



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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EXTRAORDINARY MEETING OF COUNCIL

Open Attachments Under Separate Cover

Meeting Date: Monday 2 November 2020

Time: 3.00pm

Venue: Napier War Memorial Centre
Marine Parade
Napier

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Item	Adoption of Annual Report 2019/20
Attachment A	Annual Report for the year ended 30 June 20202



ANNUAL REPORT

2019/2020

for the period 1 July 2019 to 30 June 2020

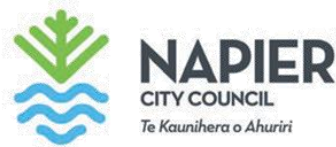
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Prepared in accordance with the requirements of the Local Government Act 2002.

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OVERVIEW FROM THE MAYOR AND CHIEF EXECUTIVE

Kia ora koutou.

Welcome to the Napier City Council's Annual Report for 2019/20.

This report reflects the success and challenges we have faced in achieving the Year Two objectives of our Long Term Plan 2018-28.

As a Council we are always striving to balance the community expectations and priorities with the increasing pressure on services and infrastructure, along with the need for ongoing financial prudence. The difficulties of operating through the COVID-19 pandemic, the subsequent National State of Emergency, and alert levels have been demanding indeed.

The pandemic has had a significant impact on Council's tourism activities and revenue streams, and has contributed to Council's overall deficit of \$2m for 2019/20. However, the year end shortfall will be funded from loans.

The deficit means Council has not met the balanced budget benchmark for 2019/20. We are closely monitoring the pandemic's impacts, and the Long Term Plan 2021-31 is being developed with this in mind.

Work continued during the year to improve our drinking water network, as part of the wider programme to address our water issues. We will continue to give this work priority.

Public consultation on the draft Stormwater Bylaw was undertaken late in 2019 and after hearing public feedback Council adopted the final version, which came into effect in February. The 2020 Stormwater Bylaw aims to improve stormwater quality and better protect the city's urban waterways, Te Whanganui-a-Orotū (Ahuriri estuary) and the general coastal environment.

In January 2019 Central Government announced funding to enable us to progress the region wide Three Waters Review. The project aligns with the region's strategic priority for the 2019-22 triennium – water safety, security and planning – agreed by the Hawke's Bay Leaders Forum on 25 November 2019. This regional review has now been superseded by the proposed national reform.

In the latter part of the financial year Council spent some time considering a raft of Key Performance Indicators for the Chief Executive which describe the intended outcomes that Council is seeking from the organisation; it is expected these will be published in future annual plans and then reported on in the subsequent annual report.

Council successfully submitted two remits at this year's Local Government New Zealand (LGNZ) annual meeting. The building defects claims – to introduce a cap on the liability of Councils in relation to building



defects claims whilst joint and several liability applies - passed with 93 percent support of the sector. The other, about social housing and brought jointly with Tauranga and Wellington City Councils, called for an urgent focus on the development and implementation of a broader range of financing tools for social housing provision. The funding would support the operation, upgrade and growth of Council housing portfolios and access to income related rents for eligible tenants. This remit passed with 96 percent support.

Council also received good community feedback on the Positive Ageing Strategy, adopted earlier this year. Covering the years 2020-24, it considers the ageing population and the impact this will have on Napier.

Around 25,000 black recycling crates were delivered to Napier residents in October 2019, with the new weekly collection service beginning the following month. It has brought more opportunities for our community to divert waste from the Omarunui landfill.

And in March, as part of our District Plan Review, the first discussion documents on different aspects of our District Plan went live on our website. These outline potential plans for greenfield residential developments, preserving our cultural heritage, promoting city living, to name a just a few.

The Marine Parade waterfront upgrade was recognised at a national level with an 'Award of Excellence'...

Other highlights were the awards we won during the year. The Marine Parade waterfront upgrade was recognised at a national level with an 'Award of Excellence' at the Resene New Zealand Institute of Landscape Architecture Awards, while the MTG Hawke's Bay exhibition George Nuku: Bottled Ocean 2118 won a gold spatial design award in the exhibitions and temporary structures category of the 2019 Designers Institute of New Zealand Best Awards.

Napier City Council is the first local authority in this country to make a disability strategy available in Easy Read, a way of presenting information to make it easier for people with learning disabilities to understand. As a result we won the People First's annual 'Make it Easy' award.

We look forward to working alongside our community and delivering many more successful outcomes over the coming year.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Council and management of the Napier City Council confirm that all the statutory requirements in relation with the Annual Report have been complied in accordance with Clause 34 of Schedule 10 of the Local Government Act 2002.

RESPONSIBILITY

1. The Napier City Council and its management accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
2. The Napier City Council and its management accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.
3. In the opinion of the Napier City Council and its management, the annual Financial Statements for the year ended 30 June 2020 fairly reflect the financial position and operations of Napier City Council.

Kirsten Wise

Mayor

2 November 2020

Keith Marshall

Interim Chief Executive

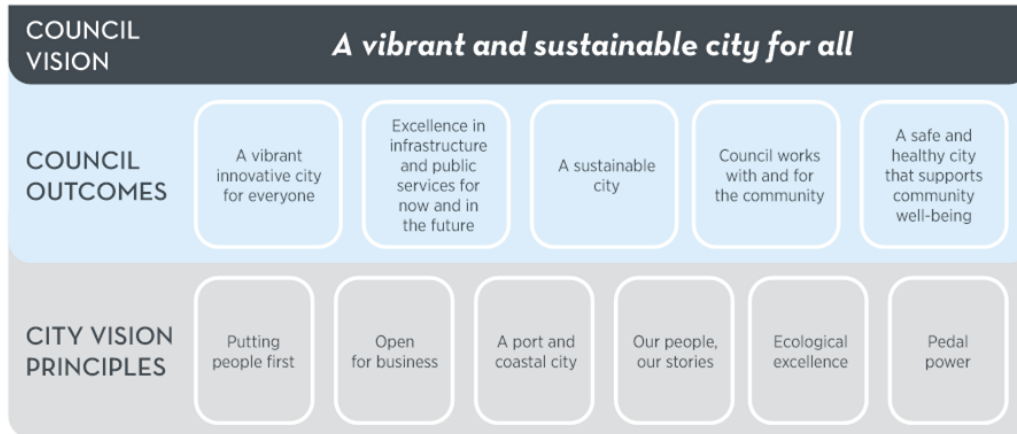
2 November 2020

INTRODUCTION

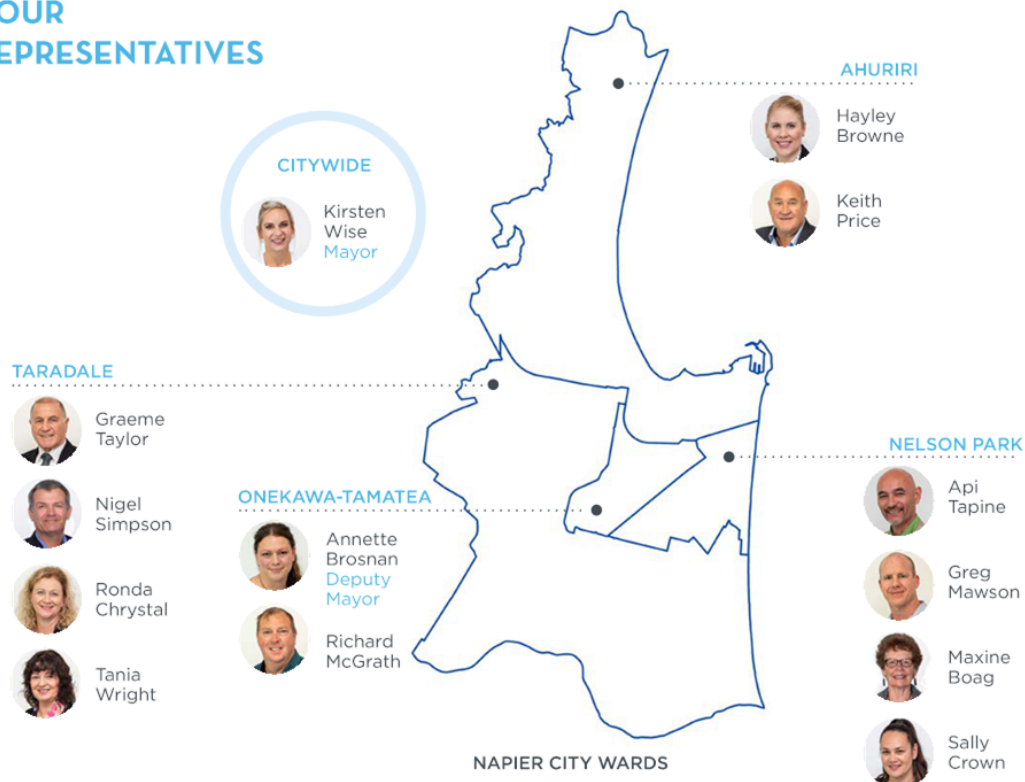
STRATEGIC DIRECTION

OUR MISSION

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



YOUR REPRESENTATIVES



KEY
STATISTICS**10,560**

hectares of land

**65,000**Residents
(based on forecast from
Statistics NZ)**26,104**rating units
as at 01 July 2019**25,922**rating units
as at 01 July 2018**\$14.85B**capital value of
rating units
as at
01 July 2019**\$14.7B**capital value of
rating units
as at 01 July 2018**\$6.65B**total land value
as at 01 July 2019**\$6.6B**total land value
as at 01 July 2018INSURANCE
OF ASSETS

The total value of above ground buildings and plant and equipment covered by insurance contracts is \$515m. These are insured under a group policy held in the name of the five Hawke's Bay Councils.

Motor vehicles and mobile plant are insured for market value. The total value of underground facilities and services for the provision of Water, Stormwater and Wastewater services covered by insurance contracts is \$587.7m. In general, upon a major disaster, the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means.

Councils insurance cover for underground infrastructure is based on a Probable Maximum Loss (PML) of \$120m. The PML was reviewed in 2015 through a natural catastrophe modelling exercise carried out for Council by Jardine Lloyd Thompson Ltd. Australia. Councils insurance cover is based on 40% of this exposure with insurance cover limited to 40% of \$120m.

A deductible of 40% of \$10m exists under the policy, meaning that Council would be liable for a maximum of \$4m in the event of a major claim.

The total value of all assets that are covered by financial risk sharing arrangements is nil.

Council does not operate a formal self-insurance scheme or maintain a specific fund for that purpose. Various assets are however not covered by insurance.

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

Other assets including land, playgrounds and sports fields are also not covered by insurance.

Funding of uninsured risks and amounts over and above any insurance recovery and Government support would be provided from a combination of, debt and the reprioritisation of Council's planned capital and operating expenditure.

INTRODUCTION

WORKING ACROSS HAWKE'S BAY

The Hawke's Bay Councils serve approximately 151,000 residents, in a geographic area of 14,111km².

The Hawke's Bay region Triennial Agreement provides the framework for regional collaboration for the current and future needs for our communities. This agreement entered into by our Mayors at the start of each term sets out the guiding principles that guide the way that the Councils will work together and provides the leadership commitment to ensure a positive difference for Hawke's Bay.

Key principles of the Agreement are:

- Acknowledge that the communities within the region are diverse and encompass a range of desired outcomes and objectives;
- To support the establishment of processes for communication and collaboration at both governance and management levels in ways that will enhance the overall performance and reputation of local government in the region;
- Recognise that collaboration and co-operation between local authorities of the Region can bring efficiencies in terms of planning, administration costs and decision-making and consultation. There is also the potential to increase available resources and promote co-operative approaches in making strategic choices;
- Will show leadership to ensure the implementation of the Triennial Agreement makes a positive difference for Hawke's Bay.

A governance structure has been developed to support the collaboration framework for the agreement with a Mayors and Chair /Chief Executive Collaboration Forum. This monthly forum's focus is to embed the collaboration approach in governance refreshing the framework for initiatives going forward.

KEY INITIATIVES

THREE WATERS PROGRAMME

Our Councils have been working together to review the current and potential three waters (drinking water, wastewater and stormwater) service delivery options for Hawke's Bay, Te Matau-a-Māui. The Review aligns with all five councils' shared strategic priority for 2019 to 2022 – water safety, security and planning – agreed by the Hawke's Bay Leaders Forum in November 2019.

We have been investigating whether there are benefits to developing a region-wide solution to the way we manage drinking, waste and stormwater services (three waters). As councils, we all share responsibility for ensuring our communities enjoy safe, reliable, resilient and efficient drinking, waste

and stormwater services. That's why it makes sense to work together to ensure the most sustainable solution for the whole region.

Our Review means we will understand current and future challenges for the delivery of drinking water, wastewater and stormwater services and to prepare for likely new central government regulations. It will also inform us in our engagement with Central Government through the service delivery reform process which is now underway.

The independent Review of current water services and potential future service delivery options is now complete and is being presented to councils, together with their respective Māori Standing Committees, during August. The Review report has been formally delivered to Councils in September and made public.

REGIONAL WATER SECURITY PROGRAMME

Water security and its effective management is one of the most significant challenges facing the Hawke's Bay's economy, community and natural environment. It is also a fundamental concern to tangata whenua and their cultural values.

The Government's Provincial Growth Fund (PGF) has allocated \$30.6 million for a package of four freshwater security initiatives for project development and construction activity, co-funded and led by the Hawke's Bay Regional Council.

The initiatives are supported by the Hastings District Council, Wairoa District Council, Central Hawke's Bay District Council and Napier City Council.

Four water security initiatives have been identified as a priority for Hawke's Bay.

- 3D Aquifer Mapping Project
- Whole-of-region freshwater assessment which are underway
- investigations into a Heretaunga flow maintenance/water storage initiative
- Central Hawke's Bay water security initiative.

The focus is on thoroughly investigating our region's freshwater resources, including our demands on them well into a future challenged by climate change. We will also look at how groundwater systems can be supplemented during periods of high water flows and small-scale water storage designed to offer environmental protections during dry periods.

We will work together with local iwi and the wider community to advance these projects over the coming months and years.

COVID -19 RECOVERY

Our councils have collectively employed a Regional Recovery Manager to play a critical role in supporting the Hawke's Bay Region in its recovery journey; coordinating, supporting and leading recovery

activities across the Region in relation to the impacts of COVID-19 and Drought.

The key objectives of the role are:

- The development of a COVID-19 and Drought regional recovery action plan
- Ensure an operational and effective structure is in place to manage the recovery and undertaken alongside any ongoing COVID-19 and Drought Response.
- Effective consultation is undertaken with stakeholders throughout the recovery and that the community is engaged in all aspects of the recovery

PROCUREMENT

The Councils have identified procurement and contract management as an opportunity to collaborate to support improvement activities and provide direction and consistency in the procurement and contract management approach across the region. To date there has been significant collaboration between the Councils which has mainly focused on activities where the strategic risk is low and with optimal number of suitable suppliers. Activities with a high strategic and technical risk have been managed within each Council.

This initiative is also focused on the development of a strategic procurement framework to support our regions objectives and delivers a positive impact on economic, environmental, social and cultural wellbeing for our communities. Specifically:

- Determine priority regional infrastructure projects to test strategic/alliance approach to deliver broader outcomes for region
- Develop and implement a strategic and sustainable procurement framework to support the regional collective objectives
- Establish the Council's procurement function as a centre of leadership and expertise.

LIDAR AERIAL DATA CAPTURE

Councils have collectively engaged to deliver high-quality elevation data, an enabling infrastructure that allows accurate mapping and digital recreation of our physical world, both built and natural.

The result will be a nationally consistent and open dataset covering the majority of New Zealand which will be used by Hawke's Bay Councils and regional businesses for a range of high-value activities.

It will provide a foundational data asset essential to decision with the potential to help drive regional economic growth and spur new investment.

A BROAD RANGE OF OTHER COLLABORATIVE INITIATIVES

There are a broad range of other collaborative committees and initiatives Councils collectively participate in including:

- The Matariki Regional Development Strategy for economic and inclusive growth (the Strategy) is about working together, through co-design and partnership so every whānau and every household is actively engaged in growing a thriving Hawke's Bay economy to support inclusive and connected communities and sustainable and resilient environments.
- Clifton to Tangoio Coastal Hazards Strategy developing options for the long term management of our coastal communities.
- Joint Drinking Water Committee providing governance following the Government's inquiry into the Havelock North Waters supply and implementation of 17 initial recommendations. As this group has evolved it has become an ongoing forum for regional collaboration and decision making.
- Regional Transport Committee to develop plans supporting the region's economic development, population, social and environmental requirements.
- Shared IT Support and Web Services across the five Councils.
- Civil Defence Emergency Management as a shared service across all councils with in the Hawke's Bay region to operate a shared and cohesive service to national agencies and meet the responses to emergencies that may occur.

MĀORI CONTRIBUTION TO DECISION MAKING PROCESS

TE KAUNIHERA O AHURIRI NAPIER CITY COUNCIL MĀORI COMMITTEE

The Māori Committee is a Standing Committee of Council, with a purpose to advocate on behalf of Ahuriri Māori, providing cultural leadership, facilitating wānanga seminars with Council and enabling wider relationships with Māori Authorities. The Māori Committee for the 2019-2022 Triennium continues to evolve from previous years in order to better recognise and respect the principles of the Treaty of Waitangi, and to maintain and foster opportunities for Māori and Council to make decisions together.

As a first for Council, legislated Māori Authorities were invited by Mayor Kirsten Wise to attend a hui whakawhanaungatanga relationship building meeting in February 2020 at Pukemokimoki Marae. The hui was an opportunity for the newly elected Council to know the Māori representative fabric of Ahuriri Napier, and to understand the strategic aspirations of each Māori Authority.

The 2019-2022 Māori Committee comprises representatives from:

- Ngāti Pārau Hapū Trust
- Maungaharuru-Tangitū Trust
- Maraenui & Districts Māori Committee
- Pukemokimoki Marae Trust
- The Mayor

The incoming Māori Committee held their own inauguration on Friday 13th March at the Napier War Memorial Centre. The Committee has nominated Chad Tareha of the Ngāti Pārau Hapū Trust as their Chairperson. The Committee meets every six weeks and is embedded into the Council Governance Statements.

Council thanks the Māori Committee of the 2016-2019 Triennium and their contribution to Council's decision making over that time. The Māori Committee have been instrumental to the implementation of bilingual signage and dual place-names with the reinstatement of traditional Māori names to parks and reserves, alongside their English names.

Key participation:

- Three Waters review
- Dual place-names and bilingual signage
- Storm Water Bylaw
- Waste Minimisation
- Terms of Reference review

COUNCIL KAUMĀTUA

This position is important to Council as it empowers all relationships between Māori and Council through guidance and assistance to Council's decision-making process. Piri Prentice was appointed Council Kaumātua in 2014, and has again been endorsed by the current Māori Committee.

Further to the role of Kaumātua, the Māori Committee have endorsed the establishment of a Hākui female elder role to work alongside the Hākoro male elder as joint Kaumātua.

MANA WHENUA RELATIONSHIPS

Council maintain strong relationships with mana whenua of Te Whanganui-a-Orotū through their mandated Māori Authorities. Relationships with mana whenua authorities are predominantly one-to-one with the Mayor, Chief Executive and Councillors.

Council mana whenua relationships are held with:

- Mana Ahuriri Trust
- Maungaharuru-Tangitū Trust
- Te Taiwhenua o Te Whanganui-a-Orotū
- Ngāti Pārau Hapū Trust
- Heretaunga-Tamatea Settlement Trust
- Ngāti Kahungunu Iwi Inc.

Mana whenua are widely involved in Council projects and initiatives, both large and small. Predominantly mana whenua engagement is driven through the Resource Management Act with the need to respond to consenting process and consenting conditions, such as cultural monitoring and species counts.

Key participation:

- Review of the District Plan for Napier City, with a special focus towards wāhi taonga sites of significance across the city.
- Redevelopment of the Business Case for Te Whare Tangaroa o Aotearoa The National Aquarium of New Zealand.
- Inner Harbour redevelopment and proposal for permanent berthing for Te Matau-a-Māui waka hourua.
- Pōhiri to support MTG welcoming Te Arawhiti, a hei tiki that was a personal belonging of Kahungunu.
- Delivery of emergency rockfall from Hukarere Bluff Hill to Waiohiki Marae.
- Mana whenua representation for Council's Covid-19 Recovery Working Group.

MĀORI COMMUNITY RELATIONSHIPS

Alongside mana whenua relationships, Council works closely in the community with the Māori Wardens Associations, Māori health and housing agencies, and social service providers.

Council maintain a close relationship with Pukemokimoki Marae, with an elected member appointed to the Pukemokimoki Marae Trust. Councillor Hayley Brown replaces former Councillor Claire Hague as the Council representative to the Marae Trust. At the request of the Marae Trust, Council has installed directional street signage at Latham Road and Kennedy Road, making it easy to find Pukemokimoki Marae.

Council works with local secondary schools to provide cultural support for civic events, uplifting pride and participation of Māori pupils in public life. Of significant mention is the support of Sacred Heart College for the rāhiri welcome and opening of the 2019 annual summit for the Society of Local Government Managers, and Napier Boys High School for the opening of the 2020 Art Deco Festival.

Key participation:

- Naming and opening of Te Kōhungahunga Atawhai parents and caregivers room at Ocean Boulevard
- Te Pihinga Maraenui projects
- Community planting projects with Napier Māori Tours

COVID-19 RESPONSE AND RECOVERY

COVID-19 lockdown initiated the Incident Management Team to work with Regional Civil Defence as part of the pandemic response. As part of the IMT, there was a need to support Māori organisations to support vulnerable whanau.

Te Whanga Hub was part of this initiative which set up their headquarters with Te Kupenga Hauora in Napier. NCC Supported the Hub when needed, purchasing products and tools so they can provide support for the communities during Lockdown 4 and 3.

As part of the recovery, NCC activated a Recovery Group to support the Welfare and Business needs after the COVID-19 Lockdown 4 was downgraded to 3 then 2. The Recovery Group started the campaign "We Are Team Napier / Kia Kotahi Tātau o Ahuriri Nei". The Group set up a strategy to provide support for the Napier region. Due to this campaign, the Group added a group Te Puawaitanga who set up a funding mechanism for Napier residents, schools and businesses to uplift the city where ever needed.

As part of the recovery, Māori Movement was proposed by Angel Productions Ltd to Senior members of specific organisations to provide the needs of our communities to help with their spiritual, mental and physical wellbeing. With this concept, our Stakeholders and other Government agencies had been invited to support this initiative by having a wananga to seek approval. We had 45 people attend. They were from various parts of the community and organisations. The program had was led by Napier City Mayor Kirsten Wise and Councillors Greg Mawson and Sally Crown. This program was supported by all who attended with positive outcomes.

INTRODUCTION



NAPIER CITY COUNCIL - 2019/20 ANNUAL REPORT

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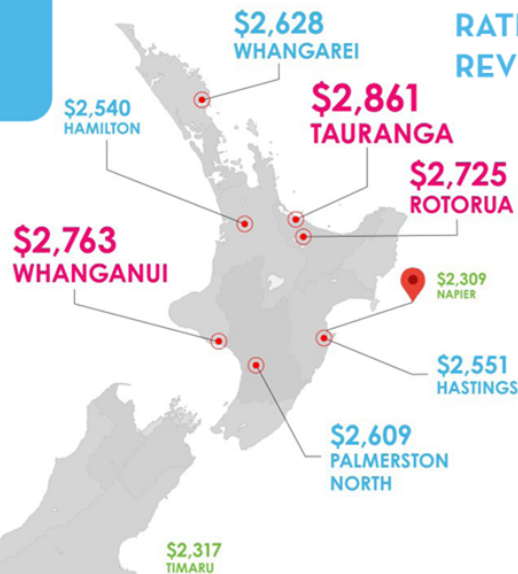
FINANCIAL OVERVIEW

FOR YEAR ENDING 30 JUNE 2020

AVERAGE RATES REVENUE

RATES REVENUE

Rates Revenue is derived from the rates levied on commercial and residential properties within the Napier City boundaries. In comparison with other New Zealand Councils, rates levied are a low proportion of the Council revenue and reflect Napier City funding policies.



EXAMPLES OF WHY NAPIER RATES ARE LOWER THAN OTHERS

Council's operations:

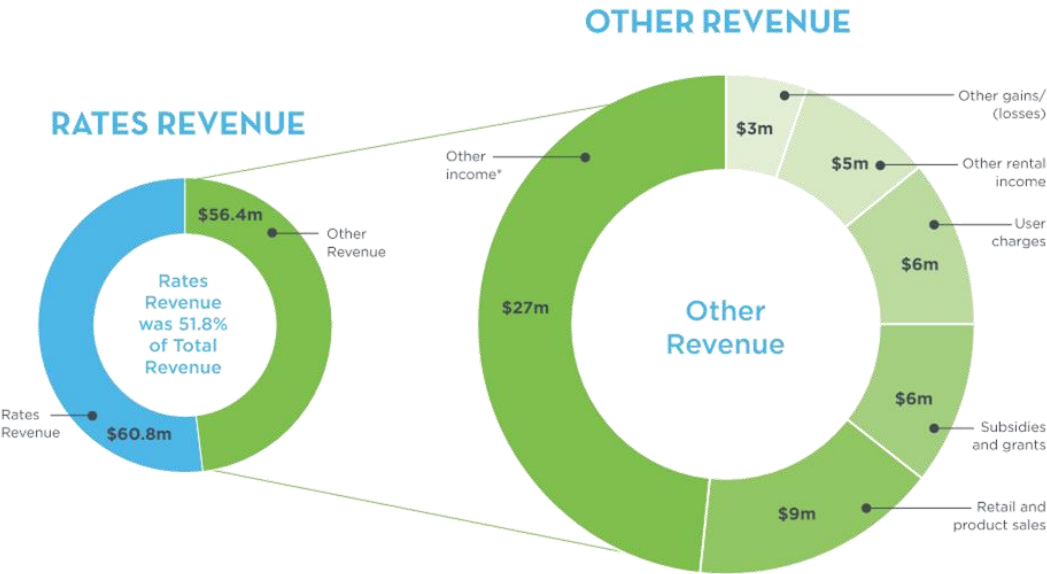
- Strong management of city debt and investments
- High quality outcomes
- Best total cost and affordability for the community
- Non rate funded income
- In-house workforce
- Peak and seasonal workloads are managed through employment of temporary or seasonal staff or by contracting out well defined work to external organisations
- Shared Services including joint procurement between the Hawke's Bay local authorities
- Size of Territory advantages - Napier City is a compact land area and is the fourth most densely populated Territorial Local Authority in New Zealand.

Funding:

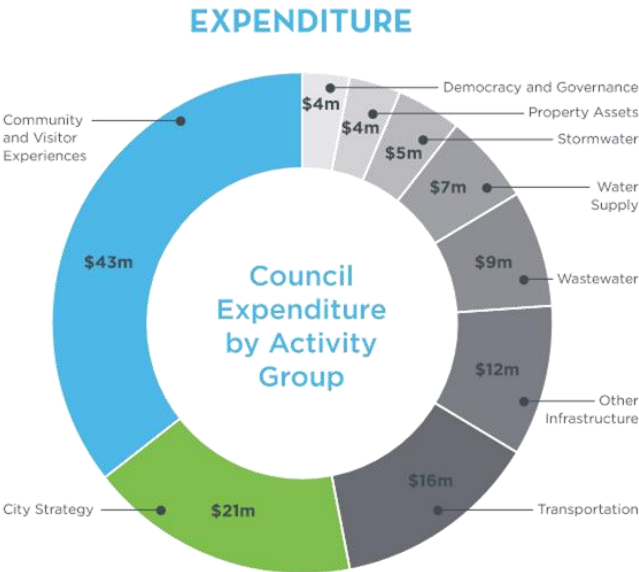
- Income generated by tourism activities which support the city's tourism businesses
- Property related activities such as the Parklands residential section development project
- Investment property income, which supports the inner harbour and city foreshore reserves
- Other allocations of cost recoveries between users and ratepayers via Council's funding policies.

HOW ARE OUR RATES SPENT?





*Other income includes Parklands sales, rental income from investment property and Omarunui Joint Venture. See Note 4, pg 33 for more details.



The graph above shows the operating expenditure by Activity Group for the 2019/20 financial year. Details of operating expenditure for each of the activities are described in Activity Groups of this Annual Report. In addition, explanations of significant variances are contained in Note 38 of the financial statements.





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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Revenue				
Rates revenue	1	60,775	60,326	56,369
Finance revenue	2	1,528	753	1,976
Development and financial contributions		5,002	3,349	4,091
Subsidies and grants	3	6,441	8,822	7,104
Other revenue	4	40,192	51,204	41,363
Other gains	5	3,235	1,196	14,376
Total revenue		117,173	125,650	125,279
Expenditure				
Employee benefit expenses	6	38,360	39,013	34,721
Depreciation and amortisation	16	27,228	24,938	25,611
Other expenses	7	53,455	48,122	54,185
Total expenditure		119,043	112,073	114,517
Operating surplus/(deficit) before tax		(1,870)	13,577	10,762
Share of associate surplus/(deficit)	21	(135)	248	478
Surplus/(deficit) before tax		(2,005)	13,825	11,240
Income tax expense	8	-	-	-
Surplus/(deficit) after tax		(2,005)	13,825	11,240
Other comprehensive revenue				
Valuation gains/(losses) taken to equity	25	155,400	22,749	156,639
Fair value gains/(losses) through comprehensive revenue on investments		(189)	-	23
Total comprehensive revenue and expenses		153,206	36,574	167,902

The Notes to the Financial Statements on pages 20 to 69 form part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Assets				
Current assets				
Cash and cash equivalents	9	5,684	2,334	5,195
Debtors and other receivables	10	7,923	17,046	11,715
Prepayments		591	245	297
Inventories	11	6,197	5,063	3,406
Biological assets	12	245	322	346
Other financial assets	13	56,000	4,500	50,000
Non-current assets held for sale	19	1,500	-	4,072
Total current assets		78,140	29,510	75,031
Non-current assets				
Property, plant and equipment	14	1,764,538	1,546,554	1,616,622
Intangible assets	17	1,473	1,030	714
Inventories	11	15,358	12,520	6,621
Investment property	18	58,052	40,757	54,786
Investment in associates	21	8,640	7,838	8,867
Other financial assets	13	3,512	3,924	3,452
Total non-current assets		1,851,573	1,612,623	1,691,062
Total assets		1,929,713	1,642,133	1,766,093
Liabilities				
Current liabilities				
Trade payables and other accruals	22	10,275	15,838	9,705
Employee benefit liabilities	23	5,700	4,688	4,768
Total current liabilities		15,975	20,526	14,473
Non-current liabilities				
Employee benefit liabilities	23	790	790	831
Provisions	24	10,262	2,457	1,309
Total non-current liabilities		11,052	3,247	2,140
Total Liabilities		27,027	23,773	16,613
Total Net Assets		1,902,686	1,618,360	1,749,480
Net Assets / Equity				
Accumulated revenue & expenses	25	810,568	804,539	802,758
Other reserves	25	1,092,118	813,821	946,722
Total net assets / equity		1,902,686	1,618,360	1,749,480

FINANCIAL INFORMATION

The Notes to the Financial Statements on pages 20 to 69 form part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Total Net Equity balance at 1 July		1,749,480	1,581,786	1,581,578
Total comprehensive revenue for the period		153,206	36,574	167,902
Total Net Equity balance at 30 June	25	1,902,686	1,618,360	1,749,480
Total comprehensive revenue and expenses attributable to:				
Napier City Council		153,206	36,574	167,902
Total comprehensive revenue and expenses		153,206	36,574	167,902

The Notes to the Financial Statements on pages 20 to 69 form part of and should be read in conjunction with these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Cash flows from operating activities				
Receipts from rates revenue		60,593	59,930	56,396
Interest received		1,527	753	2,069
Dividends received		1	-	-
Receipts from other revenue		55,603	56,013	48,399
Goods and services tax (net)		182	(959)	(1)
Payments to suppliers and employees		(85,285)	(84,509)	(94,520)
Net cash from operating activities	29	32,621	31,228	12,343
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment		311	263	2,431
Proceeds from withdrawal of investments		128,130	97,354	98,748
Purchase of property, plant & equipment		(24,759)	(66,858)	(22,494)
Purchase of intangible assets		(814)	68	27
Acquisition of investments		(135,000)	(63,000)	(90,000)
Net cash from investing activities		(32,132)	(32,173)	(11,288)
Net cash from financing activities			-	-
Net increase/(decrease) in cash, cash equivalents & bank overdrafts		489	(946)	1,055
Cash, cash equivalents & bank overdrafts at 1 July		5,195	3,280	4,140
Cash, cash equivalents & bank overdrafts at 30 June		5,684	2,334	5,195

FINANCIAL INFORMATION

The Notes to the Financial Statements on pages 20 to 69 form part of and should be read in conjunction with these financial statements.

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

- Hawke's Bay Museum Trust classified as an investment;
- Hawke's Bay Airport Limited (26% share of voting rights) equity accounted.

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

The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised by the Council for issue on 2 November 2020.

BASIS OF PREPARATION

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

Statement of Compliance

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

Functional and Presentation Currency

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

CHANGES IN ACCOUNTING STANDARDS

A number of new standards, interpretations and amendments effective for the first time for periods beginning on 1 July 2019, have been adopted in these

financial statements. The nature and effect of each new standard, interpretation and amendment adopted by the Council is detailed below. Not all new standards and interpretations effective for the first time for periods commencing 1 July 2019 affect the Council's financial statements for the year ended 30 June 2020.

PBE IPSAS 35 CONSOLIDATED FINANCIAL STATEMENTS

PBE IPSAS 35 supersedes PBE IPSAS 6 (NFP) Consolidated and Separate Financial Statements and introduces a single 'control model' for all entities whereby control exists when all of the following conditions are present:

- Power over investee
- Exposure, or rights, to variable returns from investee
- Ability to use power over investee to affect the entity's returns from investee.

The adoption of PBE IPSAS 35 has not had a material impact on the Council as there are no entities that are controlled by the Council as a result of the new definition of 'control'.

PBE IPSAS 36 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

PBE IPSAS 36 supersedes PBE IPSAS 7 Investments in Associates and combines the accounting for both associates and joint ventures as a result of requiring the use of the equity method to account for investments in joint ventures as well as for investments in associates.

