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Open Attachments Under Separate Cover

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Council's Facebook page

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TE KUNENGA KI PŪREHUROA
UNIVERSITY OF NEW ZEALAND

Hawke's Bay Regional Alerting Systems Review

December 2021

Executive Summary

The project's purpose is to conduct a gap analysis and review of the current suite of public alerting tools in the Hawke's Bay region. This project also assesses the suitability of other alerting options for use across the region.

Public alerting systems should deliver the best timely information so that people can make an informed decision during a warning with as much time as possible for protective action. **Two of the critical considerations for alerting are providing (1) heads-up and (2) instructions. Heads-up is the ability to inform people ahead of the threat. Instruction is the ability to provide details: what is happening, where, when, and what action is required to respond to the threat.** This review recommends a system of public alerting options.

Recommendations

Emphasis on natural warnings. The public must be aware that an official warning may not be possible for certain events, and natural warnings may be the only source of warning. For local source tsunami, natural warnings are the fastest warnings. The public must be able to know and recognise these warnings and be ready to respond without hesitation. **An enhanced alerting system may cause a risk of people waiting for an official alert before taking appropriate actions.** This risk of overreliance on alerting systems must be mitigated with public education. Aligned with developing warning systems, it is recommended that warning systems MUST be accompanied by public education and with annual drills and exercises. Public education is needed to emphasise the overriding importance of responding to natural warnings.

Backbone. **Emergency Mobile Alerts (EMA) through cell broadcasting, supported by mobile apps, should be considered the backbone of public alerting in Hawke's Bay.** These systems can reach the vast majority of the population and give heads-up and instructions. During the 2019 nationwide EMA test, 77% of New Zealanders had access to the alert. EMAs rely on mobile coverage; to ensure broader coverage to areas with blackspots, we recommend the support of mobile apps. Mobile apps can ingest and replicate EMA using the internet (e.g., through fixed-line networks). Public education should also support the backbone to remind people about natural warnings and limits of EMA and mobile app systems.

Infill options. Additional layers of regionally coordinated alerting are needed to cover groups and pockets. An alternative option where cellular coverage is lacking is the voice-over-internet-protocol (VOIP) auto dialler system. Engagements, public education, and coordinated warning arrangements should be pursued with self-maintaining networks and agencies with people in their care.

Mobile coverage mapping. Further assessment is needed to investigate the available telemetry and alerting options to cover blackspots. An extensive regional study for network coverage should be commissioned. Information from the coverage mapping can be used to lobby for better coverage from providers.

Multi-end-point platform and one-stop-shop. Reinforcement messages should also be distributed through the web and social media to cover redundancy in various channels. A multi-end-point platform is encouraged to distribute alert information to different end-points (e.g. EMA, mobile app, social media, CAP RSS, etc.). The existing webpage on Hawke's Bay public warning system (<https://www.hbemergency.govt.nz/get-ready/public-warning-systems/>) should be maintained to be act as the one-stop-shop that provides clear explanation and access to various warning services.

Existing systems: Napier siren system. The current signal-only siren system in Napier is not fit-for-purpose in the context of current-day alerting. Although it provides a *heads-up*, it cannot provide detailed *instructions*. The rise-and-fall signal only intends to communicate the need to seek more information. The public might not know what the siren signal means unless this system is accompanied by extensive education on the appropriate actions to take when the signal is heard. Upgrading the current system to a PA loudspeaker system can be considered, so *instructions* can also be provided. However, a PA loudspeaker system has a high start-up cost and will have substantial ongoing maintenance costs. Its coverage is also restricted to narrow geographical areas. Therefore, the costs may not outweigh effectiveness in areas with already existing or alternative alerting options. Napier City, as an urban area, already has good coverage with EMA and mobile apps. Inclusion of an extensive plan for public education and exercises on sirens in Napier should take place, if it is decided the system be maintained or upgraded. Costs for maintenance or upgrade are likely to be better spent on public education on natural warnings, increasing network coverage, and strengthening the backbone.

Staff resourcing must be increased to enhance education on natural warnings and public alerting awareness, including recognizing and responding to warnings. Higher levels of community engagement, education, and exercise are needed throughout the region. The costs for these should be sustained on an annual basis.

Method

This review uses the national Public Alerting Options Assessment methods by Wright et al. (2014) and the updated Excel decision support tool. The methods were streamlined and used for regional-level review in Waikato (Wright et al., 2015) and Bay of Plenty (Leonard et al., 2017). The Public Alerting Options Assessment uses an evidence-based scoring system. The effectiveness of each alerting option was determined using a range of criteria developed from information from international and national cases studies and theory-based research (Leonard et al., 2017; Wright et al., 2014, 2015). An indicative solution with cost estimates is given in this report. However, the values are utilised only to compare the cost-effectiveness of systems. A caveat on the approximations, the costs will most likely have increased from the past studies' estimates.

The project team worked with the Hawke's Bay CDEM Group to source and compile information that is pertinent to alerting. This Hawke's Bay review looks at identifying alerting options that could alert the majority of the people. The review also focuses on finding gaps in the coverage of current alerting options. This review identifies 'pockets' – spatial gaps and special demographic groups – that would need alternative or additional alerting channels because of gaps in the current coverage. Recommendations for covering these gaps focus on available national and regional alerting options and identifying additional 'infill' options – potential solutions to fill these pockets.

Context

Hawke's Bay key demographics. Relative to some other regions, there is a sizeable Māori population in Hawke's Bay Region. Māori represents over a quarter of the region's population with 11 iwi groups, 91 hapū, and 79 marae throughout Hawke's Bay. Based on the 2018 census (Stats NZ, n.d.), the majority of the population (81%) reside in urban areas. Hawke's Bay population is older than the national average, with a median age of 40.6 years. Eighteen per cent of Hawke's Bay population is over 65, with Napier City and Central Hawke's Bay District having the highest proportion of people over 65 (at 20% each).

Hawke's Bay CDEM. The Hawke's Bay CDEM Group covers the four territorial authorities in the region: Central Hawke's Bay, Hastings, Napier, and Wairoa. Hawke's Bay CDEM manages multiple hazards,

including hazards requiring rapid warnings for life safety. Rapid onset hazard events include tsunami from local or regional sources, serious chemical hazard incidents, heavy rainfall, surface flooding, wildfire, lifelines failure, and multiple urban fires. The Hawke's Bay CDEM Group provides the coordinated and integrated approach to how significant risks and hazards are managed in Hawke's Bay across the 4R's of emergency management: Reduction, Readiness, Response, and Recovery.

Regional and national alerting. Current arrangements for alerting in the region include using the following: EMA, social media, website, mobile app (Red Cross Hazard app), land-based sirens, helicopter public address system (PA), and door-knocking and outbound calling. Hawke's Bay regional alerting aligns with national initiatives for alerting, including EMA, Red Cross Hazard App, Common Alerting Protocol, and the National Geohazard Monitoring Centre.

Keywords

Public alerting, hazards, options, warning systems

Bibliographic Reference

Tan, ML, Leonard, GS, Johnston, DM. 2021. Hawke's Bay Regional Alerting Systems Review. Wellington (NZ): Joint Centre for Disaster Research – Massey University. 1-50p. (Disaster Research Science Report 2021:4)

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1 Introduction

1.1 Purpose and context

The project's purpose is to conduct a gap analysis and review of the current suite of public alerting tools in the Hawke's Bay region. This project also assesses the suitability of other alerting options for use across the region.

The Sendai Framework for Disaster Risk Reduction (UNDRR, 2015) has emphasised developing people-centred multi-hazard warning systems and strong research and risk-based approaches to mitigation. New Zealand's National Disaster Resilience Strategy (Ministry of Civil Defence & Emergency Management, 2019) aligns with the Sendai Framework to gradually implement risk reduction efforts.

While at an overarching national level, various warnings are provided (e.g. Emergency Mobile Alerts (EMA), the Hawke's Bay Civil Defence Emergency Management (CDEM) Group and its Group members manage, maintain, and operate warning systems for the region. Communications and warning systems should have the components for effective alerting (Leonard et al., 2017). Ideally, the suite of alerting tool options for Hawke's Bay should:

- Reach Target Audience – The system should be able to alert or communicate with target groups effectively.
- Be Resilient – Individual systems should be resilient, and the comprehensive suite of systems should have redundancies. In addition, provisions should exist for backup systems and capabilities.
- Be Easy to Operate – Any system should be user-friendly and easy to operate for all the staff required to use it.
- Be Cost-Effective – Maintaining and managing systems should be cost-effective. The management of systems should consider ongoing and future costs for maintenance and operations.
- Use Multiple Channels – The comprehensive suite of systems should use different channels to ensure coverage.
- Operate Remotely – The systems should be accessible and operable remotely to guarantee warnings issuance and communication maintenance does not rely on fixed locations.
- Interoperable – Different warning systems, where possible, should be able to exchange information with each other.

1.1.1 Out of scope

Several areas will not be within the scope of the review:

- Public communication is an integral part of public warnings. However, the focus of this assessment will be on Hawke's Bay CDEM Group's alerting capability.
- The assessment will look at the set of available and existing tools and protocols of the Hawke's Bay CDEM Group. However, it will not assess or make recommendations on National Warning Systems-related alerting options.
- The assessment estimates costs for the alerting options, but these costs are indicative only based on the costs used in the Bay of Plenty Warning Alerting Systems review (Leonard et al., 2017). It is not within this project's scope to reassess these costs; however, it can be safely assumed that costs will have risen at least by the consumers' price index.
- The assessment will focus on the region-wide alerting options. The project will touch on Napier-specific issues and assess the Napier City Siren System's suitability against other options now available.

- The project will focus on public alerting and communication during an event and not assess the internal agency alerting and communication tools and protocols used within the Hawke's Bay CDEM Group and partners. Detailed assessments of the standard operating procedures to operate end-to-end warning systems are beyond this project's scope.
- The project provides recommendations to the Hawke's Bay CDEM group to consider but will not seek to identify any implementation plans for new alerting options.
- An overview of mobile coverage blackspots will be given in this report. However, detailed mapping for mobile coverage blackspots is beyond the scope of this project.

1.1.2 Current situation

The Hawke's Bay CDEM Group Plan indicates that the Group 'maintains an interagency warning and communication system, with the assistance of the administrative authority [...and] territorial local authorities maintain warning systems to alert their residents' (Hawke's Bay Emergency Management Group, 2014, p. 65) **While the Hawke's Bay region has an adequate existing warning system, there is an opportunity to improve public alerting across the region. The Hawke's Bay region currently operates a suite of alerting tools as outlined in Section 2.4.**

Tsunami warnings

The National Tsunami Warning and Advisory Plan by the National Emergency Management Agency (NEMA) states that:

'New Zealand is a member of the Pacific Tsunami Warning System (an international system under the auspices of the Intergovernmental Oceanographic Commission of UNESCO), that is designed to provide timely and effective information about tsunami or potential tsunami generated in the Pacific Basin. In New Zealand, the system is complemented by GeoNet geological hazards and sea level monitoring. The National Emergency Management Agency (NEMA) is the agency responsible for initiating national tsunami advisories and warnings to the communities of New Zealand' (NEMA, 2020, p. i).

'NEMA uses the National Warning System (NWS) to disseminate official tsunami notifications in the form of national advisories and warnings on a 24/7 basis. Section 25 of the Guide to the National CDEM Plan describes the NWS' (NEMA, 2020, p. 3).

'CDEM Groups and CDEM Group members are responsible for the planning, development, and maintenance of appropriate public alerting and tsunami response systems, including public education and evacuation zone identification for their areas' (NEMA, 2020, p. 5).

'All CDEM Groups and CDEM Group members receive official national tsunami advisories and warnings via the NWS. When time and expertise is available, CDEM Groups are responsible for further local threat assessment and deciding on appropriate local public alerting and response for regional and distant-source tsunami. For example, designating which evacuation zones are relevant to evacuate, dependent on the threat' (NEMA, 2020, p. 5).

CDEM Groups and CDEM Group members have responsibility for evacuations. The Tsunami Warning and Advisory Plan covers the three different categories of tsunami (distant-source, regional-source, and local-source). NEMA and GeoNet work to provide threat advice for all tsunami. However, an official warning may not be possible for local-source tsunami. Indeed, the National Tsunami Warning and Advisory Plan clarifies that official warnings are unlikely and should not be relied upon to take action. Natural felt signs are the primary warning for local-source tsunami.

'CDEM Groups, agencies, and the public should not wait for an official warning if long or strong shaking is felt ("Long or Strong, Get Gone"). They must take immediate action to evacuate predetermined evacuation zones, or in the absence of predetermined evacuation zones, go to high ground or go inland' (NEMA, 2020, p. 7).

Weather, flood, and volcanic warnings

The Meteorological Service of New Zealand Ltd. (MetService) is the Official Alerting Authority that provides information about potential severe weather. It provides information to the individuals and agencies through a suite of different tools for issuing warnings and watches, including its website, app, the Common Alerting Protocol (CAP), social media, via media, email, and other communication channels (MetService, n.d.-a). GNS Science, through GeoNet, provides information on volcanic hazards; official volcano status information is given through the Volcanic Alert Bulletins, which summarises volcanic status, recent activities, forecasts, and any developing or expected problems (GeoNet, n.d.). The information is provided through several channels, including website, app, social media, media, and via email. For volcanic ash, the MetService operates the Wellington Volcanic Ash Advisory Centre (VAAC) and provides ash cloud forecast – ash suspended in atmosphere affecting aviation – for New Zealand and surrounding areas of responsibility (MetService, n.d.-b).

