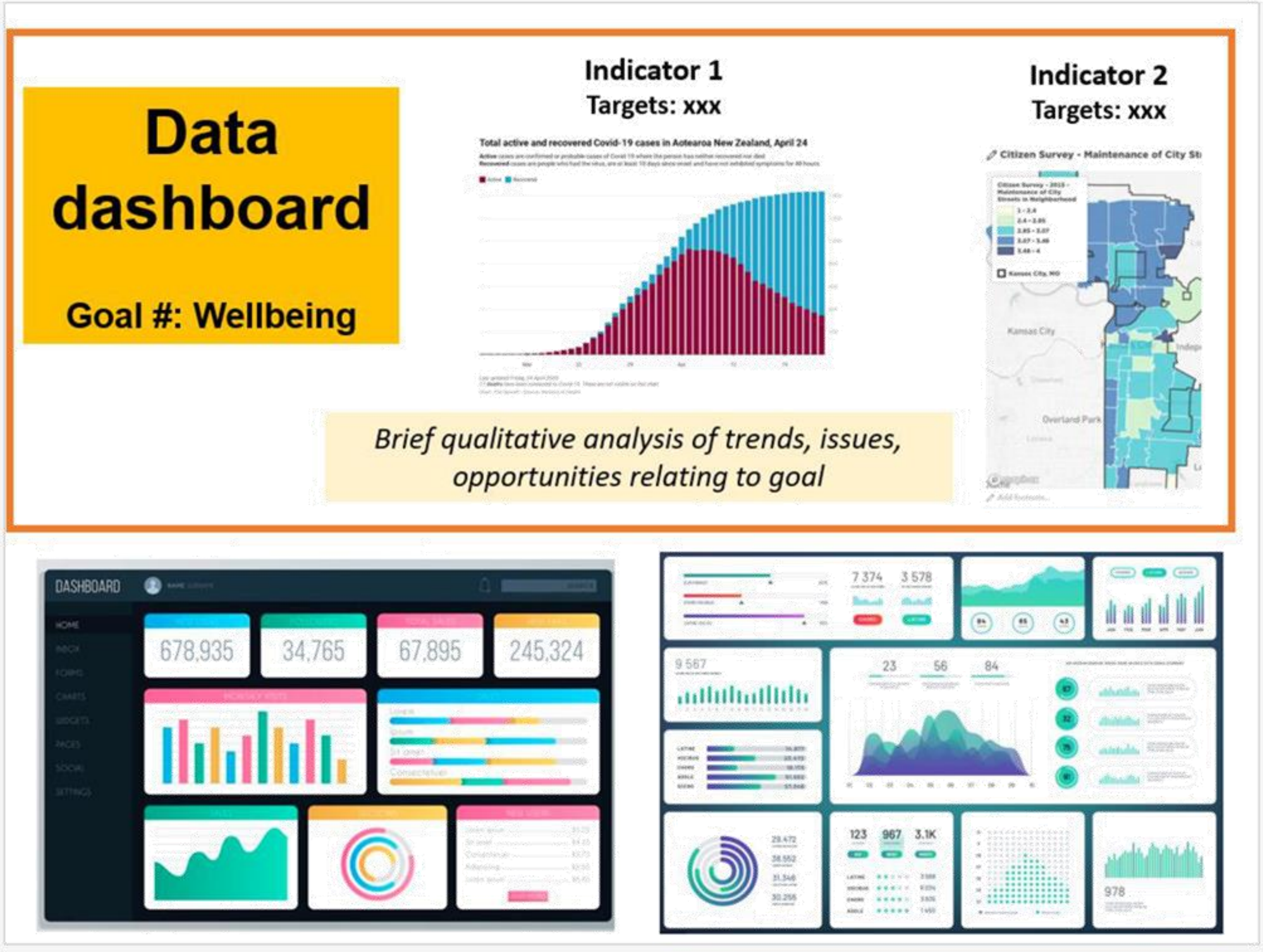
Potential indicators and targets (TBC):
- Crime rates
- Perceptions of safety
- Social connection index
- Digital connections (Skinny Jump)
- Digital inclusion classes (registrations)
- Perceived community coping level
- Emergency preparedness
- NEETS rate

Goal #6
Renewal of our city respects, protects and celebrates our cultural heritage and environment

Potential indicators and targets (TBC):
- Occupancy of listed heritage buildings
- Access to heirtage fund
- Air quality levels
- Vegetation coverage
- Swimming water quality
- Renewable energy (new installations?)

Māori cultural wellbeing indicators to be developed by mana whenua

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information



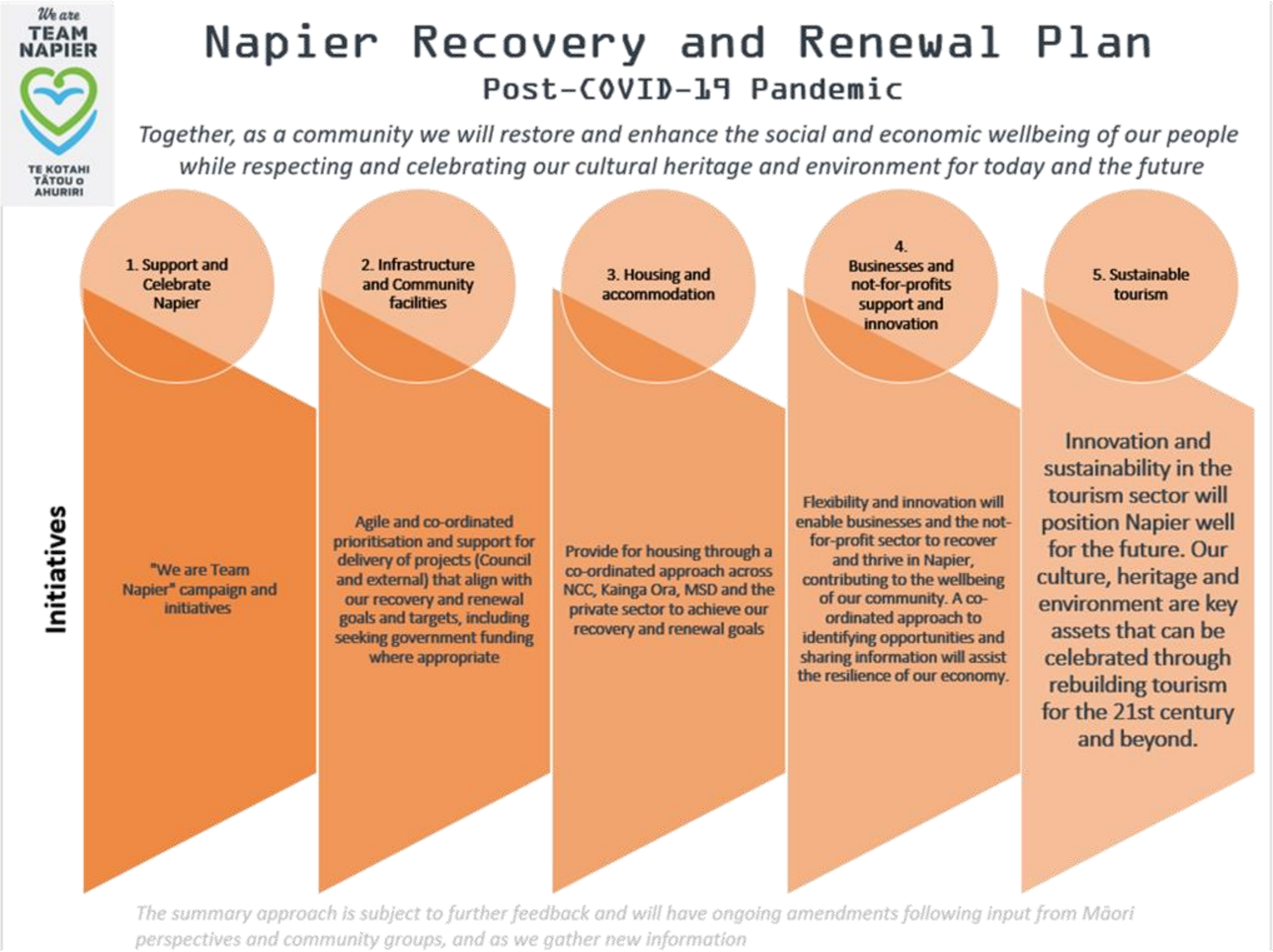
Data dashboard

Goal #: Wellbeing

Indicator 1
Targets: xxx

Indicator 2
Targets: xxx

Brief qualitative analysis of trends, issues, opportunities relating to goal



Napier Recovery and Renewal Plan

Post-COVID-19 Pandemic

Together, as a community we will restore and enhance the social and economic wellbeing of our people while respecting and celebrating our cultural heritage and environment for today and the future

Initiatives

1. Support and Celebrate Napier

"We are Team Napier" campaign and initiatives

2. Infrastructure and Community facilities

Agile and co-ordinated prioritisation and support for delivery of projects (Council and external) that align with our recovery and renewal goals and targets, including seeking government funding where appropriate

3. Housing and accommodation

Provide for housing through a co-ordinated approach across NCC, Kainga Ora, MSD and the private sector to achieve our recovery and renewal goals

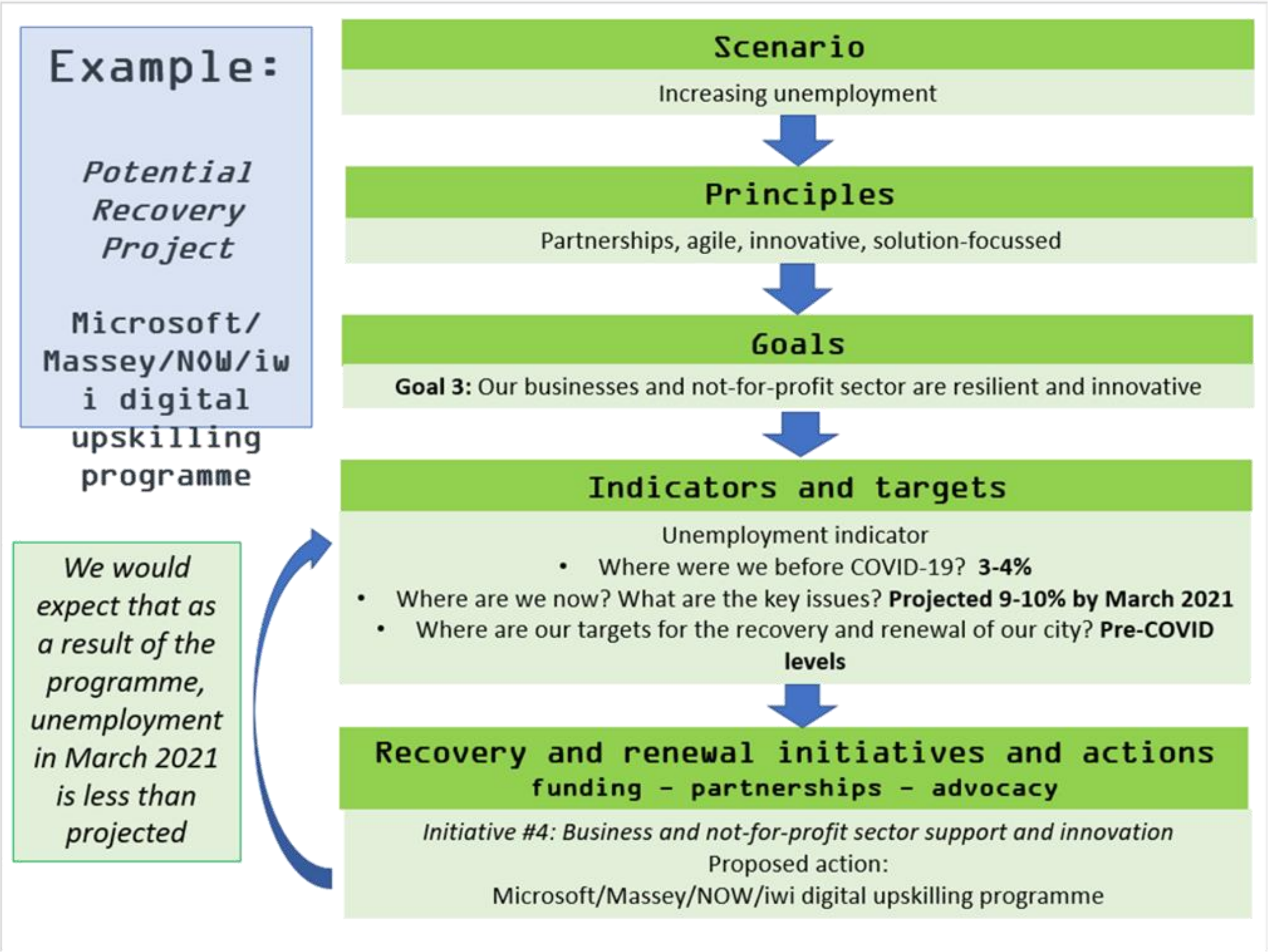
4. Businesses and not-for-profits support and innovation

Flexibility and innovation will enable businesses and the not-for-profit sector to recover and thrive in Napier, contributing to the wellbeing of our community. A co-ordinated approach to identifying opportunities and sharing information will assist the resilience of our economy.

5. Sustainable tourism

Innovation and sustainability in the tourism sector will position Napier well for the future. Our culture, heritage and environment are key assets that can be celebrated through rebuilding tourism for the 21st century and beyond.

The summary approach is subject to further feedback and will have ongoing amendments following input from Māori perspectives and community groups, and as we gather new information



Example:

Potential Recovery Project

Microsoft/ Massey/NOW/iwi digital upskilling programme

Scenario

Increasing unemployment

Principles

Partnerships, agile, innovative, solution-focussed

Goals

Goal 3: Our businesses and not-for-profit sector are resilient and innovative

Indicators and targets

Unemployment indicator

- Where were we before COVID-19? **3-4%**
- Where are we now? What are the key issues? **Projected 9-10% by March 2021**
- Where are our targets for the recovery and renewal of our city? **Pre-COVID levels**

Recovery and renewal initiatives and actions

funding – partnerships – advocacy

Initiative #4: Business and not-for-profit sector support and innovation

Proposed action:

Microsoft/Massey/NOW/iwi digital upskilling programme

We would expect that as a result of the programme, unemployment in March 2021 is less than projected

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NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

WE WANT YOUR FEEDBACK

Some projects have changed since we released our Long Term Plan and we want to hear what you think about these changes.

Keep an eye out for our feedback topics:

Tell us what you think

sayitnapier.nz ***say it!***

HOW TO ***say it!***

Online at **sayitnapier.nz**

Drop in your form to our Customer Service Centre
Dunvegan House
215 Hastings Street
Napier

Mail your form to
FreePost Authority Number 772273,
AP 2020/21 Submissions,
Napier City Council,
Private Bag 6010,
Napier 4142

LIVE CHAT SESSIONS

Tune in to the live chat sessions on our Facebook page. fb.com/NapierCityCouncil

- **23 JUNE 2020 11.15AM**
- **2 JULY 2020 7PM**
- **9 JULY 2020 7PM**

At this time, instead of community meetings we will host live chat sessions where you can ask questions before making a submission to the Annual Plan 2020/21.

We intend to host our Annual Plan Hearing meeting in person. We may have to use technology such as video link to enable oral submissions to be heard if Alert Levels change.

Annual Plan Hearing,
12-13 August 2020, from 9am
Napier War Memorial Centre

A NZ Sign Language communicator will be available at all sessions.

If you'd like to speak to your Ward Councillor about anything in this Annual Plan Consultation Document, visit **www.napier.govt.nz** search keyword **#mayorandcouncillors** or call our Customer Service Centre on **06 835 7579** who will put you in touch with them.