The scope of PBE IPSAS 36 has been expanded to include all 'quantifiable ownership interests' – while an ownership interest in an associate to be 'in the form of a shareholding or other formal equity structure' was required under PBE IPSAS 7.

In instances where an entity is precluded by PBE IPSAS 29 from measuring the retained interest in a former associate or joint venture at fair value, the carrying amount may be used as cost on initial recognition of the financial asset, were previously not allowed under PBE IPSAS 7.

PBE IPSAS 36 also contemplates the accounting for interests in **investment entities** and requires the investor to retain the fair value measurement applied by the investment entity associate or joint venture.

The adoption of PBE IPSAS 36 had no effect on the Council as:

- a) The Council has interest in an associate accounted for under equity method under PBE IPSAS 7 and the mechanics of equity method has not changed under IPSAS 36.
- b) There are no interests classified as joint venture as a result of the changes in PBE IPSAS 37 mentioned which would have otherwise been accounted for under IPSAS 36.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

PBE IPSAS 37 JOINT ARRANGEMENTS

PBE IPSAS 37 supersedes PBE IPSAS 8 Interests in Joint Ventures and requires joint arrangements to be classified as either:

- Joint operations - where parties with joint control have rights to assets and obligations for liabilities, or
- Joint ventures - where parties with joint control have rights to the net assets of the investee.

Joint arrangements that are structured through a separate vehicle will generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method (proportionate consolidation is not permitted by PBE IPSAS 37).

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

The adoption of PBE IPSAS 37 had no effect on the Council's joint arrangements as:

- a) The new definition of joint control has not resulted in a change in the recognition and non-recognition of the Council's arrangements with other parties.
- b) The Council's joint arrangement pertains to a jointly controlled asset and arrangements that were classified under PBE IPSAS 8 as jointly controlled assets and jointly controlled operations are classified as joint operation under PBE IPSAS 37 with similar accounting requirements.
- c) The council do not have interest in jointly controlled entities which would have otherwise been classified as joint venture under PBE IPSAS 37.

PBE IPSAS 38 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

PBE IPSAS 38 sets out the disclosure requirements relating to an entity's interests in controlled entities, joint arrangements, associates and structured entities. The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.

As the new standard affects only disclosure, there is no effect on the Council's financial position or performance.

PBE IPSAS 39 EMPLOYEE BENEFITS

PBE IPSAS 39 supersedes PBE IPSAS 25 Employee Benefits. The main change to the Council as a consequence of PBE IPSAS 39 is the definition of short-term employee benefits has changed to be employee

benefits expected to be settled (as opposed to 'due to be settled') wholly within 12 months after the end of the reporting.

There has been no material impact on the Council as a result of this change in definition.

All other accounting policies and disclosures have been applied consistent with those applied in the previous financial year.

INVESTMENTS**INVESTMENT IN ASSOCIATES**

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

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

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

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

SUBSIDIARIES

Subsidiaries are all entities over which the Council has control. The Council controls an entity if all three of the following elements are present: power over the entity, exposure to variable returns from the entity, and the ability of the Council to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The Council has no subsidiaries during the periods presented in the financial statements.

JOINT ARRANGEMENTS

The Council is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Council and at least one other party. Joint

STATEMENT OF ACCOUNTING POLICIES CONTINUED

control is assessed under the same principles as control over subsidiaries.

Joint Operation

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

FOREIGN CURRENCY TRANSLATION

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit of the Statement of Comprehensive Revenue and Expenses.

REVENUE RECOGNITION

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

NON-EXCHANGE REVENUE**Rates Revenue**

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised as revenue at the start of the financial year to which the rates resolution relates, and they are recognised at the amount due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Grants and Subsidies

Grants and subsidies received are recognised as revenue when the Council obtains control of the transferred asset (cash, goods, other assets or services) and the transfer

is free from conditions that require the Council refund or return the asset if the conditions relating to the asset are not fulfilled. When grants and subsidies include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised. The Council receives the majority of grants and subsidies revenue from New Zealand Transport Agency (NZTA), which subsidises part of the Council's costs in maintaining the local road infrastructure. The right to receive the funding from NZTA arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.

Donated, Subsidised or Vested Assets

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

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

Parking and Traffic Infringement

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

EXCHANGE REVENUE**Licenses and Permits**

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

Residential Developments

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

Development and Financial Contributions

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

Sales of Goods (Retail)

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

Sales of Services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed, on the

STATEMENT OF ACCOUNTING POLICIES CONTINUED

basis of the actual service provided as a proportion of the total services to be provided.

Rental Revenue

Rental revenue is recognised on a straight line basis over the term of the lease.

Interest Revenue

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

Dividend Revenue

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

Building and Resource Consent Revenue

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

INCOME TAX

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

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is

probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

LEASES**THE COUNCIL IS THE LESSEE**

Leases of Property, Plant and Equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expenses over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property,

STATEMENT OF ACCOUNTING POLICIES CONTINUED

plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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

THE COUNCIL IS THE LESSOR

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

CASH AND CASH EQUIVALENTS

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

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

TRADE RECEIVABLES

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

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

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

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

INVENTORIES

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

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

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

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

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

LAND HELD FOR DEVELOPMENT AND FUTURE RESALE

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

OTHER FINANCIAL ASSETS EXCLUDING DERIVATIVES

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

Purchases and sales of financial assets are recognised on trade date, the date on which the Council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

FINANCIAL ASSETS ARE CLASSIFIED INTO THE CATEGORIES BELOW:**Loans and Receivables**

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

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

Held to Maturity Investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets.

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

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

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

of the investment within 12 months of the Statement of Financial Position date. These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the surplus or deficit as gains and losses from investment securities.

Fair Value Changes

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

Impairment of Financial Assets

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

Refer to trade receivables for details of impairment testing of loans and receivables.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consist of:

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

Restricted assets – Restricted assets are mainly parks and reserves owned by the Council that provide a benefit

STATEMENT OF ACCOUNTING POLICIES CONTINUED

or service to the community and cannot be disposed of because of legal or other restrictions.

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

ADDITIONS

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

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

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

DISPOSALS

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

REVALUATIONS

Assets which are revalued are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation (except land which is not depreciated). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Roading infrastructure assets and Library Collections are valued at depreciated replacement cost and revalued annually. Other infrastructural assets (except land under roads), Land and Buildings and Council Restricted Reserves are revalued on a three yearly valuation cycle.

Increases in the carrying amounts arising on a revalued class of assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously recognised for the same class of assets in the surplus or deficit, the increase is first recognised in the surplus or deficit. Where the revaluation

movement would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Revenue and Expenses during the financial period in which they are incurred.

DEPRECIATION

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

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

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

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

	Years
TRANSPORTATION	
Base Course	60-130
Surfacings	20-25
Concrete Pavers	80
Footpaths & Pathways/Walkways	15-80
Drainage	25-100
Bridges & Structures	20-100
Road Lighting	4-50
Traffic Services & Safety	10-25
WATER	
Reticulation	56-200
Reservoirs	100
Pump Stations	15-80
STORMWATER	
Reticulation	80-100
Pump Stations	15-80

STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

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

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

INVESTMENT PROPERTY

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

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

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

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

INTANGIBLE ASSETS

TRADEMARKS AND LICENSES

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

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

COMPUTER SOFTWARE

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For non-cash generating assets where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For cash generating assets, value in use is determined using a present value of future cash flows valuation methodology.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for assets that are cash generating. Once this assessment is made, this is adjusted through the revaluation reserve for revalued assets (where there is a positive reserve), or in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses

STATEMENT OF ACCOUNTING POLICIES CONTINUED

where revaluation does not occur or there is no positive revaluation reserve.

TRADE AND OTHER PAYABLES

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

BORROWINGS

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

BORROWING COSTS

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

PROVISIONS

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

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

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

FINANCIAL GUARANTEE

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse

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

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Any funds that are not spent for the approved purpose are returned to the Council by 30 June of the same financial year.

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

EMPLOYEE BENEFITS

WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE

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

LONG SERVICE LEAVE AND GRATUITIES

The liability for long service leave and gratuities is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by

STATEMENT OF ACCOUNTING POLICIES CONTINUED

employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

RETIREMENT BENEFIT OBLIGATIONS

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

DEFINED CONTRIBUTION SCHEMES

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

BONUS PLANS

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

BIOLOGICAL ASSETS**LIVESTOCK**

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. Changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

NET ASSETS / EQUITY

Net Assets/Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Net Assets/Equity is disaggregated and classified into a number of components see Note 25.

These are:

- Accumulated comprehensive revenue and expenses; and
- Reserves

- Restricted Reserves
- Asset Revaluation Reserves
- Fair Value Reserves

RESTRICTED AND COUNCIL CREATED RESERVES

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

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

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

The Council's objectives, policies and processes for managing capital are described in Note 26.

BUDGET FIGURES

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

COST ALLOCATION

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under

STATEMENT OF ACCOUNTING POLICIES CONTINUED

the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

LANDFILL AFTERCARE PROVISION

Note 24 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

INFRASTRUCTURAL ASSETS

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are underground such as stormwater, wastewater and water supply pipes. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimating the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth.

If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under in estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expenses. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections and deterioration and condition modelling are also carried out regularly as part of the Council asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations except for most above and below ground water, wastewater and stormwater assets where the independent valuer peer reviews Council's valuations. In some cases, e.g. Pumps are independently valued by independent valuer. See Note 14.

CRITICAL JUDGEMENTS IN APPLYING NAPIER CITY COUNCIL'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2020.

CLASSIFICATION OF PROPERTY

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

COVID-19

The Council has considered the potential impact of COVID-19 as part of its impairment testing on its Statement of Financial Position. The table below provides an assessment of the impact of COVID-19 on Council's assets. It is acknowledged there is significant uncertainty in how COVID-19 will impact on the New Zealand economy and the Council in the future. This assessment is effective as at 2 November 2020 and has made use of all available information at that time.

ASSET	COVID-19 ASSESSMENT
Cash at bank	No impact to carrying value. All cash is held with Westpac which has a credit rating of AA- (Standard & Poors)
Debtors and other receivables	No impairment is required for rates receivable due to the powers under the Local Government (Rating) Act 2002 to recover outstanding rates debts. Other receivables have been assessed for impairment and there is no significant impact from COVID-19 on collectability.
Prepayments	No impact on carrying value
Inventories	Inventories mainly relates to Parklands sections intended for sale which are currently under development. These are measured at lower of cost and NRV. The NRV is based on assumption that the housing market will remain immune to the effects of COVID-19 on affordability and demand. Currently, the demand for the Parkland sections has not eased and the housing prices based on recent publications show an upward trend. Refer to Note 11 for details on inputs and assumptions. Taking a prudent approach, the NRV remains higher than the cost as at 30 June 2020. Accordingly, no adjustment has been made to the carrying value.
Inventories continued	Other stocks held for resale or distribution remain at minimal balance. The COVID-19 restrictions may have slowed stock sales in tourism business units but most of these stocks have long shelf-life hence no provision is deemed necessary.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

ASSET	COVID-19 ASSESSMENT
Biological assets	This is made up of sheep held for trading. COVID-19 has impacted livestock sales due to a chain reaction from the disruption caused by border closures. However, current market data shows a positive outlook so no adjustment was made to the carrying value.
Other financial assets	All financial assets that are current are held with banks with Standard and Poors credit ratings of A or better. Non-current financial assets include a jointly-controlled asset and unlisted shares. The jointly-controlled asset relates to Omarunui Refuse Landfill which remained open through all the COVID-19 alert levels as an essential service. No indicators of impairment arising from COVID-19. The unlisted shares mainly relate to an entity owned by local government. Due to its low carrying value at year-end, there is minimal risk exposure from all factors including COVID-19.
Non-current assets held for sale	The fair value of this asset has been assessed by Telfer Young whose report indicated the fair value exceeds its carrying amount as at 30 June 2020. Refer to Note 19 for details on inputs and assumptions on the valuation relating to impact of COVID-19.
Property, Plant & Equipment	Water, Wastewater and Stormwater above and below ground have been valued at depreciated replacement cost as at 30 June 2020. Below ground assets have been valued by Council's engineers and independently reviewed by WSP. Above ground assets have been independently valued by AECOM. Refer to Note 14 for details on impact of COVID-19 on these assets. Land and Buildings are carried at fair value less depreciation for buildings only. The carrying value has been reviewed by an independent valuer to ensure those values are not materially different from fair value. Restricted Assets are carried at fair value less depreciation for buildings only. The carrying value has been reviewed by an independent valuer to ensure those values are not materially different from fair value. Refer to Note 14 for details on impact of COVID-19. Library collections are carried at fair value less depreciation and valuation has been performed as at 30 June 2020 by an independent valuer, Paragon Matter Art Services. Refer Note 14 for details on impact of COVID-19. COVID-19 impact has introduced increased uncertainty in the valuation of these assets. Based on the current market data, there is no significant adverse impact arising from COVID-19.
Intangible assets	Council continues to use its intangible assets (computer software) to the fullest extent possible and as such there are no indicators of impairment as a result of COVID-19.

ASSET	COVID-19 ASSESSMENT
Investment property	Council's investment property is valued annually by an independent valuer. Refer to Note 18 for more details on valuation inputs and assumptions. Post COVID-19, indicators for the housing market sales have not yet shown any significant reduction in value with market performance indicators showing an upward trend.
Investment in associates	Council has a 26% interest in Hawke's Bay Airport which has been severely affected by COVID-19 restrictions. This is reflected in the significant decline in its value accounted for using equity method. Subsequent to year end, additional loan was provided by the shareholders to support the continuity of the airport's expansion. Refer to Note 33 for more details on the loan. The ability of Hawke's Bay Airport to be able to continue as a going concern for the next twelve months from the date of this report is largely dependent on the viability of its forecasted revenue and growth post-COVID-19 as well as continued availability of funding from its lenders/shareholders. Refer to Note 21 for details on impairment considerations.

STANDARDS ISSUED AND NOT YET EFFECTIVE, AND NOT EARLY ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Council. These standards are not expected to have a material impact on the Council in the current or future reporting periods and on foreseeable transactions except as follows: PBE IPSAS 41 Financial Instruments.

FINANCIAL INSTRUMENTS

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments which is an interim standard meant to replace PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. In March 2019, NZASB issued PBE IPSAS 41 Financial Instruments which is mandatory for application in January 2022. The NZASB subsequently deferred the effective date of PBE IFRS 9 to 1 January 2022 so that PBE IFRS 9 did not become mandatorily effective before PBE IPSAS 41. When applied, PBE IPSAS 41 supersedes PBE IFRS 9.

The Council intends to apply PBE IPSAS 41 in the financial year beginning 1 July 2022.

The initial consideration of the impacts the implementation of PBE IPSAS 41 is expected to have in the Council's financial statements are described below.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

a) Classification and measurement

- Currently the Council classifies its investment in listed and non-listed equity shares and listed debt instruments as available-for-sale (AFS) financial assets. For the equity shares currently classified as AFS, the Council expects to continue measuring them at fair value through other comprehensive revenue and expense.
- Loans as well as receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Council has analysed the contractual cash flow characteristics of those instruments and concluded they meet the criteria for amortised cost measurement under PBE IPSAS 41. Therefore, reclassification for these instruments is not required.

b) Impairment

- PBE IPSAS 41 requires the Council to record expected credit losses on all of its debt instruments classified at amortised cost or fair value through other comprehensive revenues and expenses. For all of such assets, except receivables, the Council expects to apply the simplified approach and record lifetime expected losses on all receivables. The Council does not expect the application of PBE IPSAS 41 to result in a significant impairment of its term deposits, or debt instruments.

AMENDMENT TO PBE IPSAS 2 STATEMENT OF CASH FLOWS

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council does not intend to early adopt the amendment.

PBE FRS 48 SERVICE PERFORMANCE REPORTING

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how the application of PBE FRS 48 will affect its statement of service performance.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Total operating revenue (Activity Cost of Service Statements)				
City Strategy		6,283	6,543	6,162
Community and Visitor Experiences		15,763	21,291	17,503
Other Infrastructure		9,779	7,739	7,524
Property Assets		8,877	20,566	24,303
Stormwater		2,760	805	1,013
Transportation		9,536	8,108	9,756
Wastewater		10,691	9,273	9,124
Water Supply		7,348	6,873	6,126
Total operating revenue		71,037	81,198	81,511
Other revenue (as per Statement of Comprehensive Revenue and Expenses)				
General rates		42,508	42,263	40,037
Rates remissions		(347)	(219)	(330)
Interest revenue		1,528	753	1,976
Other revenue		2,447	1,656	2,085
Total revenue		117,173	125,650	125,279
Total operating expenditure (Activity Cost of Service Statements)				
City Strategy		21,111	10,860	18,622
Community and Visitor Experiences		42,623	44,199	40,513
Democracy and Governance		3,875	3,883	2,931
Other Infrastructure		11,989	9,930	10,025
Property Assets		4,258	12,704	7,429
Stormwater		4,778	4,521	4,580
Transportation		15,557	13,109	15,403
Wastewater		8,879	8,601	9,077
Water Supply		6,624	6,837	6,854
Total operating expenditure *		119,694	114,643	115,434
Other revenue (as per Statement of Comprehensive Revenue and Expenses)				
Internal expenditure		(2,025)	(2,068)	(1,394)
Other expenses		1,374	(502)	477
Total expenditure		119,043	112,073	114,517
Operating surplus/(deficit) before tax (as per Statement of Comprehensive Revenue and Expenses)				
Share of associate surplus/(deficit)	21	(135)	248	478
Surplus/(deficit) before tax		(2,005)	13,825	11,240
Income tax expense	8	-	-	-
Surplus/(deficit) after tax		(2,005)	13,825	11,240

*Total interest expense as per Note 2 Finance Income and costs is included in the cost of services expenditure above and in the Activity Statements

FINANCIAL INFORMATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2020

1. RATES REVENUE

	Actual 2019/20 \$000	Actual 2018/19 \$000
General rates	42,233	39,728
Rates Penalties	275	309
Targeted rates attributable to activities		
Water*	6,573	5,924
Sewerage	8,358	8,119
Refuse and sanitation	3,255	2,204
Roeading	154	148
Marketing	203	193
Swimming Pool Safety	71	74
Total revenue from rates	61,122	56,699
Rates remissions	(347)	(330)
Rates revenue net of remissions	60,775	56,369

In accordance with the Local Government (Rating) Act 2002, rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

The rates remission policy allows rates to be remitted on condition of a ratepayers extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

*Of the targeted water rates \$633k (2019: \$613k) are attributable to water by meter.

2. FINANCE INCOME AND FINANCE COSTS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Finance income		
Interest income		
Term deposits and call accounts	1,528	1,976
Total finance income	1,528	1,976
Finance costs		
Interest expense		
Interest on internal borrowings	1,762	1,269
Total interest expense	1,762	1,269
Internal interest expense	(1,762)	(1,269)
Total finance costs	-	-
Net finance income	1,528	1,976

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

3. SUBSIDIES AND GRANTS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Land Transport and other Government grants	6,149	6,638
Other Grants and Donations	292	465
Total grants and donations	6,441	7,104

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2019: \$nil).

4. OTHER REVENUE

	Actual 2019/20 \$000	Actual 2018/19 \$000
User charges	5,983	5,885
Regulatory revenue	3,533	3,355
Rental income from investment properties	1,804	1,768
Other rental income	4,733	4,590
Infringements and fines	683	728
Rendering of services	2,326	2,286
Retail and product sales	9,055	10,475
Omarunui Landfill Joint-Venture	3,892	3,001
Sales residential development	1,587	5,518
Other income	2,068	1,803
Petrol tax	382	417
Vested assets - other	4,145	1,298
Dividend income	1	239
Total other revenue	40,192	41,363

FINANCIAL INFORMATION

5. GAINS/(LOSSES)

	Actual 2019/20 \$000	Actual 2018/19 \$000
Non-financial instruments		
Gain/(loss) on revaluation of Library bookstock	(95)	(150)
Gain/(loss) on revaluation of investment properties	3,265	14,906
Gain/(loss) on sale of assets	154	199
Gain/(loss) on disposal of assets	(80)	(584)
Fair value gain/(loss) on livestock	(9)	5
Total gains/(losses)	3,235	14,376

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

6. EMPLOYEE BENEFIT EXPENSES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Salaries and wages	36,565	33,971
Employer contributions to multi-employer defined benefit plans	904	845
Increase/(decrease) in employee benefit liabilities	891	(95)
Total employee benefit expenses	38,360	34,721

7. OTHER EXPENSES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Audit fee Audit NZ - financial statements	139	137
Audit fee Audit NZ - debenture trust deed	4	4
Audit fees Crowe Horwarth - internal audit	21	38
Donations	14	41
Bad and doubtful debts	128	(10)
Plant and Equipment Impairment	-	608
Cost of sales residential development	1,003	2,482
Rental expense on operating leases	1,512	1,493
Other operating expenses	50,634	49,392
Total other expenses	53,455	54,185

8. TAX

	Actual 2019/20 \$000	Actual 2018/19 \$000
Relationship between tax expense and accounting profit		
Surplus/(deficit) before tax	(2,005)	11,240
Tax at 28%	(561)	3,147
Non-taxable income	561	(3,147)
Tax Expense	-	-

Additional disclosures

A deferred tax asset has not been recognised in relation to unused tax losses of \$2,735,851 (2019: \$2,508,029).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

9. CASH AND CASH EQUIVALENTS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Cash at bank and in hand	5,684	5,195
Short-term deposits maturing 3 months or less from date of acquisition	-	-
Total cash and cash equivalents	5,684	5,195

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

There are no restrictions on the use of part or all of the cash.

Cash includes the following for the purposes of the cash flow statement:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Cash at bank and in hand	5,684	5,195
Short-term deposits maturing within 3 months	-	-
Total cash and cash equivalents	5,684	5,195

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

10. DEBTORS AND OTHER RECEIVABLES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Rates receivables	1,262	1,052
Parklands - unconditional contracts subdivision sales	-	5,248
NZTA subsidy claims	1,792	1,273
GST Receivable	778	960
Other receivables	4,288	3,288
Less: Provision for Doubtful Debts	(197)	(106)
Total debtors and other receivables	7,923	11,715
Debtors and other receivables comprise of:		
Receivables from non-exchange transactions - rates and grants	3,054	2,325
Receivables from exchange transactions - commercial sales	4,869	9,390
Total debtors and other receivables	7,923	11,715

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the Council, as the Council has a large number of customers.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid after the due date for payment. If payment has not been made after the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

The Council holds no collateral as security or other credit enhancements over receivables that are past due other than that given under lease arrangements for leasehold land. Other receivables have been assessed for impairment at year end by taking into consideration collectability on an individual basis.

The ageing profile status of receivables net of uncollectable debts as at 30 June 2020 and 2019 are detailed below:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Current	5,396	9,627
Past due 31 to 60 days	180	679
Past due 61- 90 days	113	197
Past due 90 + days	2,234	1,212
Total receivables	7,923	11,715

The provision for uncollectability has been calculated based on a review of specific overdue receivables and are all overdue 90 day+.

Movements in the individual provision for uncollectability of receivables are as follows:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Balance at 1 July	106	124
Additional provision made during the year	131	15
Provisions reversed during the year	(36)	(27)
Receivables written off during the year	(4)	(6)
Balance as at 30 June	197	106

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

11. INVENTORIES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Current portion		
Inventory held for distribution	206	203
Inventory held for resale	207	140
Parklands - land under development	1,506	929
Parklands - work in progress	4,278	2,134
Total current portion	6,197	3,406
Non-current portion		
Parklands - land under development	12,283	2,511
Parklands - work in progress	3,075	4,110
Total non-current portion	15,358	6,621

Inventory held for distribution and resale reduced by \$6k in 2020 (2019: \$0) as a result of stocktake adjustments.

The carrying amount of inventories pledged as security for liabilities is \$nil (2019: \$nil).

The Council is currently developing land for future sale, and of the costs to date (including the value of land transferred to inventory) \$15,357,929 is not expected to be recovered until after 30 June 2020 (2019: \$6,620,614). The assessed Net Realisable Value (NRV) as at 30 June 2020 is calculated based on the number of sections that will be developed and expected prices based on the most recent actual sales adjusted for inflation. The NRV is sensitive to the movement of housing market prices. COVID-19 has introduced some level of uncertainty into the expected prices. As at 30 June 2020, there are no known change in behaviour of market participants indicating that the housing market prices would significantly decline as a result of COVID-19. Any longer term impact on the movement of housing prices is uncertain and has not been incorporated in the expected prices used in NRV calculation.

12. BIOLOGICAL ASSETS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Biological assets changes in value		
Opening value 1 July	346	318
Change in value arising from changes in fair value	(9)	5
Increase in value due to natural increase/(decrease)	202	232
Increase in value due to purchases	189	311
Change in value due to sales	(483)	(520)
Closing value 30 June	245	346

Biological Assets comprise 1,487 sheep (2019: 2,150) largely held for trading.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

13. OTHER FINANCIAL ASSETS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Current portion		
Short-term deposits with maturities of 4-12 months	56,000	50,000
Corporate bonds	-	-
Total current portion	56,000	50,000
Non-current portion		
Term deposits with maturities of over 12 months	-	-
Unlisted shares	279	467
Omarunui Landfill*	3,233	2,985
Corporate bonds	-	-
Total non-current portion	3,512	3,452

There was no impairment provisions for other financial assets. The carrying amount of term deposits approximates their fair value.

Unlisted Shares - Valuation

The fair value of the unlisted shares have been determined as follows:

If an active market is present for unlisted shares, the fair value of such shares is determined by their market value. If an active market is absent for unlisted shares, the fair value of such shares is determined by their redemption value.

*Refer to note 20 for further details.

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments in the Statement of Financial Position, measured at fair value:

	Total \$000	Quoted Market Price \$000	Observable Inputs \$000	Significant Non-Observable Inputs \$000
30 June 2020				
Financial assets				
Shares	279	279	-	-
Term deposits	56,000	56,000	-	-
Omarunui Landfill	3,233	-	3,233	-
30 June 2019				
Financial assets				
Shares	467	467	-	-
Term deposits	50,000	50,000	-	-
Omarunui Landfill	2,985	-	2,985	-

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

14. PROPERTY PLANT AND EQUIPMENT**VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

As at 30 June 2020 Council's Property, Plant and Equipment are valued as follows:

Library Collections

Carried at fair value less depreciation. Valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library in May 2002 for general collections and replacement cost for the Heritage Collection. The Library valuation is performed by Jessica Pearless, Director, Paragon Matter Art Services and performed on an annual basis. The valuation was performed as at 30 June 2020.

Land under Roads

Carried at cost. Land under roads was valued based on fair value of adjacent land determined by M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2005. The Council has elected to use fair value of land under roads at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

Land and Buildings

Carried at fair value less depreciation for buildings only. Land and Buildings are valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2019 using fair value based on market valuations. Land and buildings are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, the asset classes are revalued.

The Council has considered the impact of COVID-19 on the carrying value of land and buildings and engaged Telfer Young to complete a market movement review from 30 June 2019 to 30 June 2020. Due to COVID-19, in the absence of sufficient market evidence, the valuer applied reasonable expectation as the basis of valuation indicators. Based on this review, there has been no material change in value. If the valuer were to perform a full revaluation of these assets as at 30 June 2020, they would include a statement of significant uncertainty. This is because of the absence of sufficient market evidence and the property market will change because of COVID-19.

Infrastructural Road Assets

Carried at fair value less depreciation. Infrastructural road assets are valued annually by Council Engineers at depreciated replacement cost using the RAMM valuation system and independently reviewed by Stantec. Road assets were revalued at 30 June 2020.

Water, Wastewater and Stormwater Below and Above Ground Assets

Carried at fair value less depreciation. Water, Wastewater and Stormwater below ground assets are valued at depreciated replacement cost by Council's engineers and independently reviewed by WSP NZ as at 30 June 2020. Above ground assets have been valued by M Wyatt of AECOM Ltd and M. Penrose of Telfer Young (HB) Ltd at 30 June 2020.

COVID-19 impact on below ground assets – there were no recent Council contracts that could be reviewed as part of the revaluation. However, based on a wide range of cost information for construction, there is little if any ongoing effect from COVID-19.

COVID-19 impact on above ground assets – there is a potential for replacement costs to go either up or down. At present, it is too early to see any COVID-19 influence on construction costs emerging so no COVID-19 influence has been incorporated in the replacement cost used in the valuation.

Restricted Assets

Carried at fair value less depreciation. These were valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2019 using depreciated replacement cost method. Restricted assets are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, then the off-cycle asset classes are revalued.

The Council has considered the impact of COVID-19 on the carrying value of restricted assets and engaged Telfer Young to complete a market movement review from 30 June 2019 to 30 June 2020. Due to COVID-19, in the absence of sufficient market evidence, the valuer applied reasonable expectation as the basis of valuation indicators. Based on this review, there has been no material change in value. If the valuer were to perform a full revaluation of these assets as at 30 June 2020, they would include a statement of significant uncertainty. This is because of the absence of sufficient market evidence and the property market will change because of COVID-19.

Plant and Equipment

Carried at cost less depreciation and impairment. These were valued in 1994 using market value. Additions are at cost.

