



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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EXTRAORDINARY MEETING OF COUNCIL

Open Agenda

Meeting Date:	Wednesday 12 August 2020 Thursday 13 August 2020
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Time:	9.00am
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Venue:	Large Exhibition Hall War Memorial Centre Marine Parade Napier
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Council Members	Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor, Wright
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Officer Responsible	Interim Chief Executive
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Administrator	Governance Team
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Next Ordinary Council Meeting
Thursday 27 August 2020

ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Agenda items

- 1 Submissions on the Rates Remission Policy and Rates Postponement Policy, and
Proposal to join the Local Government Funding Agency.....3
- 2 Submissions on the Annual Plan 2020/21 Consultation Document53

AGENDA ITEMS

1. SUBMISSIONS ON THE RATES REMISSION POLICY AND RATES POSTPONEMENT POLICY, AND PROPOSAL TO JOIN THE LOCAL GOVERNMENT FUNDING AGENCY

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	949321
<i>Reporting Officer/s & Unit:</i>	Garry Hrustinsky, Investment and Funding Manager

1.1 Purpose of Report

To present the submissions received on consultation documents relating to the Rates Remission Policy, Rates Postponement Policy, and proposal to join the Local Government Funding Agency.

Officer's Recommendation

That Council:

- a. Adopt the amended Rates Remission Policy.
- b. Adopt the amended Rates Postponement Policy.
- c. Adopt the proposal for Napier City Council to join the Local Government Funding Agency as an unrated guaranteeing local authority.

1.2 Background Summary

On the 11th of June Council adopted the amended Rates Remission Policy, amended Rates Postponement Policy and Statement of Proposal to join the Local Government Funding Agency (LGFA) to be consulted on with Napier residents.

As outlined at the 11th of June Council meeting, any change to the Rates Remission Policy and Rates Postponement Policy, and the proposal to join the LGFA require Council to follow the principles of consultation as outlined in section 82 of the Local Government Act 2002. Any consultation to these policies and proposal is separate to, but can be undertaken in conjunction with, consultation on the Annual Plan.

In parallel with the consultation on the Annual Plan, officers consulted on the proposed Rates Remission Policy, Rates Postponement Policy, and proposal to join the LGFA. Consultation was conducted between the 18th of June and 16th of July.

Individual submissions are provided in the attachments to this report.

Rates Remission Policy – Community Feedback

Summary of feedback

Council received 5 submissions. Submitters were asked whether they agreed with the proposed changes to the Rates Remission policy. Submitters were provided with an opportunity to write a comment. Of the 5 submitters,

- **80% - agreed** with proposed changes to the policy (one comment submitted)
- 0% - disagreed with proposed changes to the policy.
- 20% - did not answer the question (one comment submitted).

One respondent who agreed with the amendment commented on the importance of fairness and common sense – namely that there should be “...no financial disadvantages to other ratepayers...”

One respondent who did not answer the question was seeking information on the Government Rates Rebate Scheme.

Management information and comment

Regarding fairness and common sense, the amendments are intended to provide broader community support. It is believed that support provided to those sections of the community that may be disadvantaged by significant extraordinary events will ultimately benefit the whole community.

A reply was made to the respondent seeking information on the Government Rates Rebate Scheme on the 7th of July. Information on the scheme was emailed to the respondent, followed by an application form being mailed out.

Officer recommendation

That Council adopt the proposed amendments to the Rates Remission Policy.

Rates Postponement Policy – Community Feedback

Summary of feedback

Council received 7 submissions. Submitters were asked whether they agreed with the proposed changes to the Rates Postponement policy. Submitters were provided with an opportunity to write a comment. Of the 7 submitters,

- **100% - agreed** with proposed changes to the policy (three comments submitted)
- 0% - disagreed with proposed changes to the policy.

One respondent stated that they agreed with the proposed policy.

One respondent was not clear with their feedback and commented “I would have liked more information on how many more officers and their level of seniority in the Council.”

One respondent challenged the yearly increases in rates for older persons. In addition to challenging the value for money from rates, it was questioned why rates keep increasing for the same service.

Management information and comment

Regarding information on officers and their level of seniority in Council, it is uncertain as to the nature of the question. If the respondent is enquiring about the officers involved in managing any potential responses, this is an existing team of 5 officers within the Rates Department. Applications for rates postponement are managed by this department in the

normal course of business. Other responsible officers are specifically identified within the Postponement Policy.

Older persons having trouble meeting their rates obligations may apply for a rates postponement for the elderly. Information on the postponement can be found here <https://www.napier.govt.nz/services/properties-and-rates/rates/postponement-and-remission/>

In addition to ongoing operating costs (which increase for the Council every year), there are a number of capital works projects that require funding. Details on these projects can be found here <https://www.napier.govt.nz/napier/projects/> or refer to a detailed breakdown provided within the 2018-28 Long Term Plan.

With regards to relative affordability of Napier City Council rates, according to the Ratepayers' Report 2019 (www.ratepayersreport.nz), Auckland ranked #1 (\$3,387 average) as the most expensive rates in NZ. Napier ranked #46 (Hastings ranked #36, \$2,247 average) at \$2,147 average of the 66 councils assessed. Southland District #64 was the cheapest recorded at \$1,737 (the last two had no data supplied).

Officer recommendation

That Council adopt the proposed amendments to the Rates Postponement Policy.

Proposal to join the Local Government Funding Agency – Community Feedback

Summary of feedback

Council received 8 submissions. Submitters were asked whether they agreed with the proposal to join the Local Government Funding Agency as an unrated guaranteeing local authority. Submitters were provided with an opportunity to write a comment. Of the 8 submitters,

- **100% - agreed** with proposal to join the Local Government Funding Agency (three comments submitted)
- 0% - disagreed with the proposal to join the Local Government Funding Agency.

Of the three responses received, two generally agreed with joining. One respondent agreed with joining, but questioned whether it may not be more astute to join as a shareholder given the current economic environment and low interest rates – an annual dividend could be expected by Napier City Council for the benefit of ratepayers.

Management information and comment

The positive responses, particularly about speeding up development of infrastructure and improvements have been noted.

Regarding membership options, Council has not excluded becoming a shareholder of the LGFA in the future. Whilst any dividend from the LGFA would be shared with the community through a slight reduction in rates, in this instance, shares would be purchased through increased borrowing (geared investment). Given the uncertainty arising from COVID-19, no guarantee of being paid a dividend in any given year, and the drive by Council to reduce operating costs as much as possible, public affordability was a greater consideration than potential return for the 2020/21 financial year.

Officer recommendation

That Council proceed with application for membership of the Local Government Funding Agency as an unrated guaranteeing local authority.

1.3 Issues

No issues.

1.4 Significance and Engagement

Policy amendments and application to join the LGFA impact all ratepayers. Advertising with links to www.sayitnapier.nz was conducted prior to, and during, the consultation period. Bodies with a special interest in LGFA membership (NZCFI, LGFA, NZ Bankers Association and Westpac Bank) were contacted directly.

1.5 Implications

Financial

Membership of the LGFA provides Council with an avenue to meet forecast borrowing needs.

Social & Policy

Proposed policy amendments allow Council to more effectively respond to significant extraordinary circumstances and better serve the community in times of need.

Risk

N/A.

1.6 Options

The options available to Council are as follows:

- a. Approve the policies and proceed with applying to join the Local Government Funding Agency as an unrated guaranteeing local authority.
- b. Amend the application to join the Local Government Funding Agency based on public submissions.

1.7 Development of Preferred Option

Option A – approve the policies and proceed with applying to join the Local Government Funding Agency as an unrated guaranteeing local authority. There was no opposition to proposed amendments or membership.

1.8 Attachments

- A Rates Remission Policy [↓](#)
- B Rates Postponement Policy [↓](#)
- C Proposal to join the LGFA [↓](#)
- D Rates Remission Policy Public Submissions [↓](#)
- E Rates Postponement Policy Public Submissions [↓](#)
- F LGFA Proposal Public Submissions [↓](#)



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

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	



Rates Postponement Policy			
Approved By	Pending Approval by Council		
Department	Finance		
Original Approval Date	29 June 2018	Review Approval Date	Pending
Next Review Deadline	Pending	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	

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.	
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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 debt¹. 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.

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.

Rates Remission Consultation

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, June 27, 2020 9:14:35 AM
Last Modified: Saturday, June 27, 2020 9:15:52 AM
Time Spent: 00:01:17
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Anita Finnema
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates Remission Policy?

Rates Remission Consultation

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, June 27, 2020 7:51:53 PM
Last Modified: Saturday, June 27, 2020 9:30:09 PM
Time Spent: 01:38:15
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Kim Hall
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates Remission Policy?

Rates Remission Consultation

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, July 01, 2020 9:03:10 AM
Last Modified: Wednesday, July 01, 2020 9:07:07 AM
Time Spent: 00:03:56
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name [REDACTED]
Daytime phone number [REDACTED]
Address [REDACTED]
Suburb [REDACTED]
City [REDACTED]
Email Address [REDACTED]

Q2

Do you agree with the proposed changes to the Rates Remission Policy?

Do you have any comments?:
I understood that I would get a discount as I'm now on a pension & believe I was entitled to a discount as a low earner. Could you tell me how this is achieved.

Rates Remission Consultation

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, July 02, 2020 11:32:58 AM
Last Modified: Thursday, July 02, 2020 11:36:15 AM
Time Spent: 00:03:16
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	G Curtis
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Do you agree with the proposed changes to the Rates Remission Policy?

Yes,
Do you have any comments?:
Fairness and common sense approach - however there should be no financial disadvantages for other ratepayers if the changes to the Rates Remission policy are adopted.

Rates Remission Consultation

#5

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, July 02, 2020 10:07:24 PM
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Time Spent: 00:00:20
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	lee schofield
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates
Remission Policy?

Rates Postponement Consultation

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, June 17, 2020 3:17:49 PM
Last Modified: Wednesday, June 17, 2020 3:19:04 PM
Time Spent: 00:01:14
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Rebecca Ainsworth
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates Postponement Policy?

Rates Postponement Consultation

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, June 23, 2020 11:24:11 AM
Last Modified: Tuesday, June 23, 2020 11:25:36 AM
Time Spent: 00:01:25
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Nichola Ann Nicholson
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Do you agree with the proposed changes to the Rates Postponement Policy?	Yes, Do you have any comments?: I agree with the proposed policy
--	--

Rates Postponement Consultation

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, June 27, 2020 8:32:35 PM
Last Modified: Saturday, June 27, 2020 9:31:33 PM
Time Spent: 00:58:58
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Kim Hall
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates Postponement Policy?

Rates Postponement Consultation

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, July 01, 2020 6:55:53 AM
Last Modified: Wednesday, July 01, 2020 6:56:33 AM
Time Spent: 00:00:39
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Fiona McElroy
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates Postponement Policy?

Rates Postponement Consultation

#5

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, July 02, 2020 11:12:29 AM
Last Modified: Thursday, July 02, 2020 11:17:47 AM
Time Spent: 00:05:17
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	G Curtis
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Do you agree with the proposed changes to the Rates Postponement Policy?

Yes,
Do you have any comments?:
I would have liked more information on how many more officers and their level of seniority in the Council.

Rates Postponement Consultation

#6

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, July 02, 2020 9:43:02 PM
Last Modified: Thursday, July 02, 2020 9:51:14 PM
Time Spent: 00:08:12
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	joe schofield
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Do you agree with the proposed changes to the Rates Postponement Policy?

Yes,
Do you have any comments?:
old people cant afford these insane yearly increases the rate is not value for money. They are paying more money for the same service nothing changes year on year but the rates go up why?

Rates Postponement Consultation

#7

COMPLETE

Collector: Web Link 1 (Web Link)
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Last Modified: Sunday, July 12, 2020 6:10:04 PM
Time Spent: 00:00:31
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Maree Leatherby
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Yes

Do you agree with the proposed changes to the Rates Postponement Policy?

Proposal to join the Local Government Funding Agency

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, June 26, 2020 1:44:44 PM
Last Modified: Friday, June 26, 2020 1:46:18 PM
Time Spent: 00:01:34
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Jay Lamburn
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?
,
Do you have any other comments?:
Makes sense to improve our negotiating power

Proposal to join the Local Government Funding Agency

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, June 26, 2020 4:49:58 PM
Last Modified: Friday, June 26, 2020 4:50:26 PM
Time Spent: 00:00:27
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Michele Grigg
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

Proposal to join the Local Government Funding Agency

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, June 27, 2020 8:32:29 PM
Last Modified: Saturday, June 27, 2020 9:30:51 PM
Time Spent: 00:58:21
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Kim Hall
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

Proposal to join the Local Government Funding Agency

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, June 30, 2020 5:26:20 PM
Last Modified: Tuesday, June 30, 2020 5:27:27 PM
Time Spent: 00:01:07
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Glenda Millar
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

Proposal to join the Local Government Funding Agency

#5

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, July 02, 2020 11:02:56 AM
Last Modified: Thursday, July 02, 2020 11:04:05 AM
Time Spent: 00:01:09
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	G Curtis
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

Proposal to join the Local Government Funding Agency

#6

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, July 02, 2020 10:08:25 PM
Last Modified: Thursday, July 02, 2020 10:08:43 PM
Time Spent: 00:00:17
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	lee schofield
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

Proposal to join the Local Government Funding Agency

#7

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, July 14, 2020 10:43:26 PM
Last Modified: Tuesday, July 14, 2020 10:45:53 PM
Time Spent: 00:02:26
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Casey Smith
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

,

Do you have any other comments?:

Anything to further the development of infrastructure and speed up improvements to our city will be good. If funding is needed, then get the funding to keep the momentum of change and progress going! Please be a forward thinking council known for its proactive and long term developments that enhance HB region and develop it economically. Please.

Proposal to join the Local Government Funding Agency

#8

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, July 15, 2020 1:25:13 PM
Last Modified: Wednesday, July 15, 2020 1:41:32 PM
Time Spent: 00:16:19
IP Address: [REDACTED]

Page 1

Q1

Contact Details

Full Name	Aaron Lawlor
Daytime phone number	[REDACTED]
Address	[REDACTED]
Suburb	[REDACTED]
City	[REDACTED]
Email Address	[REDACTED]

Q2

Which option do you agree with?

Join the Local Government Funding Agency as an
unrated guaranteeing local authority?

,
Do you have any other comments?:
I think option 5 to join and become a principal shareholder
would be an astute financial decision, given the current
economic environment and the record low interest rates. I
would imagine that multiple councils will be joining and
borrowing to cover their own shortfalls, and in terms of risk,
local councils may be up there with the lowest risk borrowers
you could imagine (low chance of loan defaults). This could
mean a healthy annual dividend for NCC which we could
either use to accelerate our own debt repayments or share
the wealth with rate payers - Similar to the annual Unison
cheque which everyone loves.

2. SUBMISSIONS ON THE ANNUAL PLAN 2020/21 CONSULTATION DOCUMENT

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	950826
<i>Reporting Officer/s & Unit:</i>	<p>Adele Henderson, Director Corporate Services</p> <p>Caroline Thomson, Chief Financial Officer</p> <p>Antoinette Campbell, Director Community Services</p> <p>Richard Munneke, Director City Strategy</p> <p>Jon Kingsford, Director Infrastructure Services</p> <p>Natasha Mackie, Manager Community Strategies</p> <p>Lauren Sye, Corporate Planning Analyst</p>

2.1 Purpose of Report

To present the submissions received on the Annual Plan 2020/21 Consultation Document for Council's consideration.

Officer's Recommendation

That Council:

- i. Adopt the following officer recommendations, including any changes and/or additional recommendations arising from the deliberations and consideration of all submissions to the Annual Plan 2020/21 Consultation Document.

Rates, operating shortfall:

- ii. That Council proceed with the officer's recommendation, that is, to increase rates by 4.8% for 2020/21 and use the Parking Reserve (\$4m) and the Subdivision and Urban Growth Fund (\$2.74m) to fund the predicted operating gap of \$6.74m in 2020/21.