The Hawke's Bay CDEM Group runs the Hawke's Bay Regional Warning System (RWS) within the region using the Whispir Platform via SMS and email. A Hawke's Bay CDEM duty manager receives all warnings and alerts for the region, and seeks additional regional interpretation as appropriate, usually from the Hawke's Bay Regional Council, before disseminating using the RWS. The additional interpretation usually includes communication of severe weather impact (including flood warnings) and other hazards, aim at identifying potential risks and target areas

Fire warnings and hazardous substances

The Fire and Emergency New Zealand Act 2017 combined urban and rural fire services into a unified organisation: Fire and Emergency New Zealand (FENZ). FENZ has the mandate to cover urban and rural fire incidents and provide a range of emergency management functions, including events involving hazardous substances (FENZ, 2020). In addition, FENZ provides public alerting for fire and hazardous substances to directly affected people and, more broadly, via the media. The FENZ regional teams work closely with CDEM Groups' where alerting can be via regional public alerting channels as well. There is some shared responsibility with the Ministry of Health and regional health agencies on communication for hazardous substances, including warnings regarding smoke from fire.

1.2 Related documents

There are key references available for public alerting in New Zealand:

1. An updated review of public alerting options (Wright et al., 2014),
2. Hawke's Bay CDEM Group Plan (Hawke's Bay Emergency Management Group, 2014),
3. Emergency Mobile Alert: Protocol for user agencies (Ministry of Civil Defence and Emergency Management, 2017),
4. Technical standard Common Alerting Protocol: CAP-NZ (Ministry of Civil Defence and Emergency Management, 2018),
5. Tsunami advisory and warning plan: supporting plan (NEMA, 2020), and
6. An analysis of public alerting options for Bay of Plenty Regional Alerting System (Leonard et al., 2017).

1.3 Structure of this review

The project uses streamlined versions of the methods used in past alerting reviews like that conducted for the Bay of Plenty and Waikato regions (Leonard et al., 2017; Wright et al., 2015). This review uses tools and lessons from the past reviews. The review process is outlined below.

- The project team worked with the Hawke's Bay CDEM Group to source and compile information that is pertinent to alerting. This Hawke's Bay review looks at identifying alerting options that could alert the majority of the people.
- The review focuses on finding gaps in the coverage of current alerting options. This review identifies 'pockets' – spatial gaps and special demographic groups – that would need alternative or additional alerting channels because of gaps in the current coverage. Recommendations for covering these gaps focus on available national and regional alerting options and identifying additional 'infill' options – potential solutions to fill these pockets.
- The review also looks at special considerations for Napier, considering its denser urban population and specific hazards to tsunamis.

Stage 1 – Analysis

We assessed the cost, reliability, reach functionality, and effectiveness of each alerting tool utilised by the Hawke's Bay CDEM Group.

1. The Joint Centre for Disaster Research (Massey University) team analysed the 2018 Census data (Stats NZ, n.d.).
2. The Hawke's Bay CDEM Group provided specific contexts, needs, and options (summarised in Sections 2 and 3) to ensure local knowledge was considered for the review.

The following specific topics were analysed:

- population data (high and low density),
- elderly populations (used as an indicator for hearing, sight, and mobility impaired populations),
- hazards that need a specific alerting focus (e.g., tsunamis for coastal areas),
- rural and urban population composition of the region,
- telecommunications coverage,
- approximate mobile phone coverage,
- transient populations, and
- pockets that need infill options:
 - spatial gaps,
 - specific demographic groups (e.g. ethnic, language, special needs), and
 - agencies with people in care.

Stage 2 – Draft review

The draft review was subjected to feedback from the Hawke's Bay CDEM Group and was peer-reviewed by JCDR experts. As a result, further recommendations were made for improvements, modifications, and changes to the alerting suite.

Stage 3 – Review finalisation

Comments from Hawke's Bay CDEM Group on the draft review contributed towards the final recommendations presented in this report.

1.4 Capacity and relationship building

Data collection, partner agency contacts, and price indications were undertaken with consultation with the Hawke's Bay CDEM Group, wherever possible.

2 Context for alerting in the Hawke's Bay

2.1 Overview of the Hawke's Bay CDEM structure

The Hawke's Bay CDEM Group's role is to provide a coordinated and integrated approach to how significant risks and hazards are managed in Hawke's Bay across the 4R's of emergency management: Reduction, Readiness, Response, and Recovery. The Hawke's Bay CDEM Group covers the four territorial authorities (Figure 1): Central Hawke's Bay, Hastings, Napier, and Wairoa.



Figure 1. Hawke's Bay Territorial Authorities. Source: Hawke's Bay Emergency Management Group Plan 2014-2019

The Hawke's Bay CDEM Group is comprised of the following local authorities:

- Central Hawke's Bay District Council,
- Hastings District Council,
- Hawke's Bay Regional Council,
- Napier City Council, and
- Wairoa District Council.

The Joint Committee oversees the governance of the Group. The Joint Committee comprises the Chair of the Regional Council and elected representatives of each territorial authority in the region. The Coordinating Executive Group (CEG) oversees the management of the CDEM Group, membership to the CEG comprises of statutory or co-opted members. The Hawke's Bay CEG members include CEOs from the local authorities, representatives from the Fire Service Eastern Region, Police Eastern District, and Hawke's Bay District Health Board, CDEM Group Controllers, Group Recovery Manager, Chair of

the Welfare Coordination Group, Medical Officer of Health, and the Chair of the Hawke's Bay Engineering Lifeline Group (Hawke's Bay Emergency Management Group, 2014).

Responsibilities for public alerting fall to members of CDEM Groups under the National CDEM Plan Order 2015. The order states:

'CDEM Groups;

- - must maintain arrangements to respond to warnings (s60(5));
- - Are responsible for (s62(6)):
 - a. Disseminating national warnings to local communities; and
 - b. Maintaining local warning systems. '

2.2 Hawke's Bay warnable hazards

The Hawke's Bay CDEM Group Plan describes the hazards managed by the Group. Table 1 summarises the hazards based on the need to disseminate rapid warnings from a life safety perspective. Rapid warnings require faster and more effective systems. In general, public alerting systems should have capabilities to warn the public of these rapid-onset hazards effectively. If alerts work for rapid warnings, they can also be expected to be effective for less time-critical events.

Table 1. Hazards applicable to the Hawke's Bay CDEM group (as per Part 1 of the Group Plan, 2014-2019) and the requirements for rapid warnings for life safety

Hazards requiring rapid warnings for life safety (short-onset, less than 3 hours)	Hazards NOT requiring rapid warnings for life safety but are still appropriate for alerting	Hazards that currently cannot be warned for
Tsunami – local source ¹ Tsunami – regional source Serious Hazchem incident Heavy rainfall (Severe Thunderstorm/Flash flooding/debris flow) Stormwater surface flooding Wildfire/Rural fire Large-scale lifelines failure (Major air accident, electrical failure, telecommunications failure, dam break, etc.) Urban fire multiple	Flooding Tsunami – distal source Coastal storm Volcanic eruption with precursor (local or distal) Animal disease epidemic Human disease pandemic Biological pests and new organisms Drought Coastal erosion Windstorms Snow Hail Pollution over unconfined aquifer	Earthquakes ² Extreme geothermal events or unheralded small volcanic eruptions Landslides Localised subsidence
¹ NEMA and GeoNet will seek to monitor, detect, and provide threat advice for all tsunamis (including local-source). However, it may not be possible to issue warnings within sufficient time or accuracy. Natural warnings are still the best possible warnings in the immediate time. Groups, agencies, and the public should not wait for an official warning from NEMA (NEMA, 2020). ² The Android Earthquake Alerts System was initiated in New Zealand starting April 2021 and has issued a few earthquake early warning alerts to Android users. This alerting system was deployed without officials' involvement and should not be confused with alerts issued by civil defence authorities (McDonald, 2021).		

2.3 Key demographic characteristics

This section describes the variation in demographics across the region that require consideration for different public alerting options. Agencies with people in their care are considered in Section 3.3.5 but not under specific demographic analysis.

2.3.1 Rural vs urban populations

The majority of the population (81%) reside in urban areas (based on the 2018 census). However, the range of effective and feasible alerting measures differs for high-density and low-density populations. Table 2 shows the distribution of urban-rural populations in Hawke's Bay.

Table 2. 2018 Census population summary giving total population and percentage in urban vs rural areas.

2018 Census Data	Population	Percentage
Urban Wairoa	4,527	54%
Rural Wairoa	3,840	46%
Urban Hastings	61,521	75%
Rural Hastings	20,016	25%
Urban Napier	62,241	100%
Urban Central Hawke's Bay	6,468	46%
Rural Central Hawke's Bay	7,674	54%
Region Total	166,287	
Region Urban	134,757	81%
Region Rural	31,530	19%

2.3.2 Ethnic group self-maintaining networks

Specific iwi communication channels provide an opportunity to reach a substantial part of the regional population. 6.8% of 2018 census respondents report speaking Māori (Stats NZ, n.d.). Relative to some other regions, there is a sizeable Māori population in Hawke's Bay Region. The Hawke's Bay Regional Council (2021) describes the culturally rich landscape of the region:

Hawke's Bay has a diverse and culturally rich landscape. Māori are Treaty partners as mana whenua and key members of our community.

- *Māori represent over a quarter of the region's population*
- *There are 11 iwi groups, 91 hapū and 79 marae throughout Hawke's Bay*
- *Eight iwi groups are represented post-settlement governance entities (PSGEs) on the Hawkes Bay Regional Planning Committee*
- *Ngāti Kahungunu with Rongomaiwahine, coastal area is said to be from Paritū north of Mahia to Tūrakirae on the south Wellington Coast. Ngāti Kahungunu Iwi Inc composes six Taiwhenua with governance entities and operations on the ground, 4 of which are within the region*
- *6.8% of Hawke's Bay speak Te Reo Māori*

Māori make a significant contribution to our region both as mana whenua and treaty partners and also through their ownership of assets; to economic development; participation in co-governance and their growing influence as kaitiaki in the conservation, preservation and management of our natural resources.

Hawke's Bay CDEM Group needs to continue engaging with iwi group representatives to develop approaches to deliver alerts and collaborate with existing communication channels and community organisations. Hawke's Bay CDEM Group also needs to identify and follow up with other ethnic groups and communities for potential alerting.

2.3.3 Language barriers

According to the 2018 Census (Stats NZ, n.d.), 96.7% of the Hawke's Bay region population speak English. Two per cent (2.0%) do not speak a language (e.g., they are too young), leaving 1.3% – about 2,100 people – who may not speak English. Given the overall low proportion of the region who do not speak English and the diversity of other languages spoken, it is most effective to tie warnings directly into existing communication structures within these communities. Coordinating with self-maintaining networks is more effective than creating a regional system that warns in all languages.

Table 3. Spoken languages in Hawke's Bay as indicated in the 2018 Census

	Number of people	Of those who stated a language
English	160,908	96.70%
Maori	11,361	6.80%
Samoan	2,604	1.60%
Northern Chinese	435	0.30%
Hindi	696	0.40%
French	1,452	0.90%
Yue	525	0.30%
Sinitic not further defined	309	0.20%
Tagalog	633	0.40%
German	1,152	0.70%
Spanish	750	0.50%
Afrikaans	855	0.50%
Tongan	435	0.30%
Panjabi	1,125	0.70%
New Zealand Sign Language	948	0.60%
Other	5,436	3.30%
None (e.g., too young to talk)	3,357	2.00%
Total people stated	166,365	100.00%

2.3.4 Age

Hawke's Bay population is older than the national average, with a median age of 40.6 years. Eighteen per cent of Hawke's Bay population is over the age of 65. Napier City and Central Hawke's Bay District have the highest proportion of people over 65 (both at 20%), whereas Wairoa District and Hastings District have a slightly lower proportion of people over 65 (at 17%). See Table 4 for a summary of the district's age distribution of the region's population.

Table 4. Summary of Hawke's Bay population's age by district, based on the 2018 Census

	Wairoa		Hastings		Napier		Central Hawke's Bay	
	Count	% over total district pop.	Count	% over total district pop.	Count	% over total district pop.	Count	% over total district pop.
Under 15 years	1,965	23%	17,700	22%	12,321	20%	2,940	21%
15-29 years	1,503	18%	14,961	18%	10,740	17%	1,974	14%
30-64 years	3,465	41%	35,199	43%	26,712	43%	6,423	45%
65 years over	1,431	17%	13,689	17%	12,465	20%	2,799	20%

In terms of infill alerting demand, it should be noted that some rural parts of Hawke's Bay have a higher proportion of people over 65 years of age than the regional average; and these locations may also have mobile blackspots. Table 5 summarises the population counts of people aged over 65 in rural areas in Hawke's Bay using 2018 census data (Stats NZ, n.d.).

Table 5. Count and % population of people 65 years and over in rural Hawke's Bay

Rural areas	People 65 years and over	
	Count	% of the total area population
Tuai	27	12.50%
Other rural Wairoa District	477	15.96%
Frasertown	57	22.35%
Nuhaka	42	21.21%
Mahia Beach	60	32.79%
Other rural Hastings District	2331	13.84%
Whirinaki	87	22.48%
Whakatu	66	10.33%
Haumoana	150	12.95%
Te Awanga	150	19.53%
Waimarama	48	22.22%
Tikokino	27	14.06%
Ongaonga	45	26.79%
Takapau	102	17.17%
Otane	111	16.74%
Other rural Central Hawke's Bay District	939	15.87%
Porangahau	30	21.28%

*highlighted cells indicate % higher than the regional average of 18%

Furthermore, there are many elderly communities and retirement villages in Napier, Hastings, and Havelock North. Several of the elderly care facilities in Napier are also in identified tsunami evacuation zones.

2.3.5 People with disabilities

Age also correlates with the proportion of people with disabilities. Figure 2 summarises people with overall disabilities (hearing, vision, physical, or psychological) based on the 2013 National Disability Survey (Stats NZ, 2014). People's disabilities may inhibit their ability to receive and respond to a warning. Infill considerations should be given on reaching people with disabilities through solutions with supporting agencies for the respective communities.