Omarunui Landfill

Carried at cost less depreciation and impairment. Landfill assets are comprised of land, plant and equipment, and motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

14. PROPERTY PLANT AND EQUIPMENT - CONTINUED

2019/20	Cost / Valuation 1 July 2019 \$000	Accumulated Depreciation & Impairment 1 July 2019 \$000	Carrying Amount 1 July 2019 \$000	Vested Asset Additions \$000	Other Additions \$000	Disposals \$000	Reclassification from Assets Held for Sale \$000	Reversal of Accumulated Depreciation on Revaluation \$000
Council operation assets								
Land	124,920	-	124,920	-	1,301	-	2,573	-
Leasehold land	3,375	-	3,375	-	-	-	-	-
Buildings	94,914	(30)	94,884	-	778	-	-	-
Library books	1,943	(7)	1,936	-	269	-	-	180
Plant and equipment	45,102	(30,129)	14,973	-	4,672	(355)	-	-
Motor vehicles	5,343	(3,283)	2,060	-	773	(752)	-	-
Landfill post closure	225	(225)	-	-	-	-	-	-
Total operational assets	275,822	(33,674)	242,148	-	7,793	(1,107)	2,573	180
Council infrastructural assets								
Sewerage system treatment plant	35,664	(1,756)	33,908	-	298	-	-	2,706
Sewerage system other assets	126,854	(7,084)	119,770	1,469	1,366	(43)	-	10,769
Water system	97,733	(4,243)	93,490	467	956	(7)	-	5,735
Drainage network	132,437	(5,118)	127,319	1,506	632	(5)	-	7,753
Roading network	246,642	(3)	246,639	703	6,415	-	-	7,169
Land under roads	421,111	-	421,111	-	8	-	-	-
Total infrastructural assets	1,060,441	(18,204)	1,042,237	4,145	9,675	(55)	-	34,132
Council restricted assets								
Sportsgrounds	236,669	(91)	236,578	-	2,164	-	-	-
Grandstands and halls	10,726	-	10,726	-	2	-	-	-
Buildings on reserves	47,613	(2)	47,611	-	229	-	-	-
Swimming pools	12,186	-	12,186	-	156	-	-	-
Inner harbour	18,008	-	18,008	-	-	-	-	-
Total restricted assets	325,202	(93)	325,109	-	2,551	-	-	-
Capital work in progress (see breakdown below)	7,128	-	7,128	-	6,470	-	-	-
Total property plant & equipment	1,668,593	(51,971)	1,616,622	4,145	26,489	(1,162)	2,573	34,312
Capital work in progress	2019/20 \$000	2018/19 \$000						
Buildings	2,968	1,228						
Plant and equipment	67	481						
Sewerage system other assets	990	959						
Water system	2,420	1,280						
Drainage network	415	293						
Roading network	1,428	1,121						
Sportsgrounds	2,199	1,712						
Swimming pools	8	15						
Inner harbour	90	39						
Total capital work in progress	10,585	7,128						

The net carrying amount of plant and equipment held under finance leases is \$Nil (2019: \$Nil). In accordance with Accounting Policies the revaluation loss for Library Books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities. Loss on library revaluation included in operating surplus/(deficit) due to \$Nil revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

Reversal of Accumulated Depreciation on Disposals \$000	Transfers and Corrections \$000	Transfers and Corrections Depreciation \$000	Impairment \$000	Depreciation \$000	Revaluation Surplus \$000	Cost / Valuation 30 June 2020 \$000	Accumulated Depreciation & Impairment 30 June 2020 \$000	Carrying Amount 30 June 2020 \$000
-	(25,802)	-	-	-	-	102,992	-	102,992
-	-	-	-	-	-	3,375	-	3,375
-	-	-	-	(2,551)	-	95,692	(2,581)	93,111
-	-	-	-	(188)	(275)	1,937	(15)	1,922
310	-	-	-	(3,038)	-	49,419	(32,857)	16,562
652	-	-	-	(610)	-	5,364	(3,241)	2,123
-	-	-	-	-	-	225	(225)	-
962	(25,802)	-	-	(6,387)	(275)	259,004	(38,919)	220,085
-	-	-	-	(950)	(900)	35,062	-	35,062
-	-	-	-	(3,685)	26,109	155,755	-	155,755
-	(14)	14	-	(1,936)	25,527	124,662	(430)	124,232
-	-	-	-	(2,635)	78,610	213,180	-	213,180
-	(8)	6	-	(7,172)	7,318	261,070	-	261,070
-	-	-	-	-	-	421,119	-	421,119
-	(22)	20	-	(16,378)	136,663	1,210,848	(430)	1,210,418
-	-	-	-	(2,136)	-	238,833	(2,227)	236,606
-	-	-	-	(151)	-	10,728	(151)	10,577
-	-	-	-	(1,257)	-	47,842	(1,259)	46,583
-	-	-	-	(399)	-	12,342	(399)	11,943
-	-	-	-	(267)	-	18,008	(267)	17,741
-	-	-	-	(4,210)	-	327,753	(4,303)	323,450
-	(3,013)	-	-	-	-	10,585	-	10,585
962	(28,837)	20	-	(26,975)	136,388	1,808,190	(43,652)	1,764,538

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

PROPERTY PLANT AND EQUIPMENT CONTINUES

2018/19	Cost / Valuation 1 July 2018 \$000	Accumulated Depreciation & Impairment 1 July 2018 \$000	Carrying Amount 1 July 2018 \$000	Vested Asset Additions \$000	Other Additions \$000	Disposals \$000	Reclassification to Assets Held for Sale \$000	Reversal of Accumulated Depreciation on Revaluation \$000
Council operation assets								
Land	81,858	-	81,858	-	-	-	-	-
Leasehold land	3,433	-	3,433	-	-	(980)	-	-
Buildings	87,123	(2,258)	84,865	-	733	-	-	4,798
Library books	2,085	-	2,085	-	213	-	-	206
Plant and equipment	42,653	(27,415)	15,238	-	2,645	(197)	-	-
Motor vehicles	5,124	(3,099)	2,025	-	702	(482)	-	-
Landfill post closure	225	(225)	-	-	-	-	-	-
Total operational assets	222,502	(32,997)	189,505	-	4,293	(1,659)	-	5,004
Council infrastructural assets								
Sewerage system treatment plant	35,363	(873)	34,490	-	301	-	-	-
Sewerage system other assets	125,965	(3,454)	122,510	169	828	(107)	-	-
Water system	95,008	(1,988)	93,020	148	2,736	(159)	-	-
Drainage network	130,803	(2,541)	128,262	262	1,439	(68)	-	-
Road network	215,051	(2)	215,049	720	12,486	(33)	-	6,454
Land under roads	421,159	-	421,159	-	-	(48)	-	-
Total infrastructural assets	1,023,348	(8,858)	1,014,490	1,299	17,790	(415)	-	6,454
Council restricted assets								
Sportsgrounds	168,532	(1,299)	167,233	-	9,835	-	-	2,963
Grandstands and halls	9,011	(133)	8,878	-	448	-	-	268
Buildings on reserves	42,766	(1,119)	41,647	-	93	-	-	2,238
Swimming pools	11,031	(369)	10,662	-	20	-	-	740
Inner harbour	15,249	(261)	14,988	-	-	(288)	-	512
Total restricted assets	246,590	(3,181)	243,409	-	10,396	(288)	-	6,721
Capital work in progress (see breakdown below)	16,896	-	16,896	-	5,471	-	-	-
Total property plant & equipment	1,509,336	(45,036)	1,464,300	1,299	37,950	(2,362)	-	18,179
Capital work in progress								
	2018/19	2017/18						
	\$000	\$000						
Buildings	1,228	563						
Plant and equipment	481	144						
Sewerage system other assets	959	599						
Water system	1,280	2,864						
Drainage network	293	1,116						
Road network	1,121	4,554						
Swimming pools	15	-						
Sportsgrounds	1,712	7,043						
Inner harbour	39	15						
Total capital work in progress	7,128	16,896						

The net carrying amount of plant and equipment held under finance leases is \$nil (2018: \$nil). In accordance with Accounting Policies the revaluation loss for Library Books has Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

Reversal of Accumulated Depreciation on Disposals \$000	Transfers and Corrections \$000	Transfers and Corrections Depreciation \$000	Impairment \$000	Depreciation \$000	Revaluation Surplus \$000	Cost / Valuation 30 June 2019 \$000	Accumulated Depreciation & Impairment 30 June 2019 \$000	Carrying Amount 30 June 2019 \$000
-	802	-	-	-	42,260	124,920	-	124,920
-	-	-	-	-	922	3,375	-	3,375
-	-	-	-	(2,569)	7,058	94,914	(30)	94,884
-	-	-	-	(213)	(356)	1,943	(6)	1,936
195	-	-	-	(2,908)	-	45,102	(30,128)	14,973
377	-	-	-	(560)	-	5,343	(3,282)	2,061
-	-	-	-	-	-	225	(225)	-
572	802	-	-	(6,250)	49,884	275,822	(33,671)	242,148
-	-	-	-	(883)	-	35,664	(1,756)	33,908
30	-	-	-	(3,660)	-	126,854	(7,084)	119,770
7	-	-	(430)	(1,830)	-	97,733	(4,242)	93,490
2	-	-	-	(2,578)	-	132,437	(5,117)	127,319
-	-	-	-	(6,453)	18,418	246,642	-	246,639
-	-	-	-	-	-	421,111	-	421,111
39	-	-	(430)	(15,404)	18,418	1,060,441	(18,200)	1,042,237
-	(802)	-	-	(1,755)	59,104	236,669	(91)	236,577
-	-	-	-	(135)	1,267	10,726	-	10,726
-	-	-	-	(1,121)	4,754	47,613	(2)	47,612
-	-	-	-	(371)	1,135	12,186	-	12,186
11	-	-	-	(261)	3,047	18,008	-	18,008
11	(802)	-	-	(3,643)	69,307	325,202	(93)	325,109
	(15,239)					7,128		7,128
622	(15,239)	-	(430)	(25,297)	137,609	1,668,593	(51,964)	1,616,622

FINANCIAL INFORMATION

taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

15. REPLACEMENT COST OF CORE INFRASTRUCTURAL ASSETS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Council infrastructural assets		
Sewerage system treatment plant	43,041	42,743
Sewerage system other assets	274,058	270,882
Water system	167,492	165,953
Drainage network	199,328	196,690
Roading network	413,158	406,040
Total infrastructural assets	1,097,077	1,082,308

Council's water supply is drawn from the Heretaunga Plains aquifer, so Council does not own a water treatment plant.

16. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Actual 2019/20 \$000	Actual 2018/19 \$000
City Strategy	300	319
Community and Visitor Experiences	7,191	6,393
Other Infrastructure	867	795
Property Assets	542	737
Stormwater	2,650	2,581
Support Units	1,826	1,875
Transportation	7,214	6,496
Wastewater	4,659	4,554
Water Supply	1,979	1,861
Total directly attributable depreciation and amortisation by group of activity	27,228	25,611

17. INTANGIBLE ASSETS

The Council's intangible assets are made up of computer software. Computer software includes the cost of licenses to use software. Licences are usually rights of use of software only and may contain restrictions as to resale or transfer of the licences. There are no restrictions over the title to the Council's intangible assets providing these are used within the Council and within the conditions granted in the software licence. No intangible assets have been pledged as security for liabilities.

	Actual 2019/20 \$000	Actual 2018/19 \$000
Computer Software		
Cost / Valuation 1 July	3,120	3,043
Accumulated Depreciation & Impairment 1 July	(2,406)	(2,095)
Carrying Amount 1 July	714	948
Additions	1,012	77
Amortisation	(253)	(311)
Cost / Valuation 30 June	4,132	3,120
Accumulated Depreciation & Impairment 30 June	(2,659)	(2,406)
Carrying Amount 30 June	1,473	714

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

18. INVESTMENT PROPERTY

	Actual 2019/20 \$000	Actual 2018/19 \$000
Balance at 1 July	54,786	39,880
Fair value gains/(losses) on valuation	3,266	14,906
Balance at 30 June	58,052	54,786

Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by M. Penrose ANZIV, SNZPI, AAMINZ an independent valuer from Telfer Young (HB) Ltd. Telfer Young are experienced valuers with extensive market knowledge of the types of investment properties owned by the Council. The fair value of investment properties was historically been determined using two valuation approaches: 1) Discounted cash flow methodology (DCF model); and 2) Direct sales comparison. The values as at 30 June 2020 were primarily based on direct sales comparison rather than the DCF model. COVID-19 has introduced increased uncertainty into the valuation of these assets. Telfer Young's valuation report dated 6 August 2020 expressed that the assessed valuation is based on available market data as at the date of the report and that a greater degree of uncertainty is attached to the valuation. The real estate market conditions are changing at present and any longer term impact on the real estate market in New Zealand is uncertain and has not been incorporated in the valuation.

Information about the revenue and expenses in relation to the investment property is included below:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Rental income from investment property	1,804	1,768
Expenses from investment property generating income	24	71
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-

FINANCIAL INFORMATION

19. NON-CURRENT ASSETS HELD FOR SALE

This relates to the following assets:

- a) Council Restricted Asset relating to land at 121 Battery Road, Ahuriri (previously occupied by the Ahuriri Bowling Club) which has been approved in 2018/19 to be divested for residential development. The sale of the land is expected to be completed within three years.

As at 30 June 2020, the fair value of this asset exceeded its carrying value of \$1.5m (2018/19: \$1.5m). The fair value was assessed by an independent valuer (Telfer Young) whose report dated 11 May 2020 was based on market data available at that time and their reasonable expectations that there will not be an accelerated economic deterioration caused by COVID-19 as at 30 June 2020. Any longer term impact on the real estate market in New Zealand is uncertain and has not been incorporated in the valuation.

- b) The Council Operation Asset is the land and carpark occupied by the Civic Administration Building. This is a surplus to requirements as the building does not meet the required building standards. On 30 June 2019, this asset was reclassified from property, plant and equipment to asset held for sale when it was reasonably expected that a sale will occur within 12 months. However, due to COVID-19 impact, the expected sale did not materialise. The Council has then changed its intention to sell the asset. Consequently, this asset was reclassified back to property, plant and equipment as at 30 June 2020 as per Note 14.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

20. JOINT OPERATION

The Council's 36.32% interest in the Omarunui Refuse Landfill joint venture is accounted for as a jointly controlled asset. The remaining 63.68% interest in the joint venture is held by Hastings District Council. The Council's interests in the jointly controlled operation are as follows.

	Actual 2019/20 \$000	Actual 2018/19 \$000
Current assets	-	-
Non-current assets	6,663	6,192
Current Liabilities	-	-
Non-current Liabilities	1,084	473
Revenue	4,292	3,401
Revenue (NCC sales eliminated)	(400)	(400)
Expenses	2,440	1,934
Depreciation	532	567

Interests that the Council holds in jointly controlled assets and jointly controlled operations are accounted for on a line-by-line basis of the Group's share of assets, liabilities, revenue and expenses.

There were no contingent liabilities relating to interests in joint ventures to which the Council was jointly and/or severally liable (2019: \$nil).

There were no contingent assets relating to interests in joint ventures to which the Council would benefit either jointly and/or severally (2019: \$nil).

There were no commitments relating to the Council's joint venture which the council was jointly and/ or severally liable (2019: nil).

There were no capital or other commitments relating to interests in joint ventures to which the Council was jointly and/or severally liable (2019: \$nil).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

21. INVESTMENTS IN COUNCIL CONTROLLED ORGANISATIONS

Investment in Associates

The Council has a 26.00% interest in Hawke's Bay Airport Limited and its reporting date is 30 June. The remaining interest is held by Hastings District Council (24%) and The Crown (50%).

With effect from 1 July 2009, Hawke's Bay Airport Authority was corporatised. The new entity, Hawke's Bay Airport Limited took over the business, assets and liabilities from that date.

Hawke's Bay Airport Limited is an unlisted entity and, accordingly, there is no published price quotations to determine the fair value of this investment.

Movements in the carrying amount of investments in associates

	Actual 2019/20 \$000	Actual 2018/19 \$000
Balance at 1 July	8,867	7,838
Prior Year equity adjustment	-	-
Revaluation Gains/(Losses)	(92)	701
Share of total recognised revenues and expenses	(135)	478
Share of dividend	-	(150)
Balance at 30 June	8,640	8,867

Summarised Financial Information of Associate Entities

	Actual 2019/20 \$000	Actual 2018/19 \$000
Assets	58,540	52,913
Liabilities	25,310	18,810
Revenues	6,277	7,686
Surplus/(deficit)	(1,013)	1,496
Group's interest	26%	26%

Associated Contingencies

There are no contingent liabilities arising from the Council's involvement in the associate.

Reporting

Council Controlled Organisations are required under the Local Government (Financial Reporting) Regulations 2011 to be separately disclosed.

The Council's investment in the Hawke's Bay Airport Limited as an associate has been disclosed above.

The Council has interests in one further Council Controlled Organisation (refer pages 1558-160).
- Hawke's Bay Museum Trust with no investment (associate interest).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

22. TRADE PAYABLES AND OTHER ACCRUALS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Trade payables and accrued expenses	7,084	6,674
Deposits and bonds	841	928
Accrued interest	-	-
Rates in advance	1,048	1,020
Revenue received in advance	1,302	1,083
Total trade payables and other accruals	10,275	9,705
Payables and other accruals comprise of:		
Payables from non-exchange transactions - rates	1,048	1,020
Payables from exchange transactions - commercial payables	9,227	8,685
Total trade payables and other accruals	10,275	9,705

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

23. EMPLOYEE BENEFIT LIABILITIES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Current portion		
Accrued pay	1,949	1,657
Annual leave	3,320	2,782
Retirement and long service leave	431	329
Total current portion	5,700	4,768
Non-current portion		
Retirement and long service leave	790	831
Total non-current portion	790	831
Total employee entitlement	6,490	5,599

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

24. PROVISIONS

	Actual 2019/20 \$000	Actual 2018/19 \$000
Financial guarantees		
Balance at 1 July	336	390
Amounts used/Unused amounts reversed	(58)	(54)
Balance at 30 June	278	336
Weathertightness provision		
Balance at 1 July	-	4,800
Additional provisions made	8,500	8,700
Amounts used/Unused amounts reversed	-	(13,500)
Balance at 30 June	8,500	-
Landfill aftercare provision		
Balance at 1 July	473	467
Additional provisions made	611	11
Amounts used/Unused amounts reversed	-	(5)
Balance at 30 June	1,084	473
Tertiary education grant		
Balance at 1 July	500	600
Additional provisions made		
Amounts used/Unused amounts reversed	(100)	(100)
Balance at 30 June	400	500
Total	10,262	1,309

FINANCIAL INFORMATION

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

Provision for Financial Guarantees

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

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

FINANCIAL GUARANTEES

		Authorised 2019/20 (\$000)	Outstanding Amount 2019/20 (\$000)	Authorised 2018/19 (\$000)	Outstanding Amount 2018/19 (\$000)
Napier Sailing Club	Westpac	750	166	750	207
Omni Gymnastics Centre	Westpac	275	112	275	129
Total		1,025	278	1,025	336

Provision for weathertightness

During the financial year Council settled a claim relating to building defects/weathertightness of properties in the Napier District.

Provision for Landfill Aftercare

The Omarunui Landfill is owned jointly by the Hastings District Council (63.68%) and Napier City Council (36.32%). The landfill is operated by the Hastings District Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a resource consent in 1985 to operate the Omarunui Landfill. The Councils have responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for monitoring and recovery of gas

Post-closure responsibilities:

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

Capacity of the Site

The landfill is divided into four valleys as below:

	Total Capacity (million)	Useful Life of Valley	Remaining Useful Life
Valley A - opened in December 1998, closed 2006	2.6m3	17 years	closed
Valley D - opened in December 2006 and currently in operation	2.1m3	18 years	5.34 years
Valleys B & C - not yet in operation			

Estimates of the life have been made by Hastings District Council's engineers based on historical volume information.

The cash outflows for landfill post-closure are expected to occur in 2025 for Valley D and began in 2007 for Valley A. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 2.3%.

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

- Aftercare will be required for 30 years after the closure of each stage.
- The annual cost of aftercare for Valley A and D is \$201,500
- The provision reported is for the Napier City Council's share only (36.32%).

Provision for Tertiary Education Grant

Council has formed an agreement with Eastern Institute of Technology (EIT) to provide education grants until 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

25. EQUITY

	Actual 2019/20 \$000	Actual 2018/19 \$000
Retained earnings		
As at 1 July	802,758	789,959
Transfers to:		
Restricted reserves	(1,963)	(1,814)
Transfers from:		
Asset revaluation reserve	9,749	1,414
Restricted reserves	2,029	1,959
Surplus/(deficit) for the year	(2,005)	11,240
As at 30 June	810,568	802,758
Restricted reserves		
As at 1 July	3,055	3,200
Transfers to:		
Retained earnings	(2,029)	(1,959)
Transfers from:		
Retained earnings	1,963	1,814
As at 30 June	2,989	3,055
Restricted reserves consist of:		
Loan funds reserves	-	(120)
Trusts and bequests	328	321
Other restricted reserves	2,661	2,854
Total restricted reserves *	2,989	3,055
Asset revaluation reserves		
As at 1 July	943,655	788,430
Revaluation gains/(losses) Property, Plant & Equipment	155,492	155,938
Revaluation gains/(losses) Hawke's Bay Airport Limited	(92)	701
Total valuation gains/(losses) as per Other Comprehensive Revenue	155,400	156,639
Transfer of revaluation reserve to retained earnings on disposal of property plant & equipment	(9,749)	(1,414)
As at 30 June	1,089,306	943,655

* For full details on the restricted reserves refer to pages 70 - 75.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

	Actual 2019/20 \$000	Actual 2018/19 \$000
Asset revaluation reserves consist of:		
Operational assets		
Land	84,100	109,101
Leasehold land	3,061	3,061
Buildings	66,256	66,256
Plant & equipment	268	268
Infrastructural assets		
Sewerage Treatment Plant	11,708	9,902
Sewerage system	156,033	119,196
Water system	107,803	76,547
Drainage network	171,430	85,071
Roading network	259,280	244,794
Restricted reserves		
Sportsgrounds	176,518	176,518
Grandstands and halls	4,691	4,691
Buildings on reserves	22,066	22,066
Swimming pools	7,499	7,499
Inner Harbour	15,716	15,716
Hawke's Bay Airport Authority	2,877	2,969
Total asset revaluation reserves	1,089,306	943,655
Fair value through equity reserve		
As at 1 July	12	(11)
Valuation gains/(losses) on unlisted shares taken to equity	(189)	23
As at 30 June	(177)	12
Total other reserves	1,092,118	946,722
Total Equity	1,902,686	1,749,480

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

26. CAPITAL MANAGEMENT

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

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

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

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

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

Napier City Council has the following Council created reserves:

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

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

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

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

27. CAPITAL COMMITMENTS AND OPERATING LEASES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Capital commitments		
Capital Expenditure contracted for at balance date but not yet incurred for Property, Plant and Equipment	4,418	1,594
These were relating to:		
Infrastructural Assets		
Drainage	599	
Roading Network	1,341	826
Sewerage system	1,023	-
Water System	239	
Restricted Assets		
Sportsgrounds	62	599
Operation Assets		
Plant and Equipment	1,154	169
	4,418	1,594

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

OPERATING LEASES AS LESSEE

Napier City Council leases commercial property in the normal course of business. This includes commercial buildings that are further subleased.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance sheet date is \$2,482,667 (2019: \$3,090,667). Leases can be renewed at the Council's option, with rents set by reference to current market. There are no restrictions placed on the Council by any of the leasing arrangements.

The Council has commercial leases on leased office space. There are no restrictions placed upon the Council by entering into these leases. The leased office spaces are on a term of 3 years with a right of renewal constrained within the lease but does not extend the term of the lease beyond the final expiry date.

NON-CANCELLABLE OPERATING LEASES AS LESSEE

The future aggregate minimum lease payments to be paid by the Council under non-cancellable operating leases are as follows:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Not later than one year	1,020	1,494
Later than one year and not later than five years	2,178	3,135
Later than five years	-	51
Total non-cancellable operating leases	3,198	4,680

During the year ended 30 June 2020, \$1,511,561 was recognised as an expense in the Statement of Comprehensive Revenue and Expenses in respect of operating leases (2019: \$1,493,137)

OPERATING LEASES AS LESSOR

The Council has various sundry properties that are leased under operating leases. These consist of leases to community groups of Council owned buildings, leasing of commercial buildings held for strategic reasons and one commercial lease as part of a community facility. The remainder are commercial leases of land either held by Council for strategic reasons or where Council is a sub lessor. There was no contingent rent recognised in the period (2018: \$nil). The future aggregate minimum lease payments to be collected by the Council under non-cancellable operating leases are as follows:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Not later than one year	844	808
Later than one year and not later than five years	2,028	2,757
Later than five years	-	12
Total non-cancellable operating leases	2,872	3,577

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

28. CONTINGENCIES

	Actual 2019/20 \$000	Actual 2018/19 \$000
Contingent liabilities	-	25,383
Financial guarantees	747	689
Total contingent liabilities	747	26,072

Financial Guarantees

The value of guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. Refer to note 24 Provisions for information on recognised financial guarantees.

Contingent Assets

As at 30 June 2020 Council had a contingent asset in relation to a claim by Council against its professional indemnity insurer due to the insurers refusal to indemnify Council in relation to the non-weathertightness defects aspect of the Building Defects Claim.

Other Contingencies

In the ordinary course of business Council can be subject to claims from clients utilising the services of Council.

A provision for known claims and future claims has been made. Impact and cost of future and unknown claims cannot be measured reliably and therefore the Council has an unquantified contingent liability.

The Council is a participating employer in a Defined Benefit Plan Contributors Scheme ('the scheme') which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employees ceased to participate in the scheme, the Council could be responsible for an increased share of the deficit.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

**29. RECONCILIATION OF NET SURPLUS AFTER TAX TO
NET CASH FLOW FROM OPERATING ACTIVITIES**

	Actual 2019/20 \$000	Actual 2018/19 \$000
Surplus/(deficit) after tax	(2,005)	11,240
Add/(less) non-cash items		
Share of associate (surplus)/deficit	135	(478)
Share of joint venture	1,852	(1,067)
Depreciation and amortisation expense	27,228	25,611
Vested assets	(4,145)	(1,298)
Transfer Land to Inventory	10,500	-
(Gain)/loss on revaluation of Library bookstock	95	150
(Gain)/loss on revaluation of investment properties	(3,265)	(14,906)
Fair value (gain)/loss on livestock	9	(5)
Other non-cash Items	111	285
Add/(less) items classified as investing or financing activities:		
(Gain)/loss on sale or disposal of assets	(74)	385
Add/(less) movements in working capital items:		
Accounts receivable	3,791	37
Prepayments	(295)	(53)
Inventories	(11,529)	241
Biological assets	101	(23)
Accounts payable	502	(2,841)
Provisions	8,500	(5,367)
Revenue received in advance	219	-
Employee benefits	891	432
Net cash inflow/(outflow) from operating activities	32,621	12,343

FINANCIAL INFORMATION

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

30. REMUNERATION**CHIEF EXECUTIVE/ INTERIM CHIEF EXECUTIVE**

The Chief Executive Officer of the Council is appointed under section 42 of the Local Government Act 2002.

The Council accepted the resignation of the Chief Executive, Wayne Jack, with effect from 6 March 2020. Mr Jack was on leave from 28 February 2020 until his last day of employment on 6 March 2020. An interim Chief Executive, Neil Taylor, was appointed from 6 March 2020 to 1 May 2020. The current interim Chief Executive, Keith Marshall, was appointed from 4 May 2020 and continued in this interim role for the remaining of the year.

	Actual 2019/20 \$000	Actual 2018/19 \$000
Interim Chief Executive - Keith Marshall		
Salary	55	-
Interim Chief Executive - Neil Taylor		
Salary	51	-
Former Chief Executive - Wayne Jack		
Salary	404	336
Other taxable benefits (e.g. motor vehicle)	15	10
Subscriptions	2	2
Total Chief Executive Remuneration	527	348

The \$404k paid to Mr Jack from 1 July 2019 to 6 March 2020 included salary, payment in lieu of notice (\$83k), accrued leave (\$55k); employer super contributions (\$13k).

ELECTED REPRESENTATIVES**Total remuneration****Mayor**

Kirsten Wise	109	-
Bill Dalton	-	121

Acting Mayor*

Faye White	43	62
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Councillors

Annette Brosnan	70	45
Apiata Tapine	52	42
Graeme Taylor	56	45
Greg Mawson	36	-
Hayley Browne	36	-
Keith Price	57	50
Kirsten Wise	12	49
Maxine Boag	55	42
Nigel Simpson	39	-
Richard McGrath	50	42
Ronda Crystal	36	-
Sally Crown	39	-
Tania Wright	53	45
Claire Hague	11	45
Larry Dallimore	14	42
Tony Jeffrey	16	49

Total elected representatives remuneration	784	678
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* Faye White assumed the role of Acting Mayor on the 15th of May, 2019

As part of the Mayor's remuneration package they have full personal use of the Council provided vehicle. The current Mayoral vehicle is a 2019 Mitsubishi Outlander PHEV. At the beginning of this financial year it was a 2016 Hyundai Tucson 2.0. The total taxable value of both vehicles was \$10,148 (2019: \$9,834).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

31. EMPLOYEE STAFFING LEVELS AND REMUNERATION

As at 30 June 2020 the number of employees employed by Napier City Council was 640 (2019: 610).

2019/20 STAFFING LEVELS BY SALARY BAND*

Annual Remuneration Band	Full Time Staff 2019/20	Other Staff Full Time Equivalent 2019/20	Total FTE's	Total Number of Employees
Less than \$60,000	222	35	257	391
\$60,000 to \$79,999	121	1	122	124
\$80,000 to \$99,999	63	3	66	68
\$100,000 to \$119,999	29	1	30	31
\$120,000 - \$139,999	13	-	13	13
\$140,000 - \$159,999	6	-	6	6
\$160,000 - \$359,999	7	-	7	7
Total	461	40	501	640

2018/19 STAFFING LEVELS BY SALARY BAND*

Annual Remuneration Band	Full Time Staff 2018/19	Other Staff Full Time Equivalent 2018/19	Total FTE's	Total Number of Employees
Less than \$60,000	201	78	279	349
\$60,000 to \$79,999	117	2	119	119
\$80,000 to \$99,999	56	3	59	59
\$100,000 to \$119,999	20	2	22	22
\$120,000 - \$139,999	12	-	12	12
\$140,000 - \$159,999	6	-	6	6
\$160,000 - \$359,999	7	-	7	7
Total	419	85	504	574

For the purposes of this disclosure, full time staff are based on 40 hours per week. Full time equivalent staff include those personnel receiving salaries, wages and casual staff, and have been calculated on a full time equivalent basis, as at 30 June 2020. The budget 2019/20 full time equivalent staff was 635 (2019: 586).

Napier City Council currently employ a number of regional shared services roles, and costs are recovered on a shared services arrangement.

Napier City Council operates an in-house Design Team, and Works Depot, who are responsible for delivery of infrastructure engineering which are contracted to external consultants in some other Councils. This along with seasonal component of Napier City staff makes benchmarking, based solely on headcount and employee costs problematical when attempting staff level and employee cost comparisons between Councils. Elected members are excluded from this disclosure.

* The number of employees include permanent, fixed term and casual regardless of hours worked.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

32. SEVERANCE PAYMENTS

In accordance with Section 33, Schedule 10 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ended 30 June 2020, the Council made 2 (2019: 1) severance payments to employees at the values of \$315,000 (to Mr Jack, former Chief Executive) and \$4,400 (2019: \$5,000).

33. EVENTS AFTER THE BALANCE SHEET DATE

The Council has entered into a loan facility agreement with Hawke's Bay Airport Limited dated 10 July 2020 for a total of \$2,340,000. The facility is based on the Council's shareholding proportion of 26% at an interest rate of 3.5% pa for a period of up to two years. This is provided for the purpose of meeting the borrower's operating costs and capital expenditure for the Hawke's Bay Airport Expansion and terminal redevelopment project.

34. FINANCIAL INSTRUMENT RISKS**FINANCIAL INSTRUMENT CATEGORIES**

	Actual 2019/20 \$000	Actual 2018/19 \$000
Financial assets		
Loans and receivables		
Cash and cash equivalents	5,684	5,195
Debtors and other receivables	7,923	11,715
Other financial assets		
Term deposits	56,000	50,000
Omarunui Landfill	3,233	2,985
Total loans and receivables	72,840	69,895
Held to maturity		
<i>Other financial assets</i>		
Local authority stock	-	-
Corporate bonds	-	-
Total held to maturity	-	-
Fair value through equity		
Unlisted shares	279	467
Total fair value through equity	279	467
Financial liabilities		
Financial liabilities at amortised cost		
Creditors and other payables	10,275	9,705
Secured loans	-	-
Total financial liabilities at amortised cost	10,275	9,705

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

FINANCIAL INSTRUMENT RISKS

Napier City Council has a series of policies to manage the risks associated with financial instruments. This Council is risk-averse and therefore seeks to minimise risk exposure from its treasury activities through adherence to its approved Investment Management Policy and Liability Management Policy. These policies do not allow transactions of a speculative nature.

MARKET RISK**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Napier City Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of this Council's investment portfolio in accordance with the limits set out in Napier City Council's Investment Management Policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Napier City Council purchases plant and equipment (associated with the construction of certain infrastructural assets) and library stock assets from overseas. These transactions require this Council to enter into transactions denominated in foreign currencies. Exposure to currency risk arises as a result of these activities.

It is this Council's policy to manage foreign currency risks, arising from contractual commitments and liabilities of significant value, by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means Napier City Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Napier City Council to fair value interest rate risk. Napier City Council's Liability Management policy is to stay within a minimum and maximum percentage of its borrowings in fixed-rate instruments. Fixed-to-floating interest rate swaps can be entered into to hedge the fair value interest rate risk arising where this Council's fixed rates borrowings are in excess of the target range.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Napier City Council to cash flow interest rate risk. In order to manage the cash flow interest rate risk, under its Liability Management Policy this Council has the ability to raise long-term borrowings at floating rates, then later swap them to fixed rates using interest rate swaps.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to Napier City Council, causing this Council to incur a loss. Due to the timing of its cash inflows and outflows, this Council invests surplus cash into term deposits or local authority stock, which gives rise to credit risk. This Council's Investment Management Policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are generally secured by charges over rates. Other than other local authorities, this Council invests funds only with entities that have a Standard and Poor's credit rating of at least A-1 for short-term investments, and at least A+ for long-term investments.

Napier City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

MAXIMUM EXPOSURE TO CREDIT RISK

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Cash at bank and term deposits	61,684	55,195
Receivables	7,923	11,715
Community and related party loans	-	-
Local authority stock and government bonds	-	-
Derivative financial instrument assets	-	-
Financial guarantees	278	336
Total credit risk	69,885	67,246

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Actual 2019/20 \$000	Actual 2018/19 \$000
Counterparties with credit ratings		
Cash at Bank		
AA- (Others)	5,684	5,195
Total cash at bank	5,684	5,195
Term deposits		
AA- (Others)	49,000	49,000
A (Kiwibank)	7,000	1,000
Total term deposits	56,000	50,000

Debtors and other receivables mainly arise from Napier City Council's statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

Name of registered bank	Name of credit rating agency and rating	
	Standard & Poors	Fitch
ANZ Bank New Zealand Limited	AA-	A+
ASB Bank Limited	AA-	A+
Australia and New Zealand Banking Group Limited (B)	AA-	A+
Bank of New Zealand	AA-	A+
Kiwibank Limited	A	AA
Westpac Banking Corporation (B)	AA-	A+
Westpac New Zealand Limited	AA-	A+

LIQUIDITY RISK**Management of Liquidity Risk**

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the Council's Long Term Plan (LTP).

The Council has an overdraft facility of \$300,000 (2019: \$300,000), and there are no restrictions on the use of this facility. Gross overdraft facility in use at 30 June 2020 was \$0 (2019: \$nil). The Council holds negotiated off-setting arrangements with its bank for all its bank accounts and was \$5,980,169 in funds as at 30 June 2020 (2019: \$7,353,400).

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More Than 5 Years \$000
2019/20						
Creditors & Other Payables	10,275	10,275	10,275	-	-	-
Secured Loans	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-
Financial Guarantees	278	278	278	-	-	-
Total	10,553	10,553	10,553	-	-	-
2018/19						
Creditors & Other Payables	9,705	9,705	9,705	-	-	-
Secured Loans	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-
Financial Guarantees	336	336	336	-	-	-
Total	10,041	10,041	10,041	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
2019/20						
Cash & cash equivalents	5,684	5,684	5,684	-	-	-
Debtors & other receivables	7,923	7,923	7,923	-	-	-
Other financial assets						
Term deposits	56,000	56,707	56,707	-	-	-
Total	69,607	70,314	70,314	-	-	-
2018/19						
Cash & cash equivalents	5,195	5,195	5,195	-	-	-
Debtors & other receivables	11,715	11,715	11,715	-	-	-
Other financial assets						
Term deposits	50,000	50,996	50,996	-	-	-
Total	66,910	67,906	67,906	-	-	-

SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

Interest rate risk

	2019/20				2018/19			
	-50 bps		100 bps		-50 bps		100 bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
Cash and cash	(28)	-	57	-	(26)	-	52	-
Other financial assets								
Term deposits	(280)	-	560	-	(250)	-	500	-
	(308)	-	617	-	(276)	-	552	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity has been calculated based on a shift in interest rates of -50bps/+100bps (2019: -50bps/+100bps).

Term loans

At 30 June 2020 the Council had \$nil of floating rate debt (2019: \$nil). Therefore a movement in interest rates of plus 100 bps or minus 50 bps has no effect on interest expense.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

35. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2020, the Council's current and non current investments and borrowings have all been negotiated at fixed interest rates for fixed terms.

Council's foreign exchange policy requires that all foreign denominated commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved. At 30 June 2020 Council's forward foreign exchange contracts totalled EUR€nil or NZ\$nil (2019: EUR€nil or NZ\$nil).

36. RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions with subsidiaries, associates, or joint operations

The Council has significant influence over Hawke's Bay Museums Trust. The Council also has a 36.32% share in the Omarunui Landfill joint venture and has significant influence over Hawke's Bay Airport Limited due to its 26.00% ownership.

The Hawke's Bay Museums Trust is a council-controlled organisation as three of the five member Board are Napier City Council or Hastings District Council nominees. Hawke's Bay Museums Trust is classified as an associate entity for financial reporting purposes.

	Actual 2019/20 \$000	Actual 2018/19 \$000
Hawke's Bay Museums Trust (HBMT)		
Grants paid to HBMT	583	583
Services provided to HBMT	1,172	1,172

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel includes the Mayor, Councillors, the Chief Executive and other senior management personnel.

During the year, Councillors and key management, as part of normal local authority relationships, were involved in transactions of a minor and routine nature with the Council on normal commercial terms (such as payment of rates and transfer station fees).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2019: \$nil).