CONSULTATION TIMELINE

Submissions Open

18 June 2020

Submissions Close

15 July 2020 at 12noon

Hearing

12-13 August 2020

Adoption of the Annual Plan 2020/21

27 August 2020

OUR FOCUS FOR 2020/21

Supporting our recovery - boosting Napier now and into the future (p7-8)

Delivering the basics – improving water services and kerbside rubbish collection (p9-13)

CHANGES FOR 2020/21

Kia ora koutou

We have all had to make adjustments over the last few months in response to the challenges of the Covid-19 pandemic. I am so very proud of the way our community has stepped up and supported those who have needed it. It is also great to see this support from our community extending to our local businesses and employers as they get back into action. Here at Council, we have also been impacted and have had to make some changes to what we had planned for the year ahead. Recognising that some of our community are facing tough times ahead, we have developed a recovery plan with packages to help businesses, community groups and residents to get through.

We haven't lost sight of our priorities though, and are still committed to getting our water right. Our water programme is a top priority, so we are going to do some of the planned work quicker and invest more so we can do more. This year we propose to spend an extra $10.9 million over and above what we had already planned to spend. At the top of the list is clean drinking water and fixing the ongoing dirty water issues that some community members have been experiencing. So we are fast-tracking the projects to address this and are aiming to have these finished by the end of this year.

Alongside this, national standards have tightened, and there are further changes ahead. We are looking into our drinking water treatment options, and are starting a chlorine-free review which will help us plan the next steps.

Several storms have highlighted the need for better ways to deal with the excess water that gets into our sewer network. We can improve how we treat this water before it goes into the sea, and lift water quality in our waterways.

Following on from the changes to our recycling service, we are

introducing wheelie bins for kerbside rubbish collection from 1 October.

It can be hard to strike the right balance between paying attention to the big issues, ensuring we continue to deliver our services, and keeping it affordable for all. Prior to Covid-19, we had identified an average rates rise of 6.5% per household for 2020/21, but we have worked hard to reduce that to 4.8%. Reducing the projected rates increase and providing targeted relief, will help to support those in our community who may be struggling financially due to Covid-19.

While there is still some uncertainty around the Covid-19 pandemic, I have been hugely impressed and heartened with how people in our community have supported each other during this time and am confident that together we will get there.

Your feedback will help us define the way forward, so please take time to make a submission, we'd really love to hear from you.

Kia Kotahi Tātau o Ahuriri nei
We are TEAM NAPIER

Kirsten Wise
MAYOR OF NAPIER

RATES

We have had to review our Annual Plan for 2020/21 in light of the effects of the Covid-19 pandemic. We have tried to balance our strong desire to make improvements to our water services and to finish the roll out of our new waste management system, while also considering our community's ability to pay and helping to stimulate our economy to aid our recovery. We had identified a 5.1% increase in our Long Term Plan for this year, which increased to 6.5% just before the pandemic, but now, after a focused review of the budget, we propose an average rates increase of 4.8% per household.

Rates income makes up only 51% of the Council's total income. The rest comes from our tourist operations, investments, and fees and charges. The effect of the Covid-19 pandemic on this other income means that we are forecasting an operating shortfall. Some of our costs will also reduce as we delay replacing vehicles and other equipment. With less tourism there is also less cost to run our tourism activities. For example cleaning costs are likely to be less because we anticipate fewer functions at our facilities. Even after these changes, we still have an operating shortfall of $5.2 million next year. We have also signaled $1 million for the recovery plan work and a rates and rental relief package of $543,000 – a total shortfall of $6.74 million.

We have some options of how we fund the shortfall in 2020/21.

When looking at the options, we did explore the option of a 0% increase but decided to create a relief package targeted to those who may be facing financial hardship as a result of the impact of the pandemic. It also means we can continue with our plans to improve water and waste services, while also supporting our community to recover. We could have increased the rates to cover the shortfall. However, we don't think this option is responsive to the situation people in our community face at this time. This would have meant an average rates increase of 16% per household, or $358 per annum, and would compromise the affordability of household rates in Napier, despite some ratepayers being able to access rates relief (outlined below).

Our proposed option uses some of our savings funds to cover the shortfall – essentially using the 'money we have in the bank' rather than borrowing to cover our current expenses.

OPTION ONE (PROPOSED)
Reduced rates increase – using our savings funds

Increase the rates by 4.8% and fund the rest by using some of the money from two reserve funds (savings accounts).

We would use $4 million from the Parking Fund, which would leave $5 million in this account for planned work to increase and improve parking facilities, and we would use $2.74 million from the Subdivision and Urban Growth Fund, leaving $5.4 million in this account, which is enough to meet any demands on this fund for the foreseeable future.

OPTION TWO - Reduced rates increase – by borrowing money

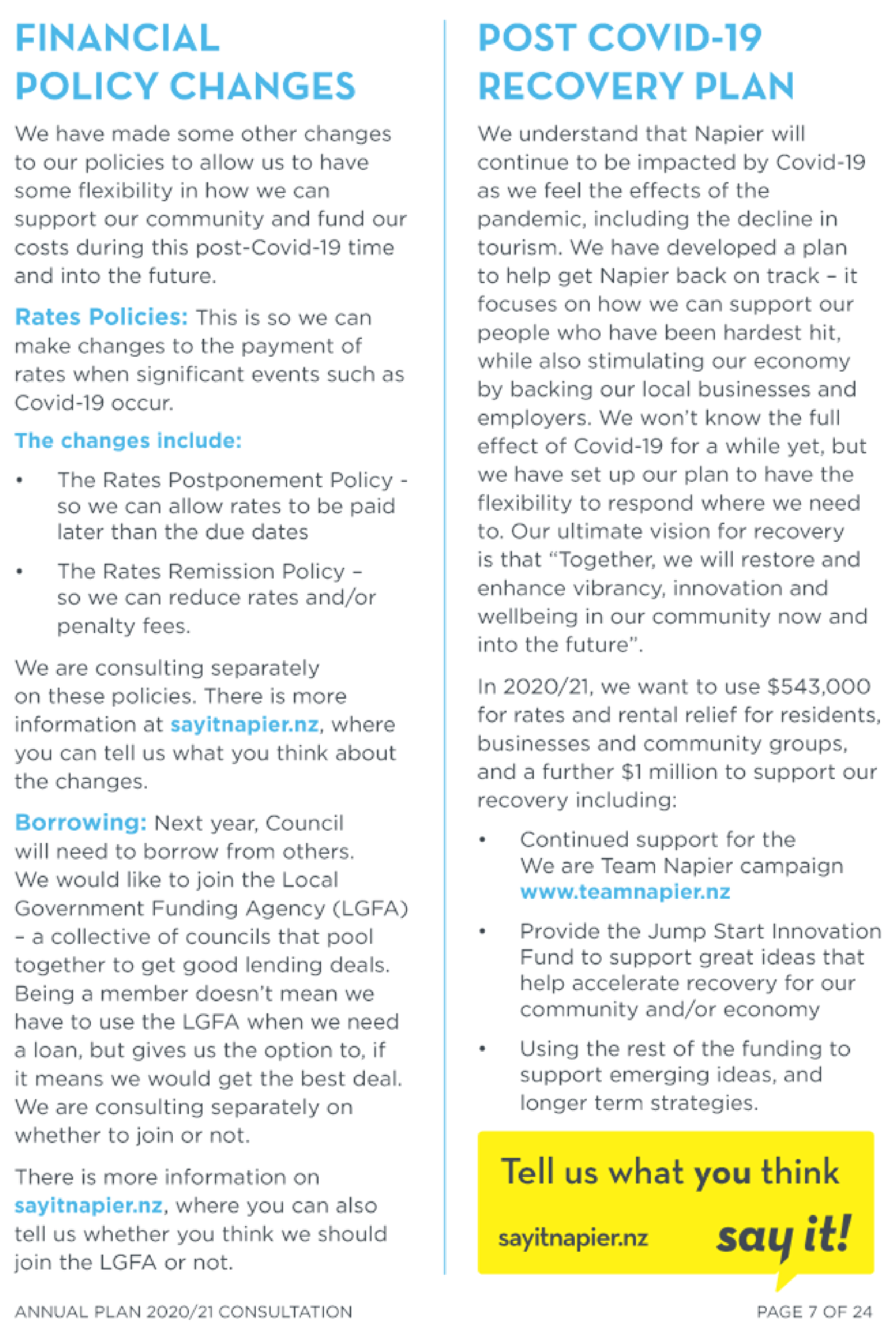
Increase the rates by 4.8% and fund the rest by borrowing the money. This option means we would pay the money back over 10 years with interest. We will have to increase the rates starting in 2021/22 and continue with this increase every year until the loan is paid. This is a more expensive way to fund our shortfall in the long-run, and means we will be paying for the funding shortfall for services provided this year for years to come. The cost to borrow for the shortfall would mean a 1.35% average rates increase ($31.50 per annum) per household in 2021/22 and every year for 10 years.

Tell us what you think

sayitnapier.nz **say it!**

*How would the proposed average rates increase of 4.8% per household affect **your** rates?*

Check it out here URL_TBC



FINANCIAL POLICY CHANGES

We have made some other changes to our policies to allow us to have some flexibility in how we can support our community and fund our costs during this post-Covid-19 time and into the future.

Rates Policies: This is so we can make changes to the payment of rates when significant events such as Covid-19 occur.

The changes include:

- The Rates Postponement Policy - so we can allow rates to be paid later than the due dates
- The Rates Remission Policy – so we can reduce rates and/or penalty fees.

We are consulting separately on these policies. There is more information at **sayitnapier.nz**, where you can tell us what you think about the changes.

Borrowing: Next year, Council will need to borrow from others. We would like to join the Local Government Funding Agency (LGFA) – a collective of councils that pool together to get good lending deals. Being a member doesn't mean we have to use the LGFA when we need a loan, but gives us the option to, if it means we would get the best deal. We are consulting separately on whether to join or not.

There is more information on **sayitnapier.nz**, where you can also tell us whether you think we should join the LGFA or not.

POST COVID-19 RECOVERY PLAN

We understand that Napier will continue to be impacted by Covid-19 as we feel the effects of the pandemic, including the decline in tourism. We have developed a plan to help get Napier back on track – it focuses on how we can support our people who have been hardest hit, while also stimulating our economy by backing our local businesses and employers. We won't know the full effect of Covid-19 for a while yet, but we have set up our plan to have the flexibility to respond where we need to. Our ultimate vision for recovery is that "Together, we will restore and enhance vibrancy, innovation and wellbeing in our community now and into the future".

In 2020/21, we want to use $543,000 for rates and rental relief for residents, businesses and community groups, and a further $1 million to support our recovery including:

- Continued support for the We are Team Napier campaign **www.teamnapier.nz**
- Provide the Jump Start Innovation Fund to support great ideas that help accelerate recovery for our community and/or economy
- Using the rest of the funding to support emerging ideas, and longer term strategies.

Tell us what you think

sayitnapier.nz **say it!**

JUMP START INNOVATION FUND

This funding of $100,000 would be allocated to businesses, community organisations and social enterprises with an idea or project that they can lead or partner with, to fast track our recovery. It might be a new way of doing business, a new collaboration, or something that meets a new need.

KIA KOTAHI TĀTAU O AHURIRI NEI WE ARE TEAM NAPIER

This campaign is all about locals backing locals. From sharing stories about great things locals did through lockdown to support the community, giving a shout out to your favourite café or getting on board with a new idea, it will all help Napier to get through.

RATES AND RENTAL RELIEF

The Covid-19 pandemic has affected people, businesses and community groups and some are facing tough times. We have set up a targeted response so people who have been adversely affected financially can get support in 2020/21. People will have to show that the financial hardship is a result of the Covid-19 pandemic.

Rates Relief – total $350,000 available

- Residential rates reductions of up to $200 would be available for those who are eligible
- Commercial rates reductions of up to $500 would be available for those who are eligible

Rental Relief – total $193,000 available

Organisations that are charged to rent, lease or for a license to occupy any Council land or premises could be eligible for a reduction of up to three months on their annual charges.

KO TE WAI TE ORA O NGĀ MEA KATOA

WATER IS THE LIFE GIVER OF ALL THINGS

We all need water every day – to drink, to clean with, and to play in.

Council's job is to keep our water safe, which we do through maintaining a secure drinking water network, removing and treating sewage and protecting our community from flooding.

We know there have been issues, but there is plenty of the work we are doing that is not visible or obvious to you. We are working to find solutions to the problems, which takes time.

We need to plan first, find the solutions, test them and then deliver what will work best. We are working hard to get water right.

Water is our top priority and **$10.9 million** more spending is planned for this year, which means we will spend just over **$48 million** on the water programme for the year. The funding for this extra spending is mainly coming out of our reserves (savings account) with the balance being a loan that will be part of the rates increase for 2021/22 (0.6% total rate increase, $13.30 average rates increase per household).

WATER SUPPLY PROJECTS

What's changed?

We have rearranged our schedule to work on getting a clean and clear water supply faster.

Our main goal for 2020/21 is to provide clear and clean water.

This means we need to source low manganese water. Our Awatoto bores are higher in manganese, which has contributed to Napier's dirty water issues.

Tell us what you think

sayitnapier.nz **say it!**

We're fast-tracking a number of water projects. These projects include:

- Testing and establishing two new bores, which will supply low manganese water
- Finding a suitable site for a replacement reservoir on Napier Hill
- Managing dirty water and leakage in the Tamatea and Parklands areas
- Designing new water treatment plants
- Designing the mains pipes connecting bore fields to reservoirs and back to the network
- Increasing water volumes for fire fighting at some points in the network
- Building in more access points to the network for cleaning

SAFE CHLORINE-FREE DRINKING WATER REVIEW

Last year Council gave the go-ahead for an independent review to look at the cost of, and options for, moving to a safe chlorine-free drinking water network. Currently, we use chlorine to disinfect our water.

The Safe Chlorine-Free Drinking Water Review is investigating alternative options that the Ministry of Health (MoH) is likely to approve.

The MoH has said that disinfection may become compulsory for New Zealand water supplies unless a safe alternative is proposed.

We will work with the MoH to help ensure that any chlorine-free option proposed is likely to be accepted, before coming back to the community about the recommendations.

The review is costing a total of $400,000 with half already paid and the other half being paid in 2020/21. This expense is being loan funded and the loan costs will be added to rates in 2021/22 (0.02% total rate increase, 51 cents average rates increase per household).

Tell us what you think

sayitnapier.nz

say it!

WASTEWATER OUTFALL

What's changed?

Our wastewater outfall pipe needs to be repaired and we are budgeting $2 million for this work.

We plan to build storage for wastewater at our treatment plant to allow for future shutdowns for repair and maintenance at a cost of $2 million.

Our wastewater outfall pipe takes treated wastewater from the sewage system out to sea.

The pipe runs from our treatment plant at Awatoto, travelling 1500 metres out to sea. We regularly check the pipe and in 2018, we found that wastewater was seeping from the gaskets at a fibreglass join section, around 700 metres offshore. The join section is one of a kind and needs a special and complex repair.

We've been working to find an effective method of repairing the pipe.

We're setting aside $2 million to repair the pipe and $2 million to create storage for wastewater at our treatment plant to allow for shutdowns for maintenance and repairs.

Since discovering the leak, we have carried out thorough monitoring to check any potential environmental effects. The good news is that our monitoring isn't currently showing any noticeable adverse impacts.

The costs for the repair to the pipe and the new storage would be funded from reserves (savings account) so there is no effect on rates.

Our pipe needs protecting from damage. We have teamed up with Hastings District Council and PanPac to apply for protection of all of our pipelines under the Submarine Cables and Pipelines Protection Act 1996. This application would establish a protection zone over each of the three pipelines. For more information and to give any feedback on the application, go to **sayitnapier.nz**

Tell us what you think

sayitnapier.nz **say it!**

KERBSIDE WASTE COLLECTION

What's changed?

We are introducing wheelie bins for rubbish from 1 October 2020.

The wheelie bin service will cost an extra 90 cents a week for each ratepayer this year and another increase next year of approximately 38 cents per week.

The cost of the new recycling service also goes up in 2020/21 by an extra 23 cents a week.

When we asked about how rubbish should be collected through the Joint Waste Management and Minimisation Plan (WMMP) consultation, the most common answer was to use a wheelie bin for kerbside rubbish collection.