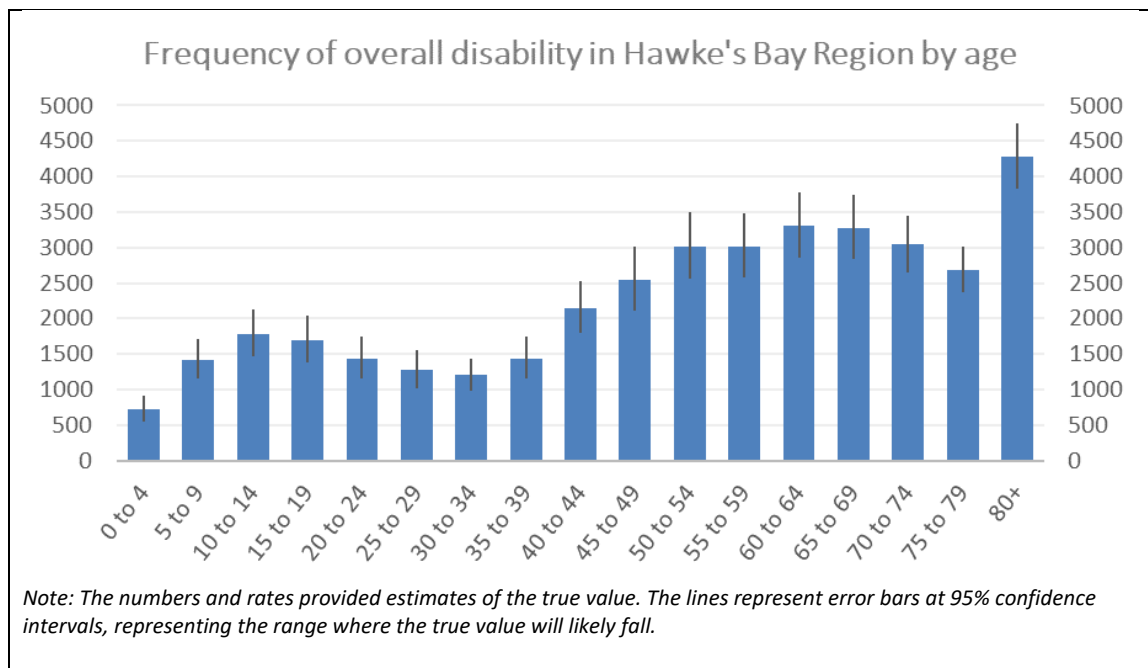


Figure 2. Frequency of people with disabilities in the Hawke's Bay Region by age. Data from the 2013 Disability Survey.

2.4 Existing regional systems and arrangements

Table 6 summarises existing alerting systems in use in Hawke's Bay region. Arrangements with media (usually via phone call, email, or fax) and uptake of press releases also provide widespread alerting.

Table 6. Existing systems summary. Costs are met by the CDEM Group.

	EMA	Social media & website	Red Cross Hazard App	Land-Based Sirens ¹	Stinger Siren ²	Helicopter PA ²	Door knocking and outbound calling
Capital/ purchase cost (\$NZ)	N/A	0	0	\$51,000 (including purchase and install for standalone and fire service setups)	\$1,500	\$20,000	N/A
Annual Maintenance cost (\$NZ)	Costs included in council staff time	\$9,000 ⁴	0	<\$3,400	N/A	Ongoing cost estimated at \$1,000/hr during event	Already included in council staff time
Annual Contract cost (\$NZ)	N/A	0	0	N/A	N/A	N/A	N/A
Annual Testing Cost (\$NZ)	NEMA is the operational custodian and responsible for testing	0	0	N/A (the only cost associated with the siren test is for advertising/ publicity)	N/A	N/A	Already included in council staff time
Number of Units	N/A	N/A	N/A	17 (in Napier)	1 remaining	1	N/A

	EMA	Social media & website	Red Cross Hazard App	Land-Based Sirens ¹	Stinger Siren ²	Helicopter PA ²	Door knocking and outbound calling
Locations	N/A	N/A	N/A	Eskdale School Bayview Fire Station – Shared Hawke's Bay airport Westshore School Napier Port – Shared Battery Road Napier Fire Station – Shared McLean Park Napier Library building Napier Awatoto site Maraenui Shop site Meeanee Sports Hall site Waverley/Tannery Road EIT Building Taradale Fire Station – Shared Anderson Park NCC Depot	Hastings District	Wairoa District	Region-wide
Number of subscribers	All mobile phone users in the region (non-opt out option)	36,602 Facebook 225 Twitter	Unknown	N/A	N/A	N/A	N/A
¹ Land-based siren capital cost and annual maintenance cost are approximated only; using proportional costs as estimated on the Bay of Plenty report by Leonard et al. (2017) ² Stringer sirens estimated capital cost was \$15,000 for ten units. Hastings District Council previously owned these, but most have been gifted to Manawatu-Wanganui. Only one remained in the region but has been decommissioned. ³ Helicopter PA costs based on minimum estimates per assessment tool Wright et al. (2014) review of public alerting options in New Zealand ⁴ \$9,000 is the estimated cost to maintain the entire Hawke's Bay CDEM website, not just the warning system-related pages.							

2.5 National initiatives

2.5.1 Emergency Mobile Alert (EMA)

Emergency Mobile Alert (EMA) is a cell broadcast system used by authorised agencies 'to send alerts about actual or suspected threats, risks, hazards, or emergencies to mobile phones in selected area(s) via a dedicated cell broadcast channel' (Ministry of Civil Defence and Emergency Management, 2017, p. 3). The system works on a push basis, meaning the public does not need to subscribe and cannot opt out of receiving the alerts. Mobile phones may show settings to opt-out from EMAs, as used in other countries, but New Zealand authorities use a special broadcast channel that is permanently on (National Emergency Management Agency, n.d.).

EMA is delivered over 3G and 4G on the three mobile networks (2degrees, Spark, and Vodafone). The specific mobile network will deliver to any mobile phone in coverage on any other network. Individual authorised agencies, including CDEM Groups, can distribute EMA to selected area(s). NEMA is the custodian of the EMA System and sets the restrictions on who and how it can be used. Since the nationwide launch test in November 2017, the EMA has been tested and used in actual events in New Zealand.

2.5.2 Red Cross Hazard App

The Red Cross Hazards App is a multi-hazard app that can receive alerts from participating alerting authorities via the app (New Zealand Red Cross, n.d.). The Red Cross Hazards app has been rolled out to the 16 Regional CDEM Groups. The Red Cross Hazards App complements the EMA system for areas without mobile coverage as it uses internet from various sources, including fixed-line broadband, Wi-Fi, and cell phone data. The Red Cross Hazard App can replicate EMA information and deliver the notification via the app through internet service. It is Common Alerting Protocol (CAP) compliant; it can read CAP feeds and provide a CAP origination form. The app is free of charge for the public to download. However, as for all apps, people need to download and install them to be effective. It is an 'opt-in' option, thus reducing effectiveness. A widespread and ongoing campaign is needed to keep the app installation rates high.

2.5.3 Common Alerting Protocol (CAP)

'Common Alerting Protocol (CAP) is an international XML1-based open, non-proprietary digital message format for exchanging all-hazard emergency alerts. It supports consistency in applying public warnings across Alerting Authorities and the dissemination of warnings over many channels simultaneously. The net result is increased effectiveness of warnings' (Ministry of Civil Defence and Emergency Management, 2018, p. 1)

CAP is used in New Zealand, where the CAP-NZ Working Group guides its implementation. NEMA leads the CAP-NZ Working Group. A technical standard for implementing CAP is available on the NEMA website¹.

CAP uses a consistent formalised structure for alerts; which means that CAP messages, once authored, can sit on a feed and be picked up immediately and automatically at the same time by all CAP compliant and compatible alerting end-points (e.g., Red Cross Hazard App and other alerting platforms).

¹ <https://www.civildefence.govt.nz/assets/Uploads/publications/Common-Alerting-Protocol/Common-Alerting-Protocol-CAP-NZ-Technical-Standard-TS04-18-FINAL.pdf>

2.5.4 National Geohazard Monitoring Centre

Starting December 2018, New Zealand started enhanced monitoring of geohazards (earthquake, landslide, tsunami, volcano) on a 24/7 basis through the National Geohazards Monitoring Centre (NGMC). NGMC received live data feeds from GeoNet supported monitoring equipment located around New Zealand and from international stations. The NGMC is supported by the GeoNet programme and is part of GNS Science; the Geohazards Analysts staffing the centre are in contact with NEMA through which data, information, and advice is provided (NEMA, 2020).

3 Needs and options analysis

This section describes the multi-hazard public alerting needs and potential options for the Hawke's Bay region within the context given in Sections 1 and 2. The options discussed are in terms of alert channels that may reach each type of need, primarily dependent on the available telemetry (the telecommunication path).

3.1 Available alerting options

The alerting options considered in this review are listed here. Details on their effectiveness and cost basis are given in Section 3.5.2 and Appendix B.

1. Natural warnings
2. Independently self-maintained networks
3. System reliant on third-party hardware or staff
 - Aircraft banners
 - Helicopter PA loudspeaker
 - Billboards – static
 - Billboards – electronic telemetered
 - Break-in broadcasting*
 - Call-in telephone line
 - Emails
 - Emergency mobile alert (cell broadcast)
 - GPS receiver messaging*
 - Marine radio
 - Mobile PA loudspeaker (Police/Fire)
 - Mobile apps
 - Newspaper content
 - Pagers (triggering group of 200 people)
 - Power mains messaging
 - Radio announcements
 - Route alert (door-to-door)
 - Social media
 - SMS-PP text messaging
 - Telephone auto-diallers
 - Telephone trees
 - Television announcements
 - Tourist radio
 - Websites
 - Website banners
4. Systems using dedicated hardware
 - Fixed PA loudspeakers
 - Mobile PA loudspeakers
 - Bells, airhorns
 - Flares, explosives
 - Radio data systems*
 - Radio (UHF, VHF, or HF)
 - Sirens (signal-only) – Mobile
 - Sirens (signal-only) – Fixed
 - Tone-activated alert radio*

**Not currently available in New Zealand*

3.1.1 The importance of available telemetry

The available telemetry channels and the pockets of isolated areas govern the options available for alerting; these include:

- Mobile networks
 - Wireless broadband – also known as Fixed Wireless Access (FWA), does not rely on a physical connection (e.g., fibre cable or copper line). Instead, it enables users to have access to high-speed data through radio waves. However, it still requires a modem to be installed. It uses radio waves and typically connects to cellular networks.
 - Mobile – text messaging, voice calls, and mobile data are provided through the three companies (2degrees, Spark, Vodafone) through their network of cell towers using different technologies available (3G, 4G, 5G, etc.).
- Fixed-line networks
 - Copper – copper lines are used for traditional telephone lines and copper broadband (ADSL and VDSL), but copper connections are being replaced by fibre and wireless and ultimately will be phased out in areas in New Zealand.
 - Fibre – fibre-optic cables deliver ultra-fast broadband speeds to users. 87% of New Zealanders will be able to connect to a fibre connection by the end of 2022 (NZ Telecommunications Forum, 2021).
- Satellite – accessed through a satellite dish, particularly useful in remote areas where fixed and mobile solutions are unavailable or of poor quality
- Radio – both as broadcast stations and as signals to alerting receivers on these frequencies
- TV broadcast stations
- VHF radios
- Audio-frequency signals through the electricity network – also known as ripple control – are used by New Zealand's Electricity Distribution Businesses; can be used to reduce the load in grid emergencies (EECA, 2020).
- Electric power -- Electric power supporting these networks is also a factor as Hawke's Bay is limited by the capacity of single main transmission routes. Alternative supply routes for electricity could maintain only a very restricted supply. Some channels may become dependent on limited alternative supplies such as batteries.

3.2 District specific needs

In general, most hazards will require wide coverage alerting throughout the region. However, some cases as listed below may require specific local attention:

- rural and urban fire risk
- flood plains and urban flood basins
- sites for hazardous chemicals
- large facilities such as stadium, airport, and seaport
- critical points in lifeline services
- tsunami inundation areas.

3.3 Regional needs

The multi-hazard alerting needs are assessed at a regional level given the scope outlined in Section 1.1, except for location-specific needs as highlighted in Section 3.2. In addition, some of the available alerting options rely heavily on mobile phone coverage; we discuss coverage in specific areas in this section.

3.3.1 Urban populations

Urban populations in the Hawke's Bay region concentrate on the following areas: Hastings and Napier as the two main large urban areas, Havelock North as a medium urban area, and Wairoa, Clive, Waipawa, and Waipukurau as small urban areas. The majority of the populations in the urban centres have mobile coverage; however, there may be blackspots on the hills and in outlying dwellings.

As mobile phones appear to cover most urban populations, options that utilise mobile networks are therefore a high priority in those locations.

3.3.2 Rural populations

Rural and smaller settlements exist throughout the region. The main exception would be in forested land in plantation or native forests. Plantation areas include those highlighted in Figure 3. In these plantation areas, rural fire alerting should be a priority.