Officer's submission:

- iii. That Council proceed with all the changes outlined in the Officer's submission as attached to this Report (submission number 289) namely being:

a. Capital Programme key changes

- i. Council agree the total Annual Plan 2020/21 capital programme be reduced from \$72m to \$59.5m, with \$3.4m of projects to remain in the plan to be completed based on capacity availability.
- ii. Council agree to the key changes to the 2020/21 capital programme as per table below:

Proposed changes to capital plan	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$10.99m	\$7.78m	(\$3.21m)	Reduction in annual plan budget requirement and new requirements.
Move to future year	\$9.99m	\$500k	(\$9.5m)	Move project to future year – hold \$500k for Onekawa Park investigations and Aquatic Centre design requirements.
To be prioritised based on capacity	\$3.4m		(\$3.4m)	Leave in plan and completed based on capacity.

Proposed changes to operating budget	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$0	\$400k	\$400k	New budget requirement for Ahuriri Regional Park funded from Three Waters government funding

b. New requirements

- i. Council note the following new requirements to the 2020/21 capital programme:
 1. Te Awa structure plan
 - a. \$600K increase funded from Financial Contributions reserve for 2020/21 for Transportation infrastructure.
 - b. \$500K increase funded from Financial Contributions reserve for 2020/21 for Water Supply infrastructure.
 - c. \$500K increase funded from Financial Contributions reserve for 2020/21 for Wastewater infrastructure.
 2. Water supply
 - a. \$100K increase funded by loans for Hospital Hill Falling Trunk Main.
 - b. \$90K increased funded by renewals for Upgrade Water Supply Control System (SCADA).
 3. Wastewater planning
 - a. A 30 year wastewater improvement programme is being developed and urgent works will be prioritised in 2020/21. No extra funding allocation required for 2020/21.

4. Stormwater planning

- a. Modelling and investigation work underway will inform priorities for capital works on pump stations in Napier for 2020/21. No extra funding allocation required for 2020/21.

c. *Aquarium expansion project*

i. Council note:

1. That Council are still awaiting formal confirmation of central government's funding commitment for the National Aquarium of New Zealand expansion project before the project continues to the next gateway.
2. The project and the budgets contained in the 2018-28 Long Term Plan assumed an upgrade would be undertaken, and as a result, maintenance costs and funding were reduced/removed.
3. Council still have an obligation to maintain existing services, and to maintain the building requirements in the interim while a final decision on the project is made.

- ii. Council agree to \$1m of the funding currently allocated to the upgrade project to be reallocated to any building maintenance and maintenance of exhibits to an appropriate standard, until such time a decision is made around the next steps for this expansion project. The \$1m for 2020/21 will be funded from the Parklands Reserve which currently sits in 2019/20 but can be carried forward.

d. *Napier Aquatic Centre*

- i. Council note their previous resolution on 4 June 2020 to undertake investigations and design at the current Onekawa site or any other requirements and to complete further consultation with the community through the 2021-31 Long Term Plan or through a future Annual Plan.
- ii. Council approve a transfer of \$500K to 2020/21 from the Aquatic Expansion project fund to enable further investigations at the Onekawa Site. This is funded from reserves.
- iii. Council note the funding of \$500K will be used for a site investigation of Onekawa Park; concept design of one option on Onekawa Park (if site investigations show that the Onekawa site is practicable); and consultation with the community on the concept design.

e. *Library/Civic Building - funding for initial scoping of project*

- i. Council note there is a strong community mandate to return the Library to the Station Street site in some form, with 75% of submitters agreeing, 20% being neutral, and only 5% disagreeing.

- ii. Council agree to allocate initial funding of \$500K in 2020/21 from Reserves to be brought forward from 2021/22 for master-planning for a civic precinct including to return the library to the old Library site.
- iii. Council note that the master-planning of the area will inform any funding requirements for the 2021-31 Long Term Plan.
- iv. Council note a working party that includes Councillors has been established to progress this project.

f. *Three Waters*

- i. Council note the central government announcement of a package for three waters investment over the next twelve months with \$50m earmarked for Hawke's Bay councils over two tranches of funding e.g. \$23m and \$27m, including:
 - 1. the Hawke's Bay councils will need to sign a Memorandum of Understanding (MOU) with government for the first tranche of funding but it does not obligate moving to a new service delivery model. A separate report to approve the MOU will be provided to Council.
 - 2. Future tranches of funding are reliant on Hawke's Bay Councils signing up to the concept of co-design on regional entities.
- ii. Council note that once the amount of central government funding is finalised for Napier, it will be tagged against specific operating and capital projects and budgets updated through the revised budget process during the first quarter of 2020/21. A separate report will be brought back to Council.
- iii. Council note it is anticipated that Council's share of the first tranche of funding would be fully spent in the 2020/21 year.

g. *Ahuriri Regional Park*

- i. Council agree to progress the concept development for the Ahuriri Regional Park as a priority in 2020/21 and match the contribution Hawke's Bay Regional Council have assigned of \$400k.
- ii. Council agree to an increase in operating budget increase by \$400k to fund the concept development of the Ahuriri Regional Park, funded from Three Waters central government funding (once this funding stream is received), with no impact on rates.

Financial policies and Local Government Funding Agency (LGFA):

- iv. As per the resolutions made on the Council report at this meeting, titled, *Submissions on the Rates Remission Policy and Rates Postponement Policy, and Proposal to join the Local Government Funding Agency*, Council note
 - i. Council agreed to adopt the amended Rates Remission Policy
 - ii. Council agreed to adopt the amended Rates Postponement Policy
 - iii. Council agreed to adopt the proposal for Napier City Council to join the Local Government Funding Agency as an unrated guaranteeing local authority.

- v. Consider funding requests and other submissions to the Annual Plan and provide direction to Council officers.
- vi. Council note the significant initiatives for 2020/21, which are Council's work programme for the year, in attachment B. Council agreed to these initiatives on 11 June and they have been assessed through the Officer's submission process to ensure they are fully resourced to be delivered in 2020/21.
- vii. Direct Officers to prepare the Annual Plan 2020/21 document in accordance with the recommendations above (i-vi).
- viii. Direct Officers to advise the submitters of Council's decision in relation to their submission at the time of the adoption of the Annual Plan 2020/21 on 28 August 2020.

2.2 Background Summary

Overview of the process to set the 2020/21 budget to date

Council's ten year plan (commonly known as the long term plan or LTP) for 2018-2028 was adopted in June 2018 after community engagement. The LTP is Council's key document which enables transparency with the public – it describes the community outcomes Council plans to contribute to, the services Council plans to provide to the community, and forecasts the costs of those services. Council engaged with the community for the LTP including the goals being pursued, expected timeframes and trade-offs.

The LTP is an intentions document, and sometimes plans change for a variety of reasons. Each year Council has to set an annual budget. To do that, Council must consider what (if any) changes need to occur from what was projected in the LTP for the financial year in question. Council officers then need to assess any proposed changes against the criteria of significance and materiality. Councils must consult with the community on any significant and material changes from the Long Term Plan and the Annual Plan.

Due to the pandemic, this year's budget development has been undertaken twice, and the budget is in effect an emergency budget rather than a typical Annual Plan.

Pre-Covid-19, the process to develop Council's annual budget for 2020/21 involved a series of workshops with Councillors to set direction on the budget. These seminars occurred during November 2019 to February 2020. Councillors were provided with cost pressures and efficiencies that could be made, and set direction to stay within the financial caps as outlined in the Financial Strategy. On 10 March 2020, Council then 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.

Later in March, the Covid-19 pandemic hit, and Officers then needed to review the Annual Plan again in light of the Covid-19 impacts, particularly as Napier City Council receives only 51% of its total income from rates. The significant reduction in revenue from tourism activities has meant that Council will set an unbalanced budget for the 2020/21 year.

On 23 April, Council agreed to defer the release of the Annual Plan 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, it would be in breach of the legislative timelines.

In April and May, Elected Members attended weekly workshops covering budget impacts; revised significant forecasting assumptions; rates (including 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.

On 11 June, Council adopted the Consultation Document and supporting information, and noted that the Annual Plan does not meet the section 100(i) balanced budget provision of the Local Government Act 2002. However, Council will work towards a balanced budget for the Long Term Plan 2021-31. Council also agreed at that meeting to community consultation on Council joining the Local Government Funding Agency (LGFA), changes to the Rates Remission Policy, and Rates Postponement Policy.

In June and July, Officers further reviewed the feasibility of delivering the work programme as signalled in the draft Annual Plan. There are both internal and external capacity issues for delivery. Significant initiatives for 2020/21 based on community priorities are outlined in the draft Annual Plan 2020/21, and must be resourced and delivered on. As such, Officers have included an Officers' submission with recommendations for changes to the work programme in order to better bring it in line with what can feasibly be delivered during the year. A seminar was held on 9 July with Council to seek direction on the recommendations for changes to the work programme.

Council's approach to engagement with the community

A Consultation Document was adopted by Council on 2 April which included a number of topics, some which asked for particular feedback on an option, and others which were informative, but provided the submitter an opportunity to provide further comments. Other topics were provided as an update to the community. Submitters were also provided with an opportunity to comment on any topic they would like.

Consultation matters were:

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

The consultation document also provided updates on the Napier Aquatic Development; Community Housing; Project Shapeshifter (Aquarium Expansion); Te Pihinga; and Whakarire Revetment. It also signalled timing changes to the capital works programme.

The Consultation Document also signalled separate consultations which will inform the Annual Plan 2020/21 on financial policy changes to rates policies and borrowing including the Rates Remissions Policy, Rates Postponement Policy and joining the Local Government Funding Agency.

The Consultation Document formed the basis for community engagement and focused on the key proposed changes for 2020/21. More detailed information was also provided in supporting information.

The consultation period with Napier residents was between 18 June to 16 July. Attachment A provides a Consultation Report with more detailed information.

Council's consideration of feedback from the community

The Council is required to consider all submissions to the Annual Plan 2020/21 and recommend:

- Any changes to the Plan, and
- Council's response to the submissions.

The following approach has been used to ensure decision-makers are well informed about feedback received on the Annual Plan 2020/21:

- Staff with specific subject matter expertise have considered feedback relevant to their own area and:
 - read through each submission and considered it and written a management response.
 - summarised the issues raised to ensure decision-makers understand community views.
- Individual submissions have been put into a separate attachment so decision-makers can read through an entire submission from a person/organisation (Attachments C and D onwards refer).
- For each consultation topic, this report has the following sections:
 - *Summary of feedback* – including statistics of responses to closed questions, and responses to open-ended questions which have been put into key themes.
 - *Officers' information and comment* – Officers' consideration of feedback and any comments.
 - *Officers' recommendation* – outlines whether the Officers' recommendation remains the same or is different from that proposed in the consultation document.

Overview of feedback received from the community

A total of 310 written submissions were received from Napier residents, of which, 40 were from an organisation or group. Ten groups made a funding request. 12 submissions were received in hardcopy form and three by email. Of the submissions received, respondents had the choice on whether they responded to some or all of the consultation topics, which has resulted in some topics having higher number of comments.

The three Facebook 'Annual Plan Live Chats' received 28,300 views (both live and on demand after the event). 210 people "engaged" with the three videos (i.e. gave a reaction such as "like" or shared the video) and 111 people made comments. There were 68 questions submitted by members of the public over the course of the three sessions.

Of the 310 submissions, the following table shows the overview of results:

Consultation topic	Number of submissions on each topic	Community preference	Number of comments
Rates	244 submissions	Reserves – 88% Debt – 12%	58 comments
Post Covid-19 Recovery Plan	240 submissions	Neutral – 56% Agree – 38% Disagree – 6%	51 comments
Water – Water supply projects; safe chlorine-free drinking water review; wastewater outfall.	256 submissions	Agree – 63% Neutral – 23% Disagree – 14%	132 comments
Kerbside waste collection	273 submissions	Agree – 55% Disagree – 28% Neutral - 17%	156 comments
Napier Civic Library Precinct	266 submissions	Agree – 75% Neutral – 20% Disagree – 5%	207 comments

Street management	245 submissions	Agree – 54% Neutral – 42% Disagree – 4.4%	62 comments
Other	106 submissions	N/A	106 comments

The following organisations submitted (with their submission number provided for ease of reference):

Organisation/group	Submission number
Ahuriri Estuary Protection Society Inc	303
Barn Door Ltd	190
Biodiversity Hawke's Bay	274
Blokart Hawke's Bay	173
Care of Creation Group of the Catholic Parish of Napier	15
Clarence Cox Collective	127
Clean Earth Ltd	290
Cycle Aware Hawke's Bay	307
Environment Justice and Peace Network	276
Friends of the Taradale Library	157
Grey Power	304
Guardians of the Aquifer	299
Hohepa Creative Works	87
Jervoistown Residents' Facebook group	272
Kenny Road North LLC	280
MAURI ORANGA Massage Clinic	220
Multicultural Association Hawke's Bay Inc.	301
Napier City Council	289
Napier City Council Village	90
Napier Civic Choir	305
Napier Girls' High School	231
Napier Pilot City Trust	224
Napier Youth Council	179
National Council of Women Hawke's Bay	201
Nga Toi Hawke's Bay	252

Nuimum	26
New Zealand Chinese Language Week Charitable Trust	310
Oceans Osteopathic & Natural Health Centre	271
Pan Pac	225
Pat Magill - Community Worker	296
Pirimai Residents' Association	223
Pirimai Residents Association Project Committee	306
Sport Hawke's Bay	270
Sport NZ	260
Taradale Community Pool Trust	232
Taradale Residents' Association (TRA)	235
Te Taiwhenua O Te Whanganui-a-Orotū	288
Te Tangata Maraenui Trust	178
Wee Make Change	124
Youth Impact Programme (YIP) Aotearoa	249

Rates increase and options for covering revenue shortfall due to Covid-19 – consultation topic

Council received 244 submissions on the rates increase and options for covering revenue shortfall due to Covid-19, of which 58 submitters provided comments in support of their submission.

Overview

Reduced rates increase – using our savings funds	88% (214 submitters)
Reduced rates increase – by borrowing money	12% (30 submitters)
Total:	(244 submitters)

Organisations that commented in support of using reserves:

Napier Youth Council; Taradale Residents' Association; Te Tangata Maraenui Trust

Organisations that commented advocating for better budgeting:

Clean Earth Ltd

Summary of submitters' comments

The majority of the 60 submitters who provided comment expressed support for using reserves to fund the shortfall. Key themes from all submitters included:

<i>Key themes of submissions</i>	<i>Key points made by submitters</i>
Reasons for/against use of debt or reserves (18 submitters)	<ul style="list-style-type: none"> • Preference for reserves (11 submitters) <ul style="list-style-type: none"> - Use reserves up before use of debt (5 submitters) - Reserves are set aside for hard times like Covid-19 (2 submitters) - Debt shifts the responsibility on to future generations (1 submitter) - Depends what the funds are used for (1 submitters) • Preference for debt (4 submitters) <ul style="list-style-type: none"> - Borrow while interest rates are low (4 submitters) - Spend more on city development (2 submitters) • Would like to see a combination of both debt and reserves (3 submitters)

Reasons for/against rates increase (17 submitters)	<ul style="list-style-type: none"> No rates increase (13 submitters) <ul style="list-style-type: none"> People are already struggling after Covid-19 (10 submitters) General affordability (2 submitters) Disagree with the mindset that rates need to increase every year (1 submitter) Happy with 4.8% increase (4 submitters) <ul style="list-style-type: none"> Specific rates and rental relief for those in hardship (1 submitter)
Alternative options for cutting rates (15 submitters)	<ul style="list-style-type: none"> Implement spending cuts (11 submitters): <ul style="list-style-type: none"> Focus on basics - delay any non-essential projects (4 submitters) Number of Councillors and Councillor allowances (2 submitters) Council staff - reduce staff numbers/reduce salaries (2 submitters) Less catering/events (2 submitters) Reassess projects (1 submitter) Find other ways to raise revenue (4 submitters) <ul style="list-style-type: none"> Sell assets (1 submitter) Increase rates for owners of derelict buildings (1 submitter) Collect rates from charities that own land (1 submitter) Charge for noise complaints (1 submitter)
Budget management (7 submitters)	<ul style="list-style-type: none"> Poor budget management (4 submitters) Adjust resourcing and expenditure to economic conditions (2 submitters) Cheapest solution for future (1 submitter)

Information and comment from Council officers

The following section outlines Council officers' consideration of the key themes of community feedback.