So, we will be providing a 120 litre Council-owned wheelie bin for rubbish, which will be collected weekly from 1 October. By using wheelie bins, we'll be reducing the amount of single use plastic bags going to landfill. Bins also make it very hard for seagulls and pests to spread litter around. Wheelie bins reduce health and safety risks for our rubbish collectors, who can get cuts from sharp objects and strains caused by lifting bags from around 25,000 addresses each week.

If you only put your wheelie bin out once a fortnight or less, you could be eligible for a rates discount the following year.

Tell us what you think

sayitnapier.nz **say it!**

NAPIER LIBRARY CIVIC PRECINCT

What's changed?

The Library is set to return to its original location.

In 2017, the Library and Civic buildings were assessed as earthquake prone. Staff moved out, and are currently spread across three temporary sites. The main city Library has been operating from the MTG Hawke's Bay building.

We have investigated location options for a new Napier Library. From a list of 17 possibilities, we closely investigated three sites that were most likely to meet the requirements for the new Library. The three site options included a privately owned CBD building, constructing a building at Clive Square / Memorial Square and completing a building refit or rebuild on the original site, which came out as the only practical option.

The Civic building, on the corner of Hastings and Station Streets and next door to the original main library building, is due to be demolished this year. We'd like to bring Council staff and facilities back into this area and are investigating how we might do this. Creating a civic precinct that has the Napier Library and Council facilities alongside a commercial development would revitalize this area of town and will be good for the central city too.

We recognise these are once in a lifetime decisions that need careful consideration. So, we've established a working group to look at options, costs and master planning of the potential commercial development, Library, and Council buildings. This is an exciting project, and the preferred options from the working group will be shared with you so you can give us your feedback.

Tell us what you think

sayitnapier.nz **say it!**

STREET MANAGEMENT

What's changed?

The current CCTV network needs replacing, which will cost about $500,000. We plan to bring the ownership and management of the network in-house.

Council's Street Management Programme provides patrols in the CBD, funds a CCTV network in the Ahuriri, CBD, Taradale, Maraenui and Marewa shopping centres, and supported an outreach programme for the homeless.

The patrols began in 2016 as a temporary measure to help curb the rising issue of begging and rough sleeping in the CBD. Now, we're investigating whether to change the patrols into ambassador roles, and we plan to bring the CCTV network in-house – it is currently owned and managed by a Trust who have said they are no longer able to provide this service.

Council has set aside $500,000 to replace and expand the CCTV network, which is at the end of its life.

With a new system, we could increase the number of cameras and include mobile technology.

We would work with Police and incorporate data and community feedback on camera locations.

The $500,000 cost would be loan funded and any increase would happen in 2021/22 (0.06% total rate increase, $1.33 average rates increase per household).

Tell us what you think

sayitnapier.nz **say it!**

OTHER PROJECT UPDATES

NAPIER AQUATIC DEVELOPMENT

We have huge demand on our aquatic facility.

The plan is to deliver a modern, fit for purpose facility with increased pool space and better accessibility so that more people can participate in aquatic sport and recreation and learn how to be safe and confident in the water.

While we understand there is unmet demand for pool space, we are pausing the project so we can relook at our options and will seek community feedback as we progress.

We have kept $5 million aside for this project in 2020/21. We are using up to $500,000 to undertake further site investigations at Onekawa Park and to complete further design work if required.

COMMUNITY HOUSING

Council provides 377 community housing units in 12 villages, most of which are retirement units.

Our housing supports people on a low income who have few assets and a special housing need. This housing is old, and while it has been maintained, there has been little improvement or renewal work carried out.

The government's new healthy homes standards mean that we also need to invest in heating, ventilation and insulation in each unit.

Community housing residents pay a subsidised rent, which we use to provide the service and maintain the units. This year, for the first time in over a decade, we reviewed the subsidy levels and decided to increase rent marginally. Even so, our current income from rent will not cover the costs of maintaining the housing over the next 10 years.

We've been investigating several ideas for providing this housing to those in need, and we're now analysing two shortlisted options.

One option is to sell or lease the entire housing portfolio to another entity. The other is to continue to provide housing as it is, or to sell some units to generate funds to build new units and/or support the service going forward. We're checking into each of these options to see what is workable.

We will consult with the community, including our current tenants, before any decision is made.

PROJECT SHAPESHIFTER

Project Shapeshifter is the name of the National Aquarium of New Zealand redevelopment proposal. We submitted the project business case to the Ministry of Business, Innovation and Employment (MBIE) in December 2019.

The redevelopment would build a new, nationally significant National Aquarium and Oceans Centre. Such a facility would raise awareness of environmental issues and encourage visitors to support the conservation of species and ecosystems.

The project needed central government funding support to help with the capital costs and the ongoing operating costs. Covid-19 has shifted both central government and Council's priorities and we now have to look at alternative options for our Aquarium. These options could include a refurbishment of the current facility, repurposing it for something else, or eventual closure. When we have reviewed all of the options, we will consult with the community on those that are feasible.

TE PIHINGA

Te Pihinga (a new horizon) is an urban redevelopment project focused on growing economic and social prosperity in Maraenui.

We're working with several agencies, including Kāinga Ora, to repurpose land for housing development and community facilities that will encourage a thriving community where people live to their full potential. We are refining a concept design for a community facility that will support employment, training and entrepreneurship with a focus on rangatahi and whānau development. It will act as an incubator, with access to high tech digital technology. Once finished, the concept design will be shared with the community.

Council has allocated $2.2 million to the project, and we're approaching other funders to raise the balance required.

WHAKARIRE REVETMENT

A revetment is a rock structure on the shoreline that prevents erosion from king tides and storm events. We have been granted resource consent to build a revetment that will protect the reserve and properties on Whakarire Avenue in Westshore. The revetment will also restore the public's access to the reserve.

As there is also some benefit to private property owners in this area, they will be charged a targeted rate as a contribution to the construction of the revetment.

The project is due to start by next summer.

WANT TO KNOW MORE?

The following documents provide further details about the changes to the proposed Annual Plan 2020/21.

They can be found at: sayitnapier.nz

- **Napier Recovery Plan**
- **Water Supply Masterplan**
- **Drinking Water FAQs**
- **Waste FAQs**
- **Civic Precinct Report (Library)**
- **Project Shapeshifter Business Case**
- **Whakarire Revetment – Paper to Council**
- **Capital Programme changes**
- **Fees & Charges**
- **Draft budget**
- **Where does your rates dollar go?**
- **Significant Projects Update**
    - Ahuriri Estuary & Coastal Edge Masterplan
    - Inner Harbour
    - Coastal Hazards

Things we are also consulting on:

- **Submarine Pipeline Protection consultation**
- **Rates Postponement Policy consultation**
- **Rates Remissions Policy consultation**
- **Local Government Funding Agency consultation**

CHANGES TO THE CAPITAL WORKS PROGRAMME

BY ACTIVITY GROUP

The capital projects programme outlined in the Long Term Plan 2018-28 (LTP) includes a substantial investment in a range of projects. For the Annual Plan 2020/21, some projects have been brought forward, some will be rescheduled to a later date, and some have been cancelled, as they are no longer required.

Activity names as used in the Long Term Plan	Annual Plan 2020/21 ($000)	Long Term Plan 2020/21 ($000)	Change between LTP yr 3 and 2020/21 ($000)
Community and Visitor Experiences	19,717	72,754	-53,037
Water Supply	14,604	4,955	9,649
Transportation	13,290	15,048	-1,758
Wastewater	8,036	3,795	4,241
Property Assets	7,533	3,889	3,644
Stormwater	3,361	6,675	-3,314
Support Units	2,538	2,493	45
Other Infrastructure	2,070	2,164	-94
City Strategy	1,067	592	475
Total ($000)	**72,216**	**112,365**	**-40,049**

CHANGES TO THE CAPITAL WORKS PROGRAMME

Changes over $500,000 to a project between Long Term Plan year 3 and Annual Plan 2021/22.

WATER SUPPLY

- **Borefield No.1 Rising Main**
  New project, $5 million from loans for a new pipe to connect the new bore field to the supply network to access good quality drinking water.
- **New Water Treatment Plants**
  $2 million has been moved from 2019/20 as there are two treatment plants to be built and the timing of the second plant will be outside of 2020/21 and identified in the LTP budgets.
- **Borefield No.2 Land purchase**
  $1.5 million has been moved from new Taradale borefields to fund this project.
- **New Napier Hill reservoir**
  $1.5 million has been moved from 2019/20. This funding will be used to start the design and land designation process once land is secured.
- **New Bores in Awatoto**
  $1.5 million – additional funding requirement arisen out of Water Supply Model and Water Supply Masterplan.
- **Awatoto Industrial & Phillips Rd Supply**
  $800,000 additional requirement due to growth.
- **District Monitoring Project**
  $560,000 additional budget approved as part of the Annual Plan 2019/20 Annual Plan.
- **New Reservoir Western Hills**
  $500,000 has been deferred to 2021/22 as this funding is part of the Mission development and won't be needed until the new subdivision is built.

STORMWATER

- **Ahuriri Masterplan Project 11**
  Pandora Catchment Improvements $800,000 moved to 2021/22 because stormwater modelling is still underway.
- **Ahuriri Masterplan project 3**
  Improve Direct Outfalls - $800,000 moved to 2021/22 because stormwater modelling is still underway.
- **New Pump Station in Bay View**
  $2.6 million deferred to 2021/22 because stormwater modelling and master planning needs to occur first.
- **Te Awa Structure Plan**
  New requirement - $1 million additional funding for infrastructure to enable development in Te Awa, funded by development contributions.

WASTEWATER

- **Wastewater Treatment Plant Upgrade**
  New requirement - additional funding of $2 million for urgent repairs.
- **Wastewater Outfall replacement**
  Additional $1.9 million is required for investigations and design to address the outfall leak issue.
- **Sewer pipe renewal budget**
  Moved to Wastewater Outfall pipe repairs budget - $500,000.
- **Pandora Industrial Main**
  $700,000 moved from 2019/20 because further investigation is required before work can be specified and programmed.

- **Te Awa Structure Plan**
$500,000 new requirement to fund infrastructure to enable development in Te Awa, funded by development contributions.

TRANSPORTATION

- **Te Awa Structure Plan**
New requirement - $800,000 additional funding for infrastructure to enable development in Te Awa, funded by development contributions.
- **Te Awa Avenue (Ellison to NBHS)**
$1.2 million has been moved from 2019/20, as the project was deferred.
- **Intersection safety improvement projects**
$820,000 moved from 2019/20 as the work on Kennedy Road/Marewa Shops upgrade was unable to be completed this year.
- **CBD Development**
$4 million deferred until 2021/22 and 2022/23 for the Marine Parade Piazza and Emerson Street Upgrade to give adequate time to develop a masterplan for the CBD and to develop detailed designs for the individual projects.

PROPERTY ASSETS

- **Ahuriri Masterplan**
Iron Pot Public Access - $4 million has been moved to 2020/21. In 2019/20 designs were developed which will be shared with Council and the community before moving to the detailed design stage. Funding ($4 millon) for the works won't be needed until this is done.
- **Inner Harbour Facilities**
Renewal - $2 million moved to 2021/22 while Inner Harbour Masterplan is finalised. This will inform what works and funding is required. Some budget has been retained to replace the pontoons at the Nelson Quay ramp.
- **Property Holdings Property Purchase**
New requirement - $1.8 million for potential property purchases

COMMUNITY AND VISITOR EXPERIENCES

- **Reserves – Whakarire Ave Revetment**
$1.7 million has been moved from 2019/20 as the project was delayed due to further consultation with residents. An additional $500,000 has been added to the budget due to increased cost estimates, so the allocation for the project is now $2.2 million.
- **Napier War Memorial build**
$1 million moved from 2019/20 to allow time for a new concept design.
- **Kennedy Park – Main Ablution Block**
$650,000 moved from 2019/20 as not all construction will be underway in 2019/20.
- **MTG – New Collection Shelving**
$500,000 deferred until 2021/22 as the collection shelving is only needed once there is new storage (under the collection storage facility project).
- **Napier Library Rebuild**
$3.8 million deferred to 2021/22 as investigations are still underway regarding the Library as part of a Civic Precinct.
- **Napier Aquatic Centre Development**
$19.3 million moved out of 2020/21 due to project delay.
- **National Aquarium of NZ – Expansion project**
$33 million (includes projected external funding) moved out of 2020/21 with the project being reviewed.

SO WHAT HAS HAPPENED TO THE NUMBERS?

The financial planning, work programme and service delivery associated with the Annual Plan may be subject to some change, due to the Covid-19 pandemic.

2020/21 IMPACT

In the Long Term Plan 2018-28, we approved a cap for rates increases of 5% plus LGCI (Local Government Construction Index). The proposed average rates increase is 4.8% for 2020/21 – this falls within the cap.

LOOKING AHEAD TO 2021/22

Due to the changes in 2020/21 for water supply projects and implementing the kerbside waste collection, there is a possible 2.6% increase on rates for 2021/22.

We plan to phase in the costs of the new rubbish collection over two years. We started phasing the cost of the new recycling service last year with the second year being 2020/21.

The impacts per year are as follows:

Cost of servicing additional loans

Changes to water projects	+0.6%

WMMP impacts

Final year impact of phasing in kerbside recycling	+1.2%
Impact of phasing in kerbside waste collection	+0.8%

The impact that these 2020/21 changes have on rates for 2021/22 will be considered in the development of the 2021/22 budget.

EXAMPLES OF PROPOSED RATES FOR 2020/21

Examples of the impact of rating proposals for 2020/21 are shown below

City Residential	Land Value $	Rates 2019/20 $	Rates 2020/21 $	Annual Change Refuse & Recycling $	Annual Change Water & Sewer $	Annual Change - All other rates $	Weekly change $	Change %
Average	214,000	2,239	2,362	59	42	22	2.37	5.5%
Median	200,000	2,163	2,285	59	42	21	2.35	5.7%
Quartile 1	160,000	1,952	2,071	59	42	18	2.30	6.1%
Quartile 3	250,000	2,430	2,556	59	42	25	2.42	5.2%
Commercial / Industrial								
Average	490,000	8,100	8,304	94	42	67	3.91	2.5%
CBD Average	291,000	6,544	6,806	141	42	79	5.04	4.0%
Industrial Average	563,000	9,122	9,333	94	42	75	4.07	2.3%
Miscellaneous Properties								
Average - no recycling	400,000	3,187	3,313	47	42	37	2.42	3.9%
Rural								
Average	460,000	2,042	2,105	59	0	3	1.20	3.0%
Bay View								
Average - no sewerage	248,000	1,707	1,796	59	15	14	1.70	5.2%
Average - with sewerage	248,000	2,079	2,195	59	42	14	2.22	5.5%

Please note:

- Council's total rates revenue for 2020/21 will increase by 6% which is an average increase of 4.8% for existing properties after an allowance of 1.2% is made for extra separately used or inhabited parts of a rating unit, and new properties added since last year.
- Many residential properties have a slightly higher percentage increase due to the introduction of the new kerbside rubbish collection service.

RATING BASE INFORMATION

As at 30 June 2020	All Rating Units	Ratable Units
Number of Rating Units	26,099	25,720
Capital value of Rating Units $	15,394,000,000	14,800,000,000
Land value of Rating Units $	6,652,000,000	6,480,000,000

YOUR SUBMISSION ON OUR ANNUAL PLAN 2020/21

say it! Before 12noon 15 July 2020

We encourage you to complete the form online at sayitnapier.nz or post this form for free: FreePost Authority Number 772273, Annual Plan 2020/21 Submissions, Napier City Council, Private Bag 6010, Napier 4142

You can use extra paper if you need or attach a document. Your name and submission will be published, but your contact details will be kept private.