KEY MANAGEMENT PERSONNEL COMPENSATION

	FTE 2019/20	FTE 2018/19	Actual 2019/20 \$000	Actual 2018/19 \$000
Elected members	13	13	712	679
Senior management (includes Chief Executive and direct reports)	8	8	2,239	1,641

Due to the difficulty in determining the full-time equivalent of Councillors, the full-time equivalent figure is taken as the number of Councillors.

Senior management personnel compensation – the difference between the two years is mainly attributed to a severance payment and leave paid out to the former chief executive that departed during the year.

37. MAJOR BUDGET VARIANCES

During the 2019/20 financial year, the World Health Organisation declared an official pandemic relating to the novel coronavirus (COVID-19) on 11 March 2020. New Zealand responded to this pandemic by introducing a four-level alert system to help combat COVID-19 in March 2020. On 23 March 2020, New Zealand moved to alert level three, and by 25 March 2020 the country moved to level four. All people were instructed to stay at home with all educational facilities and businesses closed except for essential services. On 8 June 2020, the country moved to level one with restrictions on work, school, sports, domestic travel and gathering sizes were lifted. Napier City Council facilities were closed during the lockdown period except for those that were considered essential services. In particular the impact on the financial statements results for 2019/20 relating to COVID-19 was mostly felt in the tourism facilities such as Aquarium, Napier Conferences & Events, and also community facilities such as Library, Aquatic Centre, MTG. The impact on the Council resulting from the closure of the non-essential facilities is noted below in the explanations for major variations from the Annual Plan.

Explanations for major variations from Council's 2019/20 Annual Plan are as follows:

STATEMENT OF FINANCIAL PERFORMANCE

Revenue

Total revenue was \$8.5m less than the Annual Plan budget for the 2019/20. Significant items of variance are as follows.

- **Development and Financial Contributions** – These are \$1.7m above budget mainly due to Te Awa contributions received in order to advance the construction of core infrastructure required to service the Summerset Village and Ericksen Road developments in Te Awa.
- **Subsidies and Grants** – Subsidies and grants were \$2.4m less than budget, mainly due to the delay of the National Aquarium expansion project, and a favourable increase in subsidy claim from New Zealand Transport Agency (NZTA) for additional work during year.
- **Other Revenue** – Other revenue was \$11m less than budget mainly due to:
 - Parklands Residential Development section sales less than budget of \$14m. The reduced sales were due to a delay in the development of sections, as well a delay in sections sales due to go to tender as a result of COVID-19.
 - User charges, regulatory revenue, rental income, infringements/fines, rendering of services, retail and product sales are less than budgeted revenue by \$1.9m, due to reduced income during the COVID-19 lockdown period in the last

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020

quarter of the financial year affecting tourism and community facilities.

- Vested assets income has increased by \$3m compared to budget mainly due to developments in Te Awa.
- Omarunui landfill joint venture revenue higher than budget by \$1.6m mainly due to increase in ETS levy charged.
- **Other Gains/(Losses)** – Other gains/(losses) were \$2m above budget. The increase was due to an increase in the fair value of investment property values of \$2.4m. The impact of COVID-19 on the fair value of Council's investment property has increased a greater deal of uncertainty in the real estate market. Refer note 18 for further details.

Expenditure

Total expenditure in 2019/20 was \$7m above budget. The most significant variances are as follows:

- Employee benefit expenses – employee benefit expenses were \$0.7m lower than budget. This was mainly due to FTE vacancies throughout the year.
- Other Expenses – Other expenses were \$5m higher than budget. This was mainly due to increases in other operating expenses related to water quality, stormwater maintenance, Westshore beach erosion/restoration costs, building maintenance for housing, increases in landfill costs at Omarunui and weathertightness claims, less a favourable decrease in expenditure relating to number of sections developed for Parklands, as well as a delay in grant payments.
- Depreciation – Depreciation is higher than budget by \$2.2m. This is mainly due to the 2018/19 year off-cycle revaluation increase to fair value for Operational and Restricted Assets, less reduced capital spend than Annual Plan budget for 2019/20.

STATEMENT OF FINANCIAL POSITION**Current Assets**

Overall, current assets are \$48m higher than budget. The significant variances are:

- Cash and Cash Equivalents and Other financial assets are higher than budget due to less than budgeted capital spend.
- Debtors and other receivable are less than budget mainly due to reduced Parklands sales and capital grant funding relating to timing of Aquarium expansion.

Non-Current Assets

Total non-current assets for 2019/20 are \$239m higher than budget.

- Property, plant and equipment is \$218m higher than budget. This is mainly due to revaluation increase in 2019/20 year for infrastructure assets relating to Stormwater, Wastewater and Water Supply underground assets to reflect increase in fair value of these assets, and 2018/19 year off-cycle revaluation increases to fair value for Operational and Restricted assets affecting opening balances,

less reduced capital projects spend. Timing differences have arisen due to budgets being set before detailed timelines were prepared.

- Investment Property is \$17m higher than budget due to the higher than expected increase in fair value of investment property.

Current Liabilities

Current liabilities are \$4m lower than budget. The main variance is in trade payables and other accruals that is \$5m lower than budget mainly due to the timing of capital project expenditure. Timing differences have arisen due to budgets being set before detailed timelines were prepared.

Non-current Liabilities

Non-current liabilities are \$7.8m higher than budget. The variance relates to an increase in provisions.

Equity

Equity is \$284m above budget. This is mainly due to an increase in asset revaluation reserves due to revaluation of property, plant and equipment.

RESERVE FUNDS

As defined in the Local Government Act 2002 a reserve fund means money set aside by a local authority for a specific purpose. In accordance with clause 31 of Schedule 10 of the Local Government Act 2002 the table below reports on the balance at the beginning and end of the financial year and the amounts deposited and withdrawn from each of Council's reserve funds during the financial year.

Council's Reserve Funds are classified into three categories:

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

Negative numbers in the below indicate an unfavourable balance and positive numbers indicate a favourable balance.

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
COUNCIL CREATED RESERVES						
Aquarium Expansion	Derived from grants and donations for the Aquarium Expansion Project	Aquarium	(15)	1,150	(1,131)	4
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	(106)	37	(8)	(77)
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	1,886	1,114	(418)	2,582
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	-	203	(209)	(6)
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/Walkways	Roading	-	3,063	(3,063)	-

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
Robson Collection Fund	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	15	-	(1)	14
Dog Control Fund	This fund is a requirement under the Dog Control Act 1996. All transactions related to the dog owner's share of the costs of Animal Control, both operating and capital, flow to this account. Amounts include dog related fees received and the operating and capital costs of the dog related activity of Animal Control.	Animal Control	(2)	790	(768)	20
General Reserve No.1	Derived from rates from the NZ Railway land in Munroe and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Roading, Stormwater, Parking	26	-	(26)	-
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(308)	103	-	(205)
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services. Note: Council is itself a developer (Parklands) and contributions are transferred as internal charges.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	10,855	4,899	(6,986)	8,768

FINANCIAL INFORMATION

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
Infrastructural Asset Renewal and Upgrade Funds*	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	30,035	12,472	(8,999)	33,508
Plant & Equipment Renewals	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All Activities	4,830	300	1,166	6,296
Marine Parade Disability Hoist	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	3	-	-	3
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	2	-	-	2
Pensioner Housing Upgrade Reserve	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Retirement & Rental Housing	353	-	-	353
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	3,418	252	-	3,670
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	7,476	2,149	(3,671)	5,954
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,062	104	(35)	1,131

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	(112)	142	(233)	(203)
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	9,538	1,436	(2,758)	8,216
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Roothing	(265)	41	-	(224)
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	1,860	52	-	1,912
McLean Park Property Reserve Account	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	217	216	(163)	270
Hawke's Bay Harbour Board Endowment Land Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	17,508	1,225	(1,075)	17,658

FINANCIAL INFORMATION

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	876	24	(24)	876
Solid Waste Disposal Income Account*	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Solid Waste	6,732	4,062	(5,063)	5,731
Reserve Subdivision of Land	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	1,962	27	(1,963)	26
Lagoon Farm Account	Derived from the Lagoon Farm activity	Lagoon Farm	214	607	(621)	200
Subdivision and Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	2,587	7,954	(907)	9,634
Total Council Created Reserves			100,647	42,422	(36,956)	106,113

RESTRICTED RESERVES

Endowment Land Account	Derived from the sale of BCP Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	1,787	50	-	1,837
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RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
Hawke's Bay Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Lagoon Farm, Property Holdings	1,065	1,772	(2,013)	824
Loan Reserve	Established to manage internal loan requirements.	Corporate	(120)	120	-	-
Total Restricted Reserves			2,732	1,942	(2,013)	2,661

BEQUESTS AND TRUST FUNDS

Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital \$2500) ii) Provide assistance for prisoners released from Napier jail. (Capital \$500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital \$1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls & Colenso High Schools. (Capital \$1000)	Community Planning	30	1	-	31
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	167	5	-	172
Eskdale Cemetery Trust	This Trust fund, comprising a number of bequests totalling \$1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	25	1	-	26
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	5	-	-	5

FINANCIAL INFORMATION

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy. A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993.	Community Planning	48	1	(1)	48
Morecroft Bequest	To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	15	-	-	15
Napier Christmas Cheer	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	33	13	(14)	32
Total Bequests Trust Funds			323	21	(16)	328

BORROWING PROGRAMME

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
New loans			
- Rate funded	17,863	29,199	9,948
- Growth funded	-	-	-
- Non rate funded	-	690	-
	17,863	29,889	9,948
Less repayments (net)	(4,339)	(3,438)	(3,565)
Movement in Debt	13,524	26,451	6,383
Opening public debt	52,118	51,415	45,735
Gross Public Debt	65,642	77,866	52,118
Internal funding	(65,642)	(77,866)	(52,118)
Net Public Debt	-	-	-

	Actual 2018/19 \$000	Borrowed 2019/20 \$000	Repaid 2019/20 \$000	Actual 2019/20 \$000	Interest Paid \$000
Internal Borrowing					
Transportation	9,294	263	(385)	9,172	232
Stormwater	6,849	412	(426)	6,835	171
Wastewater	2,879	109	(166)	2,822	72
Water supply	330	1,007	(16)	1,321	16
Other Infrastructure	-	-	-	-	-
City Strategy	2,551	-	(135)	2,416	638
Community and Visitor Experiences	17,330	2,526	(1,145)	18,711	431
Property Assets	2,633	21	(118)	2,536	66
Loan Redemptions	10,252	13,525	(1,948)	21,829	136
Total Internal Borrowing	52,118	17,863	(4,339)	65,642	1,762

This schedule is prepared specifically to meet the requirements under Schedule 10, section 27 - Internal Borrowing, Local Government Act 2002.

Interest included in this schedule has been assigned to groups on the basis of capital expenditure related to each loan authority. Interest is allocated across activity groups as a capital charge, based on asset book values, through internal charges. The basis for allocations is disclosed in the Council's Long Term Plan under significant forecasting assumptions.

A credit offset for internal interest income is applied when setting the level of general rates.

Council classifies loans as those where a formal loan raising resolution is required by Council. The loan raising process does not differentiate on the basis of the source of funds raised, i.e. internal or external

FINANCIAL INFORMATION

FINANCIAL PRUDENCE BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

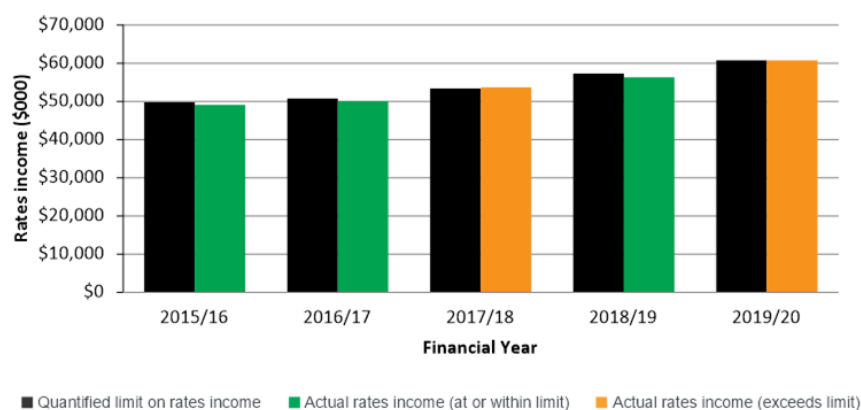
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if-

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

RATES (INCOME) AFFORDABILITY

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The quantified limit in the 2018-28 LTP was Local Government Cost Index (LGCI) plus 5%. Previously in the financial years 2015/16, 2016/17, 2017/18 based on the 2015-25 LTP it was LGCI plus 3%.

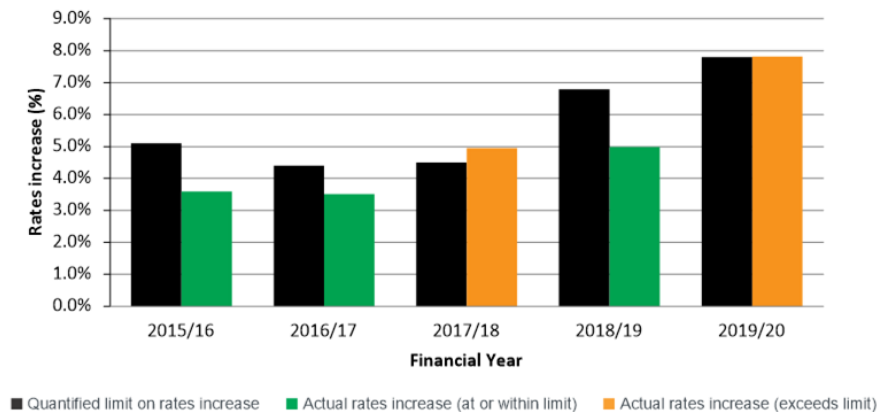


During the year a number of anomalies in the rating system were identified where properties were not being charged for targeted rates as per Council policy. The rates corrections resulted in additional unbudgeted rates revenue which has contributed to the benchmark not being met.

RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan. The quantified limit in the 2018-28 LTP was Local

Government Cost Index (LGCI) plus 5%. Previously in the financial years 2015/16, 2016/17, 2017/18 based on the 2015-25 LTP it was LGCI plus 3%.



During the year a number of anomalies in the rating system were identified where properties were not being charged for targeted rates as per Council policy. The rates corrections resulted in additional unbudgeted rates revenue which has contributed to the benchmark not being met.

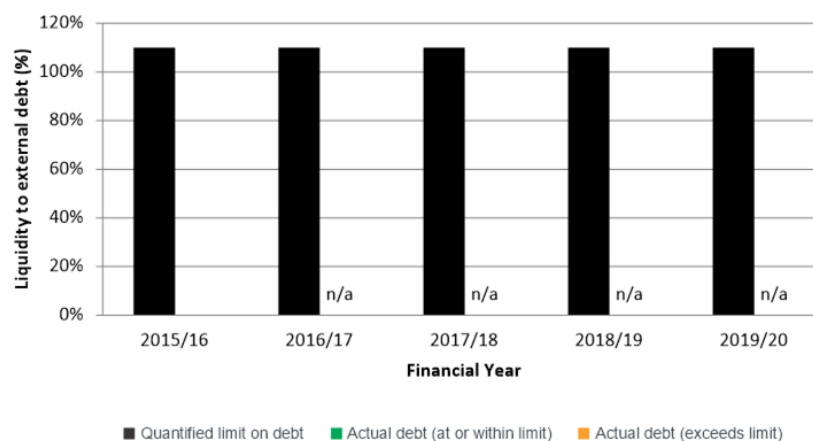
DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limits described in the 2018-28 LTP are;

- liquidity to external debt;
- net external interest as a percentage of income; and
- net interest expense to income.

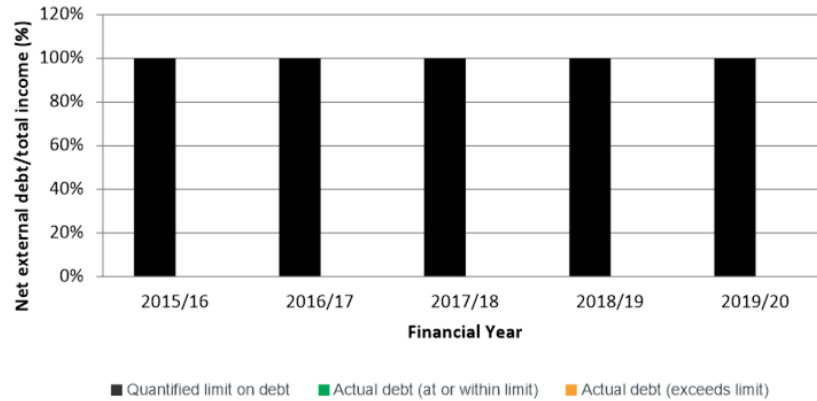
LIQUIDITY TO EXTERNAL DEBT

The following graph compares the Council's debt with a quantified limit on contained in the relevant LTP's financial strategy. The quantified limit is liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%.

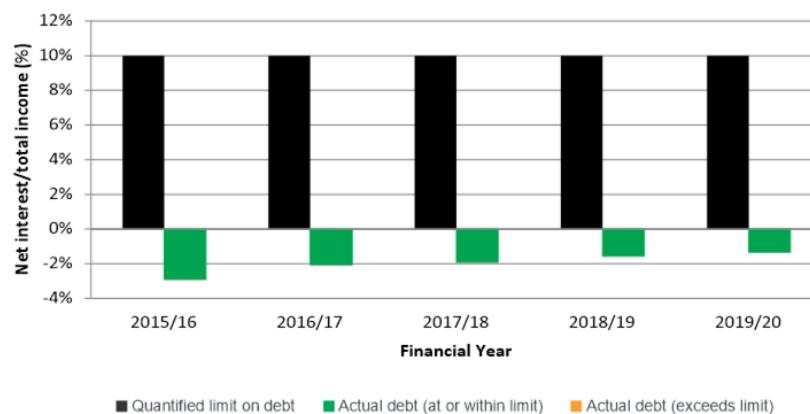


NET EXTERNAL DEBT AS A PERCENTAGE OF INCOME

The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit is net external debt as a percentage of total income will not exceed 100%. Note, where the external debt is \$0 in a particular year, net debt is shown as \$0 as well.

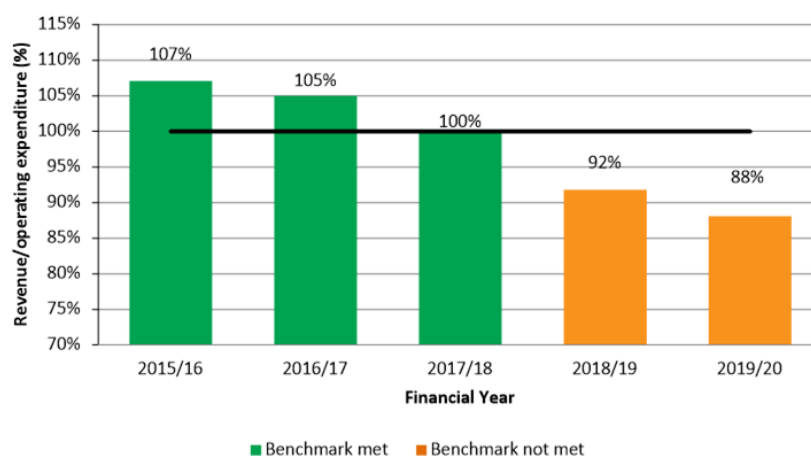
**NET INTEREST EXPENSE TO INCOME**

The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit is net interest expense on external debt to total income will not exceed 10%.



BALANCED BUDGET BENCHMARK

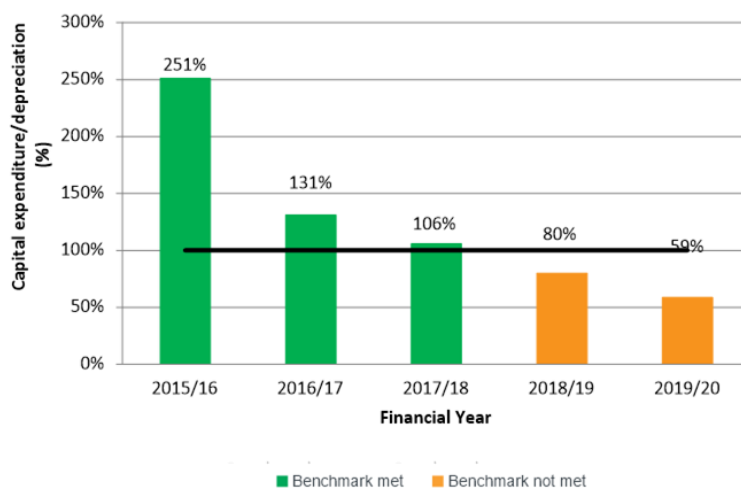
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Council did not meet the Balanced Budget Benchmark in 2019/20 mainly due to COVID-19 impact on revenue received and increase in weathertightness claims.

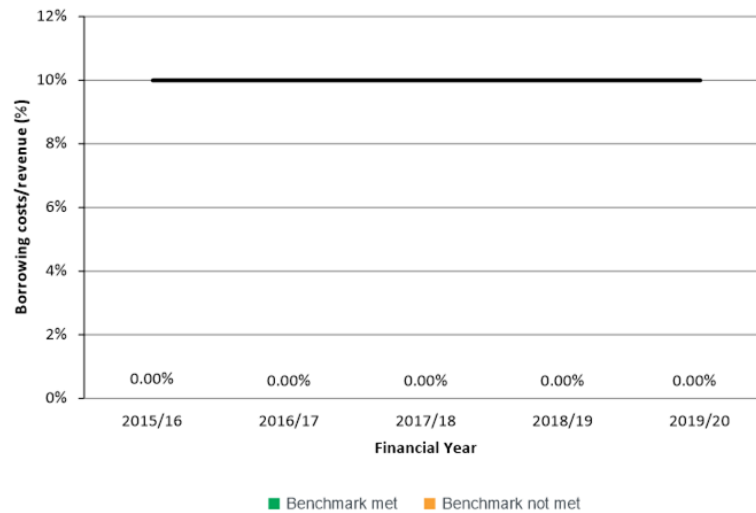
ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services. The council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

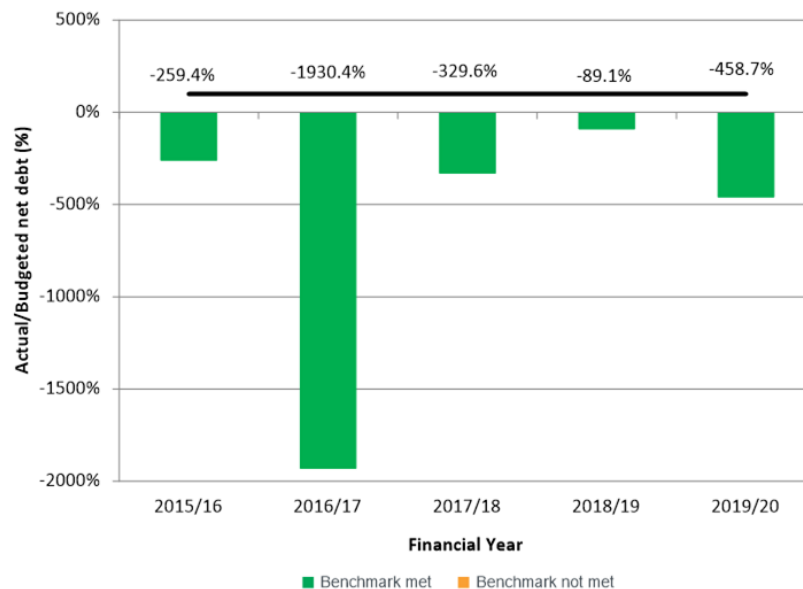


DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

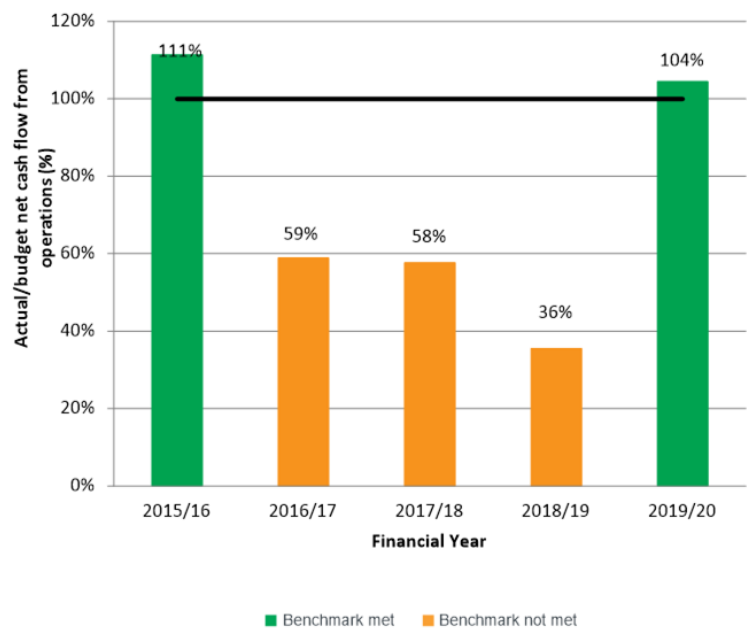
**DEBT CONTROL BENCHMARK**

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000	LTP/ AP 2018/19 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	42,508	42,263	40,037	40,053
Targeted rates	18,614	17,668	16,048	16,051
Subsidies and grants for operating purposes	3,314	2,357	3,056	2,936
Fees and charges	20,897	24,112	22,613	21,860
Interest and dividends from investments	1,529	753	2,215	1,925
Local authorities fuel tax, fines, infringement fees, and other receipts	15,149	26,489	17,824	25,880
Total operating funding (A)	102,011	113,642	101,793	108,705
Applications of operating funding				
Payments to staff and suppliers	91,687	88,486	88,519	81,251
Finance costs	-	-	-	-
Other operating funding applications	475	221	320	222
Total applications of operating funding (B)	92,162	88,707	88,839	81,473
Surplus/(deficit) of operating funding (A - B)	9,849	24,935	12,954	27,232
Sources of capital funding				
Subsidies and grants for capital expenditure	3,127	6,490	4,048	5,176
Development and financial contributions	5,002	3,349	4,125	2,851
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	261	250	1,294	250
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	8,390	10,089	9,467	8,277
Application of capital funding				
Capital expenditure*				
- to meet additional demand	2,304	3,250	589	1,510
- to improve the level of service	7,325	28,198	6,076	13,784
- to replace existing assets	14,913	38,016	16,166	23,368
Increase (decrease) in reserves	(6,303)	(34,440)	(410)	(3,153)
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	18,239	35,024	22,421	35,509
Surplus/(deficit) of capital funding (C - D)	(9,849)	(24,935)	(12,954)	(27,232)
Funding balance ((A-B) + (C-D))	-	-	-	-

The Funding Impact Statement (FIS) is provided in accordance with Section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent manner than might be the case if only the usual GAAP financial statements were provided.

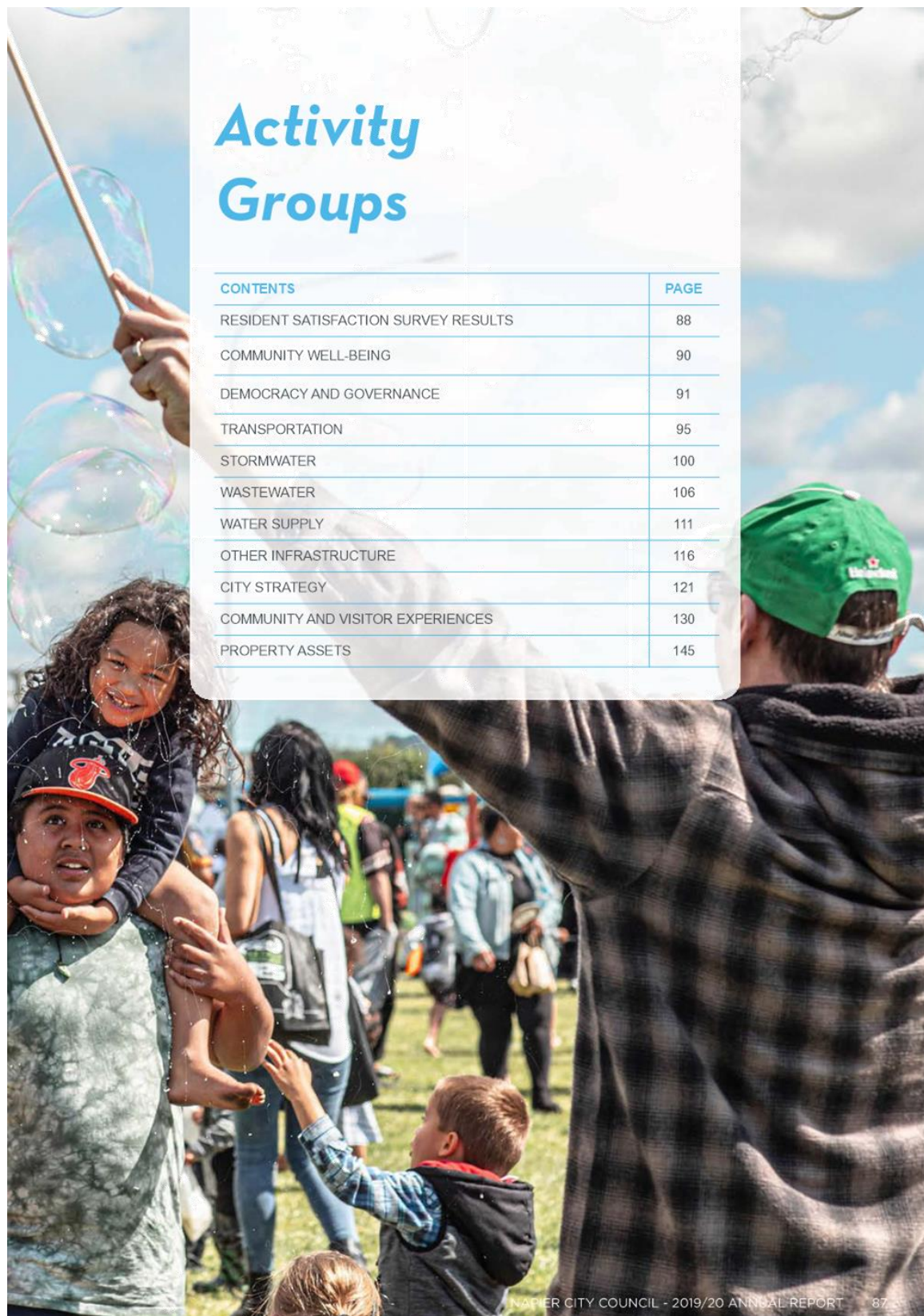
The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that have been used.

**For capital budget variances refer to activity key issues.

FINANCIAL INFORMATION





RESIDENT SATISFACTION SURVEY RESULTS

RESIDENT SATISFACTION SURVEY RESULTS

The Council has commissioned a resident satisfaction survey since 1991 to seek public opinion and perception on the Council's services and performance. Through the survey, the Council aims to obtain understanding of the residents' and ratepayers' opinions and needs allowing the Council to be more responsive towards its citizens. The satisfaction rating is one of the key performance measure in each activity group.

EXTERNAL RESEARCHER

From 1991 to 2018, the Council used National Research Bureau's Communitrak™ (NRB) to carry out the survey. In 2019, the Council contracted SIL Research (SIL) to replace NRB through a competitive independent tender process. SIL has been conducting opinion surveys for 19 years and adheres to the Code of Practice based on the ESOMAR Code of Conduct for Market Research being a member of the Research Association of New Zealand. The principal researcher for 2018/19 and 2019/20 survey was Dr Virgil Troy who holds Bachelor of Broadcasting communications, Master of Business Administration (with Distinction) and a Doctor of Philosophy in Quality Systems (focusing in Customer Relationship Management).

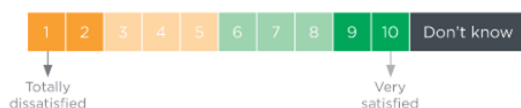
KEY CHANGES IN SURVEY METHODOLOGY

A number of changes were made to the survey methodology applied by SIL compared to what NRB has applied historically. The key changes effective since financial year 2018/19 are as follows:

Rating scale

Rating scales were updated from the historical 1-3 scale to a 1-10 scale providing a more robust options for residents to express their views.

New scale



Old scale



Mode of data collection

Historically, data was collected predominantly by telephone. The new survey introduced a mixed method approach using multiple platforms including telephone, social media, online and targeted letterbox flyer invitations which resulted in a greater reach in respondents.

Survey frequency

The survey data is now collected quarterly compared to the previous annual practice. This allows for the annual results to be presented without seasonal bias.

REPORTING

The satisfaction percentages reported within the relevant activity group for both 2018/19 and 2019/20 are aggregated 6-10 ratings under the new scale allowing direct comparability with other benchmarking survey averages across New Zealand.

The research for 2019/20 was conducted quarterly:

- September- October 2019;
- December 2019-January 2020;
- March-April 2020; and
- June 2020.

A total of 452 (2018/19: 450) surveys were used in the final analysis of resident satisfaction in respect of financial year 2019/20.