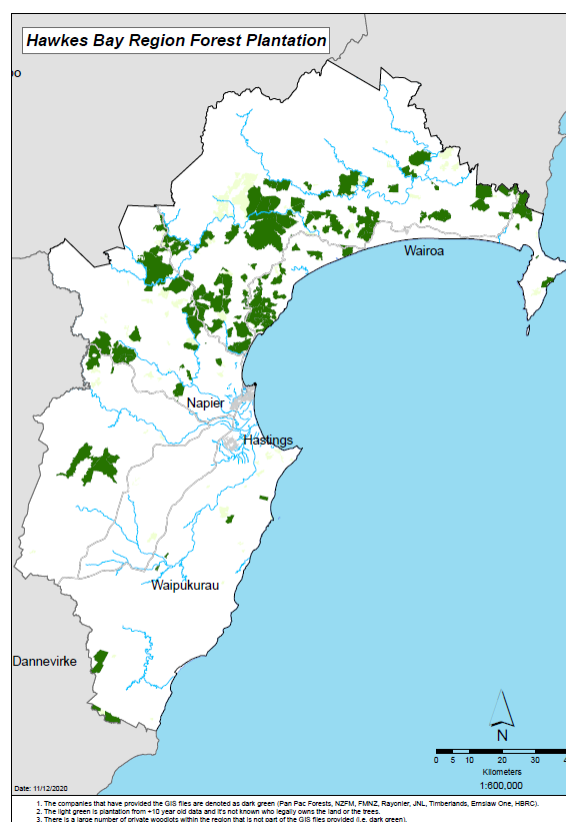


Figure 3. Hawke's Bay Region Forest Plantations Location map by the Hawke's Bay Forestry Group. Original image accessible at https://hbforestrygroup.co.nz/wp-content/uploads/2020/12/HBRC_Forest_Location_Map_122020_v4.pdf

The remaining settlement areas are related to non-forestry agriculture. These have distributed small communities and dwellings throughout and, therefore, low-density. Mobile phone coverage over farming agricultural areas is variable depending on topography, but in many cases can be found at least somewhere on many farms.

In contrast, forested areas have many locations with minimal or no mobile coverage. Maps are provided by mobile phone companies (Figure 4 to Figure 6) to give a broad view of the level of coverage, but the exact coverage experience across any one square kilometre can vary from the coverage shown in these maps.

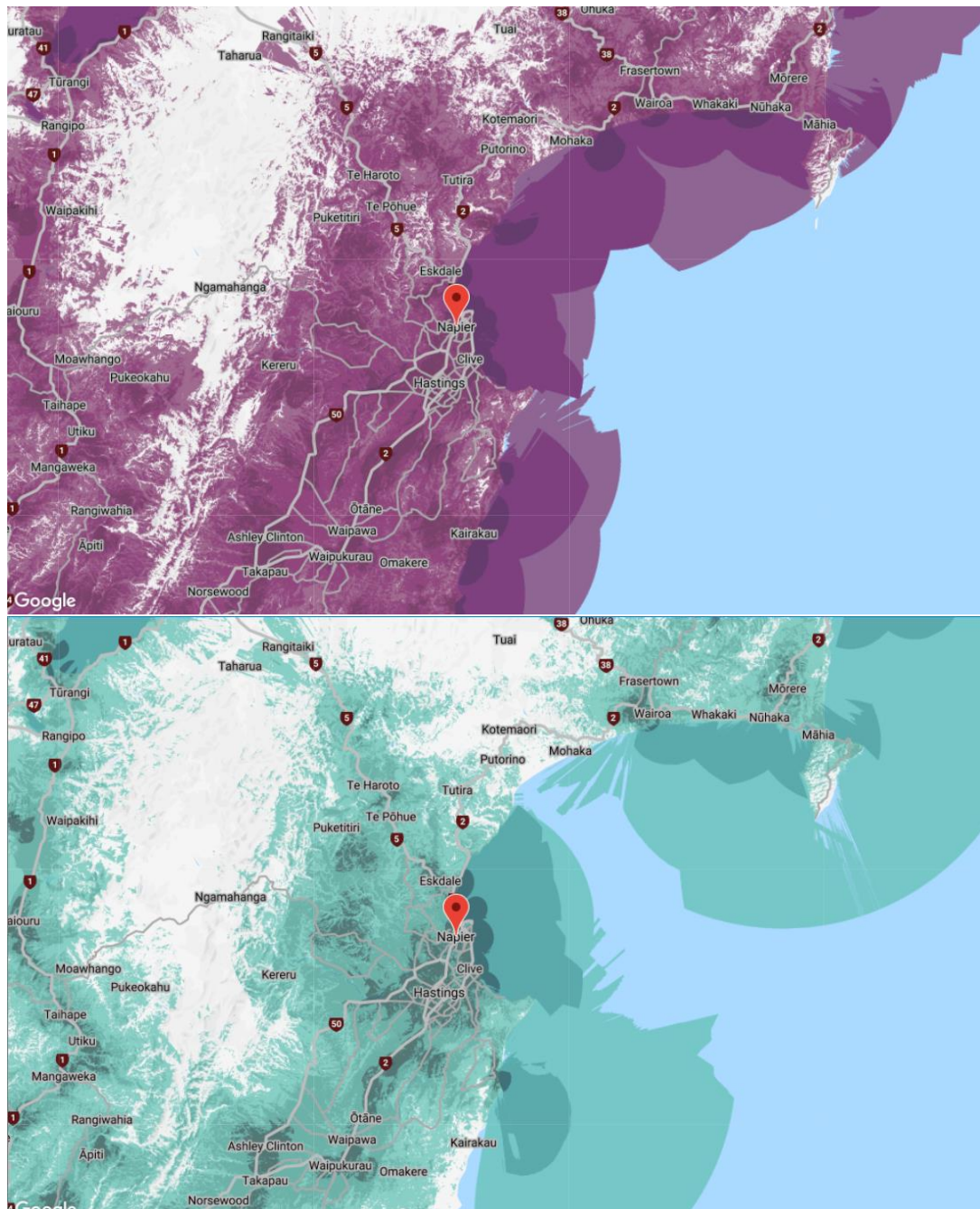


Figure 4. Two-Degrees Coverage maps of Hawke's Bay. Top image shows 4G coverage, and the bottom image shows 3G-Boosted coverage. Snapshots taken from <https://www.2degrees.nz/coverage/>, accessed on 8 September 2021.

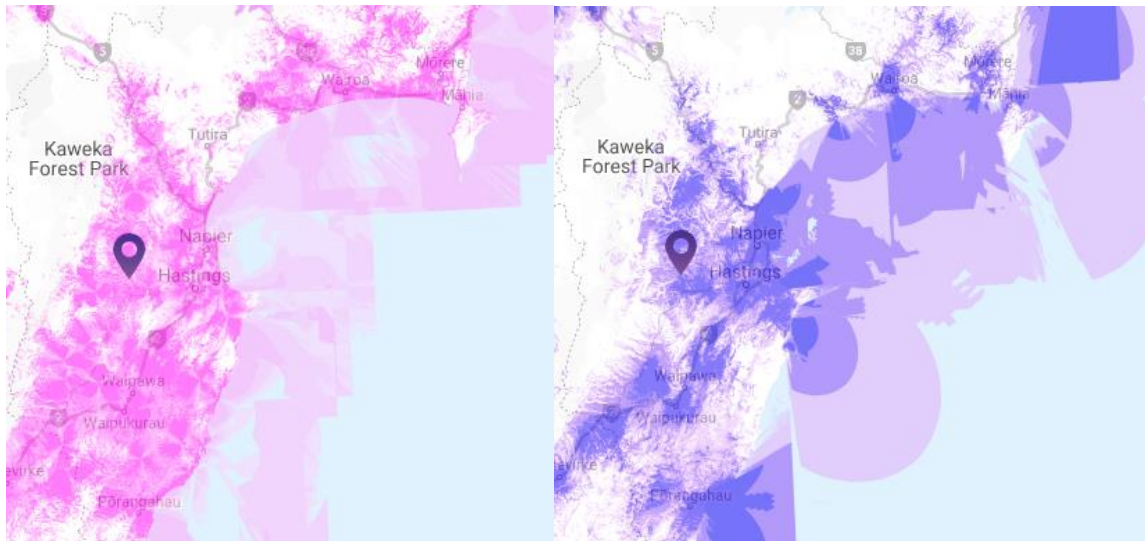


Figure 5. Spark coverage map for Hawke's Bay. Left image shows 4G coverage, and right image shows 3G coverage. Snapshots are taken from <https://www.spark.co.nz/shop/mobile/network.html> accessed on 8 September 2021.

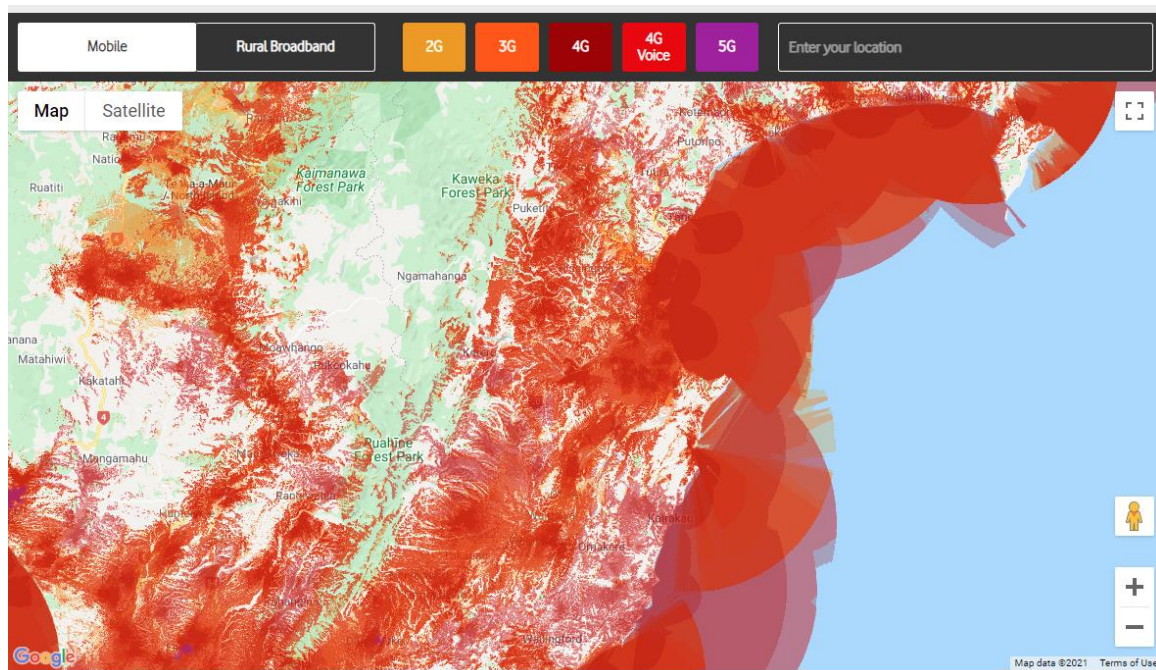


Figure 6. Vodafone coverage map in Hawke's Bay, including overlapping layers for 2G, 3G, 4G, 4G Voice, and 5G. Snapshot taken from <http://www.vodafone.co.nz/network/coverage/>, accessed on 8 September 2021

3.3.3 Isolated pockets

Isolated areas are referred to here as 'pockets', and the nature of the main pockets is discussed in terms of their common characteristics for public alerting needs.

Areas without mobile coverage

The urban areas, which contains 81% of the regional population, have mobile coverage. However, mobile coverage in rural areas may be highly varied. The maps provided in Figures 4 to 6 provide an overview of potential blackspots, but granular details on these blackspots are not within this report's scope. A project to conduct detailed mapping is recommended.

Beaches

The Hawke's Bay Region includes four Surf Lifesaving clubs, each with a patrolled beach (variable daytime and seasonal hours): Westshore Beach, Napier's Marine Parade, Ocean Beach, and Waimarama Beach). Alerting options to reach these beaches include mobile phones, dedicated hardware at the locations, and existing communications to the Surf Lifesaving facilities in these locations. In addition, each of the surf clubs has phones and radios. The clubs also have active social media pages. The Hawke's Bay CDEM Group needs to agree to harmonise the approach and messaging with these groups.

Most of the popular beaches in Hawke's Bay have good mobile coverage, with some exceptions on Mahia Peninsula. People visiting beaches in the region would be reached through widespread alerting (particularly mobile-phone-based).

3.3.4 Specific groups

This section discusses some key groups that need alerting. It also refers to other sections of the report (e.g., for ethnic groups, seasonal workers, and children via schools).

English as a second language

No notable spatial clusters with English as a second language are apparent from the 2018 census data. The overall number of people for whom English is not spoken appears to be approximately 2,100 people. There remains an opportunity for additional alerting via ethnic groups' self-maintaining networks (Section 2.3.3) and into agencies with people in their care (e.g., seasonal workers, Section 3.3.5), potentially reaching most dispersed non-English speakers.

Elderly

Hawke's Bay population is older than the national average. There are areas with a high proportion of older populations (Section 2.2.4). The most significant impact of age is likely to be a decreased access to technology, which is relevant to internet and mobile phone-based alerting. In aged-care facilities, the elderly will have reliance on carers to disseminate information or take action. If alerting requires access to these technologies, other means may be needed to ensure notifications reach areas with older populations, especially in rural areas.

Limited access to technology

It is recognised that access to technology, particularly to mobile phones, is a factor in alerting coverage. Most people in New Zealand have access to smartphones. Although on average, people in New Zealand have more than 1.3 smartphones per person (Statista, 2021), this does not imply everyone has a smartphone. In fact, digital inclusion varies based on demographics. Older populations may have less digital access (Digital Government, 2019). The scope of the review is limited to approximating issues through known associations, such as an inverse correlation between mobile phone and internet use to the age (e.g., 65 and older).

People with disability

A proportion of the Hawke's Bay population may be affected by disability (hearing, vision, physical, or psychological). See Section 2.3.5 for a summary of people with disabilities in the region. People with disabilities may have an inhibited ability to receive and respond to a warning.