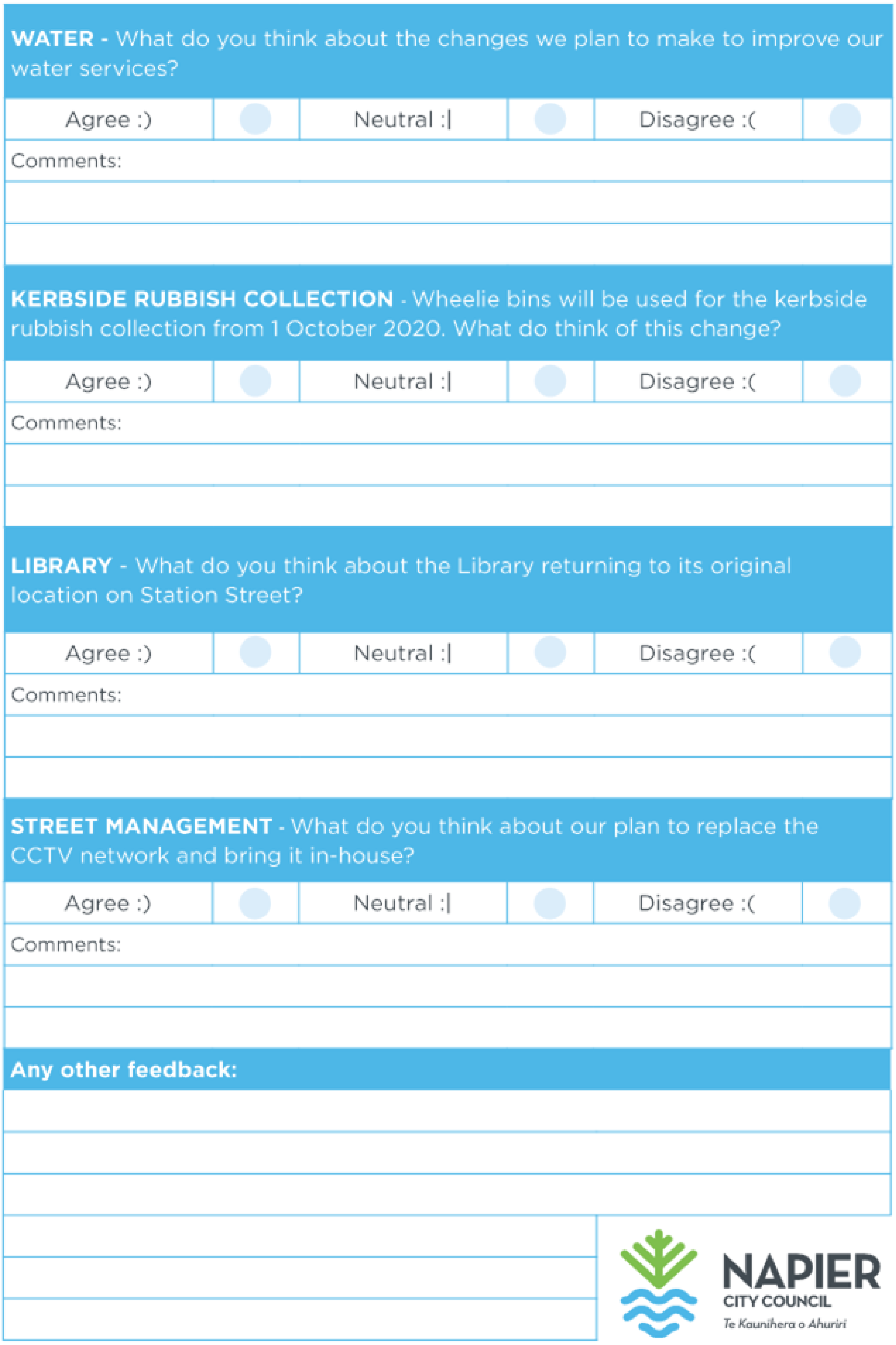
YOUR DETAILS:

Full name:	
Daytime phone number:	
Email address:	
Address:	
Postal address (if different from above):	
Are you submitting on behalf of a group/organisation? If so, what is it's name:	
Please tick if you want to present your feedback to Council directly. We will be in touch to confirm a time. See page 3 for more info.	○

YOUR FEEDBACK:

RATES - Funding the shortfall. Tick which option you agree with			
Use reserves (savings account) to fund the shortfall – Proposed	○	Use a loan (debt) to fund the shortfall	○
Comments:			

POST COVID-19 RECOVERY - What do you think about our recovery plan?					
Agree :)	○	Neutral :|	○	Disagree :(	○
Comments:					



WATER - What do you think about the changes we plan to make to improve our water services?

Agree :)	○	Neutral :|	○	Disagree :(	○

Comments:

KERBSIDE RUBBISH COLLECTION - Wheelie bins will be used for the kerbside rubbish collection from 1 October 2020. What do think of this change?

Agree :)	○	Neutral :|	○	Disagree :(	○

Comments:

LIBRARY - What do you think about the Library returning to its original location on Station Street?

Agree :)	○	Neutral :|	○	Disagree :(	○

Comments:

STREET MANAGEMENT - What do you think about our plan to replace the CCTV network and bring it in-house?

Agree :)	○	Neutral :|	○	Disagree :(	○

Comments:

Any other feedback:

NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

High Level Consultation Plan – Annual Plan 2020-21
Updated – Covid-19

Introduction

The Annual Plan 2020-21 relates to year three of the current Long Term Plan (LTP). The Covid-19 pandemic impacts and associated requirements has required Council to significantly revise year three of the Long Term Plan and its approach to consultation. The financial impacts of the pandemic – reduced income and increased costs (e.g. for recovery), while also continuing with pre Covid-19 priorities, have necessitated changes to the Annual Plan and financial policies, two of which require a Special Consultative Procedure. Council also wishes to join the Local Government Financing Agency (LGFA), also requiring a Special Consultative Procedure.

Decisions on the financial policies and whether to join the LGFA have a significant impact on the Annual Plan 2020/21. Information about these matters will clearly identify the link to the Annual Plan (and vice versa), and consultation on these matters will be conducted alongside the Annual Plan consultation.

The matters proposed pre Covid-19 remain in the proposed plan, however will require updating to include impacts of the pandemic, including any changes to levels of service or timing. The proposed plan also includes the delivery of a community recovery plan and its associated costs. The rates increase will be discussed upfront with an emphasis on:

- why Napier will be impacted harder than most, due to restrictions to visitor movements
- the requirement to get the basics right (e.g. water infrastructure and waste services)
- understanding that there have been financial impacts for residents as well, identifying how Council can help.
- the preferred option is a reduction for the ratepayer on the increase proposed through the long term plan for 2020/21

Consultation will take place for one month from 18 June to 15 July 2020.

Significance and Engagement Policy

The proposed changes to year three of the Long Term Plan, being the Annual Plan 2020-21 contain both changes that we will *inform* the community about, seeking feedback, and one matter (rates increase changes) that we will offer the community options for their feedback. All of the proposed changes moderately affect all ratepayers and the whole community. We know there is strong interest from some of the community about our delivery of water services and it is likely there will also be strong interest in both the rates increase and our Recovery Plan.

Progress on and status of key projects in the Long Term Plan in light of the Covid-19 pandemic recovery will be of interest to the community.

Purpose

The objectives of the consultation are to:

- Create awareness of the Annual Plan 2020-21
- Identify the community of changes to year three of the Long Term Plan
- Actively invite the community to provide feedback
- Update the community about progress on key projects

Approach

The Covid-19 Alert restrictions will determine the type of engagement that is possible. In line with the pre Covid-19 plan, we will focus on digital delivery of the information and engagement. The face to face opportunities for engagement will be dependent on what the restrictions allow but also on the appetite of the community to attend such meetings.

While continuing to encourage online submissions, hardcopy submission forms will also be made available where possible. We are also investigating the option of telephone and text submissions. Household delivery options for each Alert Level are being explored and will determine whether or not print copies of the consultation document or summary brochure will be able to be delivered. Any delivery of the Consultation Document or summary brochure would happen in week two of the consultation period due to print lead in times – this is consistent with how Consultation Documents and information has been delivered in previous consultation processes.

A table outlining the tools and methods for consultation at each Alert Level has been developed (Appendix 1). This enables us to respond appropriately should Alert Levels change up or down throughout the Annual Plan process.

Consultation Document

The consultation document prepared pre Covid-19 is being reworked and will include the impacts and changes to the Annual Plan 2020/21 as a result of the pandemic. All of the content will be reviewed and rewritten with the impact of Covid-19 lens and will provide a full section upfront on the impact of the pandemic now and into the future on Council services and finances including how Council can support the community recovery process.

Communication & Engagement Tools

Promotion of the consultation will be dependent on the government guidelines for the Covid-19 Alert levels. All practicable tools that are legal at the time (see Appendix 1) will be implemented with consideration to community sentiment – i.e. just because we can, doesn't mean we should.

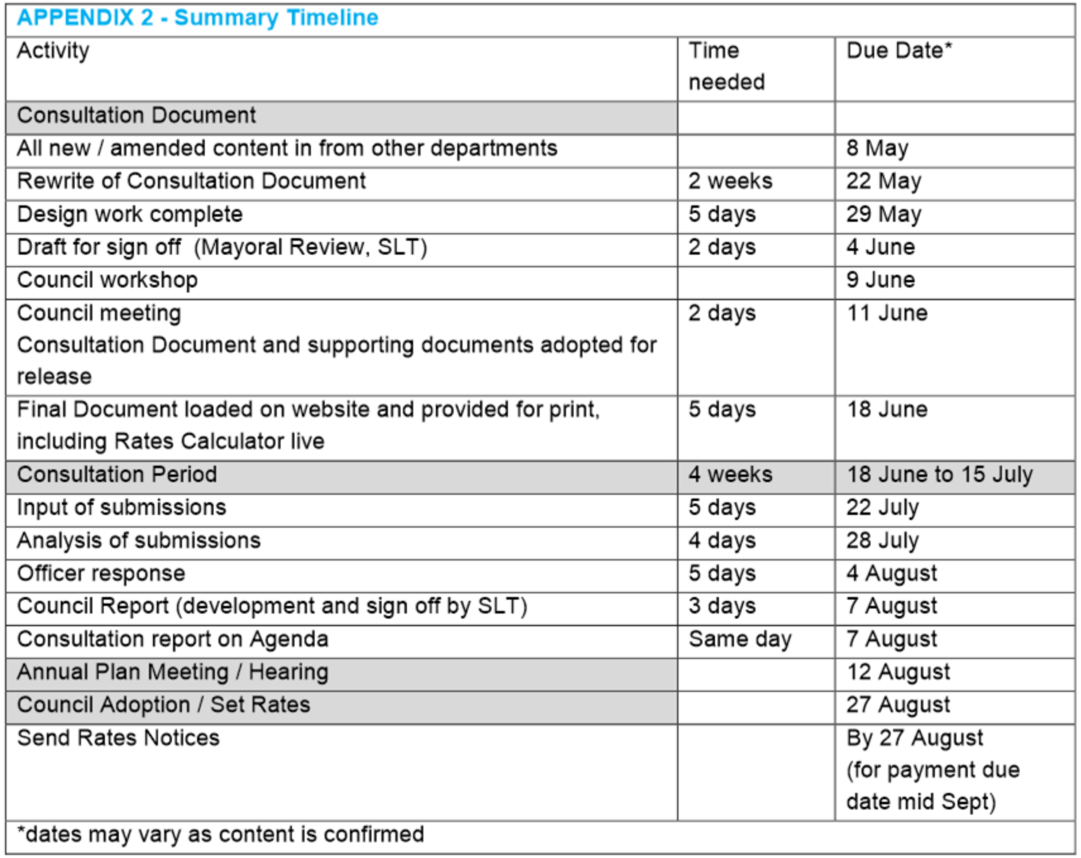
A summary timeline of the process is attached (Appendix 2).

APPENDIX 1 - Consultation Plan by level**

Consultation Phase	**Level 4**	**Level 3**	**Level 2***
Promotion			
Print Advertising HB Today	✓	✓	
Print Advertising – Informing Napier / Proudly Napier			✓
Radio Advertising	✓	✓	✓
Digital Advertising	✓	✓	✓
Peoples Panel	✓	✓	✓
Community Network	✓	✓	✓
Targeted emails	✓	✓	✓
Media release	✓	✓	✓
Letterbox leaflet			✓
Billboards		✓	✓
Digital Screens			✓
Website	✓	✓	✓
Consultation / Engagement	Digital	Digital / Hardcopy	Some face to face
Consultation Doc Online	✓	✓	✓
Consultation Doc Hardcopy by request	✓		✓
Consultation Doc Hardcopy delivered		✓	
Consultation Doc Hardcopy targeted			✓
Facebook campaign – Videos, Q & A High frequency	✓		
Facebook campaign – Videos, Q & A Medium frequency (once a week)		✓	✓
Everyday people campaign	✓	✓	✓
Community sessions			✓ Up to 100
Submissions	**Digital** / Phone	Digital / **Manual**	**Digital** / Manual
Hardcopy submissions		✓	✓
Online submissions	✓	✓	✓
Phone submissions	✓	✓	
Text submissions / FB (investigating)	✓		
Hearings	**Digital**		
Digital submission (pre-recorded / Live)	✓	✓	✓
Audio submission (pre-recorded / Live)	✓	✓	✓
In person – no public access			✓
In person – limited public access			✓

*Level 2 restrictions may change

** We may move between levels (back and forward), the plan will need to respond appropriately.



APPENDIX 2 - Summary Timeline

Activity	Time needed	Due Date*
Consultation Document		
All new / amended content in from other departments		8 May
Rewrite of Consultation Document	2 weeks	22 May
Design work complete	5 days	29 May
Draft for sign off (Mayoral Review, SLT)	2 days	4 June
Council workshop		9 June
Council meeting Consultation Document and supporting documents adopted for release	2 days	11 June
Final Document loaded on website and provided for print, including Rates Calculator live	5 days	18 June
Consultation Period	4 weeks	18 June to 15 July
Input of submissions	5 days	22 July
Analysis of submissions	4 days	28 July
Officer response	5 days	4 August
Council Report (development and sign off by SLT)	3 days	7 August
Consultation report on Agenda	Same day	7 August
Annual Plan Meeting / Hearing		12 August
Council Adoption / Set Rates		27 August
Send Rates Notices		By 27 August (for payment due date mid Sept)

*dates may vary as content is confirmed

1. ANNUAL PLAN PROPOSED RATE INCREASE OPTIONS

Type of Report:	Operational
Legal Reference:	Local Government Act 2002
Document ID:	920951
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services

1.1 Purpose of Report

The purpose of this report is to provide Council with details of the financial impacts of Covid19 on the 20/21 budget, provide Council with planning assumptions to guide budgeting for 20/21, and present a shortlist of options to fund the operating deficit. The report also seeks Council approval for the proposed rates increase and to prepare the 2020/21 draft Annual Plan and consultation document on the basis of the decisions made at this meeting.

Officer's Recommendation

That Council:

a. Receive the information and note the analysis of options; assumptions; and the risks as outlined in this report.

b. Note that Covid19 has had a material impact on households and businesses and Council has developed a range of actions to support those facing hardship in the community, and the Recovery Project will continue to develop how it might respond. A separate report has been prepared for Council on Council on Rates and Rental Relief.

c. Note that a number of briefing sessions/workshops have been held with elected members and seek Councillor input and direction setting in relation to preparing the final material required for the revised Annual Plan and consultation document for the community.

d. Note the revised timeline that was provided to Council on 23 April, will see the adoption of the Annual Plan later than the statutory deadline due to the additional changes required for the revised plan and impact on the timeline for consulting and hearings. The revised adoption date is currently set for 27 August.

e. Note that Covid19 has had a material impact on Council's budget for the current year (2019/20), and is likely to put Council into a net operating rates deficit when the final position is known in August (currently estimated at $3m).

f. Agree that the 2020/21 Annual Plan and consultation document be prepared for consideration by the Council, based on Option C, which recommends

  i. A 4.80% average rates,

  ii. Funding of a planned operating gap of $6.74 million to be allocated from Council reserves, ($4 million from the Parking Reserve, and $2.74 million from the Suburban and Urban Growth Fund.). Council will consult on the use of these funds as part of the Annual Plan 20/21

  iii. Note that under section 80 of the Local Government Act 2002 Council could consider internal borrowing for any rates or debtors relief applications received prior to community consultation and adoption of the 20/21 Annual

Plan. If community consultation confirms that it is appropriate to use the parking and urban/suburban growth funds to fund the operating gap of $6.74m the internal loan would be repaid from these reserves.

iv. Note Council officers have identified operational savings of $3.7 million in the development of the revised Covid19 Annual Plan 20/21

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

The annual plan 20/21 covers the period from 1 July 2020 to 30 June 2021, and is the third year of the Long Term Plan 2018-28. The initial draft annual plan was prepared for consultation and was considered by Council at its meeting March 2020.