Overall results were reported with a margin of error at a 95% confidence level. The margins of error were calculated taking into account the survey design and finite population size correction. Most total results are reported at 95% confidence level within a +/-5% margin of error. Higher proportions of Don't Know responses reduce the effective sample sizes and result in a larger margin of error. Don't Know responses were not included in the analysis or calculation of satisfaction percentages to provide a better representation of the quality of service/facilities based on the views of the residents who actually uses them. The table on page 89 shows the comparison between the survey results including and excluding the 'Don't Knows':

Activity Group	Activity	Measures	2019/20		2018/19	
			% (without Don't Knows)	% (with Don't Knows)	% (without Don't Knows)	% (with Don't Knows)
Democracy and Governance	Democracy and governance	Percentage of residents satisfied with the 'Sufficiency of Public Information' in the NRB Public Opinion Survey	63%	60%	56%	54%
Transportation	Transportation	Percentage residents satisfied (very satisfied and fairly satisfied) with "roads" in the NRB Public Opinion Survey	71%	70%	71%	70%
		Percentage residents being satisfied (very satisfied or fairly satisfied) with "footpaths" in the NRB public opinion survey	76%	74%	70%	68%
Stormwater	Stormwater	Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey	60%	55%	61%	56%
Water Supply	Water Supply	Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey.	30%	29%	20%	19%
Other Infrastructure	Waste minimisation	Percentage of residents satisfied with Refuse Collection in the NRB Public Opinion Survey	91%	86%	86%	82%
		Percentage of residents satisfied with Control of Litter, Graffiti and Vandalism in the NRB Public Opinion Survey	78%	75%	75%	73%
	Public Toilets	Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey.	69%	64%	69%	65%
City Strategy	Noise Control	Percentage of residents satisfied with Council management and enforcement activity of Noise Control in the NRB Public Opinion Survey.	76%	61%	68%	55%
	Animal Control	Percentage of residents satisfied with council management and enforcement activity of Animal Control in the NRB Public Opinion Survey	75%	64%	64%	55%
	Parking	Percentage of residents satisfied with Parking in the Inner city in the NRB Public Opinion Survey	48%	45%	44%	43%
		Percentage of residents satisfied with Parking in the Suburbs in the NRB Public Opinion Survey	58%	56%	58%	56%
Community and Visitor Experiences	MTG Hawke's Bay	Percentage of residents satisfied with MTG Hawke's Bay (NRB Public Opinion Survey)	65%	49%	63%	48%
	Sports-grounds	Percentage of residents satisfied with sports fields in the NRB Public Opinion Survey	94%	81%	89%	76%
	Reserves	Percentage of residents satisfied with Public Gardens, Street Beds and Trees in the NRB Opinion Survey	91%	88%	89%	88%

ACTIVITY GROUPS

COMPARABILITY

As the targets per Long Term Plan (LTP) were based on the old survey methodology and scale, the above changes meant that the LTP targets and the actual results for both 2018/19 and 2019/20 are not entirely comparable. Where there are other factors significantly


























impacting the results for the current year against target other than the above changes, this has been disclosed in the relevant performance measures.

The LTP 2021-31 targets will be set using the new scales which will be effective on the financial year 2021/22.

COMMUNITY WELL-BEING

In May 2019, the Local Government Act 2002 was amended to reinstate the four aspects of community well-being into the purpose of the local government. This means that the Council, among others, is now required to play a broader role in promoting the social, economic, environmental, and cultural well-being of communities.

The table below summarises the effects of our activities on the four well-beings:

Activity Group	Social	Economic	Environmental	Cultural
Democracy and Governance				
Transportation				
Stormwater				
Wastewater				
Water Supply				
Other Infrastructure				
City Strategy				
Community and Visitor Experiences				
Property Assets				

Refer also to the scope and year in review section of each activity group for more details.

DEMOCRACY AND GOVERNANCE

SCOPE

Council's Democracy and Governance Activity provides a democratic and consultative system for governance and decision making. The activity encompasses the management of:

- the Council meeting and decision making process;
- local elections; and
- responses to official information requests.

Napier City Council elections are held every three years and currently comprises the election of:

- a Mayor by the City as a whole;
- two Councillors by the Ahuriri Ward;
- two Councillors by the Onekawa-Tamatea Ward;
- four Councillors by the Nelson Park Ward; and
- four Councillors by the Taradale Ward.

The First Past the Post system was retained for the 2019 election, but Council had no Māori Wards or Community Boards for this election period.

Council's governance function is delivered through a structure of Standing Committees, Joint Committees, Specialist and Sub-Committees and Council Controlled Organisations (CCOs). The Local Governance Statement (available on the website) provides information on this structure, the processes through which Napier City Council engages with the residents of Napier, how the Council makes decisions, and how citizens can participate. As the Local Governance Statement is a living document, it is updated periodically over the

three-year term.

The overall aims are to:

- ensure the city develops in a sustainable manner;
- promote economic growth;
- promote tourism;
- foster a safe environment;
- be a guardian of the city's assets and infrastructure; and
- engender pride in Napier.

A fundamental role of Council is to represent the community, to receive and understand their views, make good decisions for the benefit of the community, and if appropriate, explain Council reasoning behind a particular decision or policy, to those who might be interested.

Democracy and Governance stakeholders are all residents of Napier City and the wider region. Consultation with stakeholders is carried out in accordance with the Significance and Engagement Policy.

Council's Māori Committee provides Māori perspectives across all Council business, as well as raising matters of importance to Māori in Napier through to Council. The structure of this committee was significantly changed to better reflect Napier's cultural landscape, and better facilitate input from the local Māori entities following the 2019 local government election.

ACTIVITY GROUPS

COMMUNITY OUTCOMES

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

A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
			①	

Key: ① = Primary focus ② contributes to

DEMOCRACY AND GOVERNANCE CONTINUED

YEAR IN REVIEW

The Council has experienced several shifts in leadership over the year with Deputy Mayor White stepping into an Acting Mayor role just prior to the start of the financial year (May 2019) as Mayor Dalton took a leave of absence due to ill health. Mayor Wise was sworn in following the October 2019 election.

The Council facilitated and participated in an exciting multi-pronged campaign encouraging participation in the election process in a variety of ways – standing as candidates, enrolling and voting. Alongside our partner councils and their youth councils, the District Health Board, the Electoral Commission, government departments, and education providers, the Council actively encouraged Napier's eligible voters to get involved in the local government election, through standing as candidate and or having their say about who leads the cities, districts and health providers of the region. As a result, Napier City achieved over 50% participation by electors, topping the country for voter turnout.

We have continued to welcome new citizens to Napier over the year at bi-monthly citizenship ceremonies and have worked with the Department of Internal Affairs to ensure that those receiving their citizenship since March 2020 (when ceremonies were temporarily suspended) are welcomed to the City in other meaningful ways.

Several members of the Napier community were recognised through the Napier Civic Awards at an evening ceremony in September 2019, including former Mayor Barbara Arnott who was awarded Freedom of the City for her services to Napier. It was also the first year that

Napier recognised the boundaries of the eight marae of Te Taiwhenua o te Whanganui-a-Orotū for nominees of Māori descent or where their public service contribution has been with local Māori, in a move strongly supported by the Māori Committee.

As the country moved quickly through the COVID-19 national response Alert Levels in early 2020, the Council prepared promptly by establishing a series of emergency settings which would allow for lawful decision-making to carry on even during the lockdown period. The Temporary Parliamentary modifications to the Local Government Act and other fundamental legislation enacted in late March 2020 further supported the ability for decision-making to continue. Council completed a large number of ordinary and extraordinary meetings throughout the response period using a combination of Zoom, Skype for Business, and with all open agendas livestreamed to Council's Facebook page, ensuring that the commitment to public transparency continued even in the extenuating circumstances.

The need to quantify the impacts from the national response to COVID-19 on the upcoming financial year as far as possible has meant that the draft Annual Plan for 2020/21 required revision. The timeframes in relation to the planning process were adjusted to allow for public feedback to be sought on the updated information. Consultation processes will utilise the digital environment at a higher capacity than before to support a wider range of ways to participate even from the comfort of one's home.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
Triennial election	Achieved	Voter turnout was higher than in previous triennial years.
Review Revenue and Financing Policy and Development and Financial Contributions Policy	In-progress	Revenue and Financing Policy has been reviewed with the Council however the consultation was put on hold until 2020/21 due to proposed changes and COVID-19 occurring just as community consultation was proposed to occur. The review of the Development and Financial Contributions Policy is dependent on master planning data which is underway. The policy will now be reviewed with Council and consulted in parallel to the District Plan in 2020/21 year.

DEMOCRACY AND GOVERNANCE CONTINUED

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Democracy and Governance	Council holds regular Council and Council Committee meetings that are accessible and notified to the local community	Percentage of Council meetings for which meeting agenda is made publicly available seven days (internal setting) before the meeting date	100%	100%	98%	◆	Seven days was internally set effective in October 2019 (previously four days). The Mayor adjusted the requirement for agenda production down to the legislative requirement of two full working days in preparation for the national COVID-19 response within the third and last quarters. All agenda production has met the legislative requirements, and many meetings have been extraordinary (for which the agenda must be produced as soon as is reasonable in the circumstances). Following the move back into alert level 2, agendas have again met the seven days' time requirement.
	Council will comply with legislative requirements	Annual Reports and Long Term Plans receive 'unmodified' audit opinion	0%	100%	100%	◆	2019/20 Annual Report received an unmodified opinion on its financial statements and Performance Measures except for customer complaints relating to Stormwater, Wastewater and Water Supply. Refer audit report on page 150-155.
	Council will provide governance that is effective and transparent	Percentage of residents satisfied with the Sufficiency of Public Information in the NRB Public Opinion Survey.	63%	75%	56%	◆	Refer to the Satisfaction Survey 'Comparability' disclosure in page 90.
	Council will respond to information requests in a timely manner	Percentage of LGOIMA requests responded to within statutory time frames	100%	100%	99%	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

DEMOCRACY AND GOVERNANCE CONTINUED

FUNDING IMPACT (DEMOCRACY AND GOVERNANCE)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,875	3,621	3,532
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overhead recoveries	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	3,875	3,621	3,532
Applications of operating funding			
Payments to staff and suppliers	-	-	-
Finance costs	-	-	-
Internal charges and overheads applied	3,875	3,621	3,532
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,875	3,621	3,532
Surplus/(deficit) of operating funding (A - B)	-	-	-
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	-
Surplus/(deficit) of capital funding (C - D)	-	-	-
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	-	-	-

TRANSPORTATION

SCOPE

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

Transportation corridors are a key element of the local environment, supporting the community and economy. It is essential that transportation continues to be delivered to an appropriate standard to achieve national, regional and Council's strategic objectives and desired outcomes.

We provide the following to the City of Napier:

- 301km of urban roads and footpaths
- 56km of rural roads
- 45km of cycle paths
- 480km of kerb and channel
- 8,616 street lights
- 3,400 amenity lights
- 8 vehicle bridges
- 10 pedestrian bridges
- 61 culverts larger than 900mm in diameter
- 5,441 sumps and manholes
- 1,369 culverts less than 900mm in diameter
- 15,822m of traffic islands
- 9,555m safety barriers and railings
- 5,902 street trees
- 6,885 street signs
- 24 bus shelters

ACTIVITY GROUPS

COMMUNITY OUTCOMES

The Transportation activity group contributes to the following community outcomes:

A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
2	1	2	2	2

Key: 1 = Primary focus 2 contributes to

TRANSPORTATION CONTINUED

YEAR IN REVIEW

Strategy Development

The Council has been developing a Transportation Strategy to guide the way the network is managed in the future. The Strategy will assist with developing business cases to secure central government funding, will support the implementation of the District Plan, enable the community to understand the proposed future changes and how they will address current and future transport challenges. The Draft Strategy will be shared with the community in 2020/21 before being formally adopted by the Council.

Road Upgrade

Lighthouse Road, which provides access to the Bluff Hill Lookout, was widened, with work undertaken within the road corridor to add resilience and user safety. The widening allows cars to pass each other more safely and improves forward visibility to reduce the chance of accidents.

Street Lighting

The Council continues to upgrade its street lights with LED lamps and has installed over 1500 new lamps over the 2019/20 year as part of this accelerated replacement programme. LED lamps provide safer light levels, consume significantly less power and have much longer lives than previous lamp types.

Traffic Calming

Traffic speeds in residential areas remains a concern and the Council has introduced targeted speed reduction measures in Maraenui, Ahuriri and Pirimai. Intersection splitter islands, which ease road crossings for pedestrians and reduce vehicle speeds, have been installed at key locations. Significant reductions in speed have been achieved where interventions have taken place.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
Design Severn Street roundabout upgrade and commence construction.	Deferred	This project will be required if/when the treaty settlement is finalised and iwi wish to develop the land. The Council's plan was to undertake concept design so we are ready for when that happened. However, with COVID-19 and delays to the settlement occurring, that's not imminent.
Develop a transportation strategy	In-progress	Refer to the Strategy Development commentary above.

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Transportation	Provide roads well maintained with adequate lighting and cleaning programmes to meet resident expectations	The percentage of residents satisfied (very satisfied and fairly satisfied with "roads" in the NRB Public Opinion Survey)	71%	90%	71%	◆	Refer to the Satisfaction Survey 'Comparability' disclosure in page 90.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

TRANSPORTATION - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Transportation	Provide well maintained footpaths and cycleways to meet resident expectations	The percentage of residents being satisfied (very satisfied or fairly satisfied) with "footpaths" in the NRB public opinion survey)	76%	84%	70%	◆	
	Design and construct safety improvements to minimize the number of injury crashes	Road safety - *The change from the previous calendar year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	-8	-1	+13	◆	2018/19: 19 Serious and 2 Fatal crashes 2019/20: 11 Serious and 2 Fatal crashes (Note: The above crash figures were taken from NZTA Crash Analysis System portal on a calendar year basis.) As Road Controlling Authority, Napier only has influence on the layout and condition of the roads, neither of which was a factor in the two crashes resulting in a loss of life. Napier continues to work alongside those agencies with wider powers for enforcement and driver training in targeting a long term, sustainable decrease in all crashes.
	Provide roads well maintained	Road condition - *The average quality of ride on a sealed local road network, measured by smooth travel exposure	92%	>85%	92%	◆	
	Provide adequate renewal of road surfacing	Road maintenance - *The percentage of the sealed local road network that is resurfaced annually	1.7%	7.1%	2.90%	◆	Napier has tensioned the reseal programme to maximise seal life and ensure that only those roads needing intervention receive investment. This measure reflects the out dated routine cyclic method of determining reseal programmes.
	Provide well maintained footpaths and cycleways	Footpaths - *Percentage of footpaths and cycleways rated 4 or 5 (rating 1 best to 5 worst) based on independent survey	1.78%	≤1%	1.20%	◆	Napier has invested considerably in improving its asset data and its maintenance and renewals programmes. Priority is towards faults in high risk, high use areas, rather than simply the worst grade, many of which are in low use or industrial areas.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

TRANSPORTATION - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Trans- portation	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the Ten Year Plan	Response to Service Requests - *The percentage responded to within 5 working days	100%	90%	92%	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

* Mandatory measure under the Non-Financial Performance Measures Rules 2013 made pursuant to and in accordance with section 261B of the Local Government Act 2002.

CAPITAL EXPENDITURE (TRANSPORTATION)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
CBD Development	53	1,100	1,403
Embankment Road Bridge	-	-	542
Gifted/Vested Assets	703	409	720
Ground stabilisation and retaining wall	166	300	95
I.A.R.	3,789	3,183	4,401
Intersection Improvement Projects	311	250	96
Intersection Safety Improvement Projects	614	630	177
Local Area Traffic Management Projects	277	200	624
Marine Parade Safety Improvements	33	200	23
Minor Capital Items	85	285	12
New Cycle and Walking Tracks	347	1,050	667
Puketitiri Road Upgrade	26	270	25
Roading Capital Projects (Bulk Funded)	-	-	868
Roading Infrastructure from Parklands Residential Development	552	766	-
School Zone Safety work	296	300	48
Severn St roundabout	32	750	-
Urban Corridor Improvement Projects	159	370	47
	7,443	10,063	9,748

Included in Capital Expenditure is vested assets for roading of \$703k (2019: \$720k) and infrastructure from Parklands residential development of \$552k (2019: \$0k)

Reduced 2019/20 Actual capital expenditure (\$7,443k) compared to 2019/20 Annual Plan (\$10,063k) is mainly due to CBD Development programme deferred to later years; New Cycle & Walking Tracks and Severn St roundabout delayed.

TRANSPORTATION CONTINUED

FUNDING IMPACT STATEMENT (TRANSPORTATION)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,011	9,856	9,444
Targeted rates	154	149	149
Subsidies and grants for operating purposes	2,284	1,755	1,758
Fees and charges	217	113	111
Internal charges and overhead recoveries	116	514	746
Local authorities fuel tax, fines, infringement fees, and other receipts	438	415	414
Total operating funding (A)	12,220	12,802	12,622
Applications of operating funding			
Payments to staff and suppliers	7,141	6,902	6,868
Finance costs	-	-	-
Internal charges and overheads applied	1,317	1,508	1,452
Other operating funding applications	3	-	-
Total applications of operating funding (B)	8,461	8,410	8,320
Surplus/(deficit) of operating funding (A - B)	3,759	4,392	4,302
Sources of capital funding			
Subsidies and grants for capital expenditure	3,127	3,264	4,106
Development and financial contributions	2,625	1,831	1,548
Increase (decrease) in debt	263	2,759	1,887
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,015	7,854	7,541
Application of capital funding			
Capital expenditure:			
- to meet additional demand	788	940	510
- to improve the level of service	1,532	2,826	2,345
- to replace existing assets	4,431	6,267	8,049
Increase (decrease) in reserves	3,023	2,213	939
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	9,774	12,246	11,843
Surplus/(deficit) of capital funding (C - D)	(3,759)	(4,392)	(4,302)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	7,214	6,302	6,097

ACTIVITY GROUPS

STORMWATER

SCOPE

The Council operates a stormwater collection and disposal system that includes both piped and open waterway components within the city to provide stormwater services to the public.

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

Council provides and maintains a stormwater disposal system for Napier with the aim to minimise the effects

of flooding. The system, serving approximately 97% of the city's population, consists of open drains, stormwater mains, and pump stations with about 75% of Napier reliant on pumped systems for stormwater drainage.

We provide:

- 222km stormwater mains
- 46.4km open drains
- 8 pump stations
- 2 detention dams
- 4,818 manholes

COMMUNITY OUTCOMES

The Stormwater activity group contributes to the following community outcomes:

A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
2	1	2	2	2

Key: 1 = Primary focus 2 contributes to

YEAR IN REVIEW

Flood Protection

The hydraulic model developed for Napier and Bay View stormwater catchments has been completed. The model was verified against known rainfall events and was used to prepare a 30-year masterplan for Napier and Bay View stormwater systems. The masterplan includes capital projects to improve the stormwater system to provide better flood protection. Our aim is to provide one in 50-year flood protection to houses where it is feasible and practical to achieve. A prioritised work programme will be included in the Council's 2021-31 Long Term Plan.

Pump Stations Upgrades

During the year, Georges Drive and Sale Street pump stations were upgraded which improved its reliability. The Georges Drive pump station had an upgrade of the structural elements, pump replacement, electrical improvement and worker safety improvements. The Sale Street pump station improvements included overhaul of existing pumps and building improvements for better access to pump in an emergency.

Water Quality Improvement Project

The city-wide urban waterway assessment project began mid-November 2019. This is a joint study by the Council and Hawke's Bay Regional Council (HBRC). This project is mainly driven by two goals: 1) the collected data will provide a baseline for developing and implementing a program for long-term profiling of the ecosystems since neither the Council nor HBRC previously held consistent catchment-wide data on the health of our urban waterways; and 2) the collected data will be used in identifying possible ecological enhancement options (including management changes, quality improvement devices, planting, etc.) and assessing the feasibility of an estuary-edge wetland – as per Project 1 in the Ahuriri Estuary & Coastal Edge Masterplan.

The Council has collected nine months worth of water quality, sediment quality, and ecological data across more than 25 regularly-sampled sites. The collected data will be summarised, peer-reviewed, and used to inform next steps which will include the trialing of any feasible in-situ treatment devices prior to the end of 2020.

STORMWATER CONTINUED

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
Investigation for CBD stormwater upgrade	Achieved	A hydraulic model was developed for the stormwater system. The model was used to prepare a stormwater masterplan including CBD.
Review Stormwater Bylaw	Achieved	Bylaw reviewed and consulted on with community and new Bylaw agreed to by the Council.
Investigations and design to improve direct outfalls in Ahuriri Estuary	In-progress	At present, investigations are underway to understand water quality issue. Once these investigations are complete a suitable solution will be provided to the direct outfalls in Ahuriri Estuary.

PERFORMANCE RESULTS

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
The Stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	System adequacy - *Number of flooding events that occur per year	Nil	≤1	Nil	◆	
	System adequacy - *For each flooding event, the number of habitable floors affected per 1,000 properties	Nil	≤1	Nil	◆	
	Response time - *Median response time to attending a flood event (notification to personnel being on site)	Nil	≤2 hours	Nil	◆	
Stormwater is collected and disposed of in a manner that protects public and environmental health	Discharge compliance - *Compliance with resource consents for discharge from its stormwater system as measured by the number of:					
	a) Abatement notices	Nil	Nil	Nil	◆	
	b) Infringement notices	Nil	Nil	Nil	◆	
	c) Enforcement orders	Nil	Nil	Nil	◆	
	d) Convictions received in relation to stormwater resource consents	Nil	Nil	Nil	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

STORMWATER - PERFORMANCE RESULTS CONTINUED

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Residents are satisfied with Council's Stormwater service	Customer satisfaction - *Number of complaints received about performance of stormwater system (per 1,000 properties connected)	3.40 (Verified) 4.61 (Estimated)	≤5	4.96	◆	<p>This performance measures includes both verified (3.40) and estimated number of complaints (4.61) per 1,000 connections. The estimated number of complaints are based on worse-case scenario.</p> <p>The total number of complaints received are not verifiable because:</p> <ul style="list-style-type: none"> • some calls were not categorised into water supply, stormwater or wastewater; • some calls have not been recorded; • insufficient details to assess what the nature of the call was for. In particular, if the call should be classified as a complaint or request for information; and • of the short 10 second time-frame available to code calls, abandoned calls, and when the customer and staff member hang up simultaneously. This resulted in calls not being accounted for. <p>To resolve the issues identified, the Council will work with its provider to ensure integrity of the data received is compliant with DIA mandatory performance reporting; extend the timeframe to code a call to 10 mins, and work with Council's telephone provider to allow for coding of calls when customer and staff member hang up simultaneously.</p>

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

STORMWATER - PERFORMANCE RESULTS CONTINUED

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Residents are satisfied with Council's Stormwater service - continued	Percentage of residents satisfied with Stormwater in the NRB Public Opinion Survey	60%	89%	61%	◆	In 2019, a decline was recorded for satisfaction rating mainly on urban stormwater drainage with fewer residents from Ahuriri and Nelson Park wards being satisfied with this service. With the completion of stormwater modelling and master planning work during the year, capital budget for the identified upgrades and renewals through a prioritised work programme will be included in the Council's 2021-31 LTP (refer to the Stormwater year in review section).

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

* Mandatory measure under the Non-Financial Performance Measures Rules 2013 made pursuant to and in accordance with section 261B of the Local Government Act 2002.

STORMWATER CONTINUED

CAPITAL EXPENDITURE (STORMWATER)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Ahuriri Master Plan - improve direct outfalls	8	200	-
Ahuriri Master Plan - Pandora catchment improvement	64	200	-
Bay View Pump Station	-	200	-
CBD Stormwater Upgrade	25	100	70
Construction of a hydraulic model and upgrades	256	100	198
Gifted Vested Assets	1,505	222	262
Minor Capital Items	223	195	99
SCADA upgrade project	112	200	8
Taradale Stormwater Diversion	163	200	-
Te Awa Stormwater Pond	-	-	218
Tennyson St outfall improvements	3	150	-
Thames/Tynes pipe and drain upgrades	40	700	5
Upgrading Stormwater Catchments	75	-	224
Stormwater Infrastructure from Parklands Residential Development	334	226	-
	2,808	2,693	1,084

Included in Capital Expenditure is vested assets for stormwater of \$1,505k (2019: \$262k) and infrastructure from Parklands residential development of \$334k (2019: \$0k)

STORMWATER CONTINUED

FUNDING IMPACT STATEMENT (STORMWATER)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,662	3,927	4,071
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overhead recoveries	-	104	153
Local authorities fuel tax, fines, infringement fees, and other receipts	74	50	49
Total operating funding (A)	3,736	4,081	4,273
Applications of operating funding			
Payments to staff and suppliers	1,103	1,238	1,166
Finance costs	-	-	-
Internal charges and overheads applied	1,025	1,177	1,145
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,128	2,415	2,311
Surplus/(deficit) of operating funding (A - B)	1,608	1,666	1,962
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,185	532	470
Increase (decrease) in debt	412	1,339	410
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,597	1,871	880
Application of capital funding			
Capital expenditure:			
- to meet additional demand	590	102	250
- to improve the level of service	594	2,739	1,330
- to replace existing assets	118	66	65
Increase (decrease) in reserves	1,903	630	1,197
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	3,205	3,537	2,842
Surplus/(deficit) of capital funding (C - D)	(1,608)	(1,666)	(1,962)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	2,650	2,579	2,553

ACTIVITY GROUPS

WASTEWATER

SCOPE

Council provides and maintains a safe, effective and efficient domestic sewage collection, treatment and disposal system to help maintain community health. In addition, we provide for a separate industrial sewage collection and disposal system for selected trade waste customers.

Council provides:

- 48 pump stations
- 380km wastewater mains
- Biological Trickling Filter plant (Awatoto)
- Milliscreen plant (Awatoto)

- 1,500m long marine outfall pipe
- 93% of Napier's population serviced by reticulation system

Under the Local Government Act 2002, the Resource Management Act 1991 and the Building Act 2004, we are obliged to provide a sewerage service, which collects, transports and disposes of household wastewater. Council aims to protect human health and the environment and by being best placed, they can provide this 'public good' service. Wastewater is a mandatory group of activities and must be included in the 30-year Infrastructure Strategy as an infrastructure asset.

COMMUNITY OUTCOMES

The Wastewater activity group contributes to the following community outcomes:

A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
2	1	2	2	2

Key: 1 = Primary focus 2 contributes to

YEAR IN REVIEW

DEVELOPMENT OF WASTEWATER MASTERPLAN

Using the wastewater hydraulic model which was completed in 2018/19 financial year, a draft masterplan with 30-year planning horizon for the wastewater reticulation system including pump stations has been developed. One of the outcomes of the masterplan is to devise a capital works programme to ensure that the wastewater system is upgraded to meet the legislative and level of service requirements. The capital works programme will be included in the Council's 2021-31 Long Term Plan and in our 30-Year Infrastructure Strategy.

WASTEWATER PUMP STATION UPGRADES AND RENEWALS

Pump Station Improvements

During the year, Latham Street wastewater pump station has been upgraded. This pump station is one of the

critical pump stations pumping majority of wastewater from Napier City and Bay View to Awatoto treatment plant. The upgrades included replacement of old pumps with new pumps, improvements to electrical and control system and safety improvements.

Condition Assessment of Pump Stations

Condition assessment of all sewer pump stations was completed during the year. This assessment has provided information about renewal requirements of our wastewater pump stations and will be used to prepare a pump station renewal programme for the Council's 2021-31 Long Term Plan.

Aspiring Drive Pump Station

A new pump station has been constructed at Aspiring Drive as part of Parklands development project. The pump station was built by the Council workforce with improved operational features to better control the station.

WASTEWATER - YEAR IN REVIEW CONTINUED

WASTEWATER TREATMENT PLANT IMPROVEMENTS**Plant renewals**

Two of the four screens at the Milliscreen Plant were replaced with improved screens and the other two screens will be replaced in 2021/22 financial year.

KEY ISSUES**Condition of outfall pipe**

The condition of the outfall pipe has deteriorated over time. Currently, there are two leaks in the pipe. The repair of these leaks are complicated and risky. The Hawke's Bay Regional Council (HBRC) has issued an abatement notice asking the Council to repair the leaks before October 2020. A project is underway to repair the two leaks by October 2020.

Further, whilst the Council's existing resource consent to discharge treated wastewater to sea expires in 2036,

it is likely that we need to apply for a new resource consent much earlier than the expiry date due to the condition of existing outfall pipe. It is anticipated that the new resource consent application will require improved treatment. Proposed improvement works have been included in the earlier mentioned draft wastewater masterplan and will be part of prioritised work programme in the Council's 2021-31 Long Term Plan.

Wastewater overflows

Wastewater overflows in the reticulation is an ongoing issue. There were three overflows from a sewer pump station at Pacific Lifesaving Club in late June 2020 which resulted in an abatement notice being issued subsequent to the end of financial year 2019/20 by HBRC to address this issue. Works are currently being undertaken to investigate options to avoid overflows from this pump station.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
Pandora Industrial Main rehabilitated	In-progress	Investigations are underway and nearing completion to identify suitable solution for the industrial main.
Sewerage Treatment plant future consent investigation	In-progress	A draft master plan for sewerage treatment plant has been prepared. The next step is to finalise the plan and include further works in preparation of applying for a future consent.
Taradale wastewater diversion construction	Deferred	This was deferred due to focus on improvement programme and modelling/investigations which has also been further deferred to 2020/21.
Outfall replacement investigation	In-progress	Preliminary investigations have highlighted there is an issue, and this has been brought to the Council's attention in a Council report.

WASTEWATER CONTINUED

PERFORMANCE RESULTS

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
The collection, reticulation and disposal of household wastewater in a manner that protects the environment and public health	System adequacy - *Dry weather overflows (per 1,000 connections)	0.04	≤0.1	0.08	◆	There were four overflows during dry weather. Three of them were due to operational issues at Ocean Spa facility. Mitigation measures to prevent these incidents from recurring are underway.
	Discharge compliance - *Compliance with resource consents by the number of:					
	a) Abatement Notices	1	Zero	Zero	◆	There was one abatement notice from the Regional Council for sewer outfall leak. The notice requires a plan to correct the leak be in place before October 2020. This plan is currently in progress.
	b) Infringement Notices	Zero	Zero	Zero	◆	
	c) Enforcement Orders	Zero	Zero	Zero	◆	
	d) Convictions	Zero	Zero	Zero	◆	
	Fault response time - *Median response times to sewerage overflows:					
	a) Attendance time from notification to staff on site	1 hour	≤2 hours	0.98 hours	◆	
	b) Resolution time from receipt of notification to resolution	2.49 hours	≤8 hours	2.1 hours	◆	
Customer Satisfaction	Customer satisfaction with Napier's sewerage system - *Number of complaints per 1,000 properties connected:					
	Total number of complaints per 1,000 connections	13.68 (Verified) 17.59	≤36	12.75	◆	This performance measures includes both verified (13.68) and estimated number of complaints (17.59) per 1,000 connections. The estimated number of complaints are based on worse-case scenario. The total number of complaints received are not verifiable because: <ul style="list-style-type: none"> • some calls were not categorised into water supply, stormwater or wastewater; • some calls have not been recorded; • insufficient details to assess what the nature of the call was for. In particular, if the call should be classified as a complaint or request for information; and

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

WASTEWATER CONTINUED

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Customer Satisfaction - continued	Total number of complaints per 1,000 connections - continued					<ul style="list-style-type: none"> of the short 10 second time-frame available to code calls, abandoned calls, and when the customer and staff member hang up simultaneously. This resulted in calls not being accounted for <p>To resolve the issues identified, the Council will work with its provider to ensure integrity of the data received is compliant with DIA mandatory performance reporting; extend the timeframe to code a call to 10 mins, and work with Council's telephone provider to allow for coding of calls when customer and staff member hang up simultaneously.</p>

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

* Mandatory measure under the Non-Financial Performance Measures Rules 2013 made pursuant to and in accordance with section 261B of the Local Government Act 2002.

CAPITAL EXPENDITURE (WASTEWATER)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Construction of a hydraulic model and subsequent upgrades	171	-	88
Flow metering	124	150	-
Gifted/Vested Assets	1,469	199	169
Guppy Rd pumping main installation	-	400	-
Installation of Generator Connections	9	200	-
Milliscreen Renewal	10	-	130
Minor Capital Items	2	100	-
Pandora Industrial Main	35	1,000	-
SCADA Upgrade	93	250	69
Wastewater Infrastructure from Parklands Residential Development	543	202	-
Wastewater Outfall IAR	43	200	63
Wastewater Pipe Renewal	82	150	431
Wastewater Pump Station Renewal	603	95	416
Taradale Wastewater Diversion	17	500	14
Treatment Plant Renewal	408	200	51
	3,609	3,646	1,431

Included in Capital Expenditure is vested assets for wastewater of \$1,469k (2019: \$169k) and infrastructure from Parklands residential development of \$543k (2019: \$0k)

ACTIVITY GROUPS

WASTEWATER CONTINUED

FUNDING IMPACT STATEMENT (WASTEWATER)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(1,924)	(1,718)	(1,875)
Targeted rates	8,360	8,256	8,063
Subsidies and grants for operating purposes	-	-	-
Fees and charges	615	564	553
Internal charges and overhead recoveries	-	52	77
Local authorities fuel tax, fines, infringement fees, and other receipts	2	-	-
Total operating funding (A)	7,053	7,154	6,818
Applications of operating funding			
Payments to staff and suppliers	3,044	3,101	4,082
Finance costs	-	-	-
Internal charges and overheads applied	1,175	1,327	1,300
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,219	4,428	5,382
Surplus/(deficit) of operating funding (A - B)	2,834	2,726	1,436
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	285	180	151
Increase (decrease) in debt	109	1,099	170
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	394	1,279	321
Application of capital funding			
Capital expenditure:			
- to meet additional demand	561	613	550
- to improve the level of service	330	1,380	400
- to replace existing assets	1,249	915	1,310
Increase (decrease) in reserves	1,088	1,097	(503)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	3,228	4,005	1,757
Surplus/(deficit) of capital funding (C - D)	(2,834)	(2,726)	(1,436)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	4,659	4,378	4,324

WATER SUPPLY

SCOPE

The Council provides a water supply system for the supply of safe potable water as well as for firefighting purposes. Water is drawn from the Heretaunga Plains aquifer and treated via chlorination prior to being distributed through the network of reservoirs and pipelines. It is reticulated to the Napier urban area and to Bay View. Council has a programme in place to manage the usage of water, a precious natural resource, to minimise wastage and shortages.

We provide the following to the city of Napier:

- 7 operative ground water and 8 booster pump stations
- 11 service reservoirs situated on 8 sites
- 488km of water mains (47km of critical mains and 441km of distribution mains)
- 93% of Napier's population is serviced by reticulation system

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

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

COMMUNITY OUTCOMES

The Water Supply activity group contributes to the following community outcomes:

A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
	①	②	②	②

Key: ① = Primary focus ② contributes to

ACTIVITY GROUPS

YEAR IN REVIEW

Compliance with Drinking Water Standards

The water supply in Napier is fully compliant with the Drinking Water Standards for New Zealand 2005 (Revised 2018) (DWSNZ) and part 2A of the Health Act 1956 in respect of financial year 2019/20.