Reasons for/against use of debt or reserves

Council's preferred option is to fund the \$6.74m gap from reserves for 2020/21 as opposed to loan funding which would impose future rates impacts on the community. Council is forecasting external borrowing requirements of \$33m for 2020/21. This is in line with year 3 of the LTP and assumes the capital programme will be fully completed. External borrowing will only be required if there are insufficient reserve balances to draw on.

Reasons for/against rates increase

The rates increase of 4.8% 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 requirement in the Local Government Act, it can be resolved that it is financially prudent due to the one-off nature.

Alternative options for cutting rates

During the budget revision, Council looked at the option of reducing the rates increase to zero (i.e. a nil rates increase).

However, this would have meant funding another \$2.9m from either reserves or loans or cutting costs to the point where we faced either cancelling or reducing levels of service or not being able to continue with water and other important projects. This option would result in a rates increase of around 5.4% in the following year onto future ratepayers.

The rates relief, rental relief packages and rapid response fund along with the \$1m recovery support programme are included in the budget to help alleviate some of the financial hardship faced by the community.

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 \$2.9m 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.

Budget management

The Annual Plan 2020/21 contains increased costs for insurance and kerbside waste costs, phasing in of the kerbside recycling contract and reduced revenue related to Covid-19 impacts. Performance against budgets will be closely monitored and reported to Elected Members as we move through 2020/21 due to the uncertainty around Covid-19 impacts on the economy and tourism.

Officer's recommendation

That Council proceed with the Officer's recommendation to increase rates by 4.8% for 2020/21 and use the Parking Reserve (\$4m) and the Subdivision and Urban Growth Fund (\$2.74m) to fund the predicted operating gap of \$6.74m in 2020/21.

Post Covid-19 Recovery Plan including rates and rental relief; Jump Start Innovation Fund; We are Team Napier promotion – inform

Council received 240 submissions on the Post Covid-19 Recovery Plan, of which 51 submitters provided comments in support of their submission.

Overview

Neutral – 56% (134 submitters)

Agree – 38% (91 submitters)

Disagree – 6% (15 submitters)

Total – 240 submitters

Organisations that commented in support of the Post Covid-19 Recovery Plan:

Grey Power; Hohepa Creative Works; Napier Youth Council; Napier Pilot City Trust; Taradale Residents' Association; Te Tangata Maraenui Trust; Youth Impact Programme Aotearoa.

Organisations that commented advocating for focused Covid-19 relief:

Te Taiwhenua O Te Whanganui-a-Orotū; (advocating for Māori business and support for Māori whanau);

Multicultural Association Hawke's Bay Inc. (advocating for a more proactive response for migrant communities)

Summary of submitters' comments

The majority of submitters expressed neutrality about the Recovery Plan, followed by support for it. A small number disagreed with the Plan. Key themes from all submitters included:

<i>Key themes of submissions</i>	<i>Key points made by submitters</i>
Recovery plan (21 submitters)	<ul style="list-style-type: none"> • General support (6 submitters) • "Team Napier" (4 submitters) <ul style="list-style-type: none"> - Didn't understand the intention of the campaign (1 comment) - Querying cost of the campaign (3 submitters) • Didn't understand the Recovery Plan (3 submitters) <ul style="list-style-type: none"> - Unclear how to access support/how decisions would be made (1 submitter) • Had not heard of the Recovery Plan (2 submitters) • Recovery Plan is too generic (1 submitter) • Words need to translate into action (1 submitter) • Need to focus on the future (1 submitter)

	<ul style="list-style-type: none"> • Plan could be bolder (1 submitter) • Emphasis on supporting local (1 submitter) • Support border control (1 submitter)
Levels of support (20 submitters)	<ul style="list-style-type: none"> • Should be focused to those who need it most (9 submitters) <ul style="list-style-type: none"> - Businesses (5 submitter) - Vulnerable people (2 submitters) - Māori (1 submitter) - Young people (1 submitter) - Migrant communities (1 submitter) • No need for Council to respond to Covid19 (6 submitters) <ul style="list-style-type: none"> - Central government is doing enough (2 submitters) - Covid19 isn't a real threat (3 submitters) • Should be distributed equally (2 submitters) • Not Council's role to support local business (2 submitters) • Only fund initiatives that will be self-sustainable (1 submitter)
Catalyst for changes to Napier (6 submitters)	<ul style="list-style-type: none"> • Chance to make environmental changes to the city (4 submitters) <ul style="list-style-type: none"> - Shift away from cars (1 submitter) - Combatting climate change (1 submitter) - Less consumerism (1 submitter) • Attract businesses (1 submitter) • Have depended too much on tourism in the past (1 submitter)
Cost (6 submitters)	<ul style="list-style-type: none"> • Rates (6 submitters) <ul style="list-style-type: none"> - Plan shouldn't go ahead if it costs ratepayers more (5 submitters) - Plan is an excuse to increase rates (1 submitter)

Information and comment from Council officers

The following section outlines Council officers' consideration of community feedback.

Recovery plan

During Alert Level 3, the community told us that they were generally concerned about small companies going out of business and the health and wellbeing of their loved ones (Covid-19 Wellbeing Survey). With the aim of helping the community to get up and running, Council developed the Recovery Plan. The recovery phase covers a medium term, 12 to 18 months, after which we expect the recovery initiatives to become part of Council's business as usual function. Projects seeking funding are able to submit an application demonstrating how they meet the principles and objectives of the Recovery Plan. Successful projects should have a positive impact on Napier, fostering a quick economic and social recovery and improving overall community wellbeing.

Levels of support

Council is seeking to compliment, not duplicate, central government support offered to businesses and the community after the pandemic. The recovery plan assessment framework focusses on the sectors which have had the highest negative impact from Covid-19. Council saw a role to play in the recovery of Covid-19 after the community expressed concerns over small businesses and identified hospitality and tourist focused business as one of the most vulnerable sectors in Napier.

Despite these businesses being one of the key sectors impacted by Covid-19 in Napier, there are no restrictions on who can apply to the recovery fund. The funds are open to community organisations, businesses, youth, Iwi/hapu and support agencies and the funding will be distributed according to the positive impact each project is delivering to the community.

Catalyst for changes to Napier

Despite a large proportion of Napier residents indicating the Covid-19 situation has had an overall negative impact on them or their family; many residents also reported an overall positive impact. Positive impacts were mostly linked to time spent with family but also appreciation of life and increased physical activity either by more walking or by cycling (Covid-19 Wellbeing Survey).

Council has followed the Government's lead in promoting active modes of transport and increasing resilience across New Zealand. Behavioural changes towards resilience and reducing emissions by less reliance on cars as the main mode of transport are expected to continue after Covid-19. This will partly contribute to Climate Change improvements.

Council expects some innovative projects will apply for the recovery fund seeking to lessen the dependency on international tourists visiting Napier. This will improve our economic resilience.

Cost

The role Council plays in the delivery of Civic Defence duties is not limited to coordinating the response for Napier but also to actively promote recovery for the Napier community. The majority of the community expected to receive support from Council following lockdown. The Recovery Plan implements this Council function and the funds set aside are expected to deliver a high return on the investments made. It is proposed that \$500,000 is allocated to contestably fund projects that accelerate recovery of Napier's community and/or economy and enhance wellbeing.

Council anticipates that projects supported by the Recovery Projects Fund will directly reflect one or more of the six identified Recovery Plan goals improving the overall wellbeing of Napier residents.

Another \$200,000, part of the Te Puawaitanga - Green Communities Together fund has been set aside as an opportunity to build community well-being and achieve environmental objectives through the development of a fund that seeks to actively engage our community in "greening" projects within their neighbourhood.

Officers' recommendation

There is no officers' recommendation for this topic as it was an inform piece.

Water - Water Supply projects; safe chlorine-free drinking water review; wastewater outfall

Council received 256 submissions on water, of which 132 of submitters provided comments in support of their submission.

Overview

Agree – 63% (160 submitters)

Neutral – 23% (59 submitters)

Disagree – 14% (37 submitters)

Total – 256 submitters

Organisations that commented in support of water supply projects:

Grey Power; Napier Youth Council; Napier Girls' High School; Taradale Residents' Association; Te Tangata Maraenui Trust; Youth Impact Programme (YIP) Aotearoa.

Organisations that commented seeking specific water improvements:

Barn Door Limited; Clean Earth Limited; Guardians of the Aquifer; Hohepa Creative Works; Mauri Ora Massage; Oceans Osteopathic & Natural Health Centre; Te Tangata Maraenui Trust.

Summary of submitters' comments

The majority of submitters expressed support for what Council have proposed for water. Key themes from all submitters included:

<i>Key themes of submissions</i>	<i>Key points made by submitters</i>
Water quality and safety (110 submitters)	<ul style="list-style-type: none"> • Dislike chlorine (79 submitters) <ul style="list-style-type: none"> - Health issues - Taste - Access to unchlorinated water depends on privilege - Chlorine levels are too changeable • For safety, wants chlorination to remain (2 submitters) • Dirty water (24 submitters) <ul style="list-style-type: none"> ○ Discolouration/brown water ○ Requesting compensation for filters ○ Had to put a filter in • Water is fine (3 submitters) • Support fluoridation (2 submitters)

Proposed programme (23 submitters)	<ul style="list-style-type: none"> • Proceed Water programme with urgency (14 submitters) • Happy with proposal (5 submitters) • Wait until the Chlorine free review before fast-tracking work (4 submitters)
Environment (9 submitters)	<ul style="list-style-type: none"> • Need for environmental sustainability (3 submitters) • Charge for water (3 submitters) • Clean up Pandora Pond / Estuary (1 submitter) • Shift cost to industry doing the polluting (1 submitter) • Reduce the need for bottled water (1 submitter)
Current water infrastructure (9 submitters)	<ul style="list-style-type: none"> • Infrastructure outdated (6 submitters) • More reservoirs needed (2 submitters) • Water pressure (1 submitter)
Programme governance (7 submitters)	<ul style="list-style-type: none"> • Need for transparency (2 submitters) • Suggestions for procurement (2 submitters) • Need for partnership with Māori (1 submitter) • Needs to be improved collaboratively (1 submitter) • Shouldn't involve central government/external providers (1 submitter)

Information and comment from Council officers

The following section outlines Council officers' consideration of community feedback.

Water quality and safety

Health Issues – Fears around cancer and Trihalomethanes

To further address the points raised in relation to disinfection by-products (DBPs), NCC has tested for a range of DBPs including Trihalomethanes (THM) and Halo-acetic Acids (HAA). For THM and HAA the concentrations found are below the limits of detection of current analytical methods i.e. less <0.007 parts per million (ppm) for THM and <0.03 mg/l ppm for HAA. As such all points pertaining to THMs and other NZWDS regulated disinfection by-products are not deemed to be relevant to the citizens of Napier.

Water Treatment

In relation to points raised associated with providing Ultraviolet (UV) water treatment. NCC has completed an updated Masterplan in 2019, which has identified UV as being part of the future requirements for the supply. This is based on expected changes to the New Zealand Drinking Water Standards (NZDWS) which will likely remove secure status from all bores in the next revision of the NZDWS.

The presence of total coliforms in the majority of bores demonstrates to the Council that upgrades to the treatment to address potential contamination from chlorine resistant pathogens, such as *Cryptosporidium*, are likely to be required.

E.coli testing

Council's duty of care means that we have to ensure we comply with the New Zealand Drinking Water Standards (NZDWS) and initiate appropriate responses based on the sampling and testing requirements, the detection of a single E.coli in a sample, whether in the source water or the water network, is classed as a significant event and we will always respond accordingly. Council's primary duty is to protect public health, and in particular, to ensure the most vulnerable members of the Napier community receive water that is safe to drink and Council will take all measures within our regulatory responsibility to ensure that this is the case. Testing is for compliance purposes only and forms one part of public health protection practiced by the Council and does not proactively protect public health.

Chlorine

Council will only consider removing chlorine from the supply if it can be done safely. There would be a very large amount of capital work to undertake, changes to operations and maintenance practices and systems before a safe chlorine free system could be achieved. Council are working with an international team of water supply experts and with the Ministry of Health to understand how this can be done safely and gain compliance.

The dosing of chlorine at the bores is not as refined as it will be with the new water treatment plants.

Fluoride

Fluoridation is a decision that would be made at government level. Council currently does not have any plans to fluoridate the supply but will allow for retrofitting as part of the treatment plant design.

Filters

Council is concentrating on resolving the issues permanently rather than having a short-term solution that could potentially put people at risk (filters need to be managed to keep them safe).

Water supplies with Chlorine are evident all over the world and no water suppliers pay for individual filters to remove chlorine, this is a personal choice.

There are a number of options available if customers do not like the taste or smell of Chlorine - a) leave a jug of water on the bench or the fridge overnight, b) boil it, c) use a desk top filter e.g. a Brita filter d) install a household filter. Council has looked into filter provision and rebates and to date have not progressed a rebate process.

Dirty Water

Having Safe, quality water is Council's top priority. The main priority is to address ongoing dirty water issues, which is addressed by our new bore field project and the development of the Tamatea/Parklands supply zone (DMA).

The dirty water issues are mainly due to the levels of manganese that we have in our water source which is reacting with the chlorine to produce a manganese dioxide which causes discoloured water. This is a known issue in water supplies with manganese present. Having filters at our treatment plants is an option for removing manganese. Council is investigating locating bore fields where there is very low manganese so that water treatment costs can be kept to a lower level. If it is not possible to have a low manganese water source then filters will be included in the treatment plant design.

Proposed programme

The Chlorine Free Review is underway and a large proportion of the infrastructure identified in the Water Supply Masterplan will be required for both chlorine free and chlorine-based scenarios. Council's first priority is to undertake projects, which reduce Dirty Water Customer Complaints, whilst maintaining sufficient safe drinking water to meet customer's needs.

Environment

There were a number of comments around the use of bottled water and the management comment was the same as for the filter submissions.

Current water infrastructure

The infrastructure is generally only halfway through its useful life, so is not out of date or past its use by date. However, the Enfield reservoir is at "end of life" and will be replaced accordingly. Council are now taking a more strategic approach to the development of operation of the water supply network and have developed a significant programme of work to enable more comprehensive management of the water supply network.

The issues around "enough for the city" relate to our consent with Hawke's Bay Regional Council and there will be an expectation that Napier City reduces its water consumption which is currently more than double that of other NZ cities.

Upgrading all of the water pipes would cost hundreds of millions and would not address the dirty water issues. The cause of the dirty water is water chemistry, not the condition of the pipe network. Council has an extensive programme of work underway to address the dirty water issues and to future proof the network.

Programme governance

The work that Council has underway does include a multibarrier approach and Council does coordinate with Central Government via the Public Health Unit and the Ministry of health on Napier's water supply. Provision of Chlorine in the supply is the main barrier in the water supply.

The community have strong views both for and against disinfection and therefore the community as a whole will have the opportunity to be involved in the long term decision making as part of the next Long Term Plan.

Councillors and the procurement team have invested a great many hours to ensure that a robust tender process was followed. Council engaged an external probity advisor to assist with the review and witness the procurement process.

While Council have developed a programme to address the dirty water issues and improve the operations and performance of the water network, it is expected that further work would be required to develop an appropriately optimised network. The Review itself will inform Council of what further work is required to develop a contemporary Water network that includes treatment with Chlorine, and without Chlorine.