As outlined to Council, in the report to the Extraordinary Council meeting on 23 April, with the Covid19 pandemic situation rapidly having a significant impact on New Zealand and in turn on Council operations, the draft plan is not recommended to proceed and a new Annual Plan must be developed that reflects the challenges ahead.

The approach and assumptions to guide the development of the revised Annual plan are outlined in this report for Council's agreement.

This report also sits alongside the Rates and Relief package (a separate report to Council) that can be immediately enacted and will cross this financial year 2019/20 and next financial year 2020/21.

1.3 Issues

The fast-changing events since the pandemic impacted on New Zealand, its borders, and being in lockdown has meant it has been difficult to prepare our Annual Plan for 2020/21 with any certainty. It is in effect, an emergency budget rather than a normal Annual Plan.

Council is committed to a programme and budget that supports the city to recover, but many of those details are based on several factors, including how long the Covid-19 pandemic lockdown lasts, what role Central government play in recovery, and the impact on the economy and on residents and businesses.

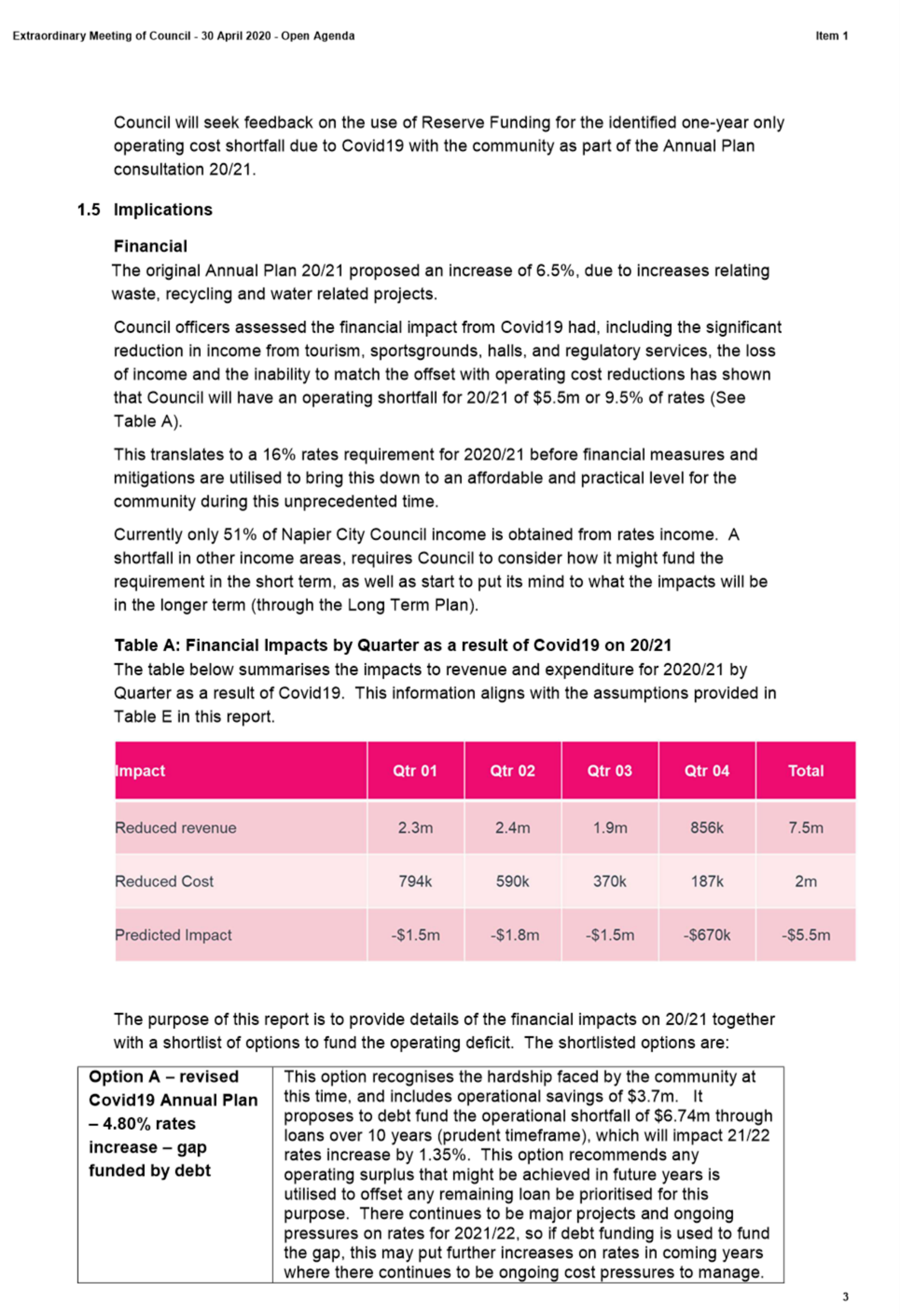
While it will be important to build a budget that recognises the current financial challenges that household and business face, it is also important to note that substantial support packages are available via government, banks and local government.

It is important to note that any costs that are deferred, or funded through different funding mechanisms, shift this year's rates burden to future years and rates will be steeper in those years as a consequence.

The broad basis for setting the 2020/21 budget is finding the right balance between supporting those in need now and stimulating the local economy, while not over burdening ratepayers in the future.

1.4 Significance and Engagement

Council will be consulting on the Annual Plan 2020/21, and will work within the requirements of the government settings for Alert Levels 2, 3 and 4.



Council will seek feedback on the use of Reserve Funding for the identified one-year only operating cost shortfall due to Covid19 with the community as part of the Annual Plan consultation 20/21.

1.5 Implications

Financial

The original Annual Plan 20/21 proposed an increase of 6.5%, due to increases relating waste, recycling and water related projects.

Council officers assessed the financial impact from Covid19 had, including the significant reduction in income from tourism, sportsgrounds, halls, and regulatory services, the loss of income and the inability to match the offset with operating cost reductions has shown that Council will have an operating shortfall for 20/21 of $5.5m or 9.5% of rates (See Table A).

This translates to a 16% rates requirement for 2020/21 before financial measures and mitigations are utilised to bring this down to an affordable and practical level for the community during this unprecedented time.

Currently only 51% of Napier City Council income is obtained from rates income. A shortfall in other income areas, requires Council to consider how it might fund the requirement in the short term, as well as start to put its mind to what the impacts will be in the longer term (through the Long Term Plan).

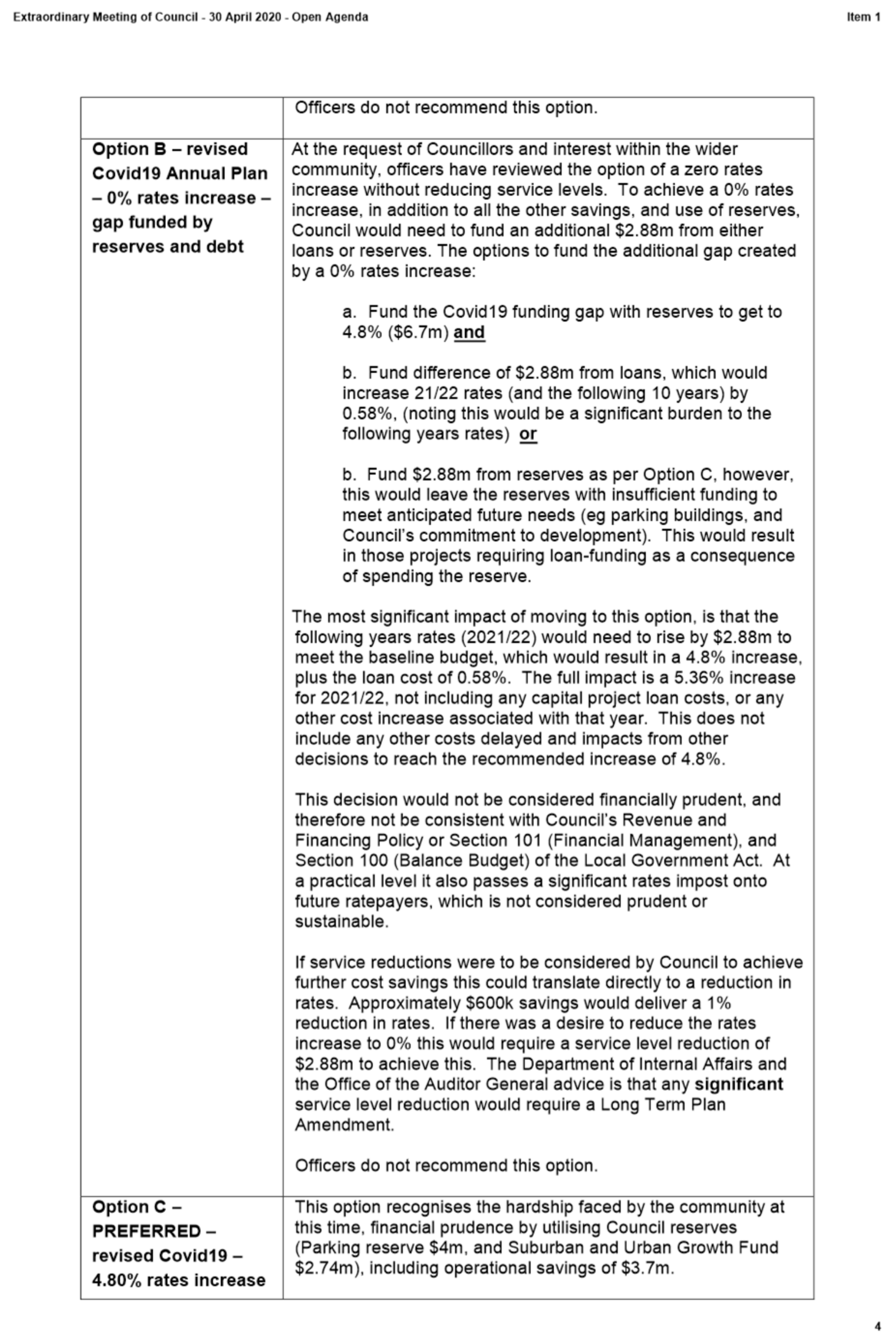
Table A: Financial Impacts by Quarter as a result of Covid19 on 20/21

The table below summarises the impacts to revenue and expenditure for 2020/21 by Quarter as a result of Covid19. This information aligns with the assumptions provided in Table E in this report.

Impact	Qtr 01	Qtr 02	Qtr 03	Qtr 04	Total
Reduced revenue	2.3m	2.4m	1.9m	856k	7.5m
Reduced Cost	794k	590k	370k	187k	2m
Predicted Impact	-$1.5m	-$1.8m	-$1.5m	-$670k	-$5.5m

The purpose of this report is to provide details of the financial impacts on 20/21 together with a shortlist of options to fund the operating deficit. The shortlisted options are:

Option A – revised Covid19 Annual Plan – 4.80% rates increase – gap funded by debt	This option recognises the hardship faced by the community at this time, and includes operational savings of $3.7m. It proposes to debt fund the operational shortfall of $6.74m through loans over 10 years (prudent timeframe), which will impact 21/22 rates increase by 1.35%. This option recommends any operating surplus that might be achieved in future years is utilised to offset any remaining loan be prioritised for this purpose. There continues to be major projects and ongoing pressures on rates for 2021/22, so if debt funding is used to fund the gap, this may put further increases on rates in coming years where there continues to be ongoing cost pressures to manage.



	Officers do not recommend this option.
Option B – revised Covid19 Annual Plan – 0% rates increase – gap funded by reserves and debt	At the request of Councillors and interest within the wider community, officers have reviewed the option of a zero rates increase without reducing service levels. To achieve a 0% rates increase, in addition to all the other savings, and use of reserves, Council would need to fund an additional $2.88m from either loans or reserves. The options to fund the additional gap created by a 0% rates increase: a. Fund the Covid19 funding gap with reserves to get to 4.8% ($6.7m) **<u>and</u>** b. Fund difference of $2.88m from loans, which would increase 21/22 rates (and the following 10 years) by 0.58%, (noting this would be a significant burden to the following years rates) **<u>or</u>** b. Fund $2.88m from reserves as per Option C, however, this would leave the reserves with insufficient funding to meet anticipated future needs (eg parking buildings, and Council's commitment to development). This would result in those projects requiring loan-funding as a consequence of spending the reserve. The most significant impact of moving to this option, is that the following years rates (2021/22) would need to rise by $2.88m to meet the baseline budget, which would result in a 4.8% increase, plus the loan cost of 0.58%. The full impact is a 5.36% increase for 2021/22, not including any capital project loan costs, or any other cost increase associated with that year. This does not include any other costs delayed and impacts from other decisions to reach the recommended increase of 4.8%. This decision would not be considered financially prudent, and therefore not be consistent with Council's Revenue and Financing Policy or Section 101 (Financial Management), and Section 100 (Balance Budget) of the Local Government Act. At a practical level it also passes a significant rates impost onto future ratepayers, which is not considered prudent or sustainable. If service reductions were to be considered by Council to achieve further cost savings this could translate directly to a reduction in rates. Approximately $600k savings would deliver a 1% reduction in rates. If there was a desire to reduce the rates increase to 0% this would require a service level reduction of $2.88m to achieve this. The Department of Internal Affairs and the Office of the Auditor General advice is that any **significant** service level reduction would require a Long Term Plan Amendment. Officers do not recommend this option.
Option C – PREFERRED – revised Covid19 – 4.80% rates increase	This option recognises the hardship faced by the community at this time, financial prudence by utilising Council reserves (Parking reserve $4m, and Suburban and Urban Growth Fund $2.74m), including operational savings of $3.7m.

- gap funded by reserves	This option provides a pragmatic balance between managing the pressures on current ratepayers and ensuring the Council remains financially sustainable into the future, whereby the actions of today do not impact unfairly on ratepayers in the future. The reserve funding proposed is for a specific purpose, in funding the one-off shortfall in operating revenue anticipated in 2020/21. While this does not meet the S100 (i) balanced budget provision of the Local Government Act, it can be resolved that it is financially prudent due to the one-off nature. Council operate two types of reserves, Council Created Reserves and Council Restricted Reserves. The purpose of Council Created Reserves is set out and adopted by Council, however, with a Council resolution, a change can be made to how these funds are utilised. Council Restricted Reserves tend to have a legal restriction on how the funds can be received and spent. For the purposes of funding a one year only gap anticipated as a result of Covid19, there are two reserves that could have a change to the use, and made available to fund the anticipated shortfall for 2020/21. This is the Parking Account Reserve ($5m) and the Subdivision & Urban Growth Fund ($2.6m). The recommendation would mean that both funds will have a $5m balance, allowing their short to medium requirements to be met without financial consequences to the community It is recommended that the proposal to utilise the parking reserve and urban/suburban growth funds to partially offset the rates increase is included as part of the Annual Plan 20/21 consultation.