Water Masterplan

Development of a water masterplan has been completed. The overarching vision of the masterplan is to provide safe and reliable water supply service to the present and future customers. The main objectives of the plan are:

- Safe water is distributed to the customers
- Clean water is distributed to the customers
- Sufficient water pressure is maintained in the water system

- Resilient water network is developed and maintained

The master plan has identified prioritised programme of works to achieve the above goals. The implementation of some of these projects has already commenced with the remaining projects to be included in the Council's 2021-31 Long Term Plan.

New Taradale Reservoir

The second reservoir in Taradale which was completed in 2018/19 has been connected to the network since November 2020. With the addition of this reservoir into the system, the increased storage capacity means it can now cater to approximately two-day average winter demand and one-day average summer demand.

WATER SUPPLY CONTINUED

De-chlorinated Water Station

The first de-chlorinated water station which was built adjacent to Anderson Park has been operating since 5 July 2019. This station was closed at COVID-19 alert level 4 and re-opened at level 1. A second de-chlorinated water station is under construction at the Aquarium carpark.

Bore Security

In July 2017, the Council lost the bore security status for its water bores due to some shortfalls in meeting the requirement of Drinking Water Standards. Following a series of upgrades, the operative bores were found to be secured. Hence the Council was granted with an interim bore status in July 2018. After monitoring of water quality daily for more than 12 months, the Council's full bore security status was finally reinstated in April 2020.

Pipe Cleaning Programme

A water main pigging programme was implemented in the winter months to reduce the water clarity issue. The works started in May 2019 and was completed in early November 2019. A total of 110km of pipes in most affected areas were cleaned with this programme.

KEY ISSUES**Water Clarity**

Water clarity was a key issue during the year. The most affected areas were Tamatea, Pirimai, Onekawa and Greenmeadows. The Council has ongoing operations and maintenance programme to reduce the issue.

An investigation project is underway to identify suitable locations for replacement of A1 and C1 bores which have high level of manganese and ammonia in the water which contributes to the water clarity issue.

The long term solution in accordance to water masterplan is supplying water to the city with a gravity flow system with very low manganese and ammonia contents in the water.

Pipe Breaks

There were four major pipe breaks during the year. These were repaired promptly and there was no disruption to the supply for more than 6 hours.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
3 Waters Review	In-progress	This is a multi-year programme of work. Significant progress was made in 2019/20.
Site selection process for replacement of Enfield Reservoir.	In-progress	Site selection process for Enfield reservoir was not finalised.
New bore field in Taradale South and a dedicated main to the Taradale reservoir started.	In-progress	Taradale bore field site selection process is underway.
Investigate and design an extension to the pumping main from Church Rd pump station to new Napier Hill reservoir (location to be confirmed)	In-progress	New reservoir site selection process is underway.
Extend the Awatoto Trunk main to the new Napier Hill reservoir.	In-progress	New reservoir site selection process is underway.
New bores to Awatoto bore field.	In-progress	The selected site at Awatoto has been abandoned due to a water quality issue. A new site at Sandy Road has been identified as a potential replacement site. Currently investigations are underway to assess the suitability of this site for the new bore field.
Increased monitoring to identify high leakage areas.	In-progress	A contract has been awarded to undertake a leak detection project. The physical works will commence in 2020/21 year.
Reservoir inlet and outlets improved.	In-progress	A project has been initiated and options study underway. Physical works will be completed in 2020/21

WATER SUPPLY CONTINUED

PERFORMANCE RESULTS

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Safeguard Public Health	Safety of drinking water - *Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria)	Achieved	Achieved	Achieved	◆	
	Safety of drinking water - *Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria)	Achieved	Achieved	Achieved	◆	
Management of Environmental Impacts	Maintenance of reticulation network - *The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance	17%	Decrease on previous year	19.80%	◆	The water loss results have a level of uncertainty of +/- 32% (95% confidence limits).
	Demand management - *Average annual consumption of drinking water per day per resident	428L	≤470L	496L	◆	
Response to Water System Issues	Fault response times - *Median response times from time notification received:					
	a) attendance time for urgent call-outs	16.5 minutes	≤90 minutes	32 minutes	◆	
	b) resolution time for urgent call-outs	1.15 hours	≤6 hours	1.52 hours	◆	
	c) attendance for non-urgent call-outs	0.84 hours	≤8 hours	1.72 hours	◆	
	d) resolution time of non-urgent call-outs	1.57 hours	≤72 hours	3.18 hours	◆	
Customer Satisfaction	Customer satisfaction - *Number of complaints per 1,000 connections:					
	Total number of complaints per 1,000 connections	138.70 (Verified) 179.24 (Estimated)	≤2	104.21	◆	This performance measures includes both verified (138.70) and estimated number of complaints (179.24) per 1,000 connections. The estimated number of complaints are based on worse-case scenario. The total number of complaints received are not verifiable because: <ul style="list-style-type: none"> • some calls were not categorised into water supply, stormwater or wastewater; • some calls have not been recorded; • insufficient details to assess what the nature of the call was for. In particular, if the call should be classified as a complaint or request for information; and • of the short 10 second time-frame available to code calls, abandoned calls, and when the customer and staff member hang up simultaneously. This resulted in calls not being accounted for. Continued over page...

ACTIVITY GROUPS

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

WATER SUPPLY CONTINUED

Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Customer Satisfaction - continued	Total number of complaints per 1,000 connections - continued					To resolve the issues identified, the Council will work with its provider to ensure integrity of the data received is compliant with DIA mandatory performance reporting; extend the timeframe to code a call to 10 mins, and work with Council's telephone provider to allow for coding of calls when customer and staff member hang up simultaneously.
	Percentage of residents satisfied with Water Supply in the NRB Public Opinion Survey	30%	89%	20%	◆	The target has not been achieved since its sharp decline in 2017 with the lowest rating recorded in 2019 at 20% for the past 10 years. Drinking water quality continued to be the main issue highlighted by Napier residents. More than half provided open-ended comments referring to chlorine in some way or another. Discolouration ('dirty/unpleasant colour') was also a significant factor. Capital and operational projects are underway to address this problem.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

* Mandatory measure under the Non-Financial Performance Measures Rules 2013 made pursuant to and in accordance with section 261B of the Local Government Act 2002.

CAPITAL EXPENDITURE (WATER SUPPLY)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Awatoto Trunk main	4	500	14
De-Chlorinated Station - Anderson Park	162	-	126
District Modelling Projects	9	-	127
District Monitoring Project	230	500	38
Gifted/Vested Assets	467	110	148
IAR Pipes	270	255	145
IAR Pump Stations	134	-	45
Improve Bores	173	-	14
Minor Capital Items	220	110	219
New bores in Awatoto	50	50	214
New Reservoir Western Hills	1	500	-
New Taradale Bore Field	606	1,500	-
New Water Treatment Plant	69	1,500	-
Replacement of Enfield reservoir	189	5,000	-
Reservoir inlets and outlets improvements	145	800	-
Safe Drinking Water Initiatives	-	-	230
Thompson Reservoir Upgrade	54	-	104
Upgrade Water Supply Control System	-	-	49
Water Supply Infrastructure from Parklands Residential Development	118	111	-
	2,901	10,936	1,473

Included in Capital Expenditure is vested assets for water supply of \$467k (2019: \$148k).

During the year, there were several capital projects that were delayed due to various timing issues arising from site investigation and COVID-19 impact. The main projects affected include: 1) Replacement of Enfield Reservoir and New Water Treatment Plant both still undergoing site investigations; and 2) New Taradale Bore Field with physical works delayed to the next financial year due to COVID-19 restrictions.

WATER SUPPLY CONTINUED

FUNDING IMPACT STATEMENT (WATER SUPPLY)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(1,805)	(1,131)	(130)
Targeted rates	6,442	5,463	5,279
Subsidies and grants for operating purposes	-	-	-
Fees and charges	31	563	553
Internal charges and overhead recoveries	-	72	106
Local authorities fuel tax, fines, infringement fees, and other receipts	71	12	11
Total operating funding (A)	4,739	4,979	5,819
Applications of operating funding			
Payments to staff and suppliers	3,559	2,731	2,935
Finance costs	-	-	-
Internal charges and overheads applied	1,085	1,216	1,175
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,644	3,947	4,110
Surplus/(deficit) of operating funding (A - B)	95	1,032	1,709
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	344	260	219
Increase (decrease) in debt	1,007	2,790	1,000
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,351	3,050	1,219
Application of capital funding			
Capital expenditure:			
- to meet additional demand	250	562	200
- to improve the level of service	994	2,811	2,041
- to replace existing assets	1,191	1,170	645
Increase (decrease) in reserves	(989)	(461)	42
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	1,446	4,082	2,928
Surplus/(deficit) of capital funding (C - D)	(95)	(1,032)	(1,709)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	1,979	2,091	2,016

ACTIVITY GROUPS

OTHER INFRASTRUCTURE

SCOPE

Activities in Other Infrastructure are:

- Waste Minimisation
- Cemeteries
- Public Toilets.

WASTE MINIMISATION

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

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

Litter bins and drums are located throughout the city and serviced on a daily basis. Our Refuse Transfer Station at Redclyffe accepts most domestic, garden and building waste, and recyclables.

Council provides a kerbside recycling service for residential properties on a weekly (fortnightly prior to November 2019) schedule.

Currently Napier disposes of approximately 17,000 tonnes of refuse annually to the Oamaru Landfill from the domestic collection, litter collection and the Transfer Station. The landfill is the final disposal point for waste generated by the combined populations of Hastings District and Napier City. The Hastings District and Napier City Councils jointly own the facility, (63.68% and 36.32% ownership respectively) and Hastings District Council manages the day-to-day operations.

The Waste Minimisation Act 2008 requires councils to adopt a Waste Management and Minimisation plan (WMMP), which must be reviewed every six years. A WMMP are the council's waste management and minimisation planning document. The legislation enables councils to use various tools to influence, promote and implement measures to manage and minimise waste.

The Local Government Act 2002 requires Council to provide 'effective and efficient' waste management services. The Waste Minimisation Act 2008 requires us to reduce the environmental impact of waste in New Zealand by encouraging waste reduction. The continued provision of this service is essential to the health of Napier's community and maintaining high environmental standards. Council delivers this 'public good' service.

The main goals for Waste Minimisation are:

- To provide effective and efficient systems for the collection and disposal of refuse and collection of recyclable materials.

- To minimise the quantity and toxicity of waste being generated and disposed of in order to minimise adverse environmental, cultural, social and economic effects of refuse disposal.

Over the 10-year life of the LTP, we will continue to deliver waste minimisation services.

The provision of additional litterbins in tourist areas and the increasing number of recreational facilities are driving an increased level of service in this activity. We are also facing a number of long-term issues to address, such as the reducing capacity of the landfill and challenging recycling commodities markets.

The landfill currently in use will be full by 2025 based on estimations. The Waste Futures study project by Napier and Hastings councils investigated alternative waste disposal technologies. The result from this study is a decision to develop the landfill further, focussing on diversion of recyclables and organic material. In summary, the alternative waste disposal technologies can have very high diversion rates but come at a higher cost and level of risk.

CEMETERIES

Napier City Council operates and maintains six cemeteries within the territorial boundary of the city. Several of the existing cemeteries within the city have significant historical value.

Hastings District Council owns and operates the crematorium for the Hawke's Bay region. There is also one private crematorium facility in the Onekawa industrial area.

There are no private cemeteries in the Napier City Council area.

Apart from catering to the legal needs and requirements relating to burials and interment of ashes, cemeteries also provide a tangible link to a region's past. Many of the old Napier cemeteries are now popular with visitors wishing to learn more about the history of a region's early residents and to those people undertaking genealogy research.

Council also provides an online cemetery database allowing access to burial details.

PUBLIC TOILETS

Council provides and maintains public toilet facilities to meet the needs and demands of the community and visitors to the city. Currently Napier has 45 operational public toilet facilities.

Public toilets are provided in key areas generally related to tourism (e.g. i-SITE Visitor Centre), recreational (both

OTHER INFRASTRUCTURE - SCOPE CONTINUED

at sportsgrounds and passive recreation areas) and shopping activities (e.g. Dickens Street and Maraenui Shopping Centre). Council cleans and inspects facilities at least daily with the emphasis on hygiene, safety, discouragement of and removal of graffiti.

COMMUNITY OUTCOMES

The Other Infrastructure activity group contributes to the following community outcomes:

	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
Waste Minimisation			①		②
Cemeteries			①		
Public Toilets		①			

Key: ① = Primary focus ② contributes to

YEAR IN REVIEW

WASTE MINIMISATION

In November 2019, the Council's new kerbside recycling service started with the introduction of three Council-provided 45L crates on a weekly service rather than fortnightly. The service has been well-received despite some teething problems partly due to the very short mobilisation period of the service.

Many recycling markets have closed and the remaining ones have strict acceptance criteria concerning quality. The markets and recycling commodity price have also resulted in the free cardboard collection in the shopping zones to be discontinued and a commercial drop-off centre in Napier to close. These changes have put more pressure on the recycling facility at our Redclyffe Refuse Transfer Station. The new and enhanced recycling service aims to help send strong message how important the quality of the recycling put out is and the acceptance by the community of this new system.

Waste disposal tonnages across our services have been reasonably stable. The Emissions Trading Scheme is putting an increasing pressure on the cost of landfilling and the Government has consulted on changes to the Waste Levy. The cost of landfilling is currently in an upward trend.

The COVID-19 lockdown period has created a big trough in tonnage and activity for some services but rose to a peak as soon as the lockdown was lifted. Kerbside (general rubbish and recycling) services continued throughout all COVID-19 alert levels, although plastics and cans were landfilled during level 4 due to the

closure of sorting plants across the country. The transfer stations were open for essential business only during level 4. COVID-19 was a public health event of unprecedented scale and the provision of the essential waste services and recycling services in this period was a challenging but a significant achievement for the Council.

CEMETERIES

Stage 1 of the extension to Western Hills Cemetery was completed in 2018/19 and the first burials have now taken place here. Western Hills Cemetery Stage 2 design work has been completed. There has been some tree removal work undertaken in the cemeteries primarily where trees are starting to decline because of the species and age. Planning work associated with the cemeteries has been started with Cemetery Strategy and Eskdale Cemetery Conservation Plan drafted.

PUBLIC TOILETS

'Te Kōhungahunga Atawhai: A space to care for young children' has been opened in the centre of Napier and whilst there was a long shut down shortly after its opening as a result of COVID-19, it has been well received. Toilet renewal for the Le Quesne Road toilet is not yet completed due to design, consenting and COVID-19 impact. It is our intention to go back to the community on this matter because the location of the toilet has had to change because of design constraints. A Public Toilet Strategy will be completed by our in-house team this year.

OTHER INFRASTRUCTURE CONTINUED

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
New contract for enhanced recycling service in place.	Achieved	The new contract commenced on 1 October 2019 and has been rolled out across Napier.
New contract for enhanced rubbish collection service awarded.	Achieved	A new contract is in place and the service will roll out from 1 October 2020.
Develop a sustainability strategy	Deferred	Deferred until 2021/22.

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Waste Minimisation	Council provides a kerbside refuse collection service weekly to City residents to ensure City household waste is removed from the kerbside. This activity also provides a user pays facility at the Transfer Station for disposal of non-household refuse	A weekly kerbside refuse collection service is provided 52 weeks per year to City residents	100%	100%	100%	◆	100% throughout all COVID-19 alert levels
		Transfer Station open for 362 days	96%	100%	100%	◆	15 days closed due to COVID-19 (weekend days), as business only continued for essential services related account holders.
	Council provides a fortnightly kerbside recycling collection service to reduce the quantity of waste to landfill. Council promotes of waste minimization activities and responsible solid waste management through education initiatives and a hazardous waste collection programme. Council also provides green waste and recycling facilities at the Redclyffe Transfer Station	Waste to Landfill per capita	262kg/capita	Decrease on previous year	267kg/capita	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

OTHER INFRASTRUCTURE - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Waste Minimisation	Council provides a fortnightly kerbside recycling collection service to reduce the quantity of waste to landfill. Council promotes of waste minimization activities and responsible solid waste management through education initiatives and a hazardous waste collection programme. Council also provides green waste and recycling facilities at the Redclyffe Transfer Station	Compliance with Resource Consent conditions	100%	100%	100%	◆	
		Education and waste reduction promotion programmes in place	2,394 students	750 students per annum	973 students	◆	
		Percentage of residents satisfied with Refuse Collection in the NRB Public Opinion Survey	91%	93%	86%	◆	
		Percentage of residents satisfied with Control of Litter, Graffiti and Vandalism in the NRB Public Opinion Survey	78%	92%	75%	◆	Refer to the Satisfaction Survey 'Comparability' disclosure in page 90.
Cemeteries	Council provides cemetery records that are well maintained and accessible	An online cemeteries records system is available 90% of the time	98%	95%	98%	◆	
Public Toilets	Council provides adequate toilets that are accessible, available and appropriately located for use by the public to safeguard the health of the community through the appropriate disposal of human waste in high use community areas	Percentage of residents satisfied with Public Toilets in the NRB Public Opinion Survey	69%	75%	69%	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

CAPITAL EXPENDITURE (OTHER INFRASTRUCTURE)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Infrastructure Asset Renewal	91	410	35
Minor Capital Items	148	292	68
Omarunui Dev Valley D	525	470	265
Omarunui Dev Valleys B&C	72	1,196	99
Recycling Crate Purchases	1,049	-	-
Western Hills Extension	10	-	398
	1,895	2,368	865

OTHER INFRASTRUCTURE CONTINUED

FUNDING IMPACT STATEMENT (OTHER INFRASTRUCTURE)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,142	2,659	2,298
Targeted rates	3,255	2,385	2,294
Subsidies and grants for operating purposes	225	215	215
Fees and charges	2,262	1,991	1,947
Internal charges and overhead recoveries	20	20	20
Local authorities fuel tax, fines, infringement fees, and other receipts	4,027	2,313	2,079
Total operating funding (A)	11,931	9,583	8,852
Applications of operating funding			
Payments to staff and suppliers	10,271	6,624	6,782
Finance costs	-	-	-
Internal charges and overheads applied	869	944	901
Other operating funding applications	1	1	1
Total applications of operating funding (B)	11,141	7,569	7,683
Surplus/(deficit) of operating funding (A - B)	790	2,014	1,169
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	54	41	385
- to replace existing assets	1,965	2,402	1,442
Increase (decrease) in reserves	(1,229)	(429)	(658)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	790	2,014	1,169
Surplus/(deficit) of capital funding (C - D)	(790)	(2,014)	(1,169)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	867	787	719

CITY STRATEGY

SCOPE

Activities in City Strategy are:

- City Development
- Resource Consents
- Regulatory Solutions
- Building Consents
- Animal Control
- Parking

CITY DEVELOPMENT

Council plans and delivers urban and economic growth strategically and sustainably through City Development. This Council activity assesses and decides how to protect and develop our constructed and natural environments, and how best to manage that process. City Development takes into consideration Napier's historic heritage and incorporate design, functionality and aesthetics into all our city projects. We guide our investment in infrastructure so it is efficiently located and caters for the planned growth of the city.

City Development also delivers planning and policy functions by meeting the statutory requirements under the Resource Management Act 1991 (RMA) and other relevant legislation. We provide professional, strategic, clear and frank advice to the Council so they can make informed decisions to benefit our City and community now and in the future.

City Development is an ongoing activity to help citizens and elected officials design and deliver the Vision for Napier City. The City Vision identifies the principles that will achieve the city's vision "A vibrant and sustainable Napier for all". Collaboration and engagement with other government agencies, local businesses, stakeholders and resident groups is also a core function of City Development.

RESOURCE CONSENTS

Resource Consents carries out activities required by legislation and is responsible for the administration and management of the Resource Management Act 1991 by providing the following functions:

- Processing of non-notified Resource Consents
- Preparation of reports for hearings relating to notified Resource Consents
- Management and resolution of subsequent Environment Court appeal processes
- Processing of the planning component of Building Consent applications
- Processing of Resource Consents for the subdivision of land
- Processing of Land Information Memorandums

- Implementation of an annual monitoring programme to gauge the effectiveness of the Council's environmental management policies
- Provision of planning advice and information in relation to resource consents, the administration of the District Plan, general development advice, heritage planning and conservation
- Enforcement work to ensure compliance with Resource Consent approvals and the operative District Plans
- Encouraging on-going sustainable development and enabling the community to provide for their economic well-being by the use of enabling regulations.

REGULATORY SOLUTIONS

Regulatory Solutions are responsible for licencing, monitoring and inspecting a range of services that are provided largely by local businesses, which have the potential to cause harm to the public as governed by various legislations. These businesses include; food premises, camping grounds, hairdressers, mortuaries, wine makers, (environmentally) offensive trades and liquor licencing services.

In addition, Council is responsible for investigating notifiable diseases, investigating and monitoring nuisance to the community, providing a noise control service and monitoring and enforcing freedom camping.

Regulatory Solutions provides advice, education and assistance to individuals and businesses for those starting out and those well established.

BUILDING CONSENTS

The core function of Building Consents is carrying out the requirements of the Building Act 2004: the processing of building consent applications, inspecting building work on site and issuing code compliance certificates at the completion of building work. The Building Consents team also inspect swimming pool barriers, audit building warrants of fitness, investigate complaints, carry out enforcement action when required and provide advice and information to the public on building related issues.

ANIMAL CONTROL

Animal Control is responsible for the implementation and enforcement of the Dog Control Act 1996 and Council Bylaws relating to the Dog Control Act.

Animal Control manages the registration and control of dogs, promoting responsible dog ownership, reducing nuisance created by dogs, ensuring and reducing

CITY STRATEGY CONTINUED

risk to public safety from dogs and providing animal education initiatives. Emphasis is placed on responsible dog ownership, education and classification of dogs and owners in line with the provisions of the Dog Control Act 1996.

Animal Control operates an animal shelter caring for any impounded dogs, which cares for on average 500 dogs per year and responds to roaming stock requests.

Parking

Parking ensures that safe and adequate parking facilities are available to the residents and visitors to Napier City. This is achieved through the provision of sufficient car parking to meet demand for:

- On street parking
- Off street parking
- Leased parking
- Mobility Parking Alternative
- Transport parking, e.g. motorcycles, electric vehicles.

All parking areas under the Council's control are patrolled either regularly or on request by warranted Parking Enforcement Officers. This is to ensure compliance with national legislation and local regulation. This ensures parking circulation occurs and remains available to all members of the public. Parking ensures that vehicles are parked in a safe and compliant manner.

COMMUNITY OUTCOMES

City Strategy contributes to the following community outcomes:

	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
City Development	①		②		
Resource Consents			②		①
Regulatory Solutions	②				①
Building Consents					①
Animal Control					①
Parking	②	①			

Key: ① = Primary focus ② contributes to

YEAR IN REVIEW

CITY DEVELOPMENT

District Plan

The District Plan Review is progressing well with the Council endorsing the policy direction throughout 2019 and the first half of 2020. The Draft District Plan is scheduled for notification in November 2020. The direction facilitates six outcomes for the city. These include a Resilient Napier, by enabling new urban growth in the hills, and Smart Growth, by developing a Regional Industrial Land Strategy, which will future proof the supply of industrial land for our region. The strategy also aims to locate the right industry in the right place. The other four outcomes are:

- Premier Regional Park
- City Living Supporting a Vibrant CBD

- Leveraging our Heritage
- Great Urban Areas.

Napier Recovery Plan

The Napier Recovery Plan is our medium term plan for Napier's recovery from the COVID-19 pandemic. The Plan sets the framework for an agile response to community and business needs while maintaining the focus on the community wellbeing goals. The Plan also identifies six goals:

- Everyone has access to safe drinking water, food and housing
- We are healthy and active
- Our businesses and not-for-profit organisations are resilient and innovative

CITY STRATEGY - YEAR IN REVIEW CONTINUED

- Our city centre and local centres are vibrant and sustainable
- Our community is safe, fair, connected, and resilient
- Renewal of our city respects, protects, and celebrates our cultural heritage and environment.

Inner Harbour

A Master plan for the Inner Harbour is nearly complete. This plan aims to transform the area, building on the opportunity created by overdue asset renewal work, and the over-arching vision developed in the Ahuriri Estuary and Coastal Edge Masterplan. The new vision for the Inner Harbour includes optimising the use of the water space and providing for the present and future needs of users, as well as transforming those connecting spaces between the water's edge and the commercial uses with improved amenities. The Inner Harbour Master plan will also make recommendations for improved environmental outcomes, and will secure the future of Te Matau-a-Maui as an asset and attraction for the region. It will cement the harbour as an iconic tourist and local destination.

Lagoon Farm Land Use Strategy

The Council recently adopted the proposed future land use zone for Lagoon Farm which identified the pathway to enable a Regional Park for the City. The Lagoon Farm project will meet many criteria under the Ecological Excellence Principle of the Napier City Vision and is one of the main initiatives identified in the Ahuriri Estuary and Coastal Edge Masterplan. The main objectives for this project are to improve the city's stormwater and estuary biodiversity as well as providing recreational pathways for visitors to the Park.

Student City Studio

The Student City Studio opened again in the Napier CBD this year. A collaboration between EIT, the Council and the University of Waikato provided students with a space to work on projects that are either part of their degree requirements or summer research scholarship assignments and gave them a presence in the city centre. The Studio contributes to a vibrant CBD, as well as providing employment pathways for students who participate in private projects helping businesses in the CBD.

Placemaking Activation Projects

Due to COVID-19 restrictions, many of the City Vision projects have not been delivered this year. A series of Placemaking projects have been planned for 2020-2021. The aim of these projects is to work together with the community to revive some public areas, making our city more attractive while connecting the community. The Placemaking projects are a big contributor to achieving the principle Vision of a "Vibrant Napier". In some ways they have been overtaken by the "support Napier" campaign and the contestable funding associated with the recovery process.

REGULATORY SOLUTIONS**Liquor Licensing**

The Joint Napier City Council and Hastings District Council Local Alcohol Policy (LAP) was adopted and came into full effect from 21 November 2019. An appointments process was undertaken for Napier's District Licensing Committee for a three-year term. Five committee list appointments were made from existing members. A new Commissioner was also appointed to chair the committee.

Environmental Health and Food Control

Following implementation of the Food Act 2014, this year Government confirmed local councils as verification agencies for template food control plans providing certainty to councils of their role in food safety. Food verification and compliance continued through COVID-19 restrictions ensuring essential service providers, such as supermarkets, Four Squares and dairies were meeting the restrictions and maintaining public safety. This work expanded to other food businesses re-opening under COVID-19 alert levels 2 and 3. Our compliance staff worked closely with local food businesses through levels 2, 3 and 4 to ensure business could continue or resume trading under changed business models.

Freedom Camping

Freedom camping areas continue to be enjoyed by local and international visitors up until level 4 COVID-19 restrictions. The Council focused on ensuring freedom campers complied with government restrictions. A number of measures were put in place to assist freedom campers situated in Napier to self-isolate safely during lockdown. Three of four sites were closed and remaining self-contained vehicles were managed at a single site. Non-self-contained vehicles were not permitted and assistance provided in finding alternative arrangements for COVID-19 alert levels 3 and 4.

BUILDING CONSENTS

Following a successful Business Case to employ an additional building consents officer and a trainee building consents officer, we began processing building consent applications for the Selwyn District Council in March 2020 to subsidise the cost of these additional positions. Since early March 2020 until the end of June 2020, we have approved 98 building consent applications under a Shared Services Agreement with Selwyn made up of 97 new dwellings and 1 commercial project. The success of the Shared Services Agreement with Selwyn demonstrates the potential for further growth in this space.

ANIMAL CONTROL

Animal Control have delivered public safety programmes to school children and other community groups, such as district health nurses, postal services, and meter

CITY STRATEGY - YEAR IN REVIEW CONTINUED

readers to help keep them safe when they visit properties with dogs. Over 2,000 children and employees have been through the programme. Improvements to the pound have continued throughout the year, however, the facility will require a substantial upgrade to accommodate the growing number of dogs impounded and to better cater for puppies and sick dogs.

PARKING

Demand for parking in Napier's CBD continues to be high. Both commuter parking and inner-city retail parking are in equal short supply. Several initiatives are underway to address these shortages, including a new lease carpark in Hastings St which is near completion, and two further developments in Herschell St and Station St. The Council is continually monitoring the effects of increased parking demand and make adjustments where needed.

No parking fees were charged on both metered and leased parking spaces during COVID-19 lockdown at alert levels 3 and 4. The charging resumed on 18 May 2020 which is a few days after the move to level 2. None of the parking performance measures were significantly impacted for the year 2019/20 as a result of COVID-19 pandemic.

RESOURCE CONSENTS

Although the number of applications received during and after COVID-19 restrictions has decreased, there continues to be a steady number of applications being received by the Council. Consents are a mix of large greenfield and small scale residential subdivisions, commercial, retail and industrial developments.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
District Plan stakeholder engagement completed and notification of new Draft Napier District Plan.	In-progress	Some pre-consultation with community and stakeholder groups was undertaken. The new Council were also taken through the various components of the District plan review to set direction.
Six of the Ahuriri Estuary Master Plan projects confirmed by Council and initiated.	In-progress	These projects are on various stages of development and implementation however some delays or reprioritisation has happened due to COVID-19.
Planning for the development of the Napier Economic Development Strategy	Achieved	The Napier Recovery Plan has replaced the Napier Economic Development Strategy. The Recovery Plan aims to uplift the Napier economy after the negative impacts endured from COVID-19.
Development of a Regional Industrial Land Strategy	Achieved	The Regional Industrial Land Strategy was presented to both the Hastings and Napier Councils. It is now ready for implementation.
Land use study for the Lagoon Farm as part of the development of a Regional Park	Achieved	Council recently adopted the proposed future land use zone for Lagoon Farm which identified the pathway to enable a Regional Park for the City.
Parking strategy development	Achieved	This was agreed to by Council.
Development of a Heritage Strategy	On-hold	This was put on hold. A chapter on heritage was written as part of District Plan review.
Implementation of the Placemaking Strategy by delivering 7 city activation projects	In-progress	Due to COVID-19, many of the City Vision projects have not been delivered in 2019/20 but a series of Placemaking projects have been planned for 2020/21.
Development of an Inner Harbour Plan	In-progress	Some preliminary planning has been undertaken in 2019/20 and asset assessments have been undertaken and more detailed planning is to occur in 2020/21 (see under Property Holdings).

CITY STRATEGY CONTINUED

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
City Development	Provide the Policy Planning and Strategic functions for Napier City	District Plan reviewed to align with the Napier City Vision document and the Coastal Hazards Strategy	Achieved	Stakeholders engagement completed. Notification of the new Napier District Plan	Achieved	◆	On track for notification of Draft District Plan in 2020
		Delivery of the final Ahuriri Estuary and Coastal Edge Strategic document	Achieved	Six of the Master Plan projects confirmed by Council and initiated	Achieved	◆	Inner Harbour Plan, Lagoon Farm Plan, Stormwater quality improvements and roading upgrade options under development
	Provide for growth areas for the city industrial, commercial and residential development	Reviewed HPUDS Strategy and commence HPUDS Implementation	Not achieved	Research on land available to be developed and service is completed. Stakeholder engagement initiated through district plan review	Not achieved	◆	Structure Plan for Greenfield Growth in the Hills is underway and due to be completed by October 2020. The outcomes of this report will feed into the District Plan review and HPUDS review in 2022.
	Provide the strategic economic development function for Napier City	Delivery of the Napier Economic Development Strategy (NEDS)	Not achieved	Project Plan for the NEDS implementation completed	Not achieved	◆	Due to COVID-19 pandemic, the Napier Economic Development Strategy was replaced by Napier Recovery Plan. The Recovery Plan aims to uplift the Napier economy after the negative impacts endured from COVID-19.
Resource Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process non-notified resource consents (excluding Controlled Activities) and all subdivision consents to approval stage, within the statutory time frames of 20-working days	99% (193 out of 194)	100%	100% (259 out of 259)	◆	
		Process Controlled Activity Resource Consents (excluding subdivision) within 10-working days	100% (8 out of 8)	100%	100% (13 out of 13)	◆	
		Process notified Resource Consents within the statutory time frames of 130-working days	(0 out of 0)	100%	100% (2 out of 2)	◆	
		Process limited notified Resource Consents within 100-working days	100% (1 out of 1)	100%	100% (4 out of 4)	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

CITY STRATEGY - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Resource Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Land information Memorandums to be processed within the statutory limit of 10-working days	100% (308 out of 308)	100%	100% (336 out of 336)	◆	
		All formal complaints are investigated and responded within 3 days of receipt by Council	100% (43 out of 43)	100%	100% (39 out of 39)	◆	
Regulatory Solutions	Council monitors and enforces legislative compliance to protect its citizens and their safety	Percentage of residents satisfied with Council management and enforcement activity of Noise Control in the NRB Public Opinion Survey.	76%	80%	68%	◆	
		Percentage of Food Act verification audits completed in accordance with the scheduled times in the Food Act 2014.	95%	100%	100%	◆	
		Percentage of liquor licenced premises are inspected annually for compliance with their licenced conditions	84%	50% of licenced premises per annum	85%	◆	
		Percentage of very high and high risk liquor licenced premises inspected at least annually	100%	100%	93%	◆	Additional inspections were carried out (ie 20 inspections over 10 premises) to check for compliance with COVID-19 restrictions.
		Percentage of Noise control complaints are responded to within 25 minutes	94%	95%	70%	◆	There was contract variation effective from 21 August 2019 where 80% of complaints referred to the contractor will have an Officer onsite and action commenced to resolve the complaint within 30 minutes of the call being received.
Building Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process of building consent applications within the statutory time frame of 20 working days	100% (1258 out of 1263)	100%	99% (1194 out of 1202)	◆	
		Percentage of processed code compliance certificates within the statutory time frame of 20 working days	100% (1123 out of 1123)	100%	100% (1110 out of 1112)	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

CITY STRATEGY - PERFORMANCE - RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Building Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Percentage of audits for all buildings requiring building warrants of fitness annually	22%	20%	22%	◆	
		Inspect a third of registered swimming pools annually	100%	1/3 of pools	100%	◆	
		Maintain Building Consent Authority (BCA) accreditation	Maintained	Maintained	Maintained	◆	
Animal Control	Implement and enforce the requirements of the Dog Control Act 1996	Percentage of residents satisfied with council management and enforcement activity of Animal Control in the NRB Public Opinion Survey	75%	78%	64%	◆	
		All requests for services are investigated and responded to within 21 days	100%	100%	100%	◆	
Parking	Provide and manage parking facilities for the city	Percentage of residents satisfied with Parking in the Inner city in the NRB Public Opinion Survey	48%	60%	44%	◆	Refer to the Satisfaction Survey 'Comparability' disclosure in page 90.
		Percentage of residents satisfied with Parking in the Suburbs in the NRB Public Opinion Survey	58%	65%	58%	◆	Refer to the Satisfaction Survey 'Comparability' disclosure in page 90.
		Percentage of CBD parking occupancy rate	75%	50 - 85%	74%	◆	Compared to previous year, survey conducted was over 7 day period compared to 5.5 day
		Percentage of Taradale parking occupancy rate	57%	50 - 85%	64%	◆	Compared to previous year, survey conducted was over 7 day period compared to 5.5 day

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

CITY STRATEGY CONTINUED

CAPITAL EXPENDITURE (CITY STRATEGY)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
CBD Parking Projects	1,692	2,200	125
Minor Capital Items	116	98	65
	1,808	2,298	190



CITY STRATEGY CONTINUED

FUNDING IMPACT STATEMENT (CITY STRATEGY)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,583	4,159	4,095
Targeted rates	274	270	266
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,802	4,908	4,761
Internal charges and overhead recoveries	219	219	214
Local authorities fuel tax, fines, infringement fees, and other receipts	1,207	1,094	1,054
Total operating funding (A)	12,085	10,650	10,390
Applications of operating funding			
Payments to staff and suppliers	17,452	6,334	6,403
Finance costs	-	-	-
Internal charges and overheads applied	3,543	3,685	3,431
Other operating funding applications	35	-	-
Total applications of operating funding (B)	21,030	10,019	9,834
Surplus/(deficit) of operating funding (A - B)	(8,945)	631	556
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	1,707	2,266	577
- to replace existing assets	101	59	70
Increase (decrease) in reserves	(10,753)	(1,694)	(91)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	(8,945)	631	556
Surplus/(deficit) of capital funding (C - D)	8,945	(631)	(556)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from Above			
Group depreciation & amortisation	300	350	329

ACTIVITY GROUPS

COMMUNITY AND VISITOR EXPERIENCES

SCOPE

Activities in the Community and Visitor Experiences Group are:

- Community Strategies
- Community Facilities (Halls)
- Napier Aquatic Centre
- Marine Parade Pools
- Bay Skate
- McLean Park
- Events and Marketing
- Housing
- Libraries
- MTG Hawke's Bay
- Napier Municipal Theatre
- Napier i-SITE Visitor Centre
- Par2 MiniGolf
- National Aquarium of NZ
- Napier Conferences & Events – Napier War Memorial Centre (Formerly Napier Conference Centre)
- Kennedy Park Resort
- Sportsgrounds
- Reserves

COMMUNITY STRATEGIES

The Community Strategies activity encompasses the following main activities:

- Community planning
- Community advice
- Community grants
- Community engagement
- Safer community (including Civil Defence)

Council works alongside our communities to support them to identify and implement solutions to the complex social issues present in our society. The team work both strategically and practically to ensure issues are identified, prioritised and addressed through a collaborative approach.