Most alerting solutions under consideration are audible; therefore, receiving the initial alert may not be an issue for the sight-impaired. However, receiving content details from a warning may rely on the

accessibility and availability of assistive/adaptive technologies for the sight-impaired population. Therefore, their ability to respond to the warning needs to be considered in broader community response planning. Reaching the hearing-impaired community through existing channels must also be considered (e.g., voice to text solutions). Considerations must be provided for other disabilities, including physical and psychological. The Hawke's Bay CDEM group needs to explore solutions for people with disabilities with the supporting agencies for the respective communities.

Transient populations

Transient populations are comprised of tourists in the Hawke's Bay region and people travelling on state highways and docking through Napier Port. Tourists can be in larger numbers in accommodation and attraction locations (assuming a return to pre-COVID-19 pandemic levels). This includes urban areas such as Napier and Hastings in terms of accommodation, where standard urban warnings may cover transient populations. However, remote attractions may need specific coverage. Special attention may need to be given to international tourists travelling to remote locations, as they may not have the same access to mobile coverage as domestic tourists.

3.3.5 Agencies with people in their care

Many agencies have substantial numbers of people in their care because they reside, visit, or work there. These agencies may include schools, the Department of Conservation, the Hawke's Bay Regional Prison, hospitals, aged care facilities, large employers (e.g., primary production and manufacturing sectors) and large sites (e.g., ports, stadiums, etc.).

Connecting with these agencies is an effective additional alerting channel to reach people in their care. Especially important for sites or areas where there are people who may not have access to regional public alerting options. The agency provides an additional opportunity to get an alert message to people in their care via their existing communication structures, reinforcing and providing redundancy to regional options.

As part of enhancing coverage, Hawke's Bay CDEM Group is already connected or needs to connect with agencies with people under their care, including

- Hawke's Bay District Health Board – may also be able to liaise with via their networks Mental Health Social Service providers
- Ministry of Education – to liaise with alerting Oranga Tamariki and Young People Social Service providers
- Ministry of Social Development (MSD) – may be able to liaise with via their networks for Older People, Homeless and Family Social Services providers
- Ministry for Primary Industries (MPI) – may be able to liaise with the Forestry Group, also horticulture, agriculture, and viticulture sector - via the Rural Advisory Group (Rural Network)
- Eastern Institute of Technology (EIT)
- Te Puni Kōkiri – for alerting marae
- Hawke' Bay Tourism
- Department of Conservation (DOC)
- Department of Corrections
- NZ Transport Agency (NZTA)
- Hawke's Bay Airport
- Port of Napier
- Camper van providers
- Campgrounds

- Surf Lifesaving
- Large commercial entities (e.g., supermarkets and large format retailers)
- Regional Sport Park.

3.3.6 Cross border issues

Hazards can be shared across regional borders. Harmonisation of warning systems between neighbouring CDEM groups is essential to share consistent warning messages in impacted areas. Harmonisation will reduce confusion and improve responses to take protective action.

3.4 Napier specific considerations

Napier City is particularly vulnerable to earthquake and tsunami impacts due to its exposure to the Hikurangi Subduction Zone and other local faults (Payne et al., 2019). Around 62,000 people live in Napier as of the 2018 census (Stats NZ, n.d.). Napier's population mostly lives in low-lying land within tsunami evacuation zones. See Figure 7 for an overview of Napier City's tsunami evacuation zones. Populations north of the city will likely evacuate to Napier Hill. It is estimated that 20,000 people live in this area (Power et al., 2019). People west of the drainage channel separating Onekawa from Pirimai would evacuate to the Taradale Hills (Power et al., 2019).

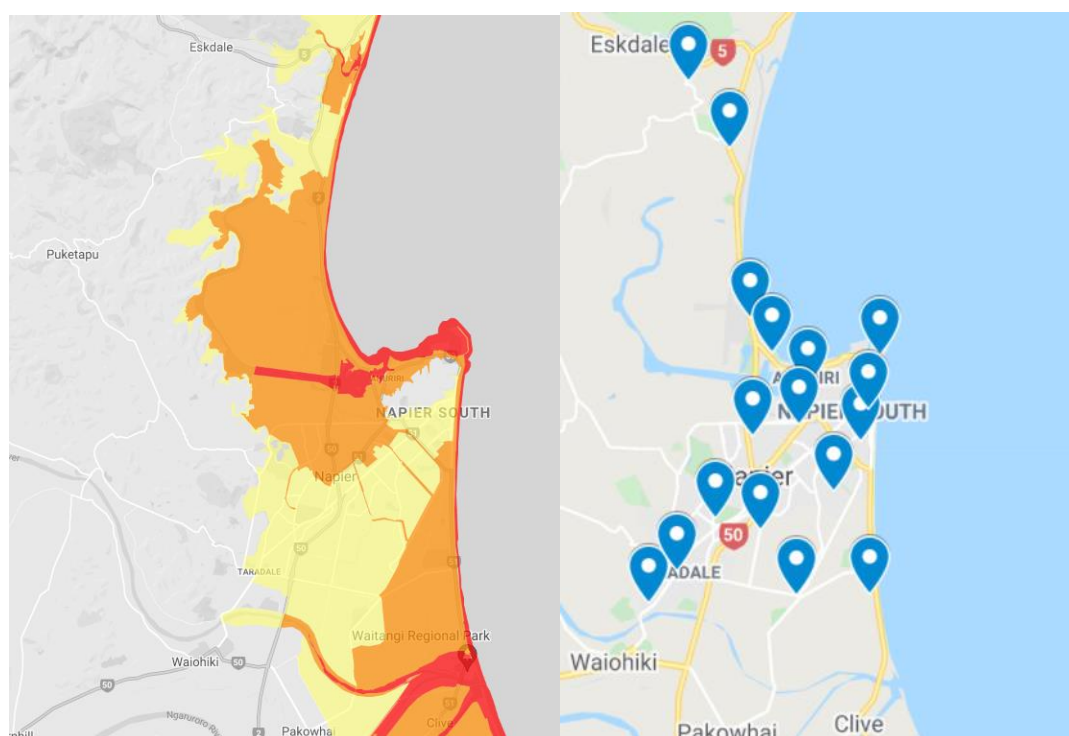


Figure 7. Overview of Napier City's Tsunami Evacuation Zones and Locations of Napier Siren System. The left figure shows three coloured zones in Napier per NEMA guidance on tsunami evacuation zones (2016). Red – shore exclusion zone, Orange – area evacuated in distant and regional-source official warnings, Yellow – coverage for all maximum credible tsunami events. The right figure shows the location of sirens in Napier. Images sourced from Hawke's Bay Emergency Management Group.

Systems are in place for public alerting to tsunami hazards in Napier. Napier has a siren system installed since the late 1960s and upgraded in about 2002 (Morris & Leonard, 2013). The initial development of tsunami sirens followed reviews after the unwarned damaging May 1960 tsunami (Johnston et al., 2008). The Napier Siren System is mechanical. They are fixed sirens mounted on establishments. Previously, tsunami sirens were mounted on fire stations around Napier. But according to Hawke's Bay CDEM, these have been disabled following FENZ's organisational directive across New Zealand that no tsunami sirens be located at fire stations.

Napier's siren coverage is from Eskdale to Taradale with 17 sensors (see Figure 7 for a summary of the siren locations). The sirens use a rise and fall signal. The signal means that an emergency is imminent, and the public is advised to listen to the radio for more information (Morris & Leonard, 2013). NEMA has national guidance for tsunami warnings (Ministry of Civil Defence & Emergency Management, 2014). In addition, tsunami warning must employ a multi-channel system where sirens could be one of many public alerting options. Appendix A lists the key principles for tsunami warning systems.

It must be noted that the Emergency Mobile Alerts (EMA) system is used for public tsunami notifications in New Zealand. NEMA and CDEM Group Controllers may issue EMA for local, regional, and distant source tsunami where there is significant life-safety risk (NEMA, 2020).

However, for local tsunami sources, there is very little or no time to send official warnings; people will need to respond and make decisions based on natural warnings (NEMA, 2020). People in all three zones (in Figure 7) will need to self-evacuate immediately on feeling a long or strong earthquake to avoid the impacts of tsunami that could arrive within 15-40 minutes from the initial ground shaking (Hawke's Bay Emergency Management Group, 2021). Public awareness is vital, so people can recognise and respond to natural warnings. Local agencies such as the Hawke's Bay CDEM Group and Napier City Council work to enhance community readiness and resilience as an ongoing and critical focus (Payne et al., 2019).

3.5 Needs compared to options

3.5.1 Methods

This review uses the national Public Alerting Options Assessment by Wright et al. (2014) and the updated Excel decision support tool. The methods used were streamlined and applied for regional-level review in Waikato (Wright et al., 2015) and Bay of Plenty (Leonard et al., 2017). This assessment has been updated with developments in emerging options, including EMA, CAP, and other evolving capabilities available in New Zealand.

3.5.2 Scoring and basis

A Public Alerting Options Assessment was developed using an evidence-based scoring system. The effectiveness of each alerting option was determined using a range of criteria developed from information from international and national cases studies and theory-based research (Leonard et al., 2017; Wright et al., 2014, 2015). The tool contains base effectiveness scores, which are modified based on local and contextualised information added to the tool. The alerting options and the effectiveness evaluation tool are discussed more in Appendix B.

The tool used for this assessment used approximated costs for each alerting system based on the estimates from the Bay of Plenty review (Leonard et al., 2017). These values provide a way to compare the cost-effectiveness of systems. A caveat on the approximations, the costs will most likely have increased from the 2017 estimates. The range of criteria used to determine the effectiveness of each alerting system is shown in Table 7.

Table 7. Evaluation Criteria for Determining Effectiveness in the Public Alerting Decision Support Tool, taken from Leonard et al. (2017)

Evaluation Criteria	Explanation, implications
Activation time – Fast or nothing	Alerting and action time available
For fast onset, localised	Hazard, alerting and action time available
For fast onset, widespread	Hazard, alerting and action time, cost
For slow onset, localised	Hazard, alerting and action time available
For slow onset, widespread	Hazard, alerting and action time available, cost
Heads-up	Reach people whatever they are doing
Hearing-impaired	Vulnerable groups, receipt of message
High pop density	Cost, economy of scale, reach of system
Immobile	Vulnerable groups, action esp. evacuation
Institutions	Vulnerable groups, dependent
Instruction	Provides appropriate action information
Language	Vulnerable groups, understanding of message
Low pop density	Cost, economy of scale, reach of system
Mental capacity	Vulnerable groups, understanding of message
Ongoing effect (ability to update message)	Change in at-risk area or required action
Opt-in required	At-risk population must subscribe and cannot unsubscribe
Relies on (landline) telephony	Potential point of failure
Relies on electricity	Potential point of failure
Relies on internet connection	Potential point of failure
Robustness/resilience	Maintenance required, hazard resistant
Sight impaired	Vulnerable groups, receipt of message
Terrain	Topographic constraints on alert delivery
Time to reach all	Congestion of networks, delivery time
Transients/Visitors	Unfamiliar with local hazards, alerting systems, and required actions

Highlighted cells indicate showstoppers – most critical considerations

3.5.3 Showstoppers

The most critical considerations (i.e., 'showstoppers') for the evaluation are (1) *heads-up*, (2) *instruction*, (3) *opt-in required*, and (4) *time to reach all*. These are highlighted in Table 7 and discussed in more detail below.

- *Heads-up* and *instruction* are necessary for alerting to produce the appropriate response from the at-risk public during emergency events. *Heads-up* is the ability to inform people regardless of where they are and what they are doing. It needs to be attention-grabbing.
- *Instruction* is the content information of the alert for the recipient. It should contain *heads-up* information that indicates that something is happening. It should provide the following details: what is happening, where, when, and what action is required to respond to the threat.
 - For example, a severe Hazchem incident and a regional tsunami event may require different responses (e.g., staying indoors and sealing doors and windows vs evacuating tsunami hazard zone). *Instruction* is a critical part of alerting.

- *Opt-in* criterion captures the need to subscribe or install components to be part of the alerting system. Examples for *opt-in* subscriptions include signing up to an email list, telephone-tree, telephone auto-dialler, SMS-text alert distribution list. Examples of *opt-in* systems that require installation include mobile applications (apps), audio-frequency signals through the electricity network (ripple control), and tone-activated alert radio. The need to subscribe or install to be part of the alerting system creates a potential barrier for uptake, especially if it involves costs or technological proficiency. An *opt-in* system most likely also allows people to opt-out. This would give capability and option for citizens to modify when they would receive alerts and can also turn off completely. Therefore, alerting opt-in options have lower effectiveness.
- *Time to reach all* is essential to maximise appropriate responses to warnings. Timeliness must be considered, including system activation time and the time to create and deliver the alert to all at risk.

3.5.4 Initial indicative cost comparison

Table 8 provides relative effectiveness scores for selected alerting options, with indicative costs if implemented across the Hawke's Bay CDEM Group. See the Public Alerting Options Assessment (Wright et al., 2014) for details on how the effectiveness scores were calculated. The costs in the table are not intended as a quote but rather an indication of relative cost based on the per-unit costs used in computation in past reports (Leonard et al., 2017).