Summary of the Options:

Potential 202/21 Annual Plan	Option A	Option B	**Option C**
Rates increase 20/21	4.8% - debt	0% rates increase – debt/reserves	**4.8% - reserves**
No reduction in service levels	√	√	√
Debt fund shortfall in revenue reducing the impact on ratepayers 20/21	√	√	X
Unlikely to require an LTP amendment	X	X	X
Require amendment to Revenue and Finance Policy	X	X	X
Likely to meet the financial prudence test	√	X	√
Meets balanced budget requirement	X-√*	X-√	X-√
Recommended by officers	X	X	√

- *X-√ - balanced budget i.e. income would be met by expenditure, however, debt funding is not considered sustainable and should only be considered a short term option*

Other financial options considered and discounted by Council through workshops

Council considered two other options, but these options were not considered appropriate to be taken further. These included:

- Consideration continuing original Annual Plan increase of 6.5%, and funding the Covid19 impacts through the use of reserves. This was discounted as an option due to the hardship being faced by the community at this time and Council recognising that they should aim to bring the cost down as far as reasonably practicable through reducing rates in addition to the rates and recovery package.
- Recognising the full impact of Covid19 to Council that was anticipated across the full year, based on the assumptions noted in this paper in Table E. This option required a 16% average rates increase, and was quickly discounted as a viable option, given the issues being faced by the community, hardship and the pressure to keep rates as low as possible at this time.

Depreciation

Council officers considered whether not funding depreciation for a year was an option. Reducing depreciation funding at a time when the city has an expectation of increased funding of infrastructure, is not necessarily recommended. Removing depreciation in the short term would result in further costs being required to be put onto future year's ratepayers. Napier has a strong history of funding depreciation prudently including revaluations. It notes that the revaluation process undertaken in 2019, resulted in an increase of 4% to cover the additional depreciation requirements associated with the revaluation. Council prudently cut costs to ensure that this did not further increase this year's rates requirement. If not offset, Council would have been seeking an original budget increase of 10.5% (6.5% baseline increase + 4% revaluation depreciation costs). Not funding depreciation is also inconsistent with Council's Revenue and Financing Policy and the balanced budget requirement in Section 100 of the Local Government Act. The policy could be amended through undertaking consultation and would likely require audit sign-off but not require a Long Term Plan amendment.

If Council chose not to fund this increase it would need to substantiate why it thought it was prudent not to do so. Not funding the increased depreciation by 10% would increase rates in future years by 0.65% for every year for the next 10 years.

For this reason, Council officers do not recommend this as an option.

Revenue

It is noted that revenue is being forecast down by $5.3m for the remainder of the 2019/20 year and $7.5m for 2020/21. Fees and charges increases that were originally proposed and adopted by Council were related to increases that were intended to achieve better compliance with the Revenue and Financing Policy, offsetting the impact the forecasted cost increases would have on rates. Council officers recommend continuing with the proposed fees and charges increases for all areas other than Council's Tourism related activities including Aquarium, Conference Centre, Kennedy Park, Par 2, and The Municipal Theatre, Bay Skate and I-Site. This ensures that no further burden is put onto rates to offset the shortfall in revenue and its non-compliance to Policy.

The dividend the Council originally expected to receive from its shareholding in Hawke's Bay Airport is at risk. The dividend was originally expected to offset the Council rates requirement in 2020/21 and would have resulted in a 0.86% rates offset, however we have factored in this income risk in the revised Annual Plan.

Operating expenditure

There are some minor cost reductions that have occurred directly as a result of the Covid19 shutdown. These include reduction in energy costs and some operating expenses in our facilities, however Council continues to incur the majority of its operating costs that maintain services in the city.

Council is responsible for coordinating, supporting and hosting events in the community. To date only a council support event, the Big Easy has been cancelled as a result of Covid19, with delays being signalled to other events. Council are set to review the planned expenditure on events for 2020/21, and will continue to focus on this as a basis for bringing people to Napier, who will in turn spend in our local economy and to generate economic outcomes. Grants that Council provides to support community arts, cultural organisations will still be required to sustain these organisations. Where some grants will be available, they may be repurposed to the welfare, and wellbeing response for the Community. This will help pay for a range of initiatives being developed as part of the Recovery Plan.

Capital expenditure

Prior to Covid19, the Council was forecasting approximately $53m of capital expenditure (excluding vested assets) that was originally planned for 2019/20. This forecast will need to be reviewed as a result of the lockdown and the ability of services to continue operating and the ability to deliver project requirements during that time. There is already a significant capital programme planned for 20/21 of $70m. Officers will be recommending Council carry forward any unspent budget from the current year, and once supply chain, and demand for infrastructure services are better known, then reforecasting of the capital plan can be updated via the Revised Annual Plan 20/21. Any change in timing associated with loan-funded projects will impact the following year's rates.

The government recognises its role in the response to the national crisis and have sought interest in government funding for shovel ready projects. Napier have submitted applications to the Government infrastructure funds for shovel-ready projects, and regionally its three waters capital programme. If successful, both would have a positive impact on future year's rates requirements.

Cost cutting and levels of service

Council could attempt to make further cuts to operating expenditure budgets; but given the budget already includes significant savings ($3.7m) and unbudgeted risks, this would inevitably need to result in significant service level reductions. Level of service cuts are only recommended to be undertaken when a full and clear understanding on the medium to long term impacts of Covid19 have been fully understood. As we head into the Recovery phase, and more information is available, then Council will be better informed on any required next steps.

This information is key, as determining what services to cut is likely to be extremely challenging in the current environment – amidst an expectation that Council should be upping support to its community and investing in infrastructure to aide recovery, rather than reducing it. Adding to this is the likelihood that dependant on what the service is, cuts to services levels often take quite some time to initiate, and to achieve this would be the likely extend to include potential contract settlements and even potential redundancy costs – meaning the savings may not be evident immediately. Again, noting that we do not have enough information to determine the longer term implications from Covid19, a considered approach is recommended before significant change are potentially made. In the event that Council may wish to consider this now by changing significantly the levels of service, they are advised that this process would trigger an LTP amendment which would delay further the timeline. This delay may then adversely impact the ability to get on with urgent works planned for the year 2020/21 such as the outfall and the water clarity projects of community importance and regulatory driven.

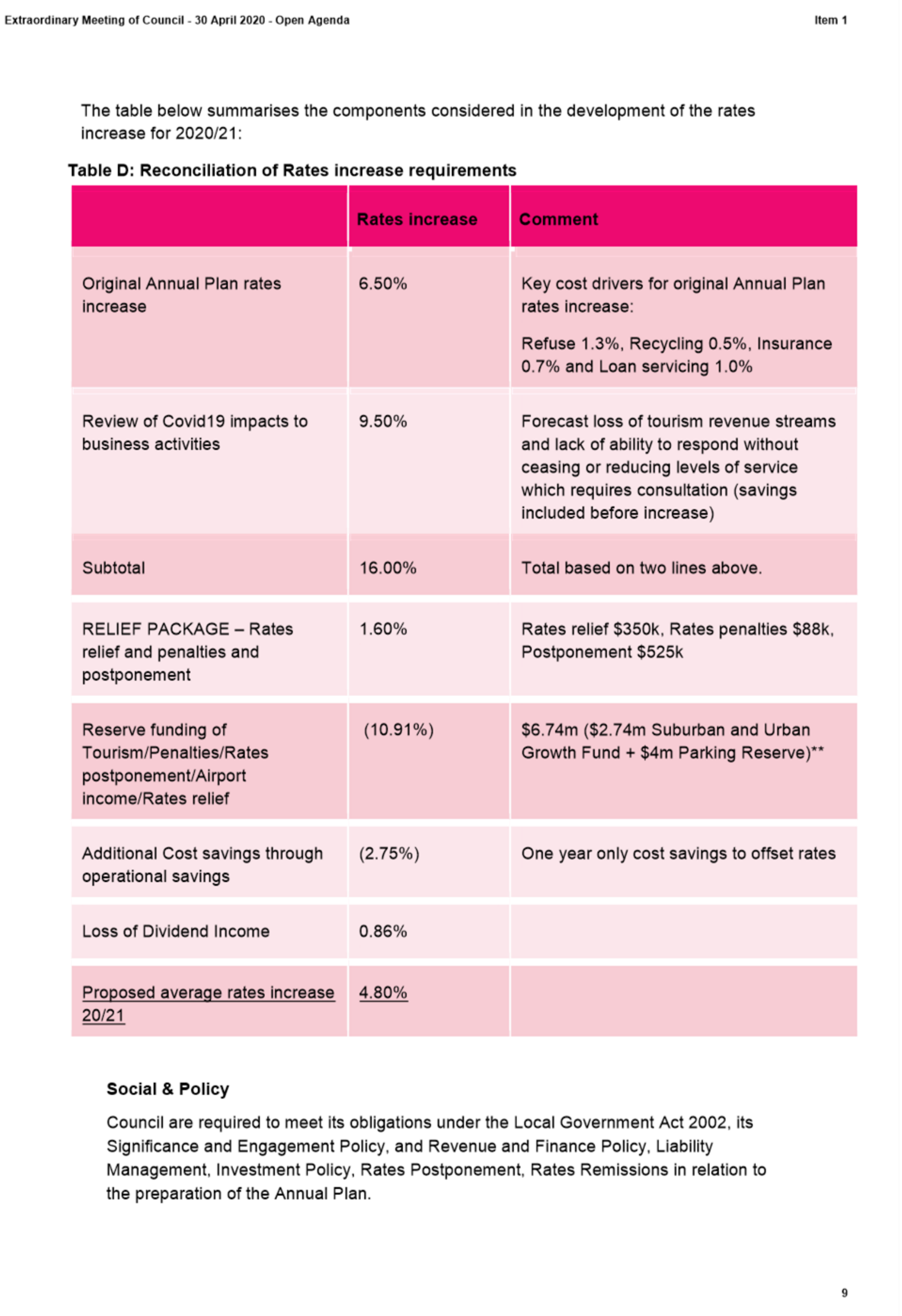
If service reductions were to be considered by Council to achieve further cost savings this could translate directly to a reduction in rates. Approximately $600k savings would deliver a 1% reduction in rates. If there was a desire to reduce the rates increase to 0%, this would require a service level reduction of $2.88m to achieve this. The Department of Internal Affairs and the Office of the Auditor General advice is that any service level reduction would require a Long Term Plan Amendment.

Financial Consideration and impacts on future years

The table below summarises the impact based on a range of average rates increase of 4.8% for a year, month and per week. Our average residential rates for 2019/20 is approximately $2,239, so this will mean a rates increase of approximately $107 per year or $2.06 per week.

Table B: Average increase per year/month/week for 4.8% increase

Increase	Average Rates 2019/20	Rates 2020/21	Increase per year	Increase per month	Increase per week
4.8%	1,500	1,572	72	6	1.38
4.8%	2,000	2,096	96	8	1.85
4.8%	2,500	2,620	120	10	2.31
4.8%	3,000	3,144	144	12	2.77
4.8%	3,500	3,668	168	14	3.23
4.8%	4,000	4,192	192	16	3.69



The table below summarises the components considered in the development of the rates increase for 2020/21:

Table D: Reconciliation of Rates increase requirements

	Rates increase	**Comment**
Original Annual Plan rates increase	6.50%	Key cost drivers for original Annual Plan rates increase: Refuse 1.3%, Recycling 0.5%, Insurance 0.7% and Loan servicing 1.0%
Review of Covid19 impacts to business activities	9.50%	Forecast loss of tourism revenue streams and lack of ability to respond without ceasing or reducing levels of service which requires consultation (savings included before increase)
Subtotal	16.00%	Total based on two lines above.
RELIEF PACKAGE – Rates relief and penalties and postponement	1.60%	Rates relief $350k, Rates penalties $88k, Postponement $525k
Reserve funding of Tourism/Penalties/Rates postponement/Airport income/Rates relief	(10.91%)	$6.74m ($2.74m Suburban and Urban Growth Fund + $4m Parking Reserve)**
Additional Cost savings through operational savings	(2.75%)	One year only cost savings to offset rates
Loss of Dividend Income	0.86%	
Proposed average rates increase 20/21	4.80%	

Social & Policy

Council are required to meet its obligations under the Local Government Act 2002, its Significance and Engagement Policy, and Revenue and Finance Policy, Liability Management, Investment Policy, Rates Postponement, Rates Remissions in relation to the preparation of the Annual Plan.

Risk

There is a high level of risk associated with uncertainty in relation to the development of the Annual Plan 20/21. There has been widespread job losses in New Zealand with some forecasts signalling unemployment levels between 13- 26% being noted in some Government modelling. We do not know how and what industries will be come through the pandemic without some potential change or risk to the way current business operates.

Supply chains dependent on overseas products will have been impacted to some degree, and we are yet to understand what this means to our capital programme.

There is strong interest from the Government to provide funding to reinvigorate the economy by spending, however, this may also result negatively with higher demand for services in certain industries and the consequential increase in prices.

At the time of writing this report, we are uncertain on how long our various Alert levels will remain in place, and the consequential impact that this will have on the activities of Council. Essential services of Council will continue to operate through the lockdown.

The financial risk for the funding gap of $6.74m is considered high with the level of uncertainty that we have for our activities (assumptions outlined in table below). In the event that the funding gap at the end of the financial year was worse than anticipated, Council would need to review options for any additional requirements at that time, including the need to seek loan funding. In contrast, if the funding gap was better than anticipated, less reserve funding would be required, resulting in funding being available for alternative projects. To mitigate this risk, there will be a strong focus on the financial performance of the organisation during the year and more regular reporting to Council will be undertaken to ensure that tight financial controls are in place to manage this.

Below is a table of the assumptions used for the revised Covid19 Annual Plan. There is risk associated with each of the assumptions and these will impact on our ability to deliver the Annual Plan as a result.

Table E: Revised Covid19 Annual Plan Budget assumptions

CC	Percentage Normal Business	Qtr 01	Qtr 02	Qtr 03	Qtr 04	Description - Reasoning
180	Sportsgrounds	0%	60%	100%	100%	The winter season of 2020 will generate low if any revenue. This will follow on by a slow uptake in spring Q2 from which the seasons will follow as normal.
185	McLean Park	0%	20%	40%	60%	The impact on Mc Lean Park is substantial with the community avoiding crowded spaces, followed by travel restrictions imposed for both local and international events. Expect no action in Q1 2020/21 followed by a slow recovery of 20% per quarter. The corporate box sales will also lag behind following a similar trend. The anticipation is that McLean Park will reach 30% of its predicted revenue in FY 2020/21.

240	Bay Skate	75%	85%	100%	100%	We anticipate that Bay Skate will pick up rather rapidly with sales reaching 100% of the predicted quarterly revenue by Q3. The delayed uptake in Q1 and Q2 will be largely driven by self-imposed social distancing.
380	Libraries	0%	20%	50%	80%	The library will pick up slowly in Q1 and Q2 and slowly recover to the norm to the end of the year. As books are physically handled by the reader there will be a rationale that they will be avoided for a longer time.
400	Napier Aquatic Centre	65%	75%	100%	100%	The Aquatic centre will pick up roughly where budgeted with a delay in Q1 and Q2 due to level 3 requirements around social distancing.
450	Building Consents	85%	90%	95%	90%	Building consents will have a slow start due to the financial restrictions imposed by the lack of income during self-isolation period. The anticipation however is that this will pick up by Q3 as local builders, draughtsmen & building inspectors are reporting that there are a large number of projects in progress to be completed after lockdown. Building work may begin to taper off from Q4 as pre-Covid19 projects are completed & a lull emerges in the building market.
465	National Aquarium of NZ	65%	75%	80%	85%	The Aquarium will follow a similar trend of recovery with the exception that we anticipate that we will lose 10% of our revenue generated by overseas visitors.
466	Par 2 MiniGolf	20%	65%	80%	90%	We anticipate there will be a slow recovery as people will gain confidence in relaxing social distancing and gathering in public spaces.
468	Napier Conference Centre	10%	40%	70%	85%	The Napier Conference Centre will be hit hard until local travel is reinstated. This is anticipated to take up to 6-12 months after which activities will start returning to normal.
470	Napier Municipal Theatre	10%	40%	50%	60%	With the lack of international traveling acts, the restrictions on local and international travel we do not anticipate that the theatre will fully recover until late in Q3 of 2020/21.
472	Napier i-SITE Visitor Centre	50%	20%	30%	40%	In the past 20-30% of the i-SITE's business came from the domestic tourist and/or locals sectors, we are anticipating that there will be solid business from these sectors

478	Kennedy Park	2%	10%	40%	60%	Around 87% of Kennedy Park's customers are domestic so it is hopeful once the domestic market opens up again the business will gain traction back to normal operations in 18 months.
529	MTG Hawke's Bay	10%	20%	25%	25%	With MTG's main revenue driven out of tourism we expect that the revenue will not exceed 20% of the expected forecasts.
560	Property Holdings	95%	95%	100%	100%	Property holdings will probably be impacted in Q1 and Q2 due to entities not being able to pay their rent. The limit of this impact is due to the Government grants and subsidies.
582	Housing - Rental	80%	100%	100%	100%	Housing rentals will possibly incur some bad debt as the tenants attempt to recover after the lock down. With social welfare lending a hand we anticipate that this will not last past Q1.