Officers note that issues around engagement with Māori regarding Water have been raised. Council recognises there is a need to budget for engagement to better enable involvement in planning and decision-making. Council is currently considering the most appropriate way to enable effective partnership and engagement with Māori on this topic.

Officer's recommendation

There is no general officer's recommendation for this topic as it was an inform piece.

However, as part of the chlorine free review, the timing and delivery of the master plan is being reviewed with the external consultants to ensure that the best way forward is being adopted and that there is no unnecessary work completed that would be impacted by the outcome of the review.

Officers also recommend that more information be added to the Council website to address concerns around Disinfection By Products and sharing more information with the public around chlorination, filters and the chlorine free review.

Kerbside waste collection – inform

Council received 273 submissions on kerbside waste collection, of which 156 submitters provided comments in support of their submission.

*Overview***Agree – 55% (150 submitters)**

Disagree – 28% (76 submitters)

Neutral - 17% (47 submitters)

Total – 273 submitters

Organisations that commented in support of wheelie bins:

Grey Power; Taradale Residents' Association; Youth Impact Programme (YIP) Aotearoa.

Organisations that commented opposing wheelie bins:

Care of Creation Group of the Catholic Parish of Napier; Clarence Cox Collective; Clean Earth Ltd; Guardians of the Aquifer; Hohepa Creative Works; Jervoistown Residents' Facebook group; Napier City Council Village; Wee Make Change.

Organisations that commented about other aspects of kerbside waste:

Napier Youth Council; Te Tangata Maraenui Trust.

Summary of submitters' comments

The majority of submitters expressed support for the enhanced kerbside waste collection service commencing on 1 October 2020, however approximately a third of submitters disagreed. Key themes from all submitters included:

Key themes of submissions	Key points made by submitters
Opposed to wheelie bins (99 submitters)	<ul style="list-style-type: none"> • General opposition (5 submitters) • Not user friendly (37 submitters) <ul style="list-style-type: none"> - Difficult to use because of age/disability (15 submitters) - Difficult to use because of house access (hill, stairs, long driveway) (19 submitters) - Nowhere to store the bin (6 submitters) - Risky in high wind (5 submitters) - Nowhere to put the bin at the kerbside (4 submitters) - Unsightly (3 submitters) - Too many bins at each household (2 submitters)

	<ul style="list-style-type: none"> • Contrary to principles of waste minimisation (30 submitters) <ul style="list-style-type: none"> - Bin will encourage more waste (12 submitters) - Bags will still be used; doubling up on plastic (10 submitters) - Convenience of bin will encourage sending recycling/green waste to landfill (5 submitters) - Bins shouldn't be made of plastic (5 submitters) • Size (23 submitters) <ul style="list-style-type: none"> - Too large for weekly collection (17 submitters) - Too small for weekly collection (6 submitters) • Health and safety concerns (2 submitters) • Harder to collect (2 submitters)
In favour of wheelie bins (45 submitters)	<ul style="list-style-type: none"> • General support (20 submitters) • Reduce plastic bag use (10 submitters) • Would stop animals in bins (5 submitters) • Health and safety benefits (5 submitters) <ul style="list-style-type: none"> - Reducing risk of injury for collection workers (1 submitter) • Tidier streets (3 submitters) • Deter illegal dumping (2 submitters)
Affordability and use (49 submitters)	<ul style="list-style-type: none"> • Waste of money/concerned about cost (27 submitters) • Want a discount/rebate for infrequent use (15 submitters) • Question about cost/rebates (4 submitters)

	<ul style="list-style-type: none"> • Should be an option to "opt out" (3 submitters)
Service provision (36 submitters)	<ul style="list-style-type: none"> • Want better options for other types of waste (15 submitters) <ul style="list-style-type: none"> - Recycling (10 submitters) - Green waste/organics (8 submitters) • Procurement (10 submitters) <ul style="list-style-type: none"> - Unfair on local providers (9 submitters) - Choice of provider will determine success (1 submitters) • Introduction of the service (6 submitters) <ul style="list-style-type: none"> - The quicker the better (2 submitters) - Postpone service (4 submitters) • Service coverage (5 submitters) <ul style="list-style-type: none"> - Not suitable for CBD (2 submitters) - Not suitable for retirement villages (2 submitters) - No collection in Tangoio (1 submitter)
Consultation (4 submitters)	<ul style="list-style-type: none"> • Why consulting when decision already made? (3 submitters) • Original consultation misleading (1 submitter)

Information and comment from Council officers

The following section outlines Council officers' consideration of community feedback.

Opposed to wheelie bins

Many of the submissions opposing the introduction to wheelie bins as the receptacle for kerbside waste rather than the current individually-purchased plastic bag method were relating to the receptacles being contrary to the principles of waste minimisation. One of the overarching principles of the WMMP was to increase the level of responsibility of each customer taking responsibility for their consumption. A change in receptacle does not make an individual purchase more items with increased packaging, and the customer has the option of not using plastic bags, or reusing plastic bags to transport waste to their new receptacle. Waste Audits have shown an unsustainable quantity of greenwaste

going to landfill, which is why the WMMP has a principle of removing as much greenwaste from the landfill as is possible – this is the key reason why these wheelie bins will be checked electronically on every empty and where greenwaste is present on an ongoing basis, warnings will be issued, followed by removal of the service. This will assist in reducing greenwaste going to landfill.

Some submitters stated that the bins will be unsightly, but when comparing the current method of up to two plastic bags per household, a consistent and tidy alternative should avoid this. Where submitters were concerned that there are individual problems with the proposal, e.g., properties with steep steps or long driveways, methods to address this and provide alternatives will be assessed on a case-by-case basis.

In favour of wheelie bins

Most submitters in favour of the new receptacles generally supported the change, and the reasons for this included a reduction in single use plastic bag use, the stopping of access by animals who currently rip plastic bags and spread waste, present a reduction in health and safety risks, would result in tidier streets, and would deter illegal dumping.

Affordability and use

Most people in provided submissions in respect of affordability were querying the ability to obtain a rebate/incentive for using the service less. One of major benefits of the wheelie bin system is that customers can opt-in to a reduced service collection. If a customer registers to be a 'low-user', their bin will then be checked for the number of collections of that bin and if they have not used it for half of the collections, they will be issued a rebate in the following year. This is a solution that cannot be afforded to those customers currently using the bag service.

Service provision

While some people who submitted wanted the service to start faster than October, others thought we should postpone the service. Unfortunately the contract start date had been agreed last year and any postponement would cost ratepayers an equivalent amount, so delaying would not be of any benefit.

A number of submitters wanted better options for the types of waste not accepted in the new bins, which Council's Waste Minimisation Team will be addressing utilising through education and local opportunities, where they exist.

Some submitters were concerned about the impact of the new receptacles upon local waste operators. An open tender was carried out where any provider (or group of providers) could tender for the contract, meaning anyone could be successful if they could meet the Solution, Capability, Capacity, Safety, Cost, and Value-Add aspirations of Council for this service. Also, bins will be strictly monitored for their contents so there are opportunities for local contractors to provide innovative solutions to customers over and above the general waste collection service offered to ratepayers.

Consultation

This consultation was to inform the community of the impending changes to the kerbside refuse collection in Napier, as it has a direct rates implication, and had already been tendered, procured and contracted prior to the implications of Covid-19. Every submission made by the public have been reviewed, considered and the methodologies of the changed system and its risks and benefits have been reviewed, and where widespread benefits from ideas of the public have been presented, slight modifications and clarifications to the new system have been made.

Other

Overall, those who took the effort to submit their thoughts on the changes to the way we collect waste from kerbside in Napier agreed with change, and those who had queries in relation to the rebates for low use will be addressed through the opt-in system as per the original tender documents as a value-add to subsequently reduce cost for customers. We are aware that waste management and minimisation is a topic which the people of Napier are very passionate about, and we have sought to provide a solution that most of our customers will be satisfied with, most of the time, at a reasonable and sustainable cost. We cannot provide a service that will please all customers every time, but Council has attempted to find a suitable balance with a benefit to most people. Once the start of the new service commences, and throughout its contract length, Council can amend and develop the service to ensure the service level pleases as many customers as we are able.

Officer's recommendation

There is no officer's recommendation for this topic as it was an inform piece.

Napier Library Civic Precinct – inform

Council received 266 submissions on the return to the original library site, of which 207 submitters provided comments in support of their submission.

*Overview***Agree – 75% (199 submitters)**

Neutral – 20% (54 submitters)

Disagree – 5% (13 submitters)

Total – 266 submitters.

Organisations that commented in support of returning to the original site:

Grey Power; Guardians of the Aquifer; Te Tangata Maraenui Trust; Youth Impact Programme (YIP) Aotearoa

Organisations the commented with a preference for the temporary site:

Hohepa Creative Works

Organisations that commented on another library issue:

Care of Creation Group Catholic Parish of Napier; Friends of the Taradale Library; Napier City Council Village; National Council of Women Hawke's Bay; Taradale Residents' Association

Summary of submitters' comments

There is a clear majority of submitters that expressed their support for returning the library to the original location. Key themes from all submitters included:

<i>Key themes of submissions</i>	<i>Key points made by submitters</i>
Old site is good (36 submitters)	<ul style="list-style-type: none"> • Accessibility good (18 submitters) <ul style="list-style-type: none"> - Public transport options good (10 submitters) - Easily accessible (5 submitters) - Good for pedestrians (1 submitter) - Lots of parking (1 submitter) - Close to shops (1 submitter) • Strengthen old building (12 submitters) • Civic precinct (6 submitters) <ul style="list-style-type: none"> - Create a civic precinct (4 submitters) - Library and civic presence back to original site (2 submitters)

	<ul style="list-style-type: none"> - Library + Civic in one building (1 submitter) • Build new building (4 submitters) <ul style="list-style-type: none"> - Green building and green space (1 submitter)
Design ideas for library (20 submitters)	<ul style="list-style-type: none"> • Space <ul style="list-style-type: none"> - Adequate space and room for growth (4 submitters) - Space to enable books/reading and community activities (1 submitter) - Entire building solely for library (1 submitter) - Hub for community activities (1 submitter) - Single use for space (1 submitter) - Area for environmental and waste education (1 submitter) • Children-friendly <ul style="list-style-type: none"> - Sound-proof room for kids (1 submitter) - Make it a destination for families (1 submitter) - Kids area (1 submitter) • Facilities <ul style="list-style-type: none"> - Café (4 submitters) - Green space (2 submitters) - Good technology and WiFi (2 submitters) - Sufficient parking (2 submitters) - Collection bins at supermarket (1 submitter) • Look and feel <ul style="list-style-type: none"> - Bold and engaging e.g. new Blenheim Library, New Plymouth library (2 submitters) - Make it a nice precinct (1 submitter) - Upgraded and modernised with heritage feel (1 submitter) - More natural daylight (1 submitter) - Safe (1 submitter) - Accessible to all (1 submitter) • Current issues <ul style="list-style-type: none"> - Current tree removal (1 submitter) - Sort out bird fouling (1 submitter)

City planning (21 submitters)	<ul style="list-style-type: none"> • Urgency to get Napier Library completed (8 submitters) • Important for city vitality (5 submitters) • Should never have been moved (4 submitters) • Choose cost effective solution (3 submitters) • Want more info on building and costs (2 submitters) • Don't use library (2 submitters) • Consider rising sea levels (1 submitter) • Hopefully Council investigations on site have been correct (1 submitter) • Libraries are important (1 submitter) • Do we need to put a library in prime space (1 submitter) • Libraries end up providing shelter to the homeless which can puts other users off (1 submitter)
Temporary site (17 submitters)	<ul style="list-style-type: none"> • Likes temporary site (2 submitters) <ul style="list-style-type: none"> - nice area (1 submitters) • Doesn't like temporary site (11 submitters) <ul style="list-style-type: none"> - Temporary site too small (7 submitters) - Poor parking (5 submitters) - Currently taking up space that should be used by MTG (3 submitters) - Reduced going to, or ceased using the library (2 submitters) - Limited book selection (2 submitters) - Poor conditions for staff (1 submitter) - Missed the local hub (1 submitter) • Women's rest should be a community resource, not for storage of books (1 submitter)
Taradale Library (7 submitters)	<ul style="list-style-type: none"> • Use Taradale Library, don't use/rarely use Napier Library (5 submitters) • Taradale library upgrade suggestions (2 submitters)
Prefer another location	<ul style="list-style-type: none"> • New library at Clive Square (2 submitters)

(4 submitters)	<ul style="list-style-type: none"> • Situate library in the current War Memorial Centre and rename Napier War Memorial Library (1 submitter) • Better location close to cycleways (1 submitter)
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Information and comment from Council officers

The following section outlines Council officers' consideration of community feedback.

Old site is good

A long-list of 16 sites that were identified as potential options for the library and reports were developed for each which included; site extent, hazards, regulatory requirement, heritage and cultural issues, services and tenure.

The recommendation from the outcome of the site selection process was to pursue the development of the library on the Station Street site. The proximity to public transport, parking and the CBD, and ease of development, are among the many reasons Station Street was selected.

Design ideas for library

A fit for purpose, modern library, is one of the key outcomes of the library strategy, and will play an important part in the master planning and development of the library and civic precinct.

The 'Space for All' objective within the strategy covers many of the ideas expressed by the submitters, especially adequate space and room to grow.

City planning

The Library Building on Station Street is earthquake prone. In 2017, the Library Building was assessed for seismic strength by an independent, qualified consultancy called Strata Group. The building was found to be 15% of New Building Standards (NBS). This is very low, and could pose a potential risk to visitors and staff in the event of a large earthquake. Thus a move to temporary location was required.

The development of a fit for purpose library civic precinct is a top priority while delivering this in the most cost effective way. The library civic precinct steering group has begun the master planning process and is excited to be progressing this important work.

Temporary site

We acknowledge that the temporary site in the MTG is too small and suffers from a lack of parking. We also acknowledge that visitors have enjoyed the modern feel and air conditioning available at the temporary site.

Taradale Library

We are glad that many of the submitters like Taradale library and we will certainly learn from it as we develop our CBD Library. Taradale Library after being open 11 years is in need of some capital investment to improve the air conditioning, replace the carpet and increase car-parking availability. In 2020/21 there is funding allocated to improving air conditioning. Other projects for investing in Taradale Library will be considered as part of the Long Term Plan 2021-31.

Prefer another location

We considered a long-list of 16 sites as potential options for the library across the CBD. We looked at city activation, transportation, landmark positioning and ease of access.

The recommendation from the outcome of the site selection process was to pursue the development of the library on the Station Street site.

Officer's recommendation

There is no officer's recommendation for this topic as it was an inform piece.

The next step, as per the Council resolution from the 9 April 2020 Council meeting, is to inform the Civic Precinct Steering Group of the community feedback received in the submissions for consideration in the masterplan development for the development of the library on the Station Street site.

Street Management – inform

Council received 245 submissions on Street Management, of which 62 submitters provided comments in support of their submission.

Overview

Agree – 54% (131 submitters)

Neutral – 42% (102 submitters)

Disagree – 4% (12 submitters)

Total – 245 submitters

Organisations that commented in support of the proposal:

Taradale Residents' Association; Te Tangata Maraenui Trust; Youth Impact Programme (YIP) Aotearoa; Grey Power.

Organisations that commented with ideas relating to CCTV:

Jervoistown Residents' Facebook group; Napier Youth Council; Te Taiwhenua O Te Whanganui-a-Orotū.