COMMUNITY FACILITIES (HALLS)

Council provides a range of community facilities that meet the recreational and social needs of the community. They are spaces where people connect, learn, socialise and participate. There are four community halls, four community centres, and one sports centre. The halls are available for hire, with discounted rates for community groups. Use of the community centres vary, but generally, community groups lease the facilities, and halls are either managed directly by Council, or through a third party group or Trust.

NAPIER AQUATIC CENTRE

Situated in the centre of Napier, in the middle of Onekawa Park, the Napier Aquatic Centre is a safe and affordable aquatic facility for everyone. The facility currently provides two 25m pools, a learners' pool, waterslides, spas, spray park and an outdoor area suitable for picnics. A number of services are provided ranging from learn to swim and aqua fitness to birthday parties. A new pool has been included in the plan and will require a change in location due to limitations on site development and contamination.

MARINE PARADE POOLS

Council provides an outdoor complex with four heated outdoor pools and five spa pools. An external contractor manages the day-to-day running of the facility.

BAY SKATE

Bay Skate on Marine Parade is a community facility providing for a range of roller-sport activities and community events. Local roller-sport clubs and groups are actively encouraged to use the facility for training, games and demonstrations.

MCLEAN PARK

Hosting international and national sports events, this facility provides outdoor sportsgrounds and stands, indoor court facility as well as administration and hospitality areas. The park also plays host to trade shows, expos, community events and private functions.

EVENTS AND MARKETING

Events are a key part of the Napier City's social, economic and cultural fabric. Council provides support for event organisers to grow sustainable events in the region.

HOUSING

There are 72 units in Council's low cost rental portfolio spread across three villages. Council's retirement portfolio comprises 304 units clustered in nine villages. The smaller villages comprise 4 to 20 units with 28 to 50 units in the larger villages, and one larger village with 80 units.

LIBRARIES

Library services are provided to the community from two locations, Napier City and Taradale, with a variety of collections in multi-media formats and online services. The libraries support a total membership of approximately 34,000, of which some 4,500 members are resident in Hastings District. Membership is free and the majority of lending items are free to borrow.

COMMUNITY AND VISITOR EXPERIENCES - SCOPE CONTINUED

MTG HAWKE'S BAY

MTG Hawke's Bay is the region's arts and culture facility providing exhibitions of the collection and loans from other museums, galleries and individuals. The region's collection is housed under a management agreement with the Hawke's Bay Museums Trust. Active participation of the community is encouraged with public programmes, events and learning experiences. The venue includes the 330-seat Century Theatre, and two foyer spaces, which are also available to hire, and a small retail shop. The MTG Hawke's Bay building is iconic, representing three distinct eras, 1930's, 1970's and 2010's.

NAPIER MUNICIPAL THEATRE

The Napier Municipal Theatre is a leading theatre in Hawke's Bay for performances, shows, concerts, functions and events. Centrally located, the theatre combines an elegant Art Deco style with modern theatre facilities. The large auditorium facilities and circular Pan Pac Foyer make it a flexible performance and event facility.

NAPIER I-SITE VISITOR CENTRE

The Napier i-SITE Visitor Centre provides visitor information for the people of Napier, Hawke's Bay and for visitors to the area, both domestic and international. It plays a vital role in the promotion of Napier and surrounding areas. The i-SITE is located within the key Marine Parade tourism precinct of the city, and plays a key role in the support of tourism and the local economy.

PAR2 MINIGOLF

Par2 MiniGolf on Napier's Marine Parade next to Napier i-SITE has two 18 hole courses, one slightly more challenging than the other. It attracts locals and visitors and is a fun family friendly activity for all ages.

NATIONAL AQUARIUM OF NZ

The National Aquarium of New Zealand is a marine zoo/aquarium/kiwi breeding facility which attracts locals and visitors. This visitor experience is an integral part of Marine Parade's tourist attractions, contributing favourably to the economic well-being of the city. The National Aquarium is also a quality provider of educational experiences and provides an affordable after-hours functions venue for Napier citizens and visitors to the region.

NAPIER CONFERENCES & EVENTS – NAPIER WAR MEMORIAL CENTRE (FORMERLY NAPIER CONFERENCE CENTRE)

The Napier War Memorial Centre located on the northern end of Napier's Marine Parade with views from Mahia Peninsula to Cape Kidnappers, is Hawke's Bay's premiere, high quality full service conference and event venue. It is suitable for a wide range of events and attracts local, national and international conferences.

KENNEDY PARK RESORT

Kennedy Park Resort is located on Storkey Street in Marewa and offers a wide range of affordable accommodation types, including units, tents and non-powered sites. The accommodation and associated facilities also cater for conferences and attract both national and international visitors. Kennedy Park is one of the busiest and most well revisited holiday parks in New Zealand and contributes favourably to the local economy.

SPORTSGROUNDS

Council provides and maintains 16 sports grounds throughout Napier. This equates to an area of 213 hectares of land set aside for sports purposes across the city. Napier's sports grounds range from facilities of regional and national significance to grounds principally serving local club demand.

RESERVES

Council provides, manages and maintains a range of parks, reserves and public gardens of various sizes, designations and purposes, to cater to a wide range of community uses. Council reserves support a large number of events for tourists and locals, delivering highly maintained grounds and gardens ranging in location from coastal foreshore to formal botanical gardens. These areas enjoy a high profile within the city, resulting in high expectations and standards. The Reserves activity also manages the day-to-day maintenance and operation of play equipment located throughout the city.

COMMUNITY AND VISITOR EXPERIENCES CONTINUED

COMMUNITY OUTCOMES

The Community and Visitor Experiences activity group contribute to the following community outcomes:

	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
Community Strategies				2	1
Community Facilities					1
Napier Aquatic Centre					1
Marine Parade Pools					1
Bay Skate					1
McLean Park	2				1
Events and Marketing	1				
Housing		1			
Libraries	2		1		
MTG Hawke's Bay	2		1		2
Napier Municipal Theatre	1		2		
Napier i-SITE Visitor Centre	1				
Par2 MiniGolf	1				
National Aquarium of NZ	1		2		
Napier Conferences & Events	1				
Kennedy Park Resort	1				
Sportsgrounds	2	2	2		1
Reserves	2	2	1		2

Key: 1 = Primary focus 2 contributes to

YEAR IN REVIEW

COMMUNITY STRATEGIES

Several policies and strategies were progressed with the adoption of the Napier Disability Strategy, the Positive Ageing Strategy and the Youth Strategy. The development of implementation plans is underway.

A co-design approach was undertaken with the Maraenui community to develop a concept design for a new community facility in the suburb as part of the Te Pihinga initiative, an urban transformation project. The concept design will go out to the community for further feedback before being finalised.

The COVID-19 pandemic meant a shift in key focus towards the welfare response particularly during alert Levels 3 and 4. A Napier Welfare Response plan was developed and implemented while support was also provided to the

regional civil defence response. The already established networks within the Napier community proved valuable to achieve a coordinated response where no-one fell through the gaps. In addition, a Rapid Response Fund was quickly established to support community groups in their response roles.

COMMUNITY FACILITIES

The small building on Maraenui Reserve, formerly leased by Mataruahau Māori Wardens was refurbished, renamed (with community input) and reopened as a base for meetings of local community groups.

We worked with the boards that run the externally managed community halls and facilities to support their compliance with the health and safety requirements and at the same time renewed the management agreements.

COMMUNITY AND VISITOR EXPERIENCES - YEAR IN REVIEW CONTINUED

The Taradale Rotary, who had managed the Taradale Town Hall since the early 1980s, transferred the management of the Hall to Council but continue to support the Hall through regular bookings of the Rotary Lounge and Hall.

Taradale Plunket Rooms remains closed until structural strengthening work can be completed. The Memorial Square Community Rooms continue to be utilised by the Napier Libraries, with the future use of the building on hold until a new central Library is constructed.

The facilities provide a place for community to connect, recreate, socialise and provide services from in an accessible and affordable way.

NAPIER AQUATIC CENTRE

Besides the COVID-19 pandemic, the year 2019/20 featured a number of highlights for Napier Aquatic Centre. Hawke's Bay Rugby Union's move out of Aquatic Centre facilities created an opportunity to utilise the space as a fit-for-purpose small group training space for our AquaMax HIIT Squad, aligned partners and community groups. The re-fitting works for the vacated space has been completed with programmes underway and section of it leased to an external party. The AquaMax HIIT Squad fitness programme has been going on at capacity since it was re-launched with potential to further expand the existing timetable and offer opportunities for more people to improve their physical and mental well-being through this program. The SuperSwim initiative (\$1 entry for seniors) which started last year, continues to be a success in eliminating one of the key barriers for physical activity participation among the elderly. With strong numbers seen during the year, it only proves that more and more seniors receive and appreciate the well-being benefits that the aquatic exercise can provide at a nominal amount.

During the year, there were some unforeseen asset failures due to age and condition, including the repair of the ceiling tiles in the Ivan Wilson pool. The lack of aquatic capacity, particularly at peak periods, continually limits the ability to deliver community benefit to more customers and groups.

The facility was closed during COVID-19 lockdown at alert levels 3 and 4, and reduced levels of service at level 2 to manage the 100 capacity limit within the facility. This was the main driver for the shortfall in the target number of visitors during the year on top of the closures from the repairs and maintenance. By second-half of June 2020, the general visitation, bookings and programmes were mostly recovering with the numbers in upward trend even surpassing the figures for the same period last year.

Aquatic Centre Project

In May 2020, the High Court issued its ruling around the Napier Aquatic Centre redevelopment issue in favour of the Council saying that the Council followed due processes in coming to a decision. The Council reviewed its capital programme in light of the impacts

of COVID-19 and has agreed to pause the project and explore other options in particular, site investigations of the current pool site in Onekawa, and then to consult with the community as part of the Council's Long Term Plan 2021-31.

BAY SKATE

In December 2019, Bay Skate hosted Madd Gear Pro (MGP) Annual Christmas Jam where MGP team from around the country including New Zealand's best pro riders came to Napier to participate.

During the year, plans have been developed for the further expansion of the ramp area in 2020/21 which meant that Bay Skate will continue to be able to host the NZ Scooter Nationals as well as provide the progression and challenges to develop our young athletes across all rollersports disciplines. Changes were made to the reception area layout to make it more suitable for retail and improve the customer flow. The retail offering has also been increased with the resulting sales significantly exceeding the budget.

Programmes to enable other groups to benefit from the facility, including schools, holiday programmes and structured lessons have also been developed and will be implemented in 2020/21.

The facility was closed during COVID-19 lockdown at alert levels 3 and 4, and reduced levels of service at level 2 to manage the 100 capacity limit within the facility. This resulted in a shortfall in the target number of visitors during the year despite surpassing last year's figures up until the point where COVID-19 lockdown (alert level 4) came into force. Bay Skate's June 2020 figures show promising recovery from alert level 1 and subsequently in July 2020 with growing numbers.

MCLEAN PARK

McLean Park hosted 15 major events over the year, with the highlights being the BlackCaps v England T20 International cricket, the Hurricanes playing the Sunwolves in the Super Rugby competition and the Blackclash Celebrity T20 Cricket game which attracted approximately one million television viewers providing great promotional opportunity for the city.

EVENTS AND MARKETING

In the event space, the Council supported or managed 40 events which included 5 major events, 28 regional events and 7 local events. These events provided a combined economic benefit to the city of over \$20m.

During the year, Council also agreed to make Tremain Field at Park Island available as entertainment venue (up to 5 events per year), which may bring additional benefits to the city in financial year 2020/21.

Highlights for the year included successfully hosting the Blackclash Celebrity T20 Cricket and England T20 vs Blackcaps cricket match at McLean Park. Other notable events during the year include Hawke's Bay Marathon, Hawke's Bay Arts Festival – Nuit Blanche

COMMUNITY AND VISITOR EXPERIENCES - YEAR IN REVIEW CONTINUED

event and Art Deco Festival along with very successful local events, including New Year's Eve Event, Napier Night Fiesta, Harcourts Christmas Parade, Toasted! and Botanic Beats.

The Business Breakfast Series continued to run with speakers Andy Hamilton, Victoria Crone and Rob Fyfe attracting hundreds of business owners and managers to hear business advice and tips on a range of interesting topics.

There were several events in the months of March, April, and May 2020 when the COVID-19 alert levels 2, 3 and 4 were in force, which were either postponed or cancelled due to the COVID-19 restrictions and uncertainty. The peak season for events is usually around October to March so it was just when the events are easing down that COVID-19 hit the country which meant a minimal impact to the Council's events and marketing for financial year 2019/20.

HOUSING

A detailed assessment of the provision of community housing was initiated following an initial review of options available to the Council to maintain the sustainable delivery of housing. Two options are being further investigated through the detailed assessment. One option is to sell or lease the entire housing portfolio to another entity. The other is to generate funds to continue the service or build newer units by selling some of the units. The assessment will determine which option(s) is/are feasible. There will be a consultation with the community, including our current tenants, should there be a proposed change.

A full condition assessment of all of the housing units and villages was started. This assessment will assist with both the review of the housing provision as well as meeting compliance with the government's healthy homes standards.

NAPIER LIBRARIES

Library Operational

A small-scale restructure was undertaken to align with the library strategy which came into effect in August 2019. This enabled the creation of a community engagement team which began delivering digital classes to support work around the digital divide.

The movement restrictions during COVID-19, particularly at alert levels 3 and 4, has led to an increase in new and returning members, a surge in the usage of the library's digital content by 40%, as well as a dramatic spike in engagement with the library social media and website.

With the closure of the Napier Libraries during the COVID-19 lockdown period (level 3 and 4), the majority of the library's working force were redeployed to civil defence roles during the to support the welfare response. The facilities resumed normal business operations at level 1.

City Centre Library Project

Reports were developed for each of the 16 sites that were previously identified as potential options for the library, which covered site extent, hazards, regulatory requirement, heritage and cultural issues, services and tenure.

The Councillors were presented with the results of the library site selection matrix and it was recommended to them that we progress with further due diligence on selected sites. Due diligence was completed on the top three sites in late 2019.

In March 2020, a report on the process, recommendations and decisions made to date on the Council civic offices, hotel development, and new Napier Library was received by the Council. One of the recommendations that was adopted was to receive and accept in principle the recommendation from the Library site project steering group to pursue the development of the library on the Station Street site.

This recommends the library returning to Station Street in some form. It recognises that these are critical decisions that need careful consideration. A working group was established to look at options, costs and masterplanning of the potential commercial development, Library, and Council buildings.

MTG HAWKE'S BAY

MTG provides a safe space for the community to engage with arts and culture. It contributes to the wellbeing of the community through helping people have a sense of themselves and know the history of their place. Access to arts and culture is well documented as supporting emotional and mental wellbeing.

The museum works tirelessly to provide a genuine sense of ownership for and with the regional community. Examples include our ongoing partnership with artist group Iwitoi Kahungunu and the development of the exhibition Mystery of History exhibition, where we worked with a group of local children in the role of 'junior curators' to determine exhibition artefacts and written content. We engaged widely and deeply with Ngāti Kahungunu kaumatua in the creation of exhibition Rongonui and our Turuturu exhibition was developed in association with Nigel How, from Wairoa Museum, and with local weavers who provided insight and supported the exhibition opening.

Highlights/achievements

During COVID-19 lockdown, MTG promoted 'Art from your Armchair' leading to a 78% increase in public engagement with collections online, and actively encouraged people to document their lockdown experiences as a means of supporting both mental and emotional wellbeing.

Student numbers through the museum were tracking well at the beginning of the school year. The COVID-19 restrictions specifically at lockdown (alert levels 3 and 4) created significant challenges for both education programmes, forcing a complete review of our delivery

COMMUNITY AND VISITOR EXPERIENCES - YEAR IN REVIEW CONTINUED

to accommodate the demands of the restrictions. Educators focused on strengthening existing relationships with classroom teachers by supporting them with museum-related educational resources they could utilise for their own virtual teaching. Examples include Matariki programmes online, and now in association with the Kahurangi Dance Theatre Company, as well as an art-focused 'Junior Curator for a Day' programme supported by The Arts Society Hawke's Bay. We have also developed Mahi @ MTG, a series of mini-lessons posted on our social media, a new section of our website called Learn from Home and Taonga Time, both activities focusing on museum artefacts which are accessible via our online catalogue.

MTG's revenue has continued to increase during the year and was up by 65% compared to the previous year just before the COVID-19 lockdown was in force. Following return to level 1, retail has slowly picked up with June 2020 figures even surpassing the same month last year.

Existing sponsorship relationships have continued, providing additional revenue and/or products and services, as well as mutually beneficial partnerships. A new partnership has been formed with the Deco Dancers, who perform regularly on our forecourt and participate in Deco-related events such as our sold out inaugural event Deco-dance after Dark. Another fledgling partnership is with Apple Press, a Hawke's Bay-based apple juice company who will sponsor the opening of future exhibitions.

The popular Behind the Scenes tours at our offsite storage facility have continued to provide different ways for the public to access the collection, and now include some sessions held at the museum. We have increased our school holiday programme offering from 12 to 16 sessions over a two-week period each holidays (excluding those affected by the pandemic). These programmes are priced to enable people from diverse economic backgrounds to be able to participate. Friends of MTG membership continues to increase, and an ongoing recruitment drive is now supported by newly developed marketing material. We have appointed a voluntary Volunteers organiser, and planning is underway to review and redevelop our Volunteers to programme to include youth.

MTG also hosted the monthly NCC Youth Council meetings, the regional Nga Toi meetings, biannual Pecha Kuch, annual Archaeology Week talks, and Arts Accessibility meetings.

During the year, the Joint Working Group, including Napier City Council, Hastings District Council, The Hawke's Bay Museums Trust and Iwi, have identified a preferred site for long term storage of the collection and are now working through details and costs. This group is also reviewing governance arrangements for the museum.

NAPIER MUNICIPAL THEATRE

The Council continually identifies the future needs of the Theatre to ensure that hirers are offered the

equipment, technology and marketing support required to ensure they continue to utilise our services. As the expectations of our audiences develop, so do the needs of the hirer, which raises the need to match what other theatres offers to avoid the risk of being dropped from the touring circuit. Equally, we need to ensure our patrons have access to affordable events, performances and experiences in a safe manner, in our beautiful Art Deco styled Theatre.

This year, the Theatre replaced its twenty-three year old sound system that had served many successful shows with an Adamson Line Array system aimed to meet the expectation of both hirers and patrons to have quality sound from every seat. The new system features high quality and versatility which were received by the touring promoters extremely well. We ensured the system was suitable for the historic building and respected the Art Deco design features in the auditorium. The main speakers are housed within false walls behind acoustic fabric, making the system invisible and not detracting from the patron experience.

We have hosted two library events during the summer holiday programme and have collaborated with the Aquarium on a joint marketing initiative for an upcoming show.

Prior to COVID-19, the Theatre was on target to having another successful year offering a wide variety of performances and events. As COVID-19 spread to later become pandemic, many international/national promoters and community hirers began postponing their bookings to a few weeks/months ahead, due to the uncertainty. When it became apparent that both international and trans-Tasman flights were to cease due to border closures, more shows were cancelled with some requests to re-schedule to 2021 dates. Tickets for cancelled shows were refunded, and postponed show ticket purchasers had the option to hold their tickets for the new date or request a refund.

The Theatre closed its doors during COVID-19 lockdown at alert levels 3 and 4. Staffs returned to the Theatre on the 8 May 2020 (level 3) to prepare the venue for social distancing and additional cleaning regimes. The ticketing office re-opened for sales and refunds on 18 May 2020, shortly after the move to alert level 2.

To date, two New Zealand promoters have quickly pulled tours together using national artists for dates post 1 July 2020. Ticket sales are slowly increasing for upcoming shows indicating that the community is feeling safe and ready to experience live performance and events. Support for New Zealand promoters and community groups wanting to bring the product to our Theatre needs to be acknowledged as a way forward for our community to be able to continue to experience live theatre.

COVID-19 has had a large impact on entertainment in the country and as an industry group (EVANZ) we have supported promoters, artists and venues. We have worked with other sectors ensuring the government understands the impact COVID-19 is having on our

COMMUNITY AND VISITOR EXPERIENCES - YEAR IN REVIEW CONTINUED

industry and the community as a whole, with regular webinars and information sharing with other venues and promoters still ongoing.

NAPIER I-SITE VISITOR CENTRE

Napier had an extremely busy cruise ship season in 2019/20. The cruise port had booked a total of 87 ships carrying around 200,000 passengers. Unfortunately, 11 were cancelled, out of which, six were a direct result of the COVID-19 outbreak and the subsequent lockdown. The cruise ship season drives the i-SITE revenue activities significantly hence, the cancellations contributed greatly to the 33% shortfall against the target figures.

The i-SITE was then closed for eight weeks from the day COVID-19 alert level 4 came to effect and re-opened at alert level 2 with increased health and safety measures and a robust contact tracing process. During lockdown and while operating at level 2 we processed a number of cancellations due to COVID-19.

Early in 2020, leading up to big events such as the Art Deco Festival and the series of Mission Concerts, accommodation was in short supply with bookings difficult to secure.

Napier i-SITE continue to receive very good feedback and reviews on TripAdvisor and Facebook platforms during the year.

PAR2 MINIGOLF

Par2 MiniGolf had experienced a great year with comparable player numbers throughout the first two quarters. Par2 MiniGolf was closed for eight weeks from the day COVID-19 alert level 4 came to effect and re-opened at alert level 2 with increased health and safety measures and a robust contact tracing process and increased cleaning procedures. There were good numbers of return game players with group bookings being slightly down.

NATIONAL AQUARIUM OF NZ

A significant achievement in 2019/20 was the completion of the detailed business case (DBC) for the expansion of the National Aquarium of New Zealand, Project Shapeshifter, delivered by Wellington-based consultants Terra Moana – a significant initiative for Community Services & Tourism in 2019/20. The visionary design by US-based architects, EHDD, was co-designed with Māori, marries science and indigenous knowledge and had a kaupapa solidly underpinned by education and conservation. Consultations undertaken evidenced a strong appetite for the project and there was a chance for the Aquarium to build and strengthen stakeholder partnerships. Unfortunately, the financial implications of the COVID-19 has meant a shift in central government funding priorities leading to uncertainty in securing central government funding for the project.

A number of exciting campaigns and events that were well received by visitors at the National Aquarium (both physical and virtual) were also delivered during the year which has greatly contributed to an increased reach in

various social media platforms:

- October's Penguin of the Year campaign saw Draco take out the title
- The Friends of the Aquarium Halloween event – 'Mysteries of the Deep'
- The December 24 Gifts for Nature campaign
- Seaweek Roadshow 2020 with the theme 'Connecting with the Ocean' participated by over 2,000 students from three Hawke's Bay schools

New education partnerships have also been formed allowing the Aquarium as a unique learning content for tertiary students. A summer/spring partnership with EIT supported Marketing students to undertake market research on Aquarium audiences, after which the students fed back ideas on how to engage audiences further, both onsite and virtually.

The Aquarium achieved a Gold Qualmark award for our tourism business under the Sustainable Tourism Business criteria which recognises those businesses that are focused on protecting what makes New Zealand unique and special.

Additionally and in support of aspirations for sustainability, Smart Power investigated and produced a benchmarking Carbon Inventory Report for the Aquarium. This was an incredibly useful exercise to do and not only helped us to understand how we streamline from an efficiency and financial perspective, but also from a sustainability perspective so we can practice what we preach to our visitors.

During the year, the Aquarium launched its new-look website which has been enhanced to create a better customer experience.

In March 2020, the Aquarium was officially closed out as a containment facility for exotic species by the Ministry of Primary Industries (MPI). Cheryl, the American Alligator, had been at the Aquarium for nine years and was returned to Butterfly Creek in Auckland, marking the last containment species. MPI welfare and biosecurity staff were onsite with vets to ensure that the move was safe and comfortable for Cheryl and staff. The animal team has also made some progress success tackling H&S priorities onsite with diver access to the Hawksbill Turtle exhibit improved.

The Building Management System (BMS) upgrade has been a challenging project with extending time frames (further delayed by lockdown) and budget costs far beyond what was initially forecast. This project started in the 2018/19 year and was close to completion at the end of the 2019/20 financial year.

COVID-19 lockdown proved to be a challenging period for all, but the animal team shone, working on a two team roster to ensure our residents were well cared for during alert levels 3 and 4. Our education team jumped to action taking programming online offering online lessons, quizzes and featured content for those at home. This also contributed to the increase in Aquarium's reach in various social media platforms. A unique opportunity also became available in lockdown with the animal and

COMMUNITY AND VISITOR EXPERIENCES - YEAR IN REVIEW CONTINUED

education teams joining forces to produce content for a TV3 children's show called Amped – with 4 segments aired on national television!

In response to COVID-19 financial impact, the Aquarium offered 50% off on Friends of the Aquarium memberships campaign in June 2020. The feedback has been incredible with members sharing that they feel 'supported' and 'valued' and really wanting to support the Aquarium.

NAPIER CONFERENCES & EVENTS – NAPIER WAR MEMORIAL CENTRE (FORMERLY NAPIER CONFERENCE CENTRE)

The venue has continually proven to be very successful for larger conferences as it creates a great flow for delegates between meeting spaces. It has maintained its 4+ Qualmark rating and received an overall rating of 93% for customer service.

The business was heading to another extremely successful year up until March 2020 and at that time, the venue had hosted a total of 263 international, national and community hires year to date. In the lead up to the COVID-19 alert level 4, the venue faced a number of event postponements and cancellations.

KENNEDY PARK RESORT

The Kitchen and Ablution Block rebuild project started in June 2020, along with a provision for the ongoing renewal and building maintenance programme. We will continue to ensure the brand is refreshed, relevant and well promoted to targeted customers and that the facility provides for changing customer requirements.

It was an extremely successful year up until 25 March 2020 when COVID-19 alert level 4 came into force as national response to fight the pandemic. There's a slight decrease in room nights due to COVID-19 lockdown but given the strong performance pre-COVID-19, the Resort still recorded an increase in guest nights ahead of 2019/20 budget.

The Resort has maintained its Qualmark rating i.e. 5 Stars Holiday Park, Gold and 4+ Stars Motel, Gold.

SPORTSGROUNDS

The design has been completed and the contract has been let for the new game field in the Northern Sports Hub at Park Island adjacent to the Hawke's Bay Rugby Union facility. The preliminary ground works have been completed and the final construction of the field and installation of the lights is due to start. The design for new signage at Park Island has also been completed and a number of minor infrastructure renewals undertaken.

RESERVES

Consultation has continued during the year in relation to the provision of a new playground at Te Awa. A decision has been made to proceed with the playground. The outcome of the consultation is that considerable attention is being paid to the design solution. This combined with COVID-19 has delayed the start of the project which is now programmed for completion in the summer of 2020/21.

A number of works have been completed during the year:

- Te Whanga Aspiring Drive Playground - this has been well received;
- the renewal of the playground at Marewa Park;
- additional shade at Anderson Park playground along with minor safety improvements;
- sealing of the Centennial Gardens pond;
- the replacement of the fence at Bluff Hill; and
- Hardinge Road erosion protection works.

In addition our reserves planting programme has continued and a number of planting projects have been completed, several of which have been in conjunction with the community. The Whakarire Avenue Rock Revetment has been delayed pending further consultation.



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COMMUNITY AND VISITOR EXPERIENCES CONTINUED

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
Napier War Memorial designed and construction commenced	In-progress	A concept design was put to the Council and agreed to for consultation with the community. However after the consultation occurred Council then decided not to go with any of the concept designs, and instead determined to create a new design.
Site selected for new Napier Library	In-progress	Sites were investigated and due diligence was undertaken on a shortlist of 3 sites. The original site whether a building refit or rebuild came out as the only practical option. Council agreed to the recommendations in a Council report, and an inform piece has been put to the community as part of the Annual Plan 2020/21 and any feedback received will go to the Library Site working group for further consideration.
New Kennedy Park main ablution block constructed	In-progress	Some construction work has been undertaken and will be completed in 2020/21.
New Aquatic Centre in construction	On-hold	Refer to the commentary under Napier Aquatic Centre above.
Onekawa Park master planning underway	On-hold	This was also put on hold as the Council explores other options on the Aquatic Centre redevelopment as per above.
Feasibility study completed for Tourism Hub (i-SITE/Par 2 redevelopment)	In-progress	The development of the i-SITE Strategy has commenced and complimenting this strategy is an S17A Service Delivery Review of the i-SITE/Par2 business. These strategic pieces of work will shape the opportunity of a Tourism Hub
Business Case for Aquarium Expansion completed	Achieved	A detailed business case was completed and submitted to MBIE in December 2019. Unfortunately, the financial implications of the COVID-19 has meant a shift in central government funding priorities leading to uncertainty in securing central government funding for the project.
Whakarire Ave Revetment construction commenced	Delayed	Pending further consultation.
Shade and health and safety upgrades to Anderson Park playground.	Achieved	Additional shade has been provided at Anderson Park playground along with minor safety improvements.