1.6 Options

The options available to Council are as follows:

a. Option A – revised Covid19 Annual Plan – 4.80% rates increase – gap funded by debt

b. Option B – revised Covid19 Annual Plan – 0% rates increase – gap funded reserves and debt

c. Option C – PREFERRED – revised Covid19 – 4.80% rates increase - gap funded by reserves

d. Council can amend any recommendation

1.7 Development of Preferred Option

Option C – PREFERRED – revised Covid 19 – 4.80% - $6.74m proposed funding gap from Council reserves

This option recognises the hardship faced by the community at this time, financial prudence by utilising Council reserves (Parking reserve $4m, and Suburban and Urban Growth Fund $2.74m), and operational savings of $3.7m.

This option provides a pragmatic balance between managing the pressures on current ratepayers and ensuring the Council remains financially sustainable into the future, whereby the actions of today do not impact unfairly on ratepayers in the future. The borrowing proposed is for a specific purpose, in funding the one-off shortfall in operating revenue anticipated in 2020/21. While this does not meet the section 100 (i) balanced budget provision of the Local Government Act, it can be resolved that it is financially prudent due to the one off nature.

1.8 Attachments

Nil

4. STATEMENT OF PROPOSAL TO JOIN THE LOCAL GOVERNMENT FUNDING AGENCY

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	935511
Reporting Officer/s & Unit:	Garry Hrustinsky, Investment and Funding Manager

4.1 Purpose of Report

Council may need to borrow funds in the near future. The purpose of this report is to progress the process towards joining the Local Government Funding Agency (LGFA) through the introduction of a Statement of Proposal.

Officer's Recommendation

That Council:

a. Adopt the Statement of Proposal to join the Local Government Funding Agency

b. Adopt the Consultation Plan for joining the Local Government Funding Agency

4.2 Background Summary

At an Extraordinary Meeting on the 21st of May, Council approved the initial process to publicly consult on Napier City Council joining the LGFA.

Council endorsed option 4 –join the Local Government Funding Agency as an unrated guaranteeing local authority. Option 4 presents the cheapest option for Council to borrow at the amount currently forecast.

This report introduces a Statement of Proposal for adoption by Council, pending public consultation.

4.3 Issues

N/A

4.4 Significance and Engagement

If approved, public consultation will be sought via a Special Consultative Procedure.

4.5 Implications

Financial

N/A

Social & Policy

As per Local Government Act 2002 sections 82 to 83AA, NCC is required to conduct a Special Consultative Procedure.

Risk

If not adopted, Council will need to delay the process and reassess the available options.

4.6 Options

The options available to Council are as follows:

a. Adopt the Statement of Proposal to join the Local Government Funding Agency
b. Request removal, amendment and resubmission of the Statement of Proposal to join the Local Government Funding Agency
c. Reject the Statement of Proposal to join the Local Government Funding Agency

4.7 Development of Preferred Option

N/A

4.8 Attachments

A Statement of Proposal to join the Local Government Funding Agency ⇩
B Consultation Plan - LGFA ⇩

STATEMENT OF PROPOSAL TO JOIN THE

LOCAL GOVERNMENT FUNDING AGENCY

Key Dates

Consultation opens: 18 June 2020

Consultation closes: 15 July at 12noon

Hearings and deliberations: 12-13 August 2020, from 9AM, Napier War Memorial Centre

Adoption: 27 August 2020

Where can I get more information?

- Visit Council's websites at **www.napier.govt.nz** and **www.sayitnapier.nz**
- Tune in to the live chat sessions on our Facebook page at **fb.com/NapierCityCouncil** These are scheduled for: **23 June 2020 11.15am**; **2 July 2020 7pm**; **9 July 2020 7pm**
- If you'd like to speak to your Ward Councillor, visit **www.napier.govt.nz** search keyword **#mayorandcouncillors** or call our Customer Service Centre on **06 835 7579** who will put you in touch with them.

Application to join the Local Government Funding Agency

Introduction

Napier City Council is considering participating as an “Unrated Guaranteeing Borrower” in the New Zealand Local Government Funding Agency Limited (LGFA) scheme.
The LGFA scheme was set-up in 2011 by a group of local authorities and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available. The LGFA scheme is recognised in legislation, which modifies the effect of some statutory provisions and allows the scheme to provide lower cost lending than would otherwise be the case. Currently 54 of the 78 local authorities in NZ participate in the LGFA scheme.

Under the scheme, all participating local authorities are able to borrow from the LGFA, but different benefits apply depending on the level of participation. Napier City Council intends to participate as an Unrated Guaranteeing Borrower.

Being a member of the LGFA, Napier City Council has the option to borrow, but is not bound to use the LGFA to do so.

An Information Memorandum, describing the arrangement in detail, is attached as Appendix A, and forms part of this proposal. A number of terms that are used in this proposal are defined in that Information Memorandum.

Statutory Considerations

Section 56 of the Local Government Act 2002 (LGA 2002) requires that a local authority must carry out a consultation process before acquiring shares in a Council-Controlled Organisation (CCO). The LGFA is a CCO and there are circumstances in which, under the LGFA scheme, shares in the LGFA may be issued to participants in the scheme.
Consequently, it is prudent for a local authority to carry out a consultation process before joining the scheme.

Analysis of Reasonably Practicable Options

Part C of the Information Memorandum sets out an analysis of the costs and benefits of participating in the LGFA Scheme. A summary of those costs and benefits and a brief rationale based on consideration of the Council’s specific circumstances is set out below.

Options – LGFA	Additional Spend	Impact on Rates	Impact on Debt
1) No change. Not join the LGFA. No other institutions are approached for lending.	$0	Rates will need to be increased to fund revenue lost due to the pandemic.	No debt
2) Not join the LGFA. Borrowing sourced from an approved lending institution.	Between $3,500 and $5,000 per $1m per annum to ensure facility is available. Approximately 1.7%pa for any utilised facility.	No impact on rates	Debt will increase by the amount borrowed (estimated at $33m total).
3) Join the LGFA as a non-guaranteeing local authority. This allows NCC to borrow up to $20m through the LGFA.	Associated legal fees. Ongoing trustee fees.	Potential reduced rates due to savings in facility and interest rate costs.	Debt will increase by the amount borrowed (up to $20m with LGFA and any balance sourced from an approved lending institution).
4) Join the LGFA as an unrated guaranteeing local authority. This allows NCC to borrow more than $20m, but with higher risk.	Associated legal fees. Ongoing trustee fees.	Potential reduced rates due to savings in facility and interest rate costs.	Debt will increase by the amount borrowed (estimated at $33m total).
5) Join the LGFA as a principal shareholding local authority. This allows NCC to both borrow more than $20m and invest in LGFA	Associated legal fees. Ongoing trustee fees. The cost of any shares purchased.	Potential reduced rates due to savings in facility and interest rate costs. A modest return may be received from shares held in the LGFA. It is likely that	Debt will increase by the amount borrowed (estimated at $33m total) plus the cost of any shares purchased.

shares, but with higher risk than option 4.		any share purchase would be debt-funded.	

Our preferred option is Option 4 – join the LGFA as an unrated guaranteeing local authority.

Rationale

To date Napier has been in the fortunate position of not needing to borrow. However, ongoing demand from operational and capital costs combined with the impact of the COVID-19 pandemic has led to Council budgeting a $33 million shortfall over the next 12 months.

The benefits of lower interest margins are significant.

Based on a comparison of borrowing available from approved lending institutions, Council anticipates interest savings of approximately $7,900 or 0.79% for every $1 million of debt[1]. At an anticipated peak debt level of $33 million this equates to approximately $260,700 per annum.

If Council was to join as a non-Guaranteeing Local Authority (option 3 on page 3) there would be a $20m limit in its total borrowing capacity.
There are one-off up-front legal costs associated with joining the LGFA of approximately $26,000 and annual ongoing trustee fees of approximately $8,000. There are no LGFA fees (either up front or ongoing). Council believes that the benefit of these savings outweigh the costs referred to in the cost/benefit analysis in Part C of the Information Memorandum. There is a low risk to Council by joining LGFA as a guarantor. This is discussed in the Information Memorandum, Appendix, Part A paragraphs 24 to 31.

As a Guaranteeing Local Authority, Napier City Council would be guaranteeing LGFA's obligations to its creditors and not the obligations of individual councils. There has never been a default by a New Zealand local authority and there is strong oversight of the sector. The LGFA is also well-capitalised. The lending undertaken by LGFA to local authorities is with a security charge over rates.

Should the Council participate in the LGFA Scheme as a Guaranteeing Local Authority?

Council is proposing to join the LGFA Scheme as a Guaranteeing Local Authority, which
- will cost Council an estimated $26,000 in legal fees and an estimated $8,000 per year ongoing trustee fees,
- will save Council $7,900 in interest for every $1m of debt (potentially $260,700 per annum),
- does not restrict borrowing to $20m.

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[1] Bank rate of 1.7% is based on collated average for 12 month floating rate across several providers. LGFA rate of 0.91% is for 12 month borrowing yield for unrated councils as at 23/04/20). Comparison does not include bank commitment fee of up to $165,000 per annum.

How do I have my say?

Online: sayitnapier.nz

In person:
Drop in your form to our Customer Service Centre at:
Dunvegan House
215 Hastings Street
Napier

By post:
LGFA Application
Napier City Council
Private Bag 6010
Napier 4142

Feedback will need to get back to us by 15 July at 12noon.

Information Memorandum

PART A – INTRODUCTION AND PURPOSE

Purpose of Information Memorandum

1. This Information Memorandum provides a description of a funding structure for local authorities (LGFA Scheme), which was designed to enable participating local authorities (Participating Local Authorities) to borrow at lower interest margins than they would otherwise pay.

2. The purpose of this Information Memorandum is to provide information to supplement any consultation materials prepared by local authorities consulting on whether to participate in the LGFA Scheme.

3. This Information Memorandum is divided into three parts:

   a) This Part A (Introduction and Purpose), which sets out the purpose of the Information Memorandum and provides some background on the purpose of, and rationale for, the LGFA Scheme.

   b) Part B (How the LGFA Scheme Works), which sets out the characteristics of the LGFA Scheme, and the transactions that Participating Local Authorities will be entering into as part of their participation in the LGFA Scheme.

   c) Part C (Local Authority Costs and Benefits), which sets out the costs and benefits to individual local authorities of participating in the LGFA Scheme.

Origin of the LGFA Scheme

4. There are a number of LGFA style schemes around the world, with the oldest in Denmark (KommuneKredit founded in 1898). Global LGFA style schemes all utilise a cross-guarantee structure by member councils similar to the structure of LGFA. There has never been a call under the guarantee in any of these countries.

5. Local Government Funding Agencies are vehicles that allow local governments to source capital for operational purposes or capital projects. LGFAs typically operate as a co-operative between members. The scheme allows members to source capital more cheaply than if they sourced it alone.

6. Several attempts to create a borrowing collective were made in the 1980s and 1990s in New Zealand. Prompted by the Global Financial Crisis, a proposal made in 2009 received strong support. The LGFA Scheme was incorporated by a group of New Zealand local authorities and the Crown on 1 December 2011. At the time, Standard and Poor's and Fitch both assigned LGFA a preliminary domestic credit rating of AA+ (the same as the New Zealand government).

7. The development of the LGFA involved:

   a) undertaking a detailed review and analysis of:

      i) the then current borrowing environment in which New Zealand local authorities borrow; and

ii) centralised local authority debt vehicle structures that have been developed offshore to successfully lower the cost of local authority borrowing;

b) using this review and analysis to develop a funding structure (the LGFA Scheme), which was anticipated to deliver significant benefits to New Zealand local authorities;

c) confirming with rating agencies that the proposed LGFA Scheme could achieve a high enough credit rating to deliver the anticipated benefits;

d) obtaining formal central government support to facilitate establishment of the LGFA Scheme.

8. Currently there are 67 participating Council's and at 23 April 2020 the LGFA has lent $10.8 billion to the local authority sector.

Rationale for LGFA Scheme

New Zealand Local Authority debt market

9. At the time the LGFA Scheme was developed, New Zealand local authorities faced a number of debt related issues.

10. First, local authorities had significant existing and forecast debt requirements. Councils 2009-2019 long-term plans indicated that local authority debt would double over the next five years to over $9 billion.

11. Secondly, pricing, length of funding term and other terms and conditions varied considerably across the sector and were less than optimal. This was due to:

a) Limited debt sources – Local authorities' debt funding options were limited to the banks, private placements and wholesale bonds (issuance to wholesale investors), and, to a lesser extent, retail bonds. Increasing local authority sector funding requirements and domestic funding capacity constraints were likely to further negatively impact pricing, terms and conditions and flexibility of local authority sector debt.

b) Fragmented sector – There were 78 local authorities. Individually, a significant proportion of these local authorities lacked scale – the 10 largest accounted for ~68% of total sector borrowings. The remaining 68 councils had 32% of sector borrowings.

c) Regulatory restrictions – Offshore (foreign currency) capital markets were closed to local authorities with the exception of Auckland Council and the compliance process for local authority retail bond issuance was burdensome and generally restricted issuance to a six month window.

Addressing the local authority debt issues

12. Each of these issues needed to be addressed to rectify this situation. This was not likely to happen without an intervention like the LGFA Scheme for the following reasons:

a) The New Zealand debt markets (at least in the foreseeable future) were likely to maintain the status quo.

b) Individually, local authorities were not be able to attain significant scale.

c) At a sector level it might have been possible to address the issue regarding regulation, but regulators were likely to remain reluctant to significantly ease restrictions on financial management across the sector without gaining significant comfort as to the sophistication of the financial management of all local authorities. Even if this issue was addressed by regulators, this change alone would have been insufficient to provide a major step change.

13. The LGFA Scheme was developed because of the homogenous nature of local authorities; the large sector borrowing requirements and the high credit quality / strong security position (i.e. charge over rates) of local authorities. This created the opportunity for a centralised local authority debt vehicle to generate significant benefits.

14. There were numerous precedents globally of successful vehicles that pooled local authority debt and funded themselves through issuing their own financial instruments to investors. Such vehicles achieved success through:

a) “Credit rating arbitrage” – Attaining a credit rating higher than that of the individual underlying assets (local authority borrowers) and therefore being able to borrow at lower margins.

b) “Economies of scale” – By pooling debt the vehicles could access a wider range of debt sources and spread fixed operating costs, thereby reducing the dollar cost per dollar of debt raised.

c) “Regulatory arbitrage” – The vehicles could receive different regulatory treatment than the underlying local authorities, improving their ability to efficiently raise debt, e.g. through access to offshore foreign currency debt markets.

15. The offshore precedents were typically owned by the local authorities in the relevant jurisdiction (often with central government involvement), and that is what was proposed here through the LGFA Scheme.

16. The LGFA Scheme has now been successfully operating for eight years. It has exceeded the original lending and profit targets that were forecast in 2011.

PART B – HOW THE LGFA SCHEME WORKS

Basic structure of the LGFA Scheme

17. The basic structure of the LGFA Scheme is that a company has been established that borrows funds and lends them on to local authorities at lower interest margins than those local authorities would pay to other lenders.

New Zealand Local Government Funding Agency Limited

18. The company that lends to local authorities under the LGFA Scheme is called the New Zealand Local Government Funding Agency Limited (LGFA). It is a limited liability company, and its shares are held entirely by the Crown and by local authorities.