Summary of submitters' comments

The majority of submitters expressed support for Council's proposal on street management, with only a small percentage disagreeing. Key themes from all submitters included:

<i>Key themes of submissions</i>	<i>Key points made by submitters</i>
More information required/requested (13 submitters)	<ul style="list-style-type: none"> Doesn't understand a component of the proposal what 'in house' means (3 submitters) Doesn't know enough (3 submitters) Wants more information on technology used (1 submitter) Wants more information on other options, benefits of proposed option, and what is working well currently (1 submitter) Doesn't understand what needs fixing (1 submitter) Doesn't know whether new cameras will provide a better recording than existing ones (1 submitter) Will in-house management create more jobs (1 submitter) How many other councils have CCTV systems managed in-house (1 submitter) Don't know current and proposed network. (1 submitter) Need more information (1 submitter)

	<ul style="list-style-type: none"> • Can in-house management provide cost benefit (1 submitter) • What would the in-house cost be (1 submitter)
Management arrangements (11 submitters)	<ul style="list-style-type: none"> • In-house (4 submitters) • Needs to be cost effective (3 submitters) • Combination of in-house and managed externally (1 submitter) • Managed externally (1 submitter) • Doesn't like managed in-house (1 submitter) • Joint management and funding with Police (1 submitter) • Need competitive tender process (1 submitter)
Ideas (9 submitters)	<ul style="list-style-type: none"> • Street management <ul style="list-style-type: none"> - City Patrols – e.g. Hastings initiative, creates jobs (3 submitters) - Māori wardens to be used in Street Management Programme (1 submitter) - Assist Taradale Street Management Programme (1 submitter) - Consult with Napier Community Patrol (1 submitter) - Music to deter trouble-makers (1 submitter) - Remove 'beggars' (1 submitter) - Enhanced ambassador roles (1 submitter) • CCTV <ul style="list-style-type: none"> - Against use of 5G (2 submitters) - Also invest in cameras outside of CBD, including in trouble spots (2 submitters) - Expand system due to lack of Police presence and increasingly anti-social behavior (1 submitter) - More funding should be assigned for monitored CCTV (1 submitter) - Get good cameras (1 submitter) - Advertise CCTV is in town (1 submitter) - Ensure residents' privacy (1 submitter) • Housing <ul style="list-style-type: none"> - Focus on housing to lead to less crime and disorder (1 submitter)

Potential positive benefits (8 submitters)	<ul style="list-style-type: none"> Assists with managing crime (7 submitters) Safer streets (3 submitters)
Not essential (4 submitters)	<ul style="list-style-type: none"> Delay spend (1 submitter) Non-essential Council service (1 submitter) Save costs (1 submitter) Money spent best elsewhere (1 submitter)
Don't like CCTV (3 submitters)	<ul style="list-style-type: none"> Don't like surveillance state (1 submitter) How to manage privacy (1 submitter) Don't like it (1 submitter)

Information and comment from Council officers

The following section outlines Council officers' consideration of community feedback.

Clarification of proposal

A response with further clarification of the CCTV network and its purpose is recommended to be provided to submitters who indicated they were unsure of the proposal.

Management arrangements

The procurement process will identify the criteria required for tenderers for a new system, which will include consideration of cost effectiveness (capital and ongoing operating), accessibility of data and footage, ease of installment and flexibility to relocate as well as options for mobile cameras, in addition to the usual procurement criteria.

The operational delivery of the system in terms of monitoring, repair and maintenance, reporting and liaison with patrol activity will be worked through following approval of the funding in the Annual Plan 2020/21.

Ideas

There is added benefit in installing signage to identify the operation of CCTV and this will be included as the CCTV network is replaced. The purchase of a new system may enable additional cameras to be added both at the initial installation and at later stages. The location of the cameras will be reviewed before a new network is installed and input will be sought from Police, Napier Community Patrols and the Napier Safety Trust and others.

The Street Management Programme Review recommended the patrol aspect of the programme be more aligned to an ambassadorial approach, operating in a number of other cities including Hastings. This aspect of the programme requires operationalising, which is when the idea of Māori Wardens taking a role can be explored.

Potential positive benefits

Police have advised that the CCTV network has played an essential role in supporting community safety, particularly in the apprehension and conviction processes.

Not essential

Community safety is a key concern for Napier residents. The CCTV network, particularly when combined with an extension to monitoring hours supports community safety. New technology will allow greater coverage and the potential to operate mobile technology that connects to the network in trouble spots around the city.

Don't like CCTV

The CCTV network will be operated in line with Council's CCTV policy (available on the website) which covers operation and use of footage with regards to privacy.

Officer's recommendation

There is no officer's recommendation for this topic as it was an inform piece.

Any other feedback

Council received 106 submissions on a topic of choice by the submitters.

Key organisation responses

Blokart Hawke's Bay; Clean Earth Ltd; Cycle Aware Hawke's Bay; Environment Justice and Peace Network; Grey Power; Guardians of the Aquifer; Hohepa Creative Works; Jervois town Residents' Facebook group; Multicultural Association Hawke's Bay Inc.; Napier City Council (Officers submission); Napier Civic Choir; Napier Girls' High School; Napier Pilot City Trust; Napier Youth Council; National Council of Women Hawke's Bay; Nga Toi Hawke's Bay; Pat Magill - Community Worker; Pirimai Residents' Association Project Committee; Taradale Community Pool Trust; Taradale Residents' Association (TRA).; Te Taiwhenua o Te Whanganui-a-Orotū; Te Tangata Maraenui Trust; Youth Impact Programme (YIP) Aotearoa.

Summary of submitters' comments

Of these, key themes included:

Council's engagement/communication with community (20 submitters)

Decision-making (17 submitters)

Recreation facilities including pool and aquarium (17 submitters)

Housing and social (15 submitters)

Environmental sustainability (10 submitters)

Water Supply (9 submitters)

Transportation (9 submitters)

City Planning (7 submitters)

Heritage (5 submitters)

City cleanliness (2 submitters).

Democracy and Governance

Council's engagement/communication with community – (20 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
Happy with consultation/engagement <ul style="list-style-type: none"> -Listens and acts on the needs of Napier residents (2) – particularly on new pool site and aquarium -Likes Council and Mayor efforts in engagement (2) -Appreciate opportunity for comments during annual plan (1) -Good to see some positive action (1) -Excellent job you are all doing (1) 	<p>It is encouraging to receive positive feedback about the consultation process. Council is committed to making decisions that are informed and shaped by the Napier's community.</p>
Annual Plan Consultation	<p>It is important for Council to understand how the community views its proposals and feedback</p>

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> - Likes user-friendly language and tone of consultation document (3) - Likes free post response form on consultation doc (1) - Likes hearings (1) - Dislikes consultation document questions – devalues input (1) - Need to spell out what the significant initiatives are in the consultation document (1) - Misleading financial disclosure (1) - Unhappy with Facebook chat sessions (1) - Unhappy with consultation process (1) - Submissions should impact council decisions (1) 	<p>options. We offer a range of ways for people to give feedback - online, in person or by mail. In addition, during consultation we usually offer opportunities for face to face dialogue through community meetings or other face to face methods - with this year's Annual Plan consultation occurring just after the Covid-19 Alert Level restrictions, we decided to engage via Facebook Live given the uncertainty about what restrictions may be put in place at any time. We received a high level of engagement with this method and will continue to use it as a method going forward. We do intend to reintroduce consultation via face to face methods.</p>
<p>Critiques of engagement/consultation</p> <ul style="list-style-type: none"> - Community involvement <ul style="list-style-type: none"> o Pool – previous consultation dreadful, more consultation required beyond pool facilities, to discussion on best location in Napier for it (1) o Should do co-design with community (1) o Should partner with community (1) o Inform and involve community – 1 o Partnership/co-design with Māori – taiwhenua want to be more involved (1) o More Youth participation (1) o Dislikes community development department (1) - Information provision <ul style="list-style-type: none"> o Hampered by delivery of local newspaper (2) o Wants timely information about meetings (1) - Decision-making <ul style="list-style-type: none"> o Stop pandering to vocal minority (1) 	<p>Constructive feedback about the consultation process for this year's draft Annual Plan has been noted, and will be considered when planning future consultation processes.</p> <p>Council is constantly looking for new and innovative ways to engage Napier's residents in order to ensure community views and concerns are heard, and to identify and develop solutions that meet the community's needs.</p>

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> ○ Doubtful Council will listen and act on the feedback provided by residents (1) 	

Decision-making - (17 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> -Don't waste money (11) -on tourism ventures, mucking around with good roading systems, walkways, cycleways, aquarium; wheelie bins; park the pool and any further work on ocean frontage; no vanity projects; do not repeat large expenditure like watersports area in Pandora, on departed employees; Recovery plan questionable given central government support. 	<p>In the Long Term Plan 2018-28 Council outlined its proposed projects and projected rates increases. It was identified at the time that there would be a few years of higher increases to fund projects such as pools, libraries, civic buildings and to meet increased regulatory compliance costs.</p> <p>This year we found operational costs reductions to help offset some of the costs above knowing that we had unforeseen changes in insurance and kerbside waste costs. We will continue to drive down costs where we can.</p>
<ul style="list-style-type: none"> -Prioritise programme <ul style="list-style-type: none"> ○ prioritise needs (2) ○ reassess programme, due to Covid Hardship, minimise impact on rate payers (2) ○ review expenditure, cost cutting (2) ○ Make good spending decisions for future generations (1) 	<p>The rates relief, rental relief packages and rapid response fund along with the \$1 million recovery support programme are included in the budget to help alleviate some of the financial hardship faced by the community.</p>
<ul style="list-style-type: none"> -Focus on the basics <ul style="list-style-type: none"> ○ Focus on delivery the core functions of Council – the basics. (3) <ul style="list-style-type: none"> ▪ Water (4) ▪ Sanitation (1) ▪ Pay staff living wage (1) 	<p>The draft Annual Plan 20/21 contains a number of projects relating to core functions of Council such as water quality, chlorine free water review, wastewater outfall repairs and the roll out of the kerbside waste collection service.</p>
<ul style="list-style-type: none"> -Rates affordability <ul style="list-style-type: none"> ○ Granny flats – rates too high (1) ○ No rates increases – wages don't go ahead, and other costs increasing (4) 	<p>Council recognise that there are many ratepayers on a fixed income and Council officers' continue to focus on being more efficient in the provision of its services. For those</p>

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> ○ Rates affordability (4), particularly due to Covid-19 hardship, and for elderly, rates rebates ○ Rates increases in line with CPI (1) 	<p>that are on low fixed incomes, they may be entitled to a rates rebate. Further information is available on our website and through our customer services. We are currently promoting this information to the community.</p> <p>Councils have costs that are substantially affected by movements in construction costs, which may be at a different, usually higher rate than the Consumer Price Index.</p>
-Discount rubbish (2) – how to get discount	<p>Several submitters raised concerns and questions about how a rates rebate would apply for infrequent use of wheelie bins.</p> <p>To encourage people to produce less waste, we are offering a fortnightly service which customers will have to opt in for. We can check how often the bin is emptied using the microchip in the bin and there will be a remission in the next year's rates bill for those that only place their bin on the kerb every other week.</p>

Infrastructure

Water Supply (9 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> -Hate dirty water and chlorine (6) – so sick of ongoing dirty water, and paying for filters. -Oppose fluoride (1) -Limited trust in central government (1) -Do not fast-track projects that do not directly assist with achieving chlorine-free water (1) -Revise water masterplan (1). 	<p>Council will only consider removing chlorine from the supply if it can be done safely. Council are working with an international team of water supply experts and with the Ministry of Health to understand how this can be done safely and gain compliance.</p>

Environmental sustainability (10 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<p>-Wastewater</p> <ul style="list-style-type: none"> ○ consider future planning for disposal of wastewater instead of discharge into the sea (3) ○ ageing infrastructure including wastewater infrastructure (2) 	<p>The quality of Napier's wastewater discharged into the sea meets the quality requirements of the consent to discharge effluent into the sea. Napier's wastewater master plan (a 30 year plan) proposes improvements to the wastewater system, which will be implemented before the expiry of current consent in 2036.</p>
<p>-Stormwater</p> <ul style="list-style-type: none"> ○ compliment on providing an Ahuriri masterplan and stormwater working group and to environmental team for work. (1) ○ maintain momentum for Ahuriri Masterplan (2) – don't keep deferring projects. 	<p>Council, in partnership with the Hawke's Bay Regional Council are currently undertaking a programme of proactive monitoring to better understand the complex nature of contaminants that are discharge to the Estuary and their sources.</p> <p>This work will inform the Ahuriri Master Plan projects to ensure that appropriate solutions can be developed to better ensure their effectiveness.</p>
<p>-Climate change (1)</p> <ul style="list-style-type: none"> ○ Great use of semi-permeable paving in Hastings st parking area (1) ○ Encourage greenery and biodiversity (1) ○ Solar - building codes to encourage use of solar energy (1) 	<p>The effects of climate change are front of mind for Council, as are supporting innovative solutions and mitigations. This feedback has been noted and is particularly timely as we develop the Long Term Plan 2021-31.</p>
<p>-Stop use of toxic chemicals on roadsides (1)</p>	<p>Council is aware of some community concerns regarding the use of chemical based herbicides. Alternatives are constantly under review but at present no alternative is viable without significant increases in application costs.</p> <p>Any herbicides used by Council and their contractors are applied in line with industry best practice.</p>
<p>-Recycling (2)</p> <ul style="list-style-type: none"> ○ current system doesn't encourage waste min (1) ○ on a windy date it gets blown across the street (1) 	<p>It is important that Council hears feedback about core services like recycling. Stacking recycling bins, or using a weight like a brick, are both good options for reducing litter from bins on windy days.</p> <p>Council takes our role in encouraging waste minimisation very seriously, as reflected in our Waste Management and</p>

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
	Minimisation Plan, and factor that into our contracting decisions.

Transportation (9 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<p>-Poor accessibility</p> <ul style="list-style-type: none"> ○ Disability/mobility access is poor (1) ○ Poor footpaths – fix footpaths in te awa (1) ○ Overparking on hill – difficult to access hill for emergency vehicles (1) ○ Poor footpaths and roads on hill – 1) - Battery Road/Chaucer (x2), and Milton (1) 	Council budgets for the maintenance and renewal of footpaths, focusing on the investments that will return the greatest benefit. Isolated faults which constitute hazards are prioritised for repair once reported.
<p>-Need more Cycleways</p> <ul style="list-style-type: none"> ○ More Cycleways (2) – including around estuary; and seamless network across Napier; ○ Need better strategy around cycleways (1) 	Council continues to develop and improve cycle and walking facilities through ongoing annual investment programmes. Particular focus in the upcoming years will be making connections between the routes already developed and journey destinations. This will include end of trip facilities such as secure and convenient cycle parking. The intent of this programme of work is to make commuter cycling more attractive to less confident riders and safer and more convenient for all riders.
<p>-Improve road safety</p> <ul style="list-style-type: none"> ○ Reduce speed limits (2) ○ Advocate to NZTA to Make Napier/Taupō road safer (1) ○ Puketitiri Road (1) – When are the plans starting 	Comments about road safety and road condition have been noted. The upgrade of Puketitiri Road remains a priority for Council. The Napier Speed Limits Bylaw is in the process of being reviewed by Council, with public submissions having been received in 2019. Delay has been encountered with securing NZTA sign off on some of the variable speed limits proposed. The Draft Bylaw includes the reduction of speed limits on Tannery Road and Burness Road from 100kph to 80kph.
<p>-Public transport – love the free public transport (1)</p>	It is encouraging to hear positive feedback about public transport, which is provided under contract to the Hawke's Bay Regional Council. HBRC are reviewing the delivery of

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
	public transport over the forthcoming Regional Land Transport Plan period (2021/24).
-Parking <ul style="list-style-type: none"> ○ Parking – in Marewa needs to be safer (1) ○ In CBD – more car parks (1) 	<p>Public car parking provision is managed to ensure that the available parking is well utilised without being under such high demand that it is not possible to find a space reasonably close to the intended destination. Management comprises a combination of price, time restrictions and increasing/decreasing numbers.</p> <p>At present there is not enough demand to warrant investment in additional facilities.</p>