Table 8. Effectiveness scores and indicative costs for alerting options to reach 100% of the region's population. Sorted by effectiveness score under different coverage categories

	Effectiveness score	Low Density Population: 31,530		High Density Population: 135,000		
		Start Cost \$k	Cost/year \$k	Start Cost \$k	Cost/year \$k	
Rapid widespread coverage:						
EMA Cell Broadcast	84%	6	6	25	25	Already funded centrally
Mobile device apps	82%	14	14	58	58	Opt-in
Fixed PA loud-speakers	68%	NA	NA	2979	279	Maintenance, telemetry and testing
Coverage can reach 70%						
High effectiveness:						
Radio announcements	82%	1	1	4	4	No heads up, slow to reach 70%
Route alert (door-to-door)	71%	2049	2049	8775	8775	# staff available and time to walk/drive
Moderate effectiveness:						
Power mains messaging	66%	631	0	2701	1	Heads up only – slow response
Natural warnings	66%	114	114	486	486	Only for a few hazards Good for coasts
Telephone trees	65%	82	82	352	352	Slow to reach 70%
Telephone auto-dialler	64%	8	8	36	36	Slow to reach 70% Good for pockets
SMS-PP text messaging	63%	11	6	31	26	Slow to reach 70% Good for pockets
Pagers (triggering 200 people)	62%	99	49	422	211	Slow to reach 70%, phasing out
Lower effectiveness:						
Call-in telephone line	47%	669	649	2801	2781	Very slow to reach 70%
Sirens (signal-only) - Fixed	44%	3825	262	4226	314	Heads up only – slow response
Coverage cannot reach 70%						
Mobile PA loud-speakers	74%	316	0	139	1	Cannot reach 70% Good for pockets
Television announcements	73%	1	1	4	4	Cannot reach 70% Good backup
Website banners	66%	159	1	679	4	Cannot reach 70%
Independent self-maintaining networks	66%	6	6	24	24	Cannot reach 70% Good for pockets
Mobile PA loudspeaker (Police / Fire)	66%	1	1	4	4	# vehicles & staff; time required
E-mails	59%	20	5	38	23	Cannot reach 70%
Newspaper content	58%	0	0	1	1	Cannot reach 70%
Websites	56%	162	4	693	18	Cannot reach 70%
Marine radio	53%	1	1	4	4	Cannot reach 70%
Tourist/lwi radio	49%	1	1	4	4	Cannot reach 70%
Billboards - static	47%	114	51	122	55	Cannot reach 70%
Billboards - electronic telemetered	45%	0	0	1	1	Cannot reach 70% Good for pockets

4 Recommendations

Public alerting systems should deliver the best timely information so that people can make an informed decision during a warning with as much time as possible for protective action. This review recommends a system of public alerting options. Following the scope outlined in Section 1.1, the recommendations focus on public alerting. It must be noted that public alerting occurs in broader contexts of risk management, community engagement, planning, public education and exercises, and evaluation.

Recommendations discussed in this section:

- 4.1 Public alerting system to support response to natural warnings
- 4.2 Backbone of EMA supported by mobile apps
- 4.3 Infill options to cover pockets
- 4.4 Other considerations include multi-end point platform, one-stop-shop, low-cost reinforcement channels, and technologies to watch
- 4.5 Suggestions for existing systems
- 4.6 Example indicative solutions
- 4.7 Prioritisation of the recommendations.

4.1 Public alerting system must support response to natural warnings

The public must be aware that for certain events, an official warning may not be possible. For example, natural warnings are the fastest warnings for local source tsunami, and the public must be ready to act on these without hesitation.

If an earthquake is LONG or STRONG: GET GONE – is a natural warning message for tsunami. It is an important warning for people in Hawke's Bay and the rest of New Zealand, and people must know how to respond and do so without any hesitation. They must move immediately to the nearest high ground or as far inland as possible upon experiencing an earthquake that lasts more than a minute or makes it hard to stand up. People should not wait for an official warning. This is in addition to DROP, COVER and HOLD during the earthquake itself. Knowing the natural warning, the corresponding message, and appropriate action is important as it will give the maximum time and may be the only warning before impact.

An enhanced alerting system may cause a risk of people waiting for an official alert before taking appropriate actions. Over-reliance on official announcements and technical systems may have fatal consequences, as seen in the 2011 Tohoku earthquake and tsunami in Japan (Ishida & Ando, 2014). This was also seen following the 2005 Crescent City earthquake and tsunami warning in the USA, where a technical error led to the failure of the alerting system (Biever & Hecht, 2005; NOAA, 2005). In recent surveys in New Zealand, many people still indicated that they would wait for an official public warning before evacuating after a large earthquake (Dhellemmes et al., 2021).

This risk of over-reliance on alerting systems must be mitigated with public education. Regular exercises (e.g., annual tsunami hīkoi for all schools) can be an effective way to educate about correct actions for different warnings and regulate expectations on alerting systems. Resourcing adequate levels of public education and exercises requires substantial ongoing investment for staff resourcing. There is still a gap in educating the New Zealand public about natural warnings for tsunami. Aligned with developing warning systems, it is recommended that warning systems MUST be accompanied by public education and with annual physical evacuation exercises. Public education is needed to emphasise the overriding importance of responding to natural warnings.

Public education campaigns around natural warnings, EMA, and supporting public alerting tools with evacuation exercises, require staff resourcing. Section 4.6 shows indicative costing for staffing support that includes community response plans, education campaigns, engagement with the whole community, and annual exercises. Note that the staff ratios are indicative only using estimates from more densely populated urban areas. For Hawke's Bay, staffing must consider the local context, including the geographical spread and risk exposure needs.

4.2 Backbone

EMA, supported by mobile apps, should be considered the backbone of public alerting in Hawke's Bay as the systems can reach the vast majority of the population whether they are at home or work. EMA and mobile apps are cost-effective and have high effectiveness scores. All EMA-compatible phones² can receive an alert if issued within the broadcast network. EMAs do not need to be installed and cannot be uninstalled.

However, FTE staff costs must be allocated to reinforce public education of these systems. Since its implementation in 2017, EMA has been tested nationwide annually (in 2017, 2018, and 2019). No tests were conducted in 2020 in consideration of the COVID-19 pandemic. However, the EMA system has been widely used in response to the pandemic, and notifications have been sent out to communicate about Alert Level changes. The New Zealand public is now well acquainted with the EMA. However, there is a risk that the public will over-rely on the EMA and may not respond to natural warnings. Public education should continue to remind people of natural warnings and the limits of the EMA system (especially to warn for local source tsunami). The cost for FTE should be accounted as part of the job of staffing to support response to natural warnings.

Mobile apps should be promoted to areas where there is limited mobile coverage but may have internet connectivity. The Hawke's Bay CDEM Group is promoting the Red Cross Hazard App. The Red Cross Hazard App is an app that is CAP-ready. In recent developments, the Hazard App can replicate the EMA in the app. This app alerting option will suit people whose phones cannot receive EMAs and those outside mobile coverage areas but are connected to the internet by other means. Apps have a lower penetration rate to the New Zealand public as substantial effort needs to promote the installation, educate about the correct configuration, test its effectiveness, and evaluate its uptake. There should be regular promotion, education, testing, and physical exercises (e.g., during annual ShakeOut/Tsunami Hīkoi) for the public. The cost for FTE staffing is indicatively costed in Section 4.12 for the support staff to support response to natural warnings.

The Red Cross Hazard App is currently in use for the region and has three substantial issues that need addressing before it achieves the high theoretical effectiveness of apps, besides the needs mentioned above:

1. Poor reviews in the app stores are contributing to people not installing the app.
2. Past performance on the volume of weather-related alerts may have contributed to alerting fatigue, causing people to uninstall the app. Too many alerts may dilute the likelihood that users will notice the important and less frequent life-safety alerts when they come through. Users may need to configure the app to the appropriate level of warnings they may want to receive.

² List of EMA Capable phones: <https://getready.govt.nz/prepared/stay-informed/emergency-mobile-alert/capable-phones/>

3. The app does not effectively wake people up because alerts come through as a regular push notification (as with other apps). Therefore, the sound and vibration may be minimal. However, future enhancements to the app may include a loud alarm.

Because of the availability of Wi-Fi provided by non-cellular Internet Service Providers at most homes and workplaces, the mobile app support to the EMA backbone can be considered a partial redundancy in terms of channel.

4.3 Infill options

Additional layers of regionally coordinated alerting are needed to cover groups and pockets (as identified in Section 3.3). The layers for coverage will depend on the costs and the number of people that the backbone cannot reach.

4.3.1 Possible alerting options for infill

The following alerting options score high on effectivity while having relatively low-cost that can be considered:

- Voice-Over-Internet-Protocol (VOIP) auto-dialler system – should be investigated as an alternative option where cellular coverage is lacking. VOIP uses technology to allow high rates of simultaneous calling. It allows for multiple simultaneous callers, where many lines can call a single server to receive information.
- SMS can deliver messages to a list of people in areas with cell cover but with phones that are not EMA capable. However, more handsets are becoming capable of receiving EMA.

An effective and more expensive option is PA loudspeakers:

- Fixed PA loudspeakers allow alerts to be telemetered in areas that have no cell or internet cover. However, this option is costly.

4.3.2 Linking alerting options to pockets

Applying alerting options solutions for infill coverage should consider the following pockets and their intersections:

- places where there is no mobile coverage or internet
- places where there are people, and
- groups of distributed people (specific groups 3.3.4) that the backbone may not reach.

4.3.3 Determining areas that lack mobile coverage

Further work is needed to map the mobile coverage for the region fully (indicative maps in Figures 4 to 6). Different providers have different blackspots. Mapping will help identify which blackspots may not receive EMAs and for apps that will require mobile internet. These can be cross-analysed with the available telemetry and risk profiles to determine what alerting options will be best suited. This information can be used to lobby for better coverage from providers.

4.3.4 Population centres' mobile coverage and other telemetry

To understand appropriate infill options, further assessment is needed to investigate the population centres and their available telemetry and mobile coverage. For example, there may be areas with mobile blackspots, but they may have access to fixed-line systems (e.g., copper wire or fibre optic); in such cases, these areas can be covered by VOIP auto-dialler using a landline or mobile apps.

4.3.5 Specific groups

Further work is needed to fill in alerting options to specific groups:

- **Iwi groups.** Relative to some other regions, there is a sizeable Māori population in Hawke's Bay Region. Specific Iwi communication channels provide an opportunity to reach a substantial part of the regional population. Hawke's Bay CDEM Group needs to continue engaging with Iwi group representatives to develop approaches to deliver alerts and collaborate with existing communication channels and community organisations.
- **Non-English speakers** – there is a need to enhance engagements with ethnic groups and support their self-maintaining networks. It is recommended to identify groups and ensure that their networks would have access to public alerting.
- **Elderly** – Access to technologies for the older population, especially in rural areas, must be considered. Using and installing mobile apps may be a problematic alternative for the elderly that EMA can't reach. However, access to landlines may allow for the use of auto-diallers. In aged-care facilities, the elderly will have reliance on carers to disseminate information or take action.
- **People with disabilities** – Access and availability to assistive/adaptive technologies may be a barrier for people with disabilities. It is recommended that Hawke's Bay CDEM explore solutions for people with disabilities with the supporting agencies for the respective communities.
- **Transient populations**
 - To cover people travelling on highways, specific warning arrangements may be needed with NZTA. Future CAP compliant public alerting endpoints could be used as an integrated system (e.g., digital signboards).
 - To cover tourists, additional mobile alerting options should be explored. Most domestic tourists will have EMA-capable mobile phones. However, there may be potential variability with foreign handsets. Mobile apps (e.g., New Zealand Red Cross Hazard App) may be an alerting option for foreign tourists. It must be explored how to get tourists to install the apps on their phones. Blackspots may be an issue with tourists as both EMA and apps have reliance on mobile coverage.
- **Agencies with people in their care** – The list in Section 3.3.5 identifies the agencies that Hawke's Bay CDEM Group must connect with to ensure coverage. Hawke's Bay CDEM Group should coordinate specific warning arrangements into the internal and broader communication channels of these agencies.

4.4 Other considerations

4.4.1 Multi-end-point platform

We suggest considering using an alerting end-point platform to ingest alerts and distribute to other end-points, including but not limited to:

- EMA
- Red Cross Hazard App
- VOIP auto-dialler
- SMS lists (for groups within cell coverage but are not capable of receiving EMA)
- social media
- website
- CAP RSS feed for all other alerting end-points.

4.4.2 One-stop-shop

The Hawke's Bay CDEM Group currently has a web page where a list of public alerting channels is available: <https://www.hbemergency.govt.nz/get-ready/public-warning-systems/>. We encourage

using this page as a one-stop-shop portal to provide a clear explanation and access to warning services. It must be noted that the webpage in itself is not intended to be a warning system but a pre-warning portal of information. The page can be enhanced further to include what channels are available where, for whom, and what hazards. The current content is tsunami heavy for appropriate reasons, but the one-stop-shop must be balanced to include other hazards.

4.4.3 Additional Low-Cost Reinforcement Channels

The following should be enhanced and maintained at a regional level as they provide reinforcement to Hawke's Bay public alerting:

- Media arrangements
- Connection to self-maintaining networks
- Connection to large agencies with people in their care
- Social media
- Websites
- Other CDEM Group members alerting capacity.

4.4.4 Other technology to watch

More **CAP-compliant public alerting endpoints** will be available in the coming years. A public alerting endpoint is any piece of technology that can read CAP messages and deliver those messages to the public in a human-readable format (e.g., SMS, digital road signs, etc.). The Hawke's Bay CDEM Group should continue to work with the NZ CAP Working Group, where CDEM can originate CAP warnings that can be ingested and distributed to various end-points.

The **Android earthquake alerts system from Google** was initiated in New Zealand starting April 2021 and has issued out a few Earthquake Early Warning (EEW) alerts (which is intended to provide advanced notification of incoming earthquake shaking) to Android users. This alerting system was deployed without officials' involvement and should not be confused with alerts issued by civil defence authorities (McDonald, 2021). EEW is not an alerting option accessible for Hawke's Bay CDEM Group as this warning system is automated and run by Google. However, alerts coming from Android phones may confuse the public, and the Hawke's Bay CDEM Group must respond. It is recommended that the Group, with guidance and in coordination with NEMA, provide public education on the EEW alert and communicate its advice to the public about what they should do upon receiving the alert (e.g., include this in the one-stop-shop).