19. 20% of the shares in the LGFA are held by the Crown and the remaining 80% by 30 individual local authorities. Thus the LGFA is a Council Controlled Trading Organisation (CCTO).

20. The LGFA was established solely for the purposes of the LGFA Scheme, and its activities are limited to performing its function under the LGFA Scheme.

21. 30 local authorities (Principal Shareholding Local Authorities) hold those shares that are not held by the Crown. The Principal Shareholding Local Authorities contributed capital and, as compensation for their capital contribution, receive a predetermined return on this capital. However, the over-arching objective is that the benefits of the LGFA Scheme are passed to local authorities as lower borrowing margins, rather than being passed to shareholders as maximised profits.

Design to minimise default risk

22. One of the features that is critical to the LGFA Scheme delivering its benefit to the sector is the achievement of a high credit rating for the LGFA. Currently it is rated 'AA+' long term from Standard and Poor's, which enables it to achieve the credit rating arbitrage referred to in paragraph 14(a). Consequently there are a number of features of the LGFA Scheme that are included to provide the protections for creditors that rating agencies require before agreeing to a high credit rating. These features are described in paragraphs 24 to 55 below.

23. Before agreeing to a high credit rating, rating agencies will consider the risks of both short term and long term default. Short term default is where a payment obligation is not met on time. Long term default is where a payment obligation is never met. In many cases short term default will inevitably translate into long term default, but this is not always the case – a short term default may be caused by a temporary shortage of readily available cash.

Features of the LGFA Scheme designed to reduce short term default risk

24. When a local authority borrows, the risk of short term default, although low, is probably significantly higher than its risk of long term default. In the long term it can assess and collect sufficient rates revenue to cover almost any shortfall, but such revenue cannot be collected quickly. Consequently, there is a risk that inadequate liability and revenue management could lead to temporary liquidity problems and short term default.

25. The principal asset of the LGFA will be loans to participating local authorities, so such temporary liquidity risks are effectively passed on to the LGFA. Consequently, the rating agencies look for safeguards to ensure that liquidity problems of a Participating Local Authority will not lead to a default by the LGFA.

26. There are two principal safeguards that the LGFA has in place to manage short term default (liquidity) risk:

    a) It holds cash and other liquid investments (investments which can be quickly turned into cash). As at 23 April 2020 LGFA held $872 million of cash and liquid investments.

b) It currently holds a $1 billion borrowing facility with central government that allows it to borrow funds from central government if required.

27. It is expected that these safeguards will sufficiently reduce any short term default risk.

Features of the LGFA Scheme designed to reduce long term default risk

28. There are a number of safeguards that the LGFA has in place to manage long term default risk, the most important of which are set out below:

a) The LGFA requires all local authorities that borrow from it to secure that borrowing with a charge over that local authority's rates and rates revenue (Rate Charge).

b) The LGFA maintains a minimum capital adequacy ratio.

c) The Principal Shareholding Local Authorities have subscribed for $20 million of uncalled capital in an equal proportions to their paid up equity contribution.

d) As at 23 April 2020, 54 Participating Local Authorities (Guaranteeing Local Authorities) guarantee the obligations of the LGFA.

e) Guaranteeing Local Authorities commit to contributing additional equity to the LGFA if there is an imminent risk that the LGFA will default.

f) The LGFA hedges any exposure to interest rate and foreign currently fluctuations to ensure that such fluctuations do not significantly affect its ability to meet its payment obligations.

g) The LGFA puts in place risk management policies in relation to its borrowing and lending designed to minimise its risk. For example, it imposes limits on the percentage of lending that is made to any one local authority to ensure that its credit risk is suitably diversified.

h) The LGFA ensures that its operations are run in a way that minimises operational risk.

i) Additional detail in relation to the features referred to in paragraphs 28(a) to 28(e) is set out below.

Rates Charge

29. All local authorities borrowing from the LGFA are required to secure that borrowing with a Rates Charge.

30. This is a powerful form of security for the LGFA, because it means that, if the relevant local authority defaults, a receiver appointed by the LGFA can assess and collect sufficient rates in the relevant district or region to recover the defaulted payments. Consequently, it significantly reduces the risk of long term default by a local authority borrower.

31. From a local authority's point of view it is also advantageous, because, so long as the local authority adheres to LGFA's financial covenants, it is entitled to conduct its affairs

without any interference or restriction. This contrasts with most security arrangements, which involve restrictions being imposed on a borrower's use of its own assets by the relevant lender.

Minimum capital

32. One important factor in LGFA obtaining its high credit rating (AA+ from S&P and Fitch) is the LGFA having a minimum capital adequacy ratio (a ratio that measures the relative amounts of equity and debt-based assets that an entity has). A strong credit rating is important, because it provides an indication of the ability of the LGFA to ultimately repay all of its debts.

33. The minimum capital adequacy ratio requirement is an amount equal to at least 1.6% of its total assets. As at December 2019 the actual ratio was 2.2%.

Sources of equity for capital adequacy purposes

34. The equity held by the LGFA to ensure that it meets its minimum capital adequacy ratio requirement comes from two sources. First, the Crown and the Principal Shareholding Local Authorities contributed $25 million of initial equity as the issue price of their initial shareholdings. Retained earnings have seen the value of this equity rise to $79.1 million as at 30 December 2019. Secondly, each Participating Local Authority must, at the time that it borrows from the LGFA, contribute some of that borrowing back as equity. This source of equity is called borrower notes.

35. The way the borrower notes works is that, whenever a Participating Local Authority borrows, it does not receive the full amount of the borrowing in cash. Instead, a small percentage of the borrowed amount is invested by the local authority into borrower notes. LGFA pay interest on borrower notes. That percentage is 1.6% of the amount borrowed.

36. Borrower notes are repaid when the borrowing is repaid, so, in effect, the amount that must be repaid equals the cash amount actually advanced.

37. Borrower notes are convertible in some circumstances into shares in the LGFA.

38. To illustrate with an example, if a local authority borrowed $1,000,000 for five years from the LGFA, it would receive $984,000 in cash and $16,000 of Borrower Notes. At the end of the five years, it would repay $1,000,000, but would simultaneously redeem its Borrower Notes of $16,000, meaning its net repayment was equal to the $984,000 it initially received in cash.

39. A return is paid on the Borrower Notes, However, while it is anticipated that this return will be paid, it is paid at the discretion of the LGFA.

40. There is some additional risk to Participating Local Authorities from this arrangement, because redemption of the Borrower Notes will only occur if the LGFA is able to pay its other debts. For example, if at the end of five years, the LGFA was insolvent, the local authority would have to repay $1,000,000, but would not receive its $16,000 back for redeeming its Borrower Notes. To date, LGFA have fully repaid all borrower notes that have matured.

Guarantee

41. Most Participating Local Authorities entered into a guarantee when they join the LGFA Scheme (Guarantee). Under the Guarantee the Guaranteeing Local Authorities guarantee the payment obligations of the LGFA.

42. The purpose of the Guarantee is to provide additional comfort to lenders (and therefore credit rating agencies) that there will be no long term default, though it may also be used to cover a short term default if there is a default that cannot be covered using the protections described in paragraphs 24 to 26 above, but which will ultimately be fully covered using the rates charge described in paragraphs 29 to 31. The Guarantee allows the LGFA to draw upon the resource of all guaranteeing Local Authorities to avoid defaults.

LGFA Guarantee

43. The Guarantee will only ever be called if the LGFA defaults. Consequently, a call on the Guarantee will only occur if the numerous safeguards put in place to prevent an LGFA default fail. This is highly unlikely to happen.

44. To provide some perspective on default, based on Standard & Poor's research on 39 years of global data (1981-2018), a AA+ rated bond is expected to have a cumulative default risk of 0.32% over 5 years.

45. If any such default did occur, and the Guaranteeing Local Authorities were called on under the Guarantee they could potentially be called on to cover any payment obligation of the LGFA. Such payment obligations may (without limitation) include obligations under the following transactions:

    a) A failure by the LGFA to pay its principal lenders.

    b) A failure by the LGFA to repay drawings under the liquidity facility with central government.

    c) A failure by the LGFA to make payments under the hedging transactions referred to in paragraph 28(f).

Guarantee risk shared

46. There is a mechanism in the LGFA Scheme to ensure that payments made under the Guarantee are shared between all Guaranteeing Local Authorities. The proportion of any payments borne by a single Guaranteeing Local Authority is based on the annual rates revenue in its district or region.

Rates Charge

47. All participating Local Authorities must provide a Rates Charge to secure their obligations under the Guarantee.

Benefits of being a Guaranteeing Local Authority

48. Participating Local Authorities that are not Guaranteeing Local Authorities may only borrow up to $20,000,000 and pay a higher interest margin for their borrowing.

49. Therefore, Guaranteeing Local Authorities have the benefit of not having this low limit on borrowing, and paying lower funding costs.

Additional equity commitment

50. In addition to the equity contributions made in conjunction with borrowing, all Guaranteeing Local Authorities are required to commit to contributing equity if required under certain circumstances. It is expected that calls on any such commitments will be limited to situations in which there is a risk of imminent default by the LGFA.

51. A call for additional equity contributions will only be made if calls on the uncalled Capital and on the Guarantee will not be sufficient to eliminate the risk of imminent default by the LGFA. Consequently, the factors that limit the risk in relation to the Cross Guarantee also apply here.

52. All participating Local Authorities are required to provide a Rates Charge to secure their obligations to contribute additional equity.

Characteristics designed to make the LGFA Scheme fair for all Participating Local Authorities

53. The principal risk involved with the LGFA Scheme is that Participating Local Authorities will default on their payment obligations. The greater this risk is, the less attractive participation in the LGFA Scheme is for all Participating Local Authorities.

54. The Participating Local Authorities do not create this risk in equal amounts. There are some that carry a greater default risk than others, and therefore contribute disproportionately to the overall risk in the LGFA Scheme. Those local authorities are also the local authorities that would be likely to pay the highest interest margins if they borrowed outside the LGFA Scheme, and so potentially benefit the most from the LGFA Scheme.

55. To avoid, or at least minimise, what is effectively cross subsidisation of the higher risk local authorities by the lower risk local authorities, different interest margins are paid by different local authorities when they borrow from the LGFA, with margins based on if a local authority has an external credit rating and what the actual external credit rating is. For example a “AA” rated local authority will pay a slightly lower interest margin than a “AA-“ rated local authority. An unrated local authority will pay a slightly higher margin than a rated local authority.

Summary of transactions a Local Authority will enter into if it joins the LGFA Scheme

56. If a Local Authority joins the LGFA Scheme as a Guaranteeing Local Authority, it will:

    a) subscribe for Borrower Notes (refer to paragraphs 34 to 40);

    b) enter into the Guarantee (refer to paragraphs 41 to 49);

    c) commit to providing additional equity to the LGFA under certain circumstances (see paragraphs 50 to 52); and

    d) provide a Rates Charge to secure its obligations under the LGFA Scheme (see discussion in paragraphs 29 to 31, and 47).

PART C – LOCAL AUTHORITY COSTS AND BENEFITS

Benefits to local authorities that borrow through the LGFA Scheme

57. It is anticipated that the LGFA will be able to borrow at a low enough rate for the LGFA Scheme to be attractive because of the three key advantages the LGFA will have over a local authority borrower described in paragraph 14. That is – exploiting a credit rating arbitrage, economies of scale and a regulatory arbitrage.

58. In addition, the LGFA will provide local authorities with increase certainty of access to funding and terms and conditions (including the potential access to longer funding terms. LGFA currently offers borrowing terms out to 15 years.

59. The potential savings for a local authority in terms of funding costs will depend on the difference between the funding cost to that local authority when it borrows from the LGFA and the funding cost to the local authority when it borrows from alternative sources. This difference will vary between local authorities.

60. As at 23/04/2020 Napier City Council is expected to save approximately $7,900 per $1 million dollars borrowed by using LGFA (versus approved borrowing institution facilities).

61. The funding costs each local authority pays when it borrows from the LGFA will be affected by the following factors, some of which are specific to the local authority:

    e) the borrowing margin of the LGFA;

    f) the operating costs of the LGFA;

    g) whether a local authority has an external credit rating

Costs to local authorities that borrow through the LGFA Scheme

62. The costs to Participating Local Authorities as a result of their borrowing through the LGFA Scheme take two forms:

    a) First, there are some risks that they will have to assume to participate in the scheme, which create contingent liabilities (i.e. costs that will only materialise in certain circumstances).

    b) Secondly, there is a minor cost associated with the Borrower Notes.

Risks

63. The features of the LGFA Scheme described above which are included to obtain a high credit rating are essentially steps that remove risk from lenders to make their residual risk low enough to justify the high credit rating. These features remove risk, in part, by transferring it to Participating Local Authorities.

64. These risks are that:

    a) in the case of Guaranteeing Local Authorities, a call is made under the Guarantee (refer to paragraphs 43 to 45);

b) in the case of Guaranteeing Local Authorities, a call is made for a contribution of additional equity to the LGFA (refer to paragraphs 50 to 52); and

c) in the case of all Participating Local Authorities, the LGFA is not able to redeem their Borrower Notes (refer to paragraphs 36 to 40).

65. Each of these risks is discussed in some detail in the paragraphs indicated next to the relevant risk. For the reasons set out in those discussions, it is anticipated that each of the risks is low.

Cost of Borrower Notes

66. As discussed in paragraphs 34 to 40, all Participating Local Authorities are required to invest in Borrower Notes when they borrow from the LGFA. This carries a small cost, because the investment in Borrower Notes is funded by borrowing from the LGFA, and the cost of this funding will be slightly higher than the return paid on the Borrower Notes.

67. As noted in paragraph 39, while it is the intention for the LGFA to always pay interest on the Borrower Notes, such payments are at the LGFA’s discretion so, in some situations, those payments may not be made.

Consultation Plan – Joining the Local Government Funding Agency

Introduction

In order to fund its work programme next year, Council will need to borrow from others. Council has identified it would like to join the Local Government Funding Agency (LGFA) as an unrated guaranteeing local authority, after investigating the various options to obtain external loan funding. Joining the LGFA does not preclude Council from borrowing from other lending institutions. Being a member of the LGFA would allow Council to borrow from the LGFA in future years if it wished to.

Significance and Engagement Policy

Joining the LGFA, a Council Controlled Organisation (CCO), requires Council to undertake a Special Consultative Procedure. A Statement of Proposal (SOP) has been prepared in accordance with Part 6 of the Local Government Act 2002.

Purpose

The objective of the consultation is to provide the community, and those with a special interest, with the opportunity to provide their feedback on whether or not they support Council joining the LGFA.

Approach

This consultation process will be run concurrently with the consultation on the Annual Plan 2020/21, from 18 June to 15 July and promoted to the general public. The consultation process will also be advised directly to the following bodies who may have a special interest in the matter:

- NZCFI
- LGFA
- NZ Bankers Association
- Westpac Bank (Council's primary banking provider)

The SOP will be available on www.sayitnapier.nz, along with a short summary and a submission form. Hard copies of the material will be available at the Council's Customer Service Centre, the libraries and by request. A Hearing will take place immediately following the Annual Plan 2020/21 hearing set down for 12-13 August providing an opportunity for those who wish to make an oral submission an opportunity to do so.

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with a section also included in the Annual Plan 2020/21 Consultation Document.

Digital	• Facebook posts • Digital screens • Website (www.sayitnapier.nz) • Email directly to special interest bodies
Print	• Included in the Annual Plan Consultation Document • Included in the Annual Plan Summary Brochure • Informing Napier (separate advertisement) • The Napier Courier (separate advertisement)

PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Items

1. Request to Write-off Rates Balance - Abandoned Land Sale

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	**Reason for passing this resolution in relation to each matter.** That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:	**Ground(s) under section 48(1) to the passing of this resolution.** 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:
Agenda Items		
1. Request to Write-off Rates Balance - Abandoned Land Sale	7(2)(a) Protect the privacy of natural persons, including that of a deceased person 7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.