COMMUNITY AND VISITOR EXPERIENCES CONTINUED

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Community Strategies	Develop effective strategies, policies and initiatives that support community well-being	Number of local community events per year	41	50	51	◆	Events were cancelled or uninitiated due to COVID-19 restrictions.
	Provide affordable indoor facilities that meet the social, leisure and cultural needs of the community	Number of community training and network meetings facilitated each year	17	20	27	◆	Events were cancelled or uninitiated due to COVID-19 restrictions.
		Percentage of attendees satisfied with community training and network meetings	100%	96%	98%	◆	
	Promote safety in response to issues and priorities in the community	Percentage of residents who perceive they are safe or very safe in Napier (source: biannual social monitor survey)	86%	95%	N/A	◆	
	Support Napier communities to be prepared for and to recover from a civil defence emergency (delivered regionally)	Percentage of residents satisfied with Civil Defence delivery (source: NRB survey) excluding "don't know" responses	N/A	85%	N/A	N/A	This is now a function of HBRC and is no longer measured by Napier City Council.
		Number of new community resilience plans developed	N/A	2	N/A	N/A	This is now a function of HBRC and is no longer measured by Napier City Council.
	Support community and other stakeholders to come together to address issues and improve outcomes	Satisfaction score for coalition partners on council's coordination role for Safer Napier (source: annual coalition survey report)	4.3	>4	4.5	◆	
Community Facilities (Halls)	Council provides four halls, four community centres and one sports centre to satisfy community needs	Percentage community hireage for halls directly managed by Council	79%	90%	89%	◆	COVID-19 restrictions have affected community facility use.
		Percentage of customers satisfied with hireage of halls directly managed by Council	100%	95%	100%	◆	
Napier Aquatic Centre	Provide aquatic facilities that focus on accessibility and safety	Number of users using the centre each year	115,374	190,000	192,221	◆	Visitors down across the board due to unplanned maintenance closures as well as COVID-19 lockdown and restrictions

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

COMMUNITY AND VISITOR EXPERIENCES - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Napier Aquatic Centre	Provide aquatic facilities that focus on accessibility and safety	Water quality adherence rate to NZ Water Treatment Standards	90%	100%	94%	◆	These results are due to Napier's water supply having a higher PH making it more difficult to keep our pool water limits within the optimum range. Dosing needs to be consistent and can be achieved through an automatic dosing system which is currently a manual process. This upgrade has until now been deferred due to the new pool development, but we hope to implement this in the coming year.
		Maintain nationally accredited QSS (Quality Swim School) standard	Accreditation not maintained	Maintain accreditation	Accreditation maintained	◆	The assessment for accreditation was performed in March 2020 before the lockdown period but due to the COVID-19 restrictions, there was a delay in the final process. The accreditation was officially granted on 3 August 2020. The next assessment would be in March 2021 with the accreditation normally granted before the end of financial year.
Bay Skate	Provide a facility to cater for a range of roller sports activities.	Number of visitors	19,072	26,500	23,190	◆	COVID-19 closures impacted Q3 and Q4 visitor numbers. COVID-19 meant that the facility was closed for Levels 3 and 4, and reduced levels of service for Level 2 to manage the 100 capacity limit within the facility.
McLean Park	Provides a sport and recreation facility catering for a range of activity	Number of major events hosted	15	11	13	◆	COVID-19 resulted in the cancellation of two major events but still ahead of target.
Housing	Provide affordable and safe housing that meets the needs of tenants	Percentage of tenants satisfied with service	97%	85%	99%	◆	
		Percentage of unit inspections (each unit inspected once per year)	79%	100%	100%	◆	COVID-19 alert restrictions prevented access into units for inspections - these will be completed in the first quarter of 2020/21
	Maximise the occupancy and use of housing and village halls	Occupancy rate - Retirement	98%	97%	99%	◆	
		Occupancy rate - Rental	99%	98%	99%	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

COMMUNITY AND VISITOR EXPERIENCES - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Library	Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social and educational needs	Percentage of library members who are active borrowers (in 24 month period - card use only)	54%	35%	56%	◆	
		Percentage of collection that is actively used	73%	75%	67%	◆	COVID-19 restrictions impact meant there were more digital content used
		Number of programme sessions delivered for all ages per year (excludes "borrow a librarian")	670	350	578	◆	
MTG Hawke's Bay	Council provides a quality museum, theatre and art gallery experience for local and visitor use	Visitor numbers per year	254,733	165,000	305,052	◆	
		Minimum number of new exhibitions per annum	5	3	11	◆	
		Percentage of residents satisfied with MTG Hawke's Bay (NRB Public Opinion Survey)	65%	56%	63%	◆	
Napier Municipal Theatre	Council provides a quality performing arts venue experience for visitor & local use	Maintain Qualmark rating	Achieved	Achieved	Achieved	◆	
Napier i-SITE Visitor Centre	Council provides an i-SITE facility for visitors to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services to encourage visitors to stay longer and to re-visit	Maintain Qualmark rating	Achieved	Qualmark Enviro Silver	Achieved	◆	
		Visitor numbers per annum	161,748	240,000	198,368	◆	Facility closed doors to public on 23 March 2020 due to COVID-19 restrictions and re-opened on 18 May 2020 at level 2.
Par 2 MiniGolf	Council provides a Mini Golf facility as a visitor attraction and for local community use	Maintain Qualmark endorsed criteria Bronze Enviro	Maintained	Main-tained	Maintained	◆	
		Visitor Admissions per annum	41,293	43,000	52,182	◆	Facility closed doors to public on 23 March 2020 due to COVID-19 restrictions and re-opened on 14 May 2020 at level 2.
		Return on Assets	12%	25%	23%	◆	Not achieved due to facility closures during COVID-19 lockdown period adversely impacting the revenue for the last quarter of the year.
National Aquarium of NZ	Provide an aquarium for visitors and local citizens for recreation and education	Maintain Qualmark endorsement	Maintained	Main-tained	Maintained	◆	
		Number of visitors per annum	113,541	145,000	147,934	◆	Unable to achieve due to COVID-19 level 4, 3 and 2 restrictions.

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

ACTIVITY GROUPS

COMMUNITY AND VISITOR EXPERIENCES - PERFORMANCE RESULTS CONTINUED

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Napier Conferences & Events	Council provides a quality conference and events facility which enables events & services to be hosted contributing to the economic well-being of the city	Maintain Qualmark rating	Achieved	Achieved	Achieved	◆	
		Number of national and international hires	293	290	362	◆	Venue closed doors on 26 March 2020 (alert level 4). Events commenced cancellations mid-March 2020.
Kennedy Park	Council provides Kennedy Park facility with a range of high quality accommodation and related visitor experiences	Maintain Qualmark 5 star Gold Holiday Park rating	Maintained	Maintained	Maintained	◆	
		Maintain Qualmark 4 plus star Gold Motel rating	Maintained	Maintained	Maintained	◆	
	Kennedy Park is managed as a sustainable business and provides services that are value for money	Occupancy rates - visitor nights booked per year	75,378	66,000	86,072	◆	
		Occupancy rates - room nights booked per year	25,294	25,875	28,744	◆	Unable to achieve due to COVID-19 level 4, 3 and 2 restrictions.
		Return on Assets	1%	7%	5%	◆	Not achieved due to facility closures during COVID-19 lockdown period adversely impacting the revenue for the last quarter of the year.
Sports-grounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community	Sport and recreation parks per 1,000 residents district wide (NZRA guidelines at least 3ha per 1,000)	3.4ha	>3ha	3.4ha	◆	
		Percentage of residents satisfied with sports fields in the NRB Public Opinion Survey	94%	89%	89%	◆	
		Number of events held each year on sport and recreation	244	>50	65	◆	There has been a change to the methodology for this performance measure which is slightly different but more accurate. Therefore, the LTP figure and the actual results are not entirely comparable.
Reserves	Provide a sufficient number and range of parks and reserves to satisfy the needs of the Community.	All playgrounds inspected fortnightly (safety and condition)	67%	95%	100%	◆	Not achieved due to COVID-19 restrictions from March 2020.
	Provide a sufficient number and range of parks and reserves to satisfy the needs of the Community.	Percentage of residents satisfied with Public Gardens, Street Beds and Trees in the NRB Opinion Survey	91%	100%	89%	◆	

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

COMMUNITY AND VISITOR EXPERIENCES CONTINUED

CAPITAL EXPENDITURE (COMMUNITY AND VISITOR EXPERIENCES)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000	ACTIVITY GROUPS
Aquarium Expansion Project	-	6,400	-	
Aquarium Renewals	359	206	249	
War Memorial Centre Building Renewals	90	105	30	
CC Renewals	13	40	121	
Coastal Erosion	-	200	-	
Destination Playground	-	-	235	
Halls Renewals	14	150	3	
Hardinge Road Erosion	368	-	13	
Reserves Infrastructure Asset Renewal	648	655	274	
KP Building Renewals	74	107	51	
Library Stock	268	360	213	
Main Ablution Block	390	1,200	40	
Marine Parade renewals	16	265	25	
McLean Park Cricket Practice Nets upgrade	1	800	11	
McLean Park Facility Renewals	8	210	-	
McLean Park re-turf	-	-	1,851	
Minor Capital Items	820	1,328	1,144	
Napier Aquatic Centre expansion	1,107	14,000	735	
Napier Library Rebuild	20	1,011	21	
NMT Renewals	66	132	47	
Ocean Spa Upgrade	101	200	-	
Park Island - Footbridge	1	-	154	
Park Island Northern Redevelopment	978	2,140	809	
Passive Recreation Reserves	190	-	51	
Playground Renewals	19	200	28	
Rental Housing Renewals	11	117	-	
Replace sound system	184	150	12	
Reserves Vested Assets	-	300	-	
Retirement Housing Renewals	169	782	159	
Seismic Strengthening	-	300	-	
Skate ramps	-	-	210	
Sportsgrounds - Infra Renewal	355	420	294	
Taradale Community Rooms - Refurbishment	-	-	430	
Urban Growth	30	200	-	
War Memorial	38	1,540	-	
Western Hill Pathway Development	2	280	300	
Westshore Nearshore Restoration	-	500	-	
	6,340	34,298	7,510	

Reduced 2019/20 Actual capital expenditure (\$6,340k) compared to 2019/20 Annual Plan (\$34,298k) mainly due to Aquarium Expansion Project delayed due to uncertainty in securing funding as a result of COVID-19 Government funding priorities; Napier Aquatic Centre expansion project paused to explore further options; Main Ablution Block for Kennedy Park work commenced in latter part of 2019/20 financial year; War Memorial delayed due to original designs not agreed to with a new design to be agreed and consulted on.

COMMUNITY AND VISITOR EXPERIENCES CONTINUED

FUNDING IMPACT STATEMENT (COMMUNITY AND VISITOR EXPERIENCES)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	21,535	21,692	19,103
Targeted rates	-	-	-
Subsidies and grants for operating purposes	804	495	963
Fees and charges	11,260	13,036	12,768
Internal charges and overhead recoveries	1,242	1,252	1,282
Local authorities fuel tax, fines, infringement fees, and other receipts	3,235	3,354	3,282
Total operating funding (A)	38,076	39,830	37,399
Applications of operating funding			
Payments to staff and suppliers	28,353	25,770	27,042
Finance costs	-	-	-
Internal charges and overheads applied	8,301	9,005	8,443
Other operating funding applications	19	-	-
Total applications of operating funding (B)	36,673	34,776	35,486
Surplus/(deficit) of operating funding (A - B)	1,403	5,054	1,913
Sources of capital funding			
Subsidies and grants for capital expenditure	-	14,649	890
Development and financial contributions	564	546	464
Increase (decrease) in debt	2,526	18,604	2,356
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,090	33,799	3,710
Application of capital funding			
Capital expenditure:			
- to meet additional demand	115	215	-
- to improve the level of service	2,085	25,328	5,383
- to replace existing assets	4,132	20,629	8,572
Increase (decrease) in reserves	(1,839)	(7,319)	(8,332)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	4,493	38,853	5,623
Surplus/(deficit) of capital funding (C - D)	(1,403)	(5,054)	(1,913)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from Above			
Group depreciation & amortisation	7,191	6,020	5,683

Improved level of service capital expenditure actuals less than LTP mainly due to delay in Aquarium expansion project, Park Island Northern redevelopment, Whakarire Ave Rock Revetment and Napier Library rebuild.

Replacement of existing assets capital expenditure actuals less than LTP mainly due to Aquatic Centre expansion, McLean Park Cricket Practice Nets projects on hold, resurfacing of the Soundshell and Par2 course upgrade moved out to later years.

PROPERTY ASSETS

SCOPE

Activities in Property Assets are:

- Property Holdings
- Inner Harbour
- Lagoon Farm
- Parklands Residential Development

Property Holdings

Leasehold Land Portfolio:

- Investment Property Portfolio = 74
- Residential = 14

This activity is responsible for the management of leases and licences that have been established for parks, reserves, sportsgrounds, and roads, commercial, industrial, and residential properties. The majority of leases within the Leasehold Land Portfolio are perpetually renewable.

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

Inner Harbour

Napier Inner Harbour facilities are located in Ahuriri. The Inner Harbour provides Council owned berthage facilities and the Nelson Quay Boat Ramp, for both commercial fishing vessels and recreational vessels and craft including the Sailing Waka Te Matau Maui. The Inner Harbour also provides the location for the Napier Sailing Club and the Hawke's Bay Sports Fishing Club, which occupy Council-owned land on a lease basis.

The Inner Harbour provides a channel to the open sea

that Council is required to dredge to ensure it remains navigable. The waters within the Inner Harbour are also used by a variety of other water-based users from the wider community, while some of the Council wharves and jetties are used by the public for recreational fishing.

Responsibility for managing the Inner Harbour transferred to the Council as an integral part of local government reorganisation in 1989. Service delivery has been provided in-house by the Council and includes general enquiries, berth allocation, maintenance, and the operation of the pay to use Nelson Quay Boat Ramp.

Lagoon Farm

The Lagoon Farm activity is a commercial farm operated on the former Ahuriri lagoon bed landholding south of the current estuary channel. This activity covers the costs of land retention and wherever possible provides a supplementary revenue stream to Council while providing a number of other ancillary amenities to the general public and community of Hawke's Bay

The farm currently operates as a sheep farm, with some paddocks leased out for hay cropping on a seasonal basis. The area is zoned Rural and as such it can only be used for farming activities.

Parklands Residential Development

The Parklands Residential Development on 120 hectares of former Lagoon Farm land will provide over 350 residential sections for sale during the period 2018-27. The rate of residential development will be driven by market demand.

ACTIVITY GROUPS

COMMUNITY OUTCOMES

Property Asset contribute to the following community outcomes:

	A vibrant innovative city for everyone	Excellence in infrastructure and public services for now and in the future	A sustainable city	Council works with and for the community	A safe and healthy city that supports community well-being
Property Holdings		①			
Inner Harbour		①			
Lagoon Farm		①	②		
Parklands Residential Development		①			

Key: ① = Primary focus ② contributes to

PROPERTY ASSETS CONTINUED

YEAR IN REVIEW

Property Holdings

After public consultation as part of the Council's Long Term Plan 2018-2028, the Council has resolved to allow the freeholding of non-strategic leasehold land on a case by case basis. The Council has adopted policies and a methodology template and framework for the assessment of freeholding requests. The Council is now in a position to consider and process requests. The overriding principle of the change in policy is that the Council's ability to sell non-strategic land represents a discretion to be executed by the Council on a case-by-case basis. The Council must also take a prudent approach to the level of allowed sales and ensure it has replacement investment opportunities in place.

Inner Harbour

The Council is currently preparing a Masterplan for the Inner Harbour, which will set out a framework regarding future use, activity locations, developments and renewal of aging infrastructure. Refer also to the year in review section under City Strategy.

Parklands

Pre-COVID-19, the financial year 2019/20 looked promising with the progress and sale of Parklands

sections with Stages 6 and 7 being developed under a single contract to make up ground on the schedule and meet the high demand for the sections. The original forecast would have seen 31 lots under Stage 6 being tendered towards the end of the financial year 2019/20 up to the first/second quarter of 2020/21. However, with the unforeseen COVID-19 pandemic restrictions, the construction and sale schedule was pushed back 6-8 weeks deferring sales into the next financial year, with Stage 6 going to market in August 2020 and Stage 7 estimated over summer.

Demand for sections has not eased with over 200 private buyers registering interest for sections.

Design work has also started on Stage 8-10 with construction intended to begin mid-2020/21.

The team have also been working hard to redevelop the Parklands website and branding to give it a professional look and feel, and help attract more buyers through the tender Process for Stage 6 and beyond. The rebranding was completed while the website is set to go live only in August 2020 which is later than scheduled due to COVID-19.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2019/20:

Significant initiatives as per 2019/20 Annual Plan	Status	Comments
Future state of Inner Harbour developed.	In-progress	Refer to the commentary above and the year-in-review section under City Strategy activity group.



PROPERTY ASSETS CONTINUED

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2019/20	LTP 2019/20	Actual 2018/19	Indicator	Performance Measure Comment - what's behind the results
Property Holdings	Council manages a portfolio of commercial and leasehold land in accordance with legislation, Council policies and individual lease agreements	Review of Council's Investment Property Portfolio completed regularly	Achieved	Review every 3 to 5 years	Achieved	◆	Review completed in 2018
	Council maintains and renews all Council buildings to ensure buildings remain safe, in good condition and fit for purpose	Buildings comply with Building Act and Health and Safety and hold current warrant of fitness certificates, where required	Achieved	Achieved	Achieved	◆	
Inner Harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels	Number of permanent berths	98	98 (subject to development of the masterplan for the Inner Harbour)	98	◆	
		Dredging is carried out as required so the channel is maintained to a minimum depth of 2.4m at lowest tide (source: depth sound checks)	Achieved	Achieved	Achieved	◆	Achieved through dredging carried out in 2019
Parklands Residential Development	Council develops residential sections for sale and provide an income stream for Council	Number of sections sold and developed	6	40	46	◆	Remaining section sold was relating to Stage 5. Work is underway across all sections in stage 6 and the sales and construction processes were delayed due to COVID-19 restrictions. The tender process was pushed out to July/August 2020 for the Stage 6 properties.

ACTIVITY GROUPS

Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%

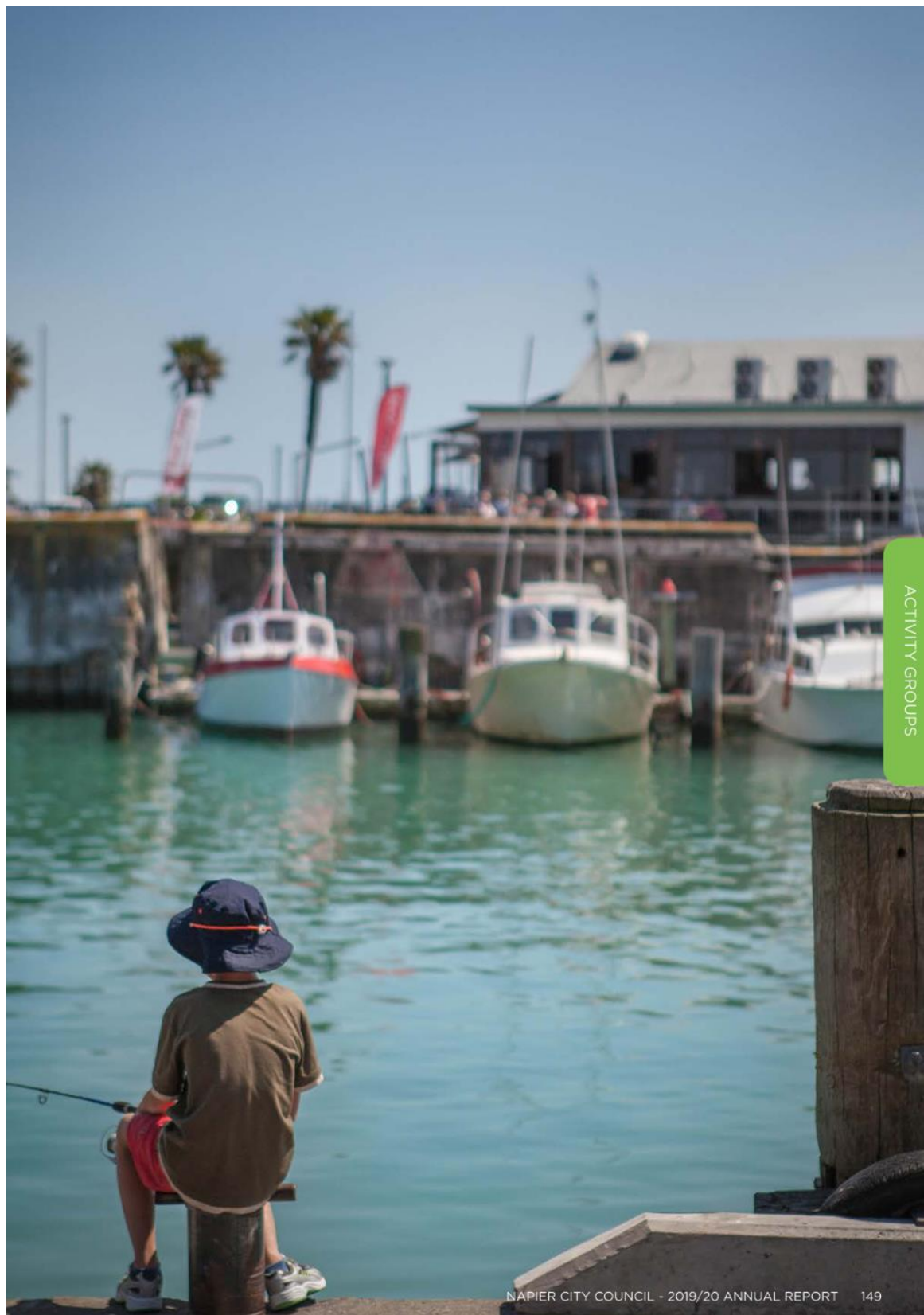
CAPITAL EXPENDITURE (PROPERTY ASSETS)

	Actual 2019/20 \$000	AP 2019/20 \$000	Actual 2018/19 \$000
Ahuriri Masterplan - Iron Pot Public Access	19	300	12
Assessment & Compliance Projects	-	1,150	-
IH Facilities Renewals	33	2,000	26
Minor Capital Items	56	-	35
Pandora Pond Buildings	-	250	-
	108	3,700	73

PROPERTY ASSETS CONTINUED

FUNDING IMPACT STATEMENT (PROPERTY ASSETS)

	Actual 2019/20 \$000	LTP 2019/20 \$000	LTP 2018/19 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(925)	(989)	(1,171)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	565	496	547
Internal charges and overhead recoveries	4,614	4,452	4,352
Local authorities fuel tax, fines, infringement fees, and other receipts	5,056	13,691	18,664
Total operating funding (A)	9,310	17,650	22,393
Applications of operating funding			
Payments to staff and suppliers	6,602	10,719	12,598
Finance costs	-	-	-
Internal charges and overheads applied	1,740	2,357	2,737
Other operating funding applications	(12)	2	2
Total applications of operating funding (B)	8,330	13,077	15,337
Surplus/(deficit) of operating funding (A - B)	980	4,572	7,055
Sources of capital funding			
Subsidies and grants for capital expenditure	-	552	180
Development and financial contributions	-	-	-
Increase (decrease) in debt	21	-	300
Gross proceeds from sale of assets	-	150	150
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	21	702	630
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	19	3,066	1,000
- to replace existing assets	89	6,423	1,105
Increase (decrease) in reserves	893	(4,215)	5,580
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	1,001	5,274	7,685
Surplus/(deficit) of capital funding (C - D)	(980)	(4,572)	(7,055)
Funding balance ((A-B) + (C-D))	-	-	-
Group depreciation and amortisation	542	449	365



ACTIVITY GROUPS

INDEPENDENT AUDIT
NEW ZEALAND REPORT

Independent Audit New Zealand Report continues



Independent Audit New Zealand Report continues

Independent Audit New Zealand Report continues

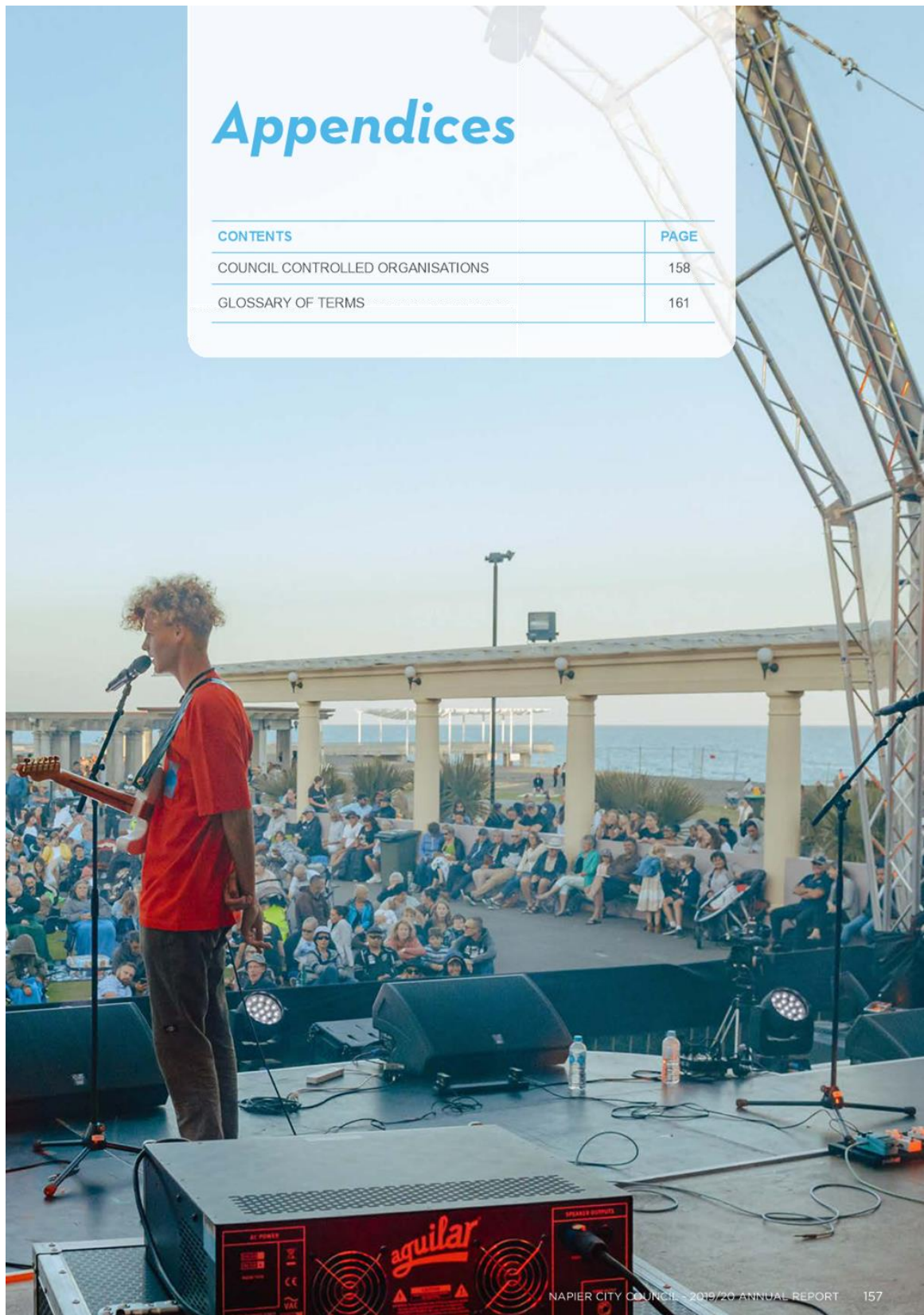


Independent Audit New Zealand Report continues

Independent Audit New Zealand Report continues







COUNCIL CONTROLLED ORGANISATIONS

This part of the Annual Report reports the performance of the Council Controlled Organisations as required in Clause 28 of Schedule 10 of the Local Government Act 2002.

HAWKE'S BAY AIRPORT LIMITED

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

Hawke's Bay Airport Limited (HBAL) is incorporated under the Companies Act and is owned by the Crown 50%, Hastings District Council 24% and Napier City Council 26%. The Company produces separate annual accounts. No payments were made by the Council to the Company during the financial year and there was no financial provision included in Council budgets. The Council share of the Company is included in its annual financial statements as an investment, valued using the equity method of accounting.

Council's policies and objectives have been met in full.

NATURE AND SCOPE OF ACTIVITIES

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

HBAL will pursue the following strategy:

- Redevelop and construct an efficient and fit for purpose terminal building and Airport Rescue Fire Service Building.
- Maintain operational capability with minimal disruption throughout the terminal development project.
- Rezone and freehold the Business Park land and minimise the land development costs.
- Continue to strengthen our relationships with all operators of air services and with all tenants and prospects.
- Improve the security culture and consciousness at the Airport.
- Improve the customer experience at the Airport for all travellers, meters and greeters.
- Maintain active membership and contribution to New Zealand Airports Association.
- Maintain effective engagement and relationships with key stakeholders and the wider stakeholder community.
- Form strategic alliances and collaborate with other airports.
- Investigate potential for JV partnerships to develop the airport land.

PERFORMANCE TARGETS

The following is a Statement of Service Performance relating to the key objectives listed in the Company's Statement of Corporate Intent for the year ending 30 June 2020 (as reflected in the Company's Annual Report for 2019/20).

(\$)	2019/20 Target \$000	2019/20 Actual \$000
Total revenue	8,333	6,277
Profit after tax	1,874	(1,012)

Activity	Measure	Status
Optimise Shareholder Value and Returns	Achieve Performance Targets:	
	Passenger Numbers	◆
	Revenue	◆
	EBITDA	◆
	NPAT	◆
	ROE - annualised	◆
	Gearing	◆
	Dividend	◆
Sustainability	Implement Sustainability Framework Develop & Implement	◆
	Establish Energy & Carbon Baseline Policy & Framework	◆
	Develop a Three Water Policy	◆
Operations	Enhance understanding of our travellers and key customer	◆
	Implement our Safety Management System	◆
	Complete Stage 2 of the Terminal Expansion Project	◆
	Develop our digital strategy incorporating improved business efficiency, passenger journey enhancement and advertising solutions	◆
	Design and development of apron capacity plan to guarantee level of service to airline operators and enable future airside business development	◆
	Bi-annual strategic Risk Review	◆
	Wildlife Management Plan Developed and Operational	◆

Activity	Measure	Status
Commercial	Implement Carpark System Enhancement	◆
	Review Aeronautical Revenue and Route Development Strategy	◆
	Develop terminal retail in line with the revised terminal expansion to provide a balanced shopping environment for consumers, with a mix of local owner-operators and corporate-owned stores	◆
	Complete Airfreight Feasibility study	◆
Property	Finalise the 20 year Masterplan incorporating forecasts/ noise/land use	◆
	Stimulate property development opportunities to leverage land bank returns	◆
	Property Development underway for new tenancies	◆
Partners	Proactively engage with the HB community, local and central government and other key stakeholders	◆
	Undertake stakeholder and public consultation as part of masterplan development	◆
	Continued collaboration with Mana Whenua on terminal development sense of place/masterplan	◆
	Partnership with key business, airlines & community groups	◆
People	To create a HBAL Airport team culture where the focus is external, on our customers and our key stakeholders, where excellent service is the norm and our business enjoys a strong reputation for delivering a high standard of services, facilities and initiatives.	◆
	Review economies of scale and insourcing versus outsourcing of key operational resources	◆
	Invest in Teams Development & Training	◆
	Develop Team capability.	◆

- ◆ Meets or exceeds target
 ◆ Within 10% of target
 ◆ 10% or more below target

HAWKE'S BAY MUSEUMS TRUST

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

The Hawke's Bay Museums Trust (HBMT) is a Council Controlled Organisation as defined by Section 6 of the Local Government Act 2002.

The objectives of the Trust are:

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

NATURE AND SCOPE OF ACTIVITIES

Protection

- Storage - appropriate storage to accepted Museum Industry Standards (MIS):
 - Pest Control
 - Storage Media
 - Shelving
 - Air Quality
- Security - appropriate security to accepted MIS:
 - Alarm Systems (Burglary, fire)
 - Alarm Monitoring
 - Access Systems
 - Insurance (loan items, owed items)
- Records Management - appropriate records management to accepted MIS.:
 - Vernon Database
 - Other Records

Quality

- Conservation - appropriate conservation to accepted MIS and consistent with HBMT collection policies.
- Accessioning - appropriate accessioning to accepted MIS and consistent with HBMT collection policies.

- De-accessioning - appropriate de-accessioning to accepted MIS and consistent with HBMT collection policies.

Access

- Exhibitions - collection available to Hastings City Art Gallery (HCAG) and MTG Hawke's Bay and other institutions as appropriate within accepted MIS.
- Research - collection made available through MTG Hawke's Bay as appropriate within accepted MIS.
- Archives - archives made available through MTG Hawke's Bay as appropriate within accepted MIS.

Development

- Fundraising - to work with the Hawke's Bay Museums Trust Foundation to provide funding.
- Reserves - to appropriately manage accession reserves.
- Relationships - to appropriately manage relationships to allow the collection to develop appropriately:
 - Funding Councils
 - Te Rōpū Kaiawhina Taonga
 - Friends of MTG Hawke's Bay

There has been no change between the intended and actual nature and scope of activities delivered.

PERFORMANCE TARGETS

The key performance targets and performance results (as reflected in the Trust's Annual Report for 2019/20) are:

Key Result Area	Performance Indicator	Target 2019/20	Actual 2019/20
Protection	Full insurance cover is provided for the collections	Yes	Yes
	Collections are stored in an acceptable environment	No items reported to have suffered deterioration	No damage
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes

Key Result Area	Performance Indicator	Target 2019/20	Actual 2019/20
Access	HBMT collections are used for academic and personal research	1,500 enquiries	29,660 online catalogue sessions 554 enquiries
	Collections are made available to the public through quality exhibitions	Minimum of five collection based exhibitions	Five Turuturu, Mystery of History, Rongonui and Tender is the Night,
Development	Bequests fund income is used in the manner determined by the donor	Yes	Yes
	Conservation funds income is used solely for collection care	Yes	Yes
	Joint HBMT/Te Rōpū Kaiawhina Taonga meeting held	1 per annum	0

OTHER ORGANISATIONS WITH COUNCIL'S SIGNIFICANT INTEREST

OMARUNUI LANDFILL OPERATION

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

The facility is jointly owned and operated by the two Councils under a Joint Committee Agreement, the ratio being Hastings District Council 63.68% and Napier City Council 36.32%.

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

GLOSSARY OF TERMS

ACTIVITY GROUPS

This section explains the activity groups in which the Council engages, and reports on achievements and progress in delivering these services to the community over the last year. It details the costs and resources applied to these activities together with non-financial performance targets and results, and key issues. Comparisons to budgets and last year's actuals are provided.

Note: There have been changes to activity names from the 2019/20 Annual Plan and 2018/19 Annual Report; the Activity Napier Conference Centre is now noted to be in the Napier War Memorial Centre.

ALLOCATION OF OVERHEADS

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

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

CARRYING AMOUNT

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

COMMUNITY OUTCOMES

These goals were originally determined from an extensive consultation process with the community. They provide a long term perspective on the development of Napier City and provide the Napier City Council with a framework for contributing to these community aspirations through Council activities.

DERECOGNITION

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

DERIVATIVE

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

FINANCIAL AND DEVELOPMENT CONTRIBUTIONS

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

FINANCIAL STATEMENTS

This shows in detail the financial reports and accounting policies for the Council. The financial statements provide information about the Council's assets, liabilities, income and expenditure. The auditor's report for 2019/20 is placed at the end of the financial statements.

GENERAL RATES

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

IMPAIRMENT

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

INFRASTRUCTURAL ASSET RENEWAL - I.A.R.

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

INFRASTRUCTURAL ASSETS

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

LEVELS OF SERVICE

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

NON-TARGETED RATES

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

NRB CUSTOMER SATISFACTION SURVEY (COMMUNITRAK™)

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

RESTRICTED ASSETS

Those assets which cannot be disposed of because of legal or other restrictions and that provide a benefit or service to the community. These include reserves vested under the Reserves Act and endowments or other property held in trust for specific purposes.

PROSPECTIVE FINANCIAL STATEMENTS

Refers to future-orientated financial statements.

TARGETED RATE

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