Community and Visitor Experiences

Recreation – (17 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
-Want better recreational facilities <ul style="list-style-type: none"> ○ facilities for children indoors (3) including Pool, indoor play area, Faraday Centre upgrades ○ Faraday Centre (1) ○ seats on walkways (1) ○ recreation facilities for 4WD (1) ○ Taradale park development – any future proposals to trigger full consultation (1) 	<p>Council recognises the need for engaging facilities for children, and has received several applications for Recovery Fund money to develop such spaces.</p> <p>Feedback to Council about recreational opportunities are valuable and have been passed on to relevant teams.</p>
-Pool <ul style="list-style-type: none"> ○ support investigating onekawa site (1) ○ upgrade Onekawa pool (1) ○ don't support new pool site (2) ○ provided various ideas for pool in attachment (1) ○ check out Gisborne's pool re-development (1) 	<p>A safe, modern and accessible facility have been the guiding principles of the pool project to date, and will continue to be as we look to solve Napier's aquatic demand.</p>
-Aquarium <ul style="list-style-type: none"> ○ Consultation <ul style="list-style-type: none"> ▪ more consultation on options (3); 	<p>As the impact of Covid-19 continues to be felt, the Council will be looking at a range of options for our Aquarium that may include a refurbishment of the current facility, re-purposing it for something else, or eventual closure. When we have</p>

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> ▪ consult with community if central government don't fund (1) ○ Keep going with expansion project, should be shovel-ready (1) ○ keep open (5) <ul style="list-style-type: none"> ▪ but scale down expansion project (1) ▪ refurbish use for rescue and rehabilitation, marine education (3) ▪ repurpose (1) ▪ don't support new aquarium (1) 	<p>reviewed all of the options, we will consult with the community on those that are feasible.</p> <p>Council will be considering the future of the Aquarium as part of the Long Term Plan 2021-31.</p>

Housing and social (15 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<p>-Housing</p> <ul style="list-style-type: none"> ○ Council should assist with problems of housing and keep providing and maintain affordable housing (5) ○ what consultation will occur with tenants –(1) ○ Suggestion to sell units at Peddie St and Puketapu Road; and Carlyle and Thackeray Street units (1) 	<p>Council regularly liaises with Kāinga Ora (formerly Housing New Zealand) and other developers with their work in the development of a range of housing options across the city.</p>
<p>-Te Pihinga</p> <ul style="list-style-type: none"> ○ wants to join in this (2) ○ supports it (3) 	<p>It is encouraging to hear positive feedback about Te Pihinga.</p>
<p>-Youth</p> <ul style="list-style-type: none"> ○ invest more in youth (1) ○ more youth events (1) ○ Develop child and youth strategy (1) 	<p>Hearing feedback from our young people in Napier is vitally important as Council makes decisions that affects our city's future.</p> <p>The Community Strategies team is part of a project with the Department of the Prime Minister and Cabinet and the NZ Child and Youth Wellbeing Strategy in the context of</p>

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
	Local Government. We look forward seeing how this project can positively impact Napier.
-Multiculturalism <ul style="list-style-type: none"> Should develop a strategy (1) 	Napier City Council supports the HB Settlement Forum and a number of events and projects that celebrate the City's diversity. Council will look into the development of a multi-cultural strategy.
-Street management <ul style="list-style-type: none"> CCTV Should be in locations outside of CBD – bluff hill lookout; Chaucer Rd North, Napier Terrace (from Spencer Rd) (3) CCTV - outsourcing maintenance and supply to bring cost down, but managing the system incorporated with IT (1) Begging in Marewa (1) 	<p>Council will be reviewing the options for locations for CCTV cameras and may have the opportunity to have a mobile camera that we can use temporarily at hotspots.</p> <p>The Housing First programme has just started in Napier. This programme aims to house those who have experienced chronic homelessness and to also work with individuals and whānau to address issues associated with or driving homelessness.</p>

Heritage (3 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
-War Memorial (2) <ul style="list-style-type: none"> when is it going to be replaced; need more consultation with public (1) 	A steering group consisting of elected members, stakeholders and community representatives has been established to inform the development of a concept design of the memorial elements including the flame and roll of honour plaques to be installed at the War Memorial Centre. The steering group is in the final stages of completing the design and is looking forward to sharing this with the community.
-Current use and upgrade of Women's rest (1)	With the Library development progressing it is considered appropriate that the Community Rooms refurbishment and strengthening is considered in the Long Term Plan 2021-31.

City Services

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
-Need better city cleanliness (2)	The collection of rubbish from City roads is a significant cost to

<ul style="list-style-type: none"> -Want more Dog poo bags at parks (1) -Better lighting (1) 	<p>ratepayers and Council is aware that the frequency of illegal dumping is increasing. Council has recently amended mowing schedule to keep grass shorter, making it easier to identify rubbish. At present, Council does not have capacity to undertake more frequent litter collection without incurring additional cost.</p> <p>Concerns about street lighting are noted – although lighting is intended to improve safety of road users, rather than provide security for private properties.</p> <p>There was a shortage of bags for dog walkers as we found a new supplier. While Council provides these bags as an incentive to encourage dog owners to do the right thing, it is the responsibility of dog owners to pick up after their dogs and be prepared to do this.</p>
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City Strategy

City planning – (7 submitters)

<i>Key themes raised</i>	<i>Council's consideration of feedback</i>
<ul style="list-style-type: none"> -CBD ideas <ul style="list-style-type: none"> o Artificial beach/wave pool (1) o Prebensen Dr pool site as a housing development (1) o Make sandy beaches – (2) o More pop up cafes to draw people into city (1) o Boost downtown shopping (1) o Attract domestic tourism – promote events (1) 	<p>Council appreciates the innovative ideas shared with us to make Napier a great place to live and visit.</p>
<ul style="list-style-type: none"> -Planning <ul style="list-style-type: none"> o Zoning to allow for live/work dwellings (1) o Te Awa development (1) 	<p>Comments about city planning have been noted. Live/work dwellings are already permitted (to a certain extent) within residential areas.</p>
<ul style="list-style-type: none"> -Strategy <ul style="list-style-type: none"> o Rethink sale of civic building in light of Covid-19 (1) 	<p>Boundaries are likely to be reconsidered in the near future, and Council notes concerns about the future of the old Civic Site. We can confirm that hotel chain considering purchase of the site has reevaluated</p>

<ul style="list-style-type: none">○ Boundary adjustment – should be a mayoral priority (1)	their position post Covid and is no longer considering development of a hotel.
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Officer's recommendation

There is no officer's recommendation for this section.

Funding requests/support

Through the annual plan consultation, the following community organisations are requesting some form of funding support from Council and some are speaking to their request.

Group	Nature of Request	Amount	Officer Comment
Napier Youth Council (submission number 179)	To increase the allocation to the Youth Development Grants to \$10,000 pa	\$6,600 pa	Recommend an increase of \$1,600pa from \$3,400 to \$5,000. Source: Transfer from Community Development Projects Grants, then annual adjustment through LTP budgets from 2021/22.
Sport Hawke's Bay (submission number 270)	To continue to provide Disability Advisory services (\$10k) and promotion of cycling (\$70k) by: <ul style="list-style-type: none"> •I-way events •School travel plans •School cycle skills •Promotion of pathway network •Encourage active travel in workplaces 	\$80,000 pa	This is a significant increase on current funding levels (\$24,500pa) with a heavy emphasis on cycling. Council could consider providing additional funding to the service agreement from 2021/22 when all agreements are reviewed. There is no funding available in this area in 2020/21 and any support would need to be transferred from the Council Projects Fund.
Blokart (submission number 173)	To expand the track	\$30,000	This request is not strongly aligned with the Council Projects Fund but could be redirected to the Recovery Fund where it does have alignment.
Napier Civic Choir (submission number 305)	To contribute to ongoing operational costs	\$10,000 pa	Council provided funding for three years (\$20,000 until June 2021). Additional funding for service

			agreements needs to be allocated in the LTP budget to continue supporting the Choir.
Pirimai Residents' Association, Project Committee (submission number 306)	For the County Drain Project	\$2.5 million (rounded)	<p>This proposal exceeds the total funding available in Community Development funding.</p> <p>The viability of this proposal proceeding will need to be assessed using Council's new Stormwater Network Model. Access considerations for operation and maintenance of the drain will also need to be considered. It is unlikely that this work will be completed this financial year.</p>
Nga Toi (submission number 252)	For the provision of 7 hours per week of lane swimming for the community fitted around the priority activities of school and club swimming and learn to swim lessons equating to \$143 per hour.	\$10,000 pa	<p>This proposal could be supported via a service agreement should funding be allocated on this basis. Council could provide a one-off grant of \$30,000 to cover three years from the Council Projects Fund, although it is not strongly aligned with the priorities of the fund.</p> <p>It is understood a commercial operator will be leasing the facility to provide for club swimming, learn to swim lessons, and pool hire.</p>
Taradale Community Pool Trust (submission	For the provision of 7 hours pw of lane swimming for the community	\$52,000 pa	This proposal could be supported via a service agreement should funding be allocated on this basis. Council

number 232)			could provide a one-off grant of \$52,000 from the Council Projects Fund, although it is not strongly aligned with the priorities of the fund.
Youth Impact Programme Aotearoa (submission number 249)	To support a holiday programme for boys aged 10-14 years old	\$83,000	Insufficient detail to allocate funding from existing grants schemes. Council could reallocate from Council Projects Fund or request more information for assessment.
Te Taiwhenua o te Whanganui a Orotū (submission number 288)	Funding to Mana Whakahono with a unit set up with the Taiwhenua and NCC to look at a joint unit to look at a range of matters including sites of significance, RMA etc	Not specified	This request could be considered as part of the MOU discussions currently underway.
New Zealand Chinese Language Week Trust (submission number 310)	To contribute to the NZ Chinese Language Week being held across the country 20-26 September	\$5,000	Council funds are not usually provided for National events except where localised activities are clearly identified.
Council Projects Fund			
Allocation 2020/21	\$200,000		
Funds expended	\$70,000		
Funds Available	\$130,000		

The proposed rates increase for 2020/21 has been consulted on, so to manage the overall increase in 2020/21 requests for funding should be considered within the

Community Development Grants schemes, the Council Projects Fund or other funding sources for one off initiatives.

2.3 Issues

Officer's Submission - Annual Plan review in light of Covid-19 impacts

As outlined earlier, the Annual Plan 2020/21 was revised in light of the impacts of Covid-19 to the budget. The impact of Covid-19 however is still unfolding, and it affects both external industry and Council's ability to deliver on its work programme. Officers further revised the capital programme in particular to ensure it is as accurate as it can be given the uncertainty. This review also provided an opportunity to reassess planned projects and make further adjustments. It is important that Council adequately resources its significant initiatives for the 2020/21 year so that Officers have the opportunity to deliver on these. Of note, there are internal-facing significant initiatives which have not been included in this list, but also form part of Council's work programme for the year, e.g. business transformation initiatives.

In the Officer's submission, the changes proposed relates to either timing changes, bringing forward funding from future years for committed projects, or those projects that are non-rates funded to progress new developments in Napier. There is no rates impact of any of these changes on the 2020/21 and 2021/22 financial year. However, the rates impact will hit in 2022/23, approximately 0.6%.

The current total proposed Annual Plan capital programme is \$72m for 2020/21, excluding carry forwards from 2019/20. A separate report will be brought to Council to confirm the carry forwards from 2019/20 to 2020/21 or a future year. From the Officer's submission, the following broad changes are being recommended:

Summary of Proposed changes

The tables below outline the proposed changes to the 2020/21 budget.

Proposed changes to capital plan	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$10.99m	\$7.78m	(\$3.21m)	Reduction in annual plan budget requirement and new requirements.
Move to future year	\$9.99m	\$500k	(\$9.5m)	Move project to future year – hold \$500k for Onekawa Park investigations and Aquatic Centre design requirements.
To be prioritised based on capacity	\$3.4m		(\$3.4m)	Leave in plan and completed based on capacity.

Proposed changes to operating budget	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$0	\$400k	\$400k	New budget requirement for Ahuriri Regional Park funded from Three Waters government funding

In summary, Officers have recommended in their submissions that the Annual Plan provides for a prioritised capital programme of \$59.5m, with \$3.4m of projects to remain in the plan that will be completed based on capacity requirement. This compares to the original plan of \$72m.

Council's operating budget is likely to increase with the additional funding from the three waters government reform funding with no impact on rates.

More detail can be found in the Officer's submission, submission number 289, under separate attachments.

Three Waters - central government funding announcement

On 8 July, the Government announced a \$761m package for three waters investment over the next twelve months with \$50m earmarked for Hawke's Bay's councils. Key points to note are:

- The division of the \$50m for Hawke's Bay councils is still to be determined, and will be known once councils commit to the reform by signing the memorandum of understanding. The Government has signaled the allocation will be calculated on a population and area basis and released in two tranches of \$23m and \$27m.
- It is estimated that NCC's share of the first tranche will be the order of \$7m.
- The Hawke's Bay Councils will need to sign a memorandum of understanding with government for the first tranche of funding but it does not obligate moving to a new service delivery model. This first tranche is about economic stimulus political intent and being prepared to enter into a conversation with government.
- Future tranches of funding are reliant on Hawke's Bay councils signing up to the concept of co-design on regional entities.

Officers are proposing that the funding allocation, once confirmed, is tagged against specific operating and capital projects and budgets updated through the revised budget process during the first quarter of 2020/21. This would reduce Council's reserve and loan funding requirements for 20/21. It is anticipated that Council's share of the first tranche of funding would be fully spent in the 2020/21 year. A separate paper will be provided to Council for approval to enter into the Memorandum of Understanding as well as how the funding will be allocated.

National Aquarium of New Zealand - central government funding still to be confirmed

The National Aquarium of New Zealand project is currently awaiting confirmation of Central Government funding before the project continues to the next gateway. The project and the budgets contained in the 2018-28 Long Term Plan

assumed an upgrade would be undertaken, and as a result, maintenance costs and funding were reduced/removed.

Council still has an obligation to maintain existing services, and to maintain the building requirements in the interim while a final decision is made. This is why, in the Officer's submission, it is recommended that \$1m of the funding currently allocated to the upgrade project be reallocated to any building maintenance and maintenance of exhibits to an appropriate standard. The funding for the project was being met from Parklands Reserve. The recommendation is to reallocate \$1m from this fund for the purposes of maintaining the asset until such time a decision is made around the next steps for this project of national significance. This budget currently sits in 2019/20 and can be carried forward with this change in requirements if approved by Council.

Library/Civic Building - funding for initial scoping of project

On 9 April, Council received a report as an update on the Civic precinct project including the library site selection process and made the following decisions relevant to the Annual Plan:

- Accepted in principle, the recommendation from the Library site project steering group to pursue the development of the library on the Station Street site.
- Note the annual plan 2020/21 will include the preferred site for the library and any feedback received on this will be forwarded to the Civic Precinct Steering Group for consideration in the masterplan development.

As outlined earlier in this report, of the 266 submissions received on the Library site being Station Street, 75% of the community agreed, 20% were neutral, and only 5% disagreed.

After confirmation that the "new" library will return to the old Civic and Library site, initial funding will be required for master-planning of the area to inform any funding requirements for the 2021-31 Long Term Plan. A working party that includes Councillors has been established to progress this project. Initial funding of \$500k from Reserves is recommended to be brought forward from the library capital budget from year 2021/22 into 2020/21.

Aquatic Centre

Council approved by way of a resolution on 4 June 2020 to undertake investigations and design at the current Onekawa site or any other requirements and to complete further consultation with the community either through the 2021/31 Long Term Plan or through a future Annual Plan. Council approved a transfer of \$500k from the project fund to enable further investigations. This has now been included in the Annual Plan 2020/21.

Officers then worked up likely costs and pathways for the investigation work and options for Council to consider on what may be presented to the community as part of the 2021/31 Long Term Plan. Council set direction at a Council seminar on 9 July to keep with Option 1, which consists of the following: site investigation of Onekawa Park (likely completed late August 2020); concept design of one option on the Onekawa site (if it shows from the site investigations

that the Onekawa site is practicable), and consultation with the community on the concept design.