4.5 Existing systems

Existing systems should be maintained until consideration and implementation of installing new systems or decommissioning of old systems has taken place. The following are recommendations for the existing systems:

- Consider a **multi-end-point platform** that could deliver to multiple existing platforms at once. The platforms could integrate delivering consistent messaging to the existing end-points such as EMA, social media (Facebook and Twitter), the Hawke's Bay CDEM website, and the Red Cross Hazard App. The platform could integrate with future alerting options, including auto-diallers, etc.
- Consider **EMA** and **mobile apps** as a backbone to the alerting system. This should be accompanied by public education and exercises.
- **Social media** and **one-stop-shop webpage** should be maintained and enhanced for reinforcement alert messages and the public alerting system
- **Land-based siren**

- The current signal-only siren system in Napier is not fit-for-purpose in the context of current-day alerting. Although it provides a *heads-up*, it cannot provide detailed *instructions*. The rise-and-fall signal only intends to communicate the need to seek more information. The current Napier system does not comply with the NZ Standard for Tsunami Sirens and should not be used for this purpose.
- The public might not know what the siren signal means unless this system is accompanied by extensive education on the siren signal meaning and the appropriate actions to take when the signal is heard. The public may not respond because they are unsure of the meaning (Fraser et al., 2013). Especially for tone-only sirens, there may be a disconnect between the intended message and what the people's perception of the message. In Napier, the siren signal means that the public should seek further information through radio, and not necessarily indicating of threat of tsunami (Fraser et al., 2013). However, staff report that in their previous education campaigns, they have struggled to change community perceptions that these fixed sirens are 'tsunami sirens.' For tone-only sirens to work, a public education component is needed to enhance awareness and understanding of the system (Fraser et al., 2013). Staff resourcing for public education must be budgeted with the use of the current siren system.
- The existence of the siren system may increase the risk of over-reliance on the system and cause people to wait to hear the signal before acting on natural warnings. Potential earthquake damage itself can make the sirens fail. In a survey after the 2011 earthquake and tsunami in Japan, 17 out of 27 affected municipalities responded that their fixed tsunami alert transmission system failed from power cuts or earthquake damage and did not function properly at the time of the disaster (Hasegawa, 2013).
- Public education and exercises must reinforce natural warnings and the LONG or STRONG: GET GONE message. Staffing costs must be budgeted for public education.
- The costs of upgrading the current siren system to a PA loudspeaker system may not outweigh effectiveness in areas with already existing or alternative alerting options (i.e. good EMA or mobile app coverage). Although, a PA loudspeaker system has high effectiveness score, because it provides both *heads-up* and *instruction*, it has a high start-up cost and substantial ongoing maintenance costs (Wright et al., 2014). It is also considered to be prohibitive in low-density areas. Its coverage is restricted to narrow geographical areas and has audibility issues, especially in strong winds.
- Napier City, as an urban area, already has good coverage with the high-reliability backbone of EMA and mobile apps. EMA and mobile apps provide both *heads-up* and *instructions*. Capital and maintenance costs are likely to be better spent on public education and strengthening the backbone, rather than maintenance or upgrading of the land-based Napier Siren System.
- One **Stinger Siren** exists in the region but is currently decommissioned. Careful consideration should be given if it will be used as an infill alerting option. Effectiveness is questionable due to deployment time, the added exposure of the operator to the hazard, and the rate of warning delivery.
- **Helicopter PA** (currently in Wairoa) should be maintained if it is an appropriate infill alerting option to areas where the backbone is ineffective. However, use with caution, as media reports on helicopter PA testing in Wellington showed that a significant number of the population could not hear the address message clearly and caused confusion (Leonard et al., 2017). Main issues include service level, availability, speed for deployment, and speed to reach the populations at risk.

- **Door-to-door and outbound calling** should be maintained and integrated with public education and annual exercises. The effectiveness of the option is dependent on the availability and proportion of staff on duty and per person rate of visits. This option will not reach the majority of the population when peril is imminent but would be good as infill options for pockets. Appropriate staffing resources must be budgeted this option.

4.5.1 Requests for Proposals (RfP) and Implementation Process

Before implementing changes in the alerting system, the balance between the backbone and infill options will need to be agreed upon. After which, further specifications will be needed for RfPs from vendors. Points of clarity and alignment will be needed on national initiatives around EMA, CAP, mobile apps, and other technological trends.

4.6 Example indicative solution

Table 9 shows an indicative solution to implement the above recommendations. Table 9 is not a quote, and the costs are indicative only. The exact costs will be dependent on detailed proposals from vendors.

Note the following points for Table 9:

- The backbone of EMA and mobile apps is cost-effective as these alerting options will have rapid widespread coverage. However, the annual cost of staff time must be budgeted to account for the substantial amount of work to train, maintain procedures, and provide education and exercises around these options.
- Note that detailed pocket analysis was not in the scope of this report, so areas without access to EMA and mobile apps are indicative via population density only. This estimate must therefore be treated as speculative until Hawke's Bay has conducted a detailed pocket analysis.
- The infill via a telephone auto-dialler system and targeted SMS messaging has an annualised direct and staff cost. Charges per message will also be incurred.
- Upgrade of 17 Fixed PA loudspeakers are included as an example. These fixed PA systems could be targeted at the highest use beaches and tourist locations with limited cell coverage. The cost basis needs to be confirmed with RfP.
- It is necessary to budget staff time for additional redundancy and reinforcement systems. These must be annually sustained, and important to consider further infill options to reinforce warning messages.

Table 9. Example indicative approach to determining costs for alerting options for the Hawke's Bay region. Sorted by effectiveness score under the categories of rapid widespread coverage, can reach 70%, and cannot reach 70%. Costs are in proportion to the targeted reach (in terms of percentage population) of each alerting option.

	Effectiveness score	LOW Density (100 ppl/sq.km)				HIGH Density (2500 ppl/sq.km)				
		Population: 31,530 people				Population: 135,000 people				
		Reach	Start-up Cost	Annual Cost	Annual direct cost	Reach	Start-up Cost	Annual Cost	Annual direct cost	
Rapid Widespread Coverage:			\$k	\$k	\$k		\$k	\$k	\$k	
EMA	84%	60%	6	6	5	90%	35	35	29	Training, maintenance, education, and testing
Mobile apps	82%	90%	12	12	15	90%	52	52	58	Training, maintenance, education, and testing
Rapid targeted coverage:										
Fixed PA loud-speakers (17 units)	68%		NA	NA		10%	850	85	43	Maintenance, telemetry, and testing
Coverage can reach 70%										
High effectiveness:										
Radio announcements	82%	70%	1	1	0	70%	3	3	0	No heads up, slow to reach 70%
Moderate effectiveness:										
Natural warnings	66%	70%	79	79	22	70%	340	340	94	Required for tsunami. Cost = full plans, education, and exercises supported.
Slow to reach 70%										
Telephone trees	65%	10%	53	53	0	5%	18	18	0	
Telephone auto-dialler	64%	10%	1	1	1	5%	2	2	2	Good for pockets
SMS-PP text messaging	63%	10%	6	1	1	10%	9	4	3	Good for pockets
Cannot reach 70%:										
Mobile PA loud-speakers	74%	0%	0	0	0	5%	7	0	0	Good for pockets
Television announcements	73%	50%	1	1	0	50%	2	2	0	Good backup
Website banners	66%	50%				50%				Provided with CAP uptake
Independent self-maintaining networks	66%	10%	1	1	0	10%	2	2	1	Good for pockets
Mobile PA loudspeaker (Police / Fire)	66%	1%	0	0	0	10%	1	1	0	# vehicles & staff
E-mails	59%	10%	16	1	0	10%	17	2	0	
Newspaper content	58%	50%	0	0	0	50%	0	0	0	
Websites	56%	2%	3	0	0	2%	14	0	0	
Marine radio	53%	2%	0	0	0	2%	0	0	0	
Tourist/Iwi radio	49%	5%	0	0	0	5%	0	0	0	
Billboards – static	47%	10%	11	5	5	10%	12	5	5	
Billboards - electronic telemetered	45%	15%	0	0	0	15%	0	0	0	Good for pockets
TOTALS (\$k)			190	161	49		1364	551	235	

Start-up total (year 1)	1554
Annual (Year 2 onwards)	712
Annual Direct Costs (no FTE) only	284

4.7 Prioritisation

1. We recommend that backbone options (both of which are currently in use) are costed in detail and implemented first.
2. Staff resourcing must be increased to enhance education on natural warnings awareness, including knowing how to act. Higher levels of community engagement, education, and exercise are needed throughout the region. The cost for this should be sustained on an annual basis. These programmes need to be appropriately evaluated.
3. A comprehensive regional study of network coverage should be commissioned. This mapping exercise should be cross-analysed with fixed-network systems, geographical risks, and an assessment for suitable infill alerting options for blackspots, recognising that different providers probably have different blackspots.
4. Ongoing research should be conducted or commissioned into infill needs to use the end-point platform options (particularly VOIP auto-dialler).
5. The system should be reviewed every three to five years
6. **IF it be decided that the Napier siren system be maintained or upgraded, there should be inclusion of an extensive plan for public education and exercises. An RfP for enhancing the Napier Siren System with PA loudspeakers to match the above need (if any) should also be released.**

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Appendix A: Principles for Tsunami Warning Sirens

From the [Tsunami Warning Sirens Technical standard \[03/14\] \(civildefence.govt.nz\)](https://civildefence.govt.nz/03/14)

The following principles emerged as a part of consultation, and provide fundamental guidance to the use of sirens in tsunami warnings:

1. The term 'sirens' refers to a public alerting option only. The ability to detect earthquakes and tsunami, interpret that data, and trigger public alerting options (e.g. sirens) is a separate concept that should not be confused with activating siren hardware.
2. The use of sirens is a subset of CDEM Group/territorial authority warning systems, and is one public alerting option among many.
3. The use of sirens should be attuned with the national warning system and NEMA tsunami guidance.
4. The use of sirens must be risk based – that is, based on an understanding of CDEM Group/territorial authority tsunami hazards and risks.
5. Tsunami warning systems will employ the use of multiple alerting channels – one of which may be sirens.
6. Responsibility for activating sirens and the basis for activation must be clarified within CDEM Groups.
7. The use of sirens must be linked to continuous public education programmes and evacuation planning activities.
8. There should be national consistency in the signal and meaning of sirens.
9. Sirens should be used as an all-hazards alerting mechanism, and not only for tsunami warnings.
10. Sirens may be used for distant source tsunami events, and where possible, for regional source tsunami events, depending upon the policies of the CDEM Group and/or territorial authority. Activation of sirens must not be expected for local source tsunami events – the strong earthquake is the only reliable warning.
11. Communities should be involved in awareness raising, testing, and decisions on expanding or decommissioning siren systems, where possible. Testing must be done on a regular basis.
12. A realistic and achievable programme and budget must be developed for ongoing maintenance and operations.
13. Ongoing consideration of public alerting options by CDEM Groups is recommended – for both reach and cost effectiveness purposes.
14. Ideally, sirens should be public address (PA) capable to allow for direct, event-related messaging to be given. The use of sirens in tsunami warnings should not be inconsistent with the above principles.

Appendix B: Available Alerting Options

From the GNS Science Report: Bay of Plenty Regional Alerting Systems Review. <https://doi.org/10.21420/G28043>

Table B1. below shows the available alerting option, their costs-basis and effectiveness as per Public Alerting Options Assessment (Wright et al., 2014, 2015) and Leonard et al. (2017).

Table B1. Cost basis summary for alerting options

		Additional start-up	cost start-up / 1000 people	FTE / 100,000 people	cost annual / 1000 people (minimum - includes training, exercises etc.)	cost start-up / 1000 people	FTE / 100,000 people	cost annual / 1000 people (minimum - includes training, exercises etc.)	
	SCORE		LOW density			HIGH density			NOTES regarding cost basis
Natural warnings	66%			4.00	1,000		4.00	1,000	Based on education pre-event. Heads-up time depends on hazard. 1 FTE per 25,000 people, or four 6000 person communities or neighbourhoods. Estimated from effort over 6 years in Wellington region across 70,000 people. Provides wider benefit for resilience building and multi-hazard preparedness.
Independently self-maintained networks	66%			0.20	50		0.20	50	Based on staff effort to maintain relationships and testing.
Reliant on third party hardware and/or staff									
Aircraft banners	48%	5,000	400	0.01	200	100	0.01	50	Based on equipment purchase, flight time costs.
Helicopter PA loudspeaker	64%	20,000	1,600	0.01	8,000	400	0.01	100	Based on equipment purchase, flight time costs. 2 minute hover, 1 minute flight. 1000 per hover HD, 10 per LD
Billboards - static	47%	3,500	2,000	0.01	1,600	500	0.01	400	Based on monthly rental, reaching 10k people per board
Billboards - electronic telemetered	45%		unknown	0.01	unknown	unknown	0.01	unknown	
Break in broadcasting*	77%	large cost	not costed		not costed	not costed		not costed	LIKELY TO NEED NATIONAL ARRANGEMENT
Call-in telephone line	47%	20,000	20	0.01	20,592	20	0.01	20,592	Based on auto-dialler costs. Passive mechanism.
E-mails	59%	15,000	1	0.25	10	1	0.25	10	Database build (partially source from platforms, subscribers), using infinite size, rate of emailing limit? End user cap?
GPS receiver messaging*	57%		unknown		unknown	unknown		unknown	Needs INTERNATIONAL work to cover New Zealand, receivers must be changed to receive.