Central government funding – regional aquatic centre

On 26 June 2020, Central Government have announced funding of \$32m for a new regional aquatic centre located in Hastings, from their shovel ready projects fund. This project is planned to be completed by early-mid 2022. Napier's planning for its own Aquatic facilities has taken into consideration the regional aquatic centre, as this project has been in development for some time.

To date, the Hawke's Bay community has contributed \$19m including Hastings District Council have contributed \$4m, Lotteries Significant Grants fund, \$3m, and the Provincial Growth Fund, \$5m. In the Long Term Plan hearing on 1 June 2018, Council noted its support for the regional project and provided an unfunded commitment of \$2m to be included as part of the consultation for the Long Term Plan 2021-31.

Ahuriri Regional Park

Council is keen to progress the concept development for the Ahuriri Regional Park and match the contribution Hawke's Bay Regional Council have assigned of \$400k. The budget for Council's share of this piece of work is \$400k and would be an operational cost to Council with no ongoing rates impact. Officers are proposing that Council funds this expense from the three waters Government funding allocation of \$7m for operational and capital expenditure.

2.4 Significance and Engagement

As per outlined in the High Level Consultation Plan that Council adopted in June 2020, the proposed changes to year three of the Long Term Plan, being the Annual Plan 2020-21 contain both changes that we informed the community about, seeking feedback, and one matter (rates increase changes) that we offered the community options for their feedback. All of the proposed changes moderately affect all ratepayers and the whole community. We knew there is strong interest from some of the community about our delivery of water services and it was likely there would 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 are of interest to the community

Consultation was carried out in accordance with the Local Government Act 2002. A consultation report is attached to this report.

2.5 Implications

Financial

The LTP states the proposed rates increases over a ten year period. Changes to the Long Term Plan have been included in this Annual Plan 2020/21 and relate to cost increases associated with recycling, waste and water related costs. However due to Covid-19, the initially proposed rates increase of 6.5% in the draft annual plan, has been revised to 4.8%. In the LTP the proposed rates increase for 2020/21 was 5.1%.

Rates affordability and ratepayers' willingness to pay

Rates affordability is a theme that has come out of the consultation from the community, as is ratepayers' willingness to pay.

Council recognises that providing affordable and sustainable services to Napier residents is a key challenge. Council does note that in comparison to other councils, Napier's rates remains low. Council also must balance community expectations for community outcomes with willingness to pay and affordability. The refresh of the Long Term Plan for 2021-31 which is now underway, will be the opportunity for both the Council and the community to consider this balance and agree to a revised 10 year plan in June 2021.

In the LTP 2018-2028, the adopted Financial Strategy (page 88) sets out the total limit to rates income increases at a maximum of LGCI plus 5% per annum. There is a proportionately larger rates increase up to the 5% mark plus LGCI from 2018/19-2021/22, and thereafter it falls to just above 4%, going down to 3% in outer years. The 2019/20 Annual Plan has been delivered within these financial benchmarks.

There is a possible 2.6% increase on rates for 2021/22 due to the impact of costs of kerbside rubbish collection, kerbside recycling, and the water projects.

Debt

Napier City Council currently holds 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 2020/21 (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 2020/21 this would bring total public debt to \$109.7m.

Social & Policy

The significant initiatives outlined in the 2020/21 Annual Plan align with Council's strategies and policies, including:

- the introduction of the enhanced kerbside waste collection service aligns with the Joint Waste Management and Minimisation Plan – 2018-24 (2018).
- Library Strategy (2018).
- Financial Strategy which outlines the benchmarks and limits over a ten year period for prudent financial management (2018).
- Infrastructure Strategy which highlights the big investment spends required to maintain infrastructure (2018).
- Leasehold land policy (2018).
- Ahuriri Estuary and Coastal Edge Masterplan (2018).

- the Revenue and Financing Policy which directs what percentage of fees and charges should be applied to each Council activity (2018).
- the Covid-19 recovery plan was developed to enhance community well-being, as per the new purpose of Local Government (2020).
- Stormwater Bylaw (2020).
- the changes to water projects reflect the recently Council-adopted Water Supply Masterplan (2020).
- The Rates Remission Policy and Rates Postponement Policy (as reviewed in light of Covid-19), (2020).
- The Investment policy (2020).
- The Liability Management policy (2020).

Risk

The risks to delivery of the Annual Plan are set out below:

Risk	Likelihood	Impact	Rating	Mitigation
<p>There is a threat is that the ability to deliver the Annual Plan is stymied due to:</p> <ol style="list-style-type: none"> 1. The Capital Plan proposed for delivery is larger than council can achieve within the next 12 month period 2. Additional portfolios of work such as economic stimulus may divert resources from core delivery duties 3. Individual projects hit roadblocks or suffer unplanned delays 4. Lack of or missing regional coordination for delivery of programmes of work 5. Shortage of skilled labour or technical experts to deliver projects 6. Resources are redirected due to public health issue, judicial process, major unplanned failure, pandemic 7. Inadequate understanding or development of internal processes (risk management, governance) 8. Insufficient resources to plan and scope Capital projects due to an historical lack of investment in asset management processes, practices and support systems leading to diversion of staff into operational matters. 				<ul style="list-style-type: none"> • Existing Project Management Reporting Software • Develop consistent project prioritisation processes (and training) for Annual Capital Plan development and programming • Increase reporting requirements to monitor Annual Plan Delivery • Moderate the proposed Annual Plan to reflect existing capability • Smooth delivery programme by identifying priority projects for delivery • Utilise carryovers to take a longer term view of short term delivery capability • Development of Council-specific policy and strategy for project, programme and portfolio management. • Develop robust risk management, project management and procurement processes and practices for consistency across the organisation. • Provide training and mentoring in risk, project management and procurement practices to improve capability across the organisation. • Invest in appropriate systems (EAM/ERP) to assist with decision making and streamline processes and free up existing staff

Risk	Likelihood	Impact	Rating	Mitigation
<p>9. Prioritisation of capital expenditure over operational expenditure (due to rates impacts) leading to lack of investment in operational staff and operations improvements, and diversion of staff from planning activities.</p> <p>Consequences:</p> <ol style="list-style-type: none"> 1. The benefits of the planned investments are not realised 2. Our ability to progress towards the Council mission and community outcomes is delayed 3. Assets critical to the operation of Council's core services are not enhanced as planned 4. Operations and maintenance practices at minimum practice or below requirements, with associated risks. 				<ul style="list-style-type: none"> Further develop the Capital Planning Tool to enable a more flexible programming process to enable costs and options development for community decision making and to forecast different scenarios

Risk	Likelihood	Impact	Rating	Mitigation
<p>There is a threat that the 20/21 budget is insufficient to deliver all projects identified due to:</p> <ol style="list-style-type: none"> 1. The projects identified within the 20/21 Annual Plan are conservatively estimated during the development of annual plans 2. The projects identified within the 20/21 Annual Plan are poorly scoped, or not scoped. 3. Costs escalations have been ignored or not accounted for in multi-year projects 4. Market effects from the Covid-19 pandemic have a negative effect on procurement 5. Ineffective management of project phases identified in the annual plan 6. Change in Council strategic direction from elected members 7. Differing levels of robustness of cost estimates across teams. <p>Consequences:</p> <ol style="list-style-type: none"> 1. Projects are de-scoped, result in reduced quality of delivery, or progress is pushed out into future years as funds become available 2. Budgets are reallocated to deliver changes planned 3. Projects are suspended 4. The cost of the improvement outweighs the cost of the planned monetized benefits 	Likely	Moderate	Significant	<ul style="list-style-type: none"> • Accept that cost estimates are generally required before investigations and design and therefore estimates are subject to change • Develop a consistent process for developing cost estimates that can be used across the organisation • Develop robust scopes for projects • Ensure project controls are managed during full project lifecycle so that scope, cost, schedule, and quality are monitored throughout project life cycle • Develop a consistent process for altering project budgets once more robust cost estimates have been developed • Ensure a scaled business case is completed for all projects delivered, and economic justifications are monitored appropriately accounting for the Net Present Value of each planned improvement.

Risk	Likelihood	Impact	Rating	Mitigation
<p>There is an opportunity that Central Government may fund projects that support regional economic stimulus.</p> <p>Consequences:</p> <ol style="list-style-type: none"> 1. Council may not need to loan fund/reserve funding/renewal funding the delivery of projects funded by Central Government. 2. Key projects that would be delivered over multiple years, due to funding constraints, can be delivered more effectively. 	Likely	Moderate	Significant	<ul style="list-style-type: none"> • Projects promoted to MBIE and the Crown Infrastructure Fund Annual Planning Processes • Re-baseline Annual Plan delivery programme once any Central Government announcements are made and elected members have considered if projects should be supported for delivery.

Risk	Likelihood	Impact	Rating	Mitigation
<p>There is a threat is that the ability to procure necessary services to deliver the 20/21 Annual Plan is stymied due to:</p> <ol style="list-style-type: none"> 1. Materials and plant sourced from overseas are not available due to Covid-19 pandemic restrictions 2. The construction market is saturated with new construction projects 3. Prolonged restriction periods from Covid-19 pandemic prevent projects from commencing <p>Consequences:</p> <ol style="list-style-type: none"> 1. The benefits of the planned investments are not realised 2. Our ability to progress towards the Council mission and community outcomes is delayed 3. Assets critical to the operation of Council's core services are not enhanced as planned 4. Inflated tender prices received from suppliers. 	Likely	Moderate	Significant	<ul style="list-style-type: none"> • Moderation of Annual Plan Delivery NCC Procurement Improvements underway • Increase organisational procurement support by increasing resources in the procurement team • NCC Project Management Improvements underway • Existing Project Management Reporting Software • Monitor Annual Plan Programme of works via PMO to ensure engagement with industry supports meaningful and relevant works that will help appropriate sourcing opportunities for project delivery • Engage with the market to promote a pipeline of work, seek market input and package accordingly to support suppliers capabilities • Plan all procurement effectively and look at opportunities to streamline repetitive procurement tasks to add value • Smooth delivery programme by identifying bundling opportunities or more collaborative procurement opportunities

2.6 Options

The options available to Council are as follows:

- Consider submissions and **adopt** the proposed resolutions to enable the development of the final Annual Plan to be brought to Council for adoption on 28 August 2020.
- Consider submissions and **amend** the proposed resolutions to enable the development of the final Annual Plan to be brought to Council for adoption on 28 August 2020.

2.7 Development of Preferred Option

N/A

2.8 Attachments

- A Consultation Report [↓](#)
- B Significant Initiatives 2020/21 [↓](#)
- C Individual Submissions (*Under Separate Cover*) [⇒](#)
- D Attachment to submission 20 - Gordon Sanson (*Under Separate Cover*) [⇒](#)
- E Attachment to submission 173 - John Marshall (Blokart Hawke's Bay) (*Under Separate Cover*) [⇒](#)
- F Attachment to submission 178 - Barbara Abbott (Te Tangata Maraenui Trust) (*Under Separate Cover*) [⇒](#)
- G Attachment to submission 201 - Susan Chappell (National Council of Women Hawke's Bay) (*Under Separate Cover*) [⇒](#)
- H Attachment to submission 223 - Richard Catley (Pirimai Residents' Association) (*Under Separate Cover*) [⇒](#)
- I Attachment to submission 224 - Joan Plowman (Napier Pilot City Trust) (*Under Separate Cover*) [⇒](#)
- J Attachment to submission 230 - Jill Norman (*Under Separate Cover*) [⇒](#)
- K Attachment to submission 232 - David Trim (Taradale Community Pool Trust) (*Under Separate Cover*) [⇒](#)
- L Attachment to submission 238 - Shona and Matthew Grace (*Under Separate Cover*) [⇒](#)
- M Attachment to submission 249 (attachment 1 of 3) - Moana Davis (Youth Impact Programme Aotearoa) (*Under Separate Cover*) [⇒](#)
- N Attachment to submission 249 (attachment 2 of 3) - Moana Davis (Youth Impact Programme Aotearoa) (*Under Separate Cover*) [⇒](#)
- O Attachment to submission 249 (attachment 3 of 3) - Moana Davis (Youth Impact Programme Aotearoa) (*Under Separate Cover*) [⇒](#)
- P Attachment to submission 252 - Rosamund Stewart (Nga Toi Hawke's Bay) (*Under Separate Cover*) [⇒](#)
- Q Attachment to submission 260 - Brent Sheldrake (Sport NZ) (*Under Separate Cover*) [⇒](#)
- R Attachment to submission 261 - Rodney and Christine Lemen (*Under Separate Cover*) [⇒](#)
- S Attachment to submission 270 - Ryan Hambleton (Sport Hawke's Bay) (*Under Separate Cover*) [⇒](#)
- T Attachment to submission 272 - Deborah Burnside (Jervoistown Residents' Group Facebook) (*Under Separate Cover*) [⇒](#)
- U Attachment to submission 274 - Debbie Monahan - Biodiversity Hawke's Bay) (*Under Separate Cover*) [⇒](#)
- V Attachment to submission 276 - Murray and Judy Mills (Environment Justice and Peace Network) (*Under Separate Cover*) [⇒](#)
- W Attachment to submission 279 - Ian James Cook (*Under Separate Cover*) [⇒](#)
- X Attachment to submission 280 - Johan Ehlers (Kenny Road North LLC) (*Under Separate Cover*) [⇒](#)
- Y Attachment to submission 281 - Robin Gwynn (*Under Separate Cover*) [⇒](#)
- Z Attachment to submission 286 - Harlem-Cruz Ihaia (*Under Separate Cover*) [⇒](#)
- AA Attachment to submission 289 - Napier City Council (Officers' Submission) (*Under Separate Cover*) [⇒](#)

- AB Attachment to submission 290 - Deborah and Robert Burnside (Clean Earth Ltd) *(Under Separate Cover)* ➡
- AC Attachment to submission 296 - Pat McGill (Pat McGill - Community Worker) *(Under Separate Cover)* ➡
- AD Attachment to submission 299 - Pauline Doyle (Guardians of the Aquifer) *(Under Separate Cover)* ➡
- AE Attachment to submission 301 - Sukhdeep Singh (Multicultural Association Hawke's Bay) *(Under Separate Cover)* ➡
- AF Attachment to submission 303 - Angie Denby (Ahuriri Estuary Protection Society) *(Under Separate Cover)* ➡
- AG Attachment to submission 304 - Bruce Carnegie (Grey Power) *(Under Separate Cover)* ➡
- AH Attachment to submission 305 - Robin Heath (Napier Civic Choir) *(Under Separate Cover)* ➡
- AI Attachment to submission 306 - Alan White (Cycle Aware Hawke's Bay) *(Under Separate Cover)* ➡
- AJ Attachment to submission 307 - Gordon Anderson (Pirimai Residents' Association Project Committee) *(Under Separate Cover)* ➡
- AK Attachment to submission 310 - Jo Couglan (New Zealand Chinese Language Week Charitable Trust) *(Under Separate Cover)* ➡

ANNUAL PLAN 2020/21 CONSULTATION SUMMARY

INTRODUCTION

The purpose of the Annual Plan 2020/21 consultation process was to seek feedback from the community on the changes proposed to year three of the Long Term Plan 2018-28. A consultation document was completed in March 2020, the consultation was suspended as the country went into Level 4 lockdown due to the Covid-19 pandemic. The impacts of the pandemic 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, necessitated changes to the Annual Plan. A major change to the initial consultation was the impact on rates and how the (smaller) increase could be funded, and the introduction of Recovery funding.

The community were asked to advise their preferred option on the proposed rates increase as follows:

- Reduced rates increase – using our savings (proposed)
- Reduced rates increase – by borrowing money

In addition, four other matters were presented for the community to indicate whether they agreed with the proposed changes, they were:

- Post Covid-19 recovery – providing funding for rates and rental relief, set up of a recovery fund and other recovery projects.
- Water – spending more on our top priority – Water. Allocating an extra \$10.9 million bringing the total spend on the water programme to \$48 million for 2020/21.
- Kerbside rubbish collection – introducing the planned service using wheelie bins from October 2020.
- Library – returning the library to its original location.

Concurrent consultations:

Council proposed changes to two financial policies to allow more flexibility at a bulk level when significant events such as Covid-19 occur, these changes were consulted on separately but at the same time as the Annual Plan consultation as follows:

- Rates Postponement Policy – to allow rates to be paid later than the due date
- Rates Remission Policy – to allow rates and/or penalty fees to be reduced

In addition, Council consulted on its proposal to join the Local Government Funding Agency (LGFA).

These financial policies were consulted on, through the Special Consultative Procedure, at the same time as the Annual Plan given their significant impact on the Annual Plan 2020/21.

CONSULTATION APPROACH

A consultation document was prepared ([Appendix 1](#)) outlining the proposed changes and the financial impacts of these changes for both the 2020/21 financial year and any flow on effects into 2021/22. Changes to the capital programme were also outlined and supporting documentation was listed.

The consultation approach was designed during Level 4 lockdown, and accounted for the uncertainty regarding the Covid-19 Alert restrictions that might be in place during the consultation period (High Level Consultation Plan – [Appendix 2](#)). Level 2, 3, and 4 scenarios were identified. Ultimately, the approach taken focused on digital delivery of the information and engagement. The consultation period ended up being within the Level 1 restrictions, but we understood the appetite from the community to attending medium to large public meetings was low. A formal Hearings process was included with the option of reverting to using technology such as video/audio links should Alert Levels change.

Three Facebook Live sessions were conducted with a New Zealand Sign Language (NZSL) communicator at two of the sessions.

Access to the consultation document and opportunity to provide feedback was primarily online, with hard copies provided at the Customer Services Centre, Libraries and a number of community locations or distributed through agencies (where internet access is low). Assistance and access to the online material was provided at the Libraries and Customer Services. A NZSL version of the consultation document was made available online.

CONSULTATION PROCESS

Consultation was open for four weeks from 18 June 2020 to 15 July 2020.

A range of engagement and promotional tools were created to support the consultation.

Engagement

Three Facebook Live sessions were held as follows:

- Tuesday 23 June 2020 at 11:15am
- Thursday 2 July 2020 at 7:00pm
- Thursday 9 July 2020 at 7:00pm

Deputy Mayor Annette Brosnan hosted a panel comprising Mayor Kirsten Wise and 4-5 staff. We encouraged the community to send in their questions prior to each session or to ask their question during the live broadcast. The sessions started with a short video with the Mayor explaining the changes outlined in the consultation document with the rest of the session allocated to answering questions from the community.

Promotion

Content was developed in such a way that it could be used across all social media platforms with supporting print advertising using the same look and feel – this was a continuation of the consultation document branding. The aim of all of the material was to be clear, relatable and accessible.

The Annual Plan 2020/21 consultation was promoted widely using the following tools:

- Advertising – radio, digital, newspaper and billboards
- Direct distribution – email signature, brochure
- Social media and website

The brochure, outlining the key proposed changes, was delivered to all 23,769 Napier households by 24 June.

See [Appendix 3](#) for samples of promotional material.

RESPONSE

Overall, 310 submissions were received, 40 of which were made on behalf of an organisation or group. Eleven submissions were received on the hardcopy form. Thirty-three submitters requested to support their submission in person (oral submission) at the Hearing. Ten groups made a funding request.

Funding Requests

Group	Nature of Request	Amount
Napier Youth Council	To increase the allocation to the Youth Development Grants to \$10,000 pa	\$6,600 pa
Sport Hawke's Bay	To continue to provide Disability Advisory services (\$10k) and promotion of cycling (\$70k) by: <ul style="list-style-type: none"> • I-way events • School travel plans • School cycle skills • Promotion of pathway network • Encourage active travel in workplaces 	\$80,000 pa
Blokart	To expand the track	\$30,000
Napier Civic Choir	To contribute to ongoing operational costs	\$10,000 pa
Pirimai Residents Association	For the County Drain Project	\$2.5 million (rounded)
Nga Toi	To contribute to administration and communications costs	\$10,000 pa
Taradale Community Pool Trust	For the provision of 7 hours pw of lane swimming for the community	\$52,000 pa
Youth Impact Programme Aotearoa	To support a holiday programme for boys aged 10-14 years old	\$83,000
Te Taiwhenua o te Whanganui a Orotū		
New Zealand Chinese Language Week Trust	To contribute to the NZ Chinese Language Week being held across the country 20-26 September.	\$5,000

Facebook Live Session Stats:

Date	Reach	Peak Views	1 min+ Views	Comments	Pre-chat Q	Live Q
23 June 11:15am	10,000	68	290	42	7	13
2 July 7pm	10,000	74	272	46	8	18
9 July 7pm	9,327	56	247	23	11	11
Total	28,300	198	809	111	26	42

There was a spike in submissions after the first and last Facebook Live sessions.

Digital / Social Media**Digital advertising:**

The digital advertising was displayed just over 150,000 times to Napier residents. More females (68%) than males clicked on the adverts, and 57% of those who clicked on the adverts were over 64 years of age (67% were over 55 years of age).

Social media:

There were 16 Facebook posts and eight adverts on Instagram. The reach achieved was just under 188,000.

Website

Traffic to the Napier City Council website spiked over the month the consultation was open with four significant spikes after Facebook posts promoting the launch of the consultation, post about wheelie bins, call for questions for the final Facebook Live session and the 'last chance for feedback' post.

There were 6595 visits to the online Annual Plan Consultation document (sayitnapier.nz).

The rates guide received 658 page views with an estimate of 200 people using the calculator.

Radio / Print

Over 700 adverts (30 seconds) were broadcast during the consultation period through the NZME and Mediaworks networks (8 radio stations).

We ran eight advertisements, three of which were half page in the Napier Courier. We installed five billboards around the city.

Appendices

APPENDIX 1: ANNUAL PLAN 2019/20 CONSULTATION DOCUMENT



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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
8am-5pm Mon-Fri



Mail your form to
FreePost Authority
Number 772273,
AP Submissions,
Napier City Council,
Private Bag 6010,
Napier 4142



Submissions close
5pm 16 July 2020

LIVE CHAT SESSIONS

Tune in to the live chat sessions on our Facebook page.

[fb.com/NapierCityCouncil](https://www.facebook.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**
16 July 2020 at 5pm
-  **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

PAGE 4 OF 24



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:

www.napier.govt.nz/ratesguide

or phone our Customer

Service team on **06 835 7579**

who will access the rates calculator for you.

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.

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.

We are consulting separately on these policies. For more information and to give your feedback go to sayitnapier.nz or hard copies are available at our Customer Service Centre or Napier/Taradale Libraries, or phone 06 835 7579 to request a copy. **Submissions close 5pm, 16 July 2020.**

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
- Provide the Recovery Projects 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!

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RECOVERY PROJECTS FUND

This funding of \$500,000 would be allocated to organisations including 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. There is more information at www.teamnapier.nz

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 KATOĀ

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

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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 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.

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.

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 birds and animals to spread litter around.

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!

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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 rest.

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?

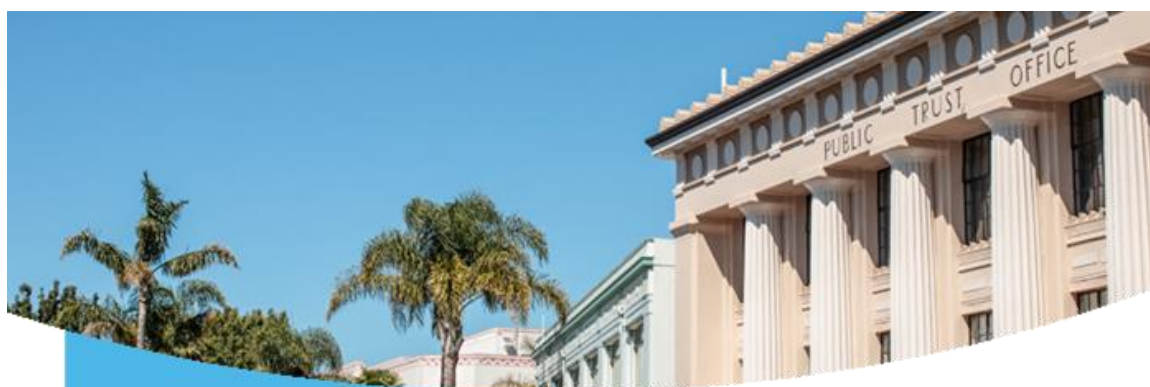
The following documents provide further details about the changes to the proposed Annual Plan 2020/21.

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

We are also currently 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 forecast for 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	-40,149

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.
- **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**
\$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 million) 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 Cost 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	Ratable Units
Number of Rating Units	25,720
Capital value of Rating Units \$	14,800,000,000
Land value of Rating Units \$	6,480,000,000
Total rates income \$	60,326,000

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YOUR SUBMISSION ON OUR ANNUAL PLAN 2020/21



By 5pm
16 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
Submissions, Napier City Council, Private Bag 6010, Napier 4142

You can use extra paper if you need to or you can 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's its name:	
Please tick if you want to present your feedback to Council in person. 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	<input type="radio"/>	Use a loan (debt) to fund the shortfall	<input type="radio"/>
Comments:			

POST COVID-19 RECOVERY - What do you think about our recovery plan?

Agree :)	<input type="radio"/>	Neutral :	<input type="radio"/>	Disagree :(<input type="radio"/>
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:



**APPENDIX 2: HIGH LEVEL CONSULTATION PLAN – ANNUAL PLAN 2020/21 UPDATED –
COVID-19**



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			✓
Submissions	Digital / Phone	Digital / Manual	Up to 100 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		

APPENDIX 3: SAMPLE PROMOTIONAL MATERIAL

Digital Adverts / Posts

**Napier City Council**
Sponsored · 🌐

It's your last chance to have your say on Napier's 2020/21 Annual Plan. Feedback submissions close Thursday, 16 July.




WWW.SAYITNAPIER.NZ
Annual Plan 2020/21 Consultation |... [LEARN MORE](#)

👍❤️😄 Chantelle ... 65 Comments · 4 Shares

👍 Like · 💬 Comment · ➦ Share



BROCHURE



OUR FOCUS FOR 2020/21

Kia ora koutou

We have all had to make adjustments in response to the challenges of the Covid-19 pandemic. 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.

Our focus for the year ahead:

- Supporting our recovery boosting Napier now and into the future
- Delivering the basics improving water services and kerbside rubbish collection

Prior to Covid-19, we had identified an average rates rise of 6.8% 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.

We want your feedback to help us define the way forward for the next 12 months. So please take your time to make a submission. We'd love to hear from you.

Kirsten Wiles
MAYOR OF NAPIER

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. We have set up our plan to have the flexibility to respond where we need to.

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.

WE ARE ALSO CURRENTLY CONSULTING ON:

THE RATES REMISSION POLICY
The proposed changes would allow Council to refund or discount rates and rates-related penalties in some cases.

THE RATES POSTPONEMENT POLICY
The proposed changes will in some cases mean ratepayers can delay their rates without penalty.


JOINING THE LOCAL GOVERNMENT FUNDING AGENCY (Local Government Funding Agency)
Being a member would give the Council the option to access the best lending rates.

SUBMARINE PIPELINE PROTECTION
In cooperation with Hastings District Council and Pan Pacific Forest Products Ltd.
Applying for a protection zone above their ocean based wastewater pipelines to prevent future damage, and giving each organisation legal protection of their pipelines.

Tell us what you think
sayitnapier say it!

MAHARE Ā-TAU 2020/21 UIIINGA

ANNUAL PLAN 2020/21 CONSULTATION



Tell us what you think
sayitnapier say it!

NAPIER CITY COUNCIL
In Te Aho Matua

www.napier.govt.nz

WE WANT YOUR FEEDBACK

Some projects have changed since we released our Long Term Plan and we want to hear what you think about those changes.

HOW TO say it!

- Online at sayitnapier.nz
- View a copy of the document at the Napier City Council Customer Service Centre or at Napier or Tairāhema Libraries
- Phone 06 635 7579 to request a copy

Submissions close 5pm 16 July 2020

LIVE CHAT SESSIONS

Tune in to the live chat sessions at facebook.com/NapierCityCouncil

- 23 JUNE 2020 11:35AM
- 2 JULY 2020 7PM
- 9 JULY 2020 7PM

(o) LIVE

View the full Annual Plan 2020/21 Consultation information at sayitnapier.nz
Submissions close 5pm 16 July 2020

RATES

Rates income makes up 55% of the Council's total income. The rest comes from our business 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 of \$5.2 million next year. We have also spent \$1 million for the recovery plan work and a rates and rental relief package of \$543,000 - a total shortfall of \$6.24 million.

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

OPTION TWO:
Reduced rates increase - by borrowing money

How would the proposed average rates increase of 4.8% per household affect your rates?

Check here: www.napier.govt.nz/ratesguide

KERBSIDE WASTE COLLECTION

We are introducing 120 litre wheeled bins for rubbish from 1 October 2020. The wheeled 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.

Tell us what you think
sayitnapier say it!

WATER SUPPLY PROJECTS

We have rearranged our schedule to work on getting a clear and clear water supply faster. Our main goal for 2020/21 is to provide clear and clean water.

We're fast-tracking a number of water projects. These projects include testing and replacing two new boxes, which will supply our mangrove water.

SAFE CHLORINE-FREE DRINKING WATER REVIEW

A Safe Chlorine-Free Drinking Water Review is also underway. It looks at the cost of moving to a safe chlorine-free drinking water network. Currently, we use chlorine to disinfect our water.

WASTEWATER OUTFALL

We are also working on our wastewater outfall pipe. It 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 \$3 million. We've been working to find an effective method of repairing the pipe.

Tell us what you think
sayitnapier say it!

OUR PRIORITY AREAS

DEMOCRACY AND GOVERNANCE



COMMUNITY OUTCOMES

Council works with and for the community.

CAPITAL SPEND

NIL \$ million

OPERATING SPEND

4.7 \$ million

SIGNIFICANT INITIATIVES FOR 2020/21

Long term planning

- Review Revenue and Financing Policy and consult with community on proposed changes.
- Review Development and Financial 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

Excellence in infrastructure and public services for now and in the future.

CAPITAL SPEND

13.3 \$ million

OPERATING SPEND

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.

DRAFT ANNUAL PLAN 2020/21

STORMWATER



COMMUNITY OUTCOMES

Excellence in infrastructure and public services for now and in the future.

CAPITAL SPEND

3.4 \$ million

OPERATING SPEND

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

Excellence in infrastructure and public services for now and in the future.

CAPITAL SPEND

8.0 \$ million

OPERATING SPEND

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

- Finalise options to address the issues with the Pandora Industrial Main.

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.

WATER SUPPLY



COMMUNITY OUTCOMES

Excellence in infrastructure and public services for now and in the future.

CAPITAL SPEND

14.6 \$ million

OPERATING SPEND

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.+
- Work with 3 Waters Government Water Reform Programme.

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

A sustainable city.

Excellence in infrastructure and public services for now and in the future.

CAPITAL SPEND

2.1 \$ million

OPERATING SPEND

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.

CITY STRATEGY



COMMUNITY OUTCOMES

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.

CAPITAL SPEND

1.1 \$ million

OPERATING SPEND

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 stormwater 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 masterplan the Humber St estuary edge.

COMMUNITY AND VISITOR EXPERIENCES



COMMUNITY OUTCOMES

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.

CAPITAL SPEND

19.7 \$ million

OPERATING SPEND

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.
- 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.

COMMUNITY AND VISITOR EXPERIENCES CONTINUED

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 direction 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.



DRAFT ANNUAL PLAN 2020/21

PROPERTY ASSETS



COMMUNITY OUTCOMES

Excellence in infrastructure and public services for now and in the future

CAPITAL SPEND

7.5 \$ million

OPERATING SPEND

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).

Another significant initiative, which cuts across activity groups, is to investigate and fund the growing need to invest in building assets.