		Additional start-up	cost start-up / 1000 people	FTE / 100,000 people	cost annual / 1000 people (minimum - includes training, exercises etc.)	cost start-up / 1000 people	FTE / 100,000 people	cost annual / 1000 people (minimum - includes training, exercises etc.)	
	SCORE		LOW density			HIGH density			NOTES regarding cost basis
Marine radio	53%			0.05			0.05		Only reaches boats. Assumes exist in all boats, already have transmitter. Effort to maintain and exercise.
Mobile PA loud speaker (Police / Fire)	66%			0.05			0.05		Effort to maintain and exercise. Limited by number of units and speed.
Mobile device apps	83%		-	0.20	300	-	0.20	300	Rough estimate based on general 2016 experience
Cell broadcast	84%	-	-	0.05	150	-	0.05	150	Assumed scaled to 2016 mobile device apps. NO DATA
Newspaper content	58%			0.01			0.01		Press release
Pagers (triggering group of 200 people)	62%	312	1,560	0.01	1,560	1,560	0.01	1,560	One pager reaches 200 people, up to 100 pages per month. + effort to coordinate.
Power mains messaging	66%	250,000	20,000	0.01		20,000	0.01		\$50 per house, 2.5 ppl/dwelling (2006 census)
Radio announcements	82%			0.05			0.05		Effort to maintain and exercise
Route alert (door-to-door)	71%			100.00			100.00		Limited by avg. proportion of staff on duty and per person rate of visits. Won't reach the majority if widespread diffuse areas
Social Media									
SMS-PP text messaging	63%	5,000		0.10	130		0.10	130	BULLETIN - Annual licence for web-based system. Cost to send message 13c per SMS. Cost is based on two tests. Subscribers must sign up.
Telephone auto-dialler	64%			0.10	200		0.10	200	TNZ - VOIP based system - no subscription but must create and upload database - 0.5 FTE to create and 0.25 FTE for maintenance. Capacity 700 calls per minute. Can be increased by request for emergency or 'burst' calls Broadly consistent with informal indication (1c per second) of 2017 cost for platform multi-endpoint option in place for another region (ongoing discussion with BOP CDEM Group)
Telephone trees	65%			4.00	10		4.00	10	High effort required. Likely cap on completeness and accuracy of list
Television announcements	73%			0.05			0.05		
Tourist radio	49%			0.05			0.05		Reaches only maximum number of people listening to this station
Websites	56%		5,000	0.05	100	5,000	0.05	100	Price of one website and hosting, but limited to people viewing
Website banners	66%		5,000	0.05		5,000	0.05		Not currently in use. Cost basis would need investigation with ISPs.

		Additional start-up	cost start-up / 1000 people	FTE / 100,000 people	cost annual / 1000 people (minimum - includes training, exercises etc.)	cost start-up / 1000 people	FTE / 100,000 people	cost annual / 1000 people (minimum - includes training, exercises etc.)	
	SCORE		LOW density			HIGH density			NOTES regarding cost basis
Dedicated hardware									
Fixed PA loud-speakers	68%	20,000	80,000	0.10	8,000	20,000	0.10	2,000	Limited by proportion of people who know meaning.
Mobile PA loud-speakers	74%	1,000	10,000	0.05	-	1,000	0.01	-	TAUPO - Wellington build your own. \$50k for 12, reaches 400 ppl/sq km dense, 1/4 of that diffuse. 10% annual maintenance
Bells, air horns	50%			0.01			0.01		
Flares, explosives	43%		10,000	10.00	2,000	200	10.00	40	Pack of 30 = \$3k, flare reaches a few people in diffuse areas and a few hundred dense. Replace 20% every year
Radio Data Systems*	52%	5,000	25,000	0.50	100	25,000	0.50	100	Cost to reach 200 people + effort to coordinate response groups and exercise
Radio (UHF, VHF or HF)	64%	5,000	25,000	0.50	100	25,000	0.50	100	Cost to reach 200 people (\$5,000) + effort to coordinate response groups and exercise - Gisborne costs?
Sirens (signal-only) - Mobile	56%								
Sirens (signal-only) - Fixed	44%	28,000	112,000	2.00	8,000	28,000	0.50	2,000	Based on \$1,130,000 for 45 towers (varying siren numbers per tower)
Tone-activated alert radio*	82%	120,000	50,000	0.10	1	50,000	0.10	1	E60 per unit - unlikely to have high uptake unless paid-for and supplied

Effectiveness evaluation and public alerting options decision support tool

There is a wealth of information on the effectiveness of public alerting systems based on case studies from a range of hazard types and locations both national and international, as well as theory-based research applying psychology principles. The evidence for what constitutes an effective alerting system has been summarised and used to develop an effectiveness evaluation methodology for alerting systems in New Zealand (Leonard et al., 2005, 2006, 2008; Wright et al., 2014). The effectiveness of each option is determined using a range of criteria, with an evidence-based scoring system. This scoring system forms the basis for a Public Alerting Decision Support Tool. The tool contains base effectiveness scores and these are modified as more detailed information on local hazards and demographics are input to the tool.

The tool also applies an estimated cost for each alerting system, which provides for cost effectiveness comparisons of systems. The range of criteria used to determine effectiveness of each alerting system is shown in Section 3.4.2. The 'showstoppers' (most critical considerations for effectiveness) are highlighted in red and explained in Section 2.5.1.

Information required to populate the decision support tool

The Public Alerting Decision Support Tool requires information to be input to determine the effectiveness of each system for specific communities, such as towns, cities, districts or regions. Some of the information is available from the NZ Census on the Statistics NZ website. Other information is best sought from local CDEM practitioners or local authority and community representatives. The following information is necessary to apply the tool:

- Population count – low and high density population counts for the area of interest; high density = >200 people/km²).
- Demographics – information about groups of citizens who might have increased barriers to receiving certain types of alerts (e.g., communities with many elderly people, possibly having higher levels of sight or hearing impairment and lower rates of mobile device ownership). The tool asks for information on groups with sight, hearing, mobility or intellectual impairments, and those with English as a second language.
- Telephone coverage; mobile and fixed – many alerting systems require telecommunications through either mobile or landline networks.
- Transient populations – this includes the number of visitors to the area (tourists and others from outside the location such as seasonal workers) who may be unfamiliar with the local hazards and the local alerting systems.
- Those in the care of institutions – this includes the number of citizens who are housed in institutions such as hospitals; those who are temporarily in care such as pre-school, school and tertiary students; and those working in large campuses or workplaces. These people are likely to require an alert to be delivered to them via the institution in which they are housed.
- Hazards of interest – hazards are grouped into four classes based on the lead-in time from hazard trigger to impact and the range or extent of impact. Classes are as follows: short lead-in time localised impact, short lead-in time widespread impact, long lead-in time localised impact and long lead-in time widespread impact.
- Budget – each alerting system requires some budget resource, which could be in the form of staff time for education and exercises, resources for education, financial input for purchase, installation and maintenance of dedicated systems, and/or licenses or charges to use third party systems. Costs are determined on a per-thousand population basis and are separated into start-up (establishment) and ongoing.

- Nearly forty alerting options are included in the decision support tool, including some options not yet readily available in NZ that are used overseas. These are categorised into third-party systems, dedicated hardware, natural warnings and independent self-maintained networks.
- Third-party systems are owned and operated by non CDEM agencies but can be used for alerting, e.g., TV, radio, mobile phone networks.
- Dedicated hardware is owned and operated by the CDEM agency e.g., PA systems or sirens.
- Natural warnings are those phenomena which are produced by the event that could indicate a hazard threat (e.g., strong or long shaking near the coast could indicate tsunami; heavy rainfall could indicate landslides or flooding).
- Independent self-maintained networks are non-CDEM agencies in contact with the public that could deliver an alert message to the public if agreements and arrangements are in place (e.g., surf-lifesaving groups, park rangers, neighbourhood watch). The decision support tool allows users to select which alerting options to include and exclude in any evaluation.

COUNCIL HOUSING PROVISION

STATEMENT OF PROPOSAL



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Statement of Proposal

Council Housing Provision

This Statement of Proposal is prepared in accordance with Section 83 of the Local Government Act 2002.

Have your Say

Before making any final decision, we would like to understand your views and option preference(s).

You can make an online submission at sayitnapier.nz or by completing a hardcopy submission form.

Submissions must be received by 5pm, 20 April 2022.

We also invite you to present your submission directly to the Council by attending the Council Housing Provision Hearing on 18 May 2022, in person or via video link.

Further information

Information including the following reports is available at sayitnapier.nz :

PwC – Strategic Housing Review 1 & 2

Council Paper – Strategic Housing Review

Background

Napier City Council started providing community housing over 50 years ago when, like many councils around the country, we received government low cost loans to build housing units. Of the 377 units we now have, 80% are for retirees or people with a disability. Council housing is for people who need affordable homes and who are able to live independently. The 377 units are spread over 12 villages across the city on a total of 10.7 hectares.

Council supports tenants by providing subsidised rents based on income (set at a maximum of 30% of household income). A team within Council manages tenancies including administering tenancy agreements and arranging repairs and maintenance to the units. Asset management and capital projects are also managed in-house.

Our housing units are now up to 60 years old and are at 'end of life', costing more and more to maintain. Added to this are new costs for us to meet healthy homes standards.

Up until 2021/22, we required all of the housing costs to be funded by the rents received from tenants. However, we identified in 2018 that the income from rents was not going to be enough to cover the growing costs. In April 2021, we consulted with the community on how we could cover the shortfall while we completed an in-depth review on the future of housing provision. In June 2021, supported by the community feedback, Council decided to temporarily fund the shortfall by using a loan.

Key issue

We can't continue to provide housing as we are now. We have a projected average annual shortfall of \$2.2m which would reach \$70m after 25 years. We are unable to continue to loan fund on an ongoing basis as loan repayments compound each year while deficits also increase, this would mean a significant increase rates year on year without addressing the underlying problem.

Considerations in decision-making

Councils have a part to play to increase community wellbeing. Secure and affordable housing is considered a key driver of wellbeing. Poor housing is linked to reduced health, education and associated outcomes. In addition to the tangible effects related to the physical home, improved wellbeing is also related to sense of belonging, connection and autonomy. Secure housing allows whānau to establish a home, a base from which to establish social supports and networks and to improve social and economic mobility.

Inadequate housing has ripple effects across our community from higher levels of homelessness, increased demands on health and education systems and higher prevalence of social issues.

We understand housing supply is considerably stretched in the public housing, private rental and affordable home ownership sectors. Our waiting list of over 100 people/households has been closed to new applicants since June 2019. Our occupancy rates remain high with very low turnover. The retirement housing provided by Council is one of the few options available in Napier to those whose income is limited to Superannuation and who have no asset base. This cohort is set to grow as more and more working age people are unable to enter the housing market and either rent through the private market or are supported through public housing.

In Napier, over the next twenty years, this could be as many as 2,430 people. These are the people currently aged 40-64 years of age who rent in the private market and who earn \$30,000 or less. Of those who earn \$30,000 or less in this age group, 72% are renting in the private market and 25% are in public housing with 1.9% in Council housing. At this level of income and the current rent prices, this group is likely to seek the type of rental housing currently provided by Council.

Demand for public housing is high in Napier with 753 on the Housing Register, with 732 of those being in the high priority Category A (as at September 2021). Napier's numbers on the register are the second highest for a provincial city.

Given these factors, the Council has been clear that, ideally it prefers to keep its housing units in community ownership and available for those in need of affordable rental accommodation and, if possible, to see an increase in the supply of this type of housing, albeit potentially by an alternative provider (e.g. Community Housing Provider or CHP).

Provision of residential accommodation has changed significantly in the last decade. The Government supports CHPs to provide social housing and support services and has increased its resourcing for the provision of public housing. Recent legislation has increased costs of compliance and complexity to tenancy management. Councils have been excluded from receiving support (e.g. Income Related Rent Subsidies) and dispensations available to CHPs and Kāinga Ora. This includes the inability to terminate tenancies when households no longer meet the eligibility criteria e.g. income exceeds eligibility maximums.

Delays in dealing with the sustainability issues pose a risk for current and future Councils and will have an effect on achieving a balanced budget and Council's financial viability overall. Delays will also ultimately result in a deterioration of the housing stock to the point where some units may not comply with standards and will not be able to be tenanted.

There is a review underway about the future of Local Government, this may impact the future functions that councils deliver. A draft report on the reform for public consultation is due in September 2022. This should provide information on the direction the government may take with the reform and allows for adequate time to adjust any decision Council makes (May / June 2022) before implementation becomes irreversible.

Council needs to consider impacts to current tenants as well as impacts to ratepayers and the wider community.

When considering how an activity is funded, i.e. through rates or user pays or a combination of these, Council must consider the proportion of benefit received from the activity and therefore how the cost should be fairly split.

Options

Since 2018, two reviews have been undertaken. A Section 17A review (Morrison Low) and a subsequent two phase review by PwC. Details on the review process are attached.

We present three options for community feedback:

1. Status Quo	2. Part Retain / Part Sell	3. Transfer (Sell)
Deficit funded by:	Deficit funded by:	Potential buyer:
<ul style="list-style-type: none"> (a) Rates only (b) Subsidised rents (c) Combinations - Rates and subsidised rents 	<ul style="list-style-type: none"> (a) Rates only (b) Subsidised rents (c) Combinations - Rates and subsidised rents 	<ul style="list-style-type: none"> • CHP • Kāinga Ora • Regional Housing Trust • Open market

Each option is outlined below and includes a brief description, pros and cons, and financial impacts for tenants and ratepayers.

1. Status Quo

Description:

The Status Quo option sees Council continuing to provide housing at current levels of service. Changes in the Residential Tenancy Act have meant the complexity of providing tenancy management services has increased. Should Council retain the service, additional staff resourcing is required.

This option generates an average annual deficit of \$2.2 million and without any rates or increased rent adjustments the shortfall would reach \$70 million after 25 years (2046).

In order to cover this deficit, income from rates or rents (or a combination) is required. The table below shows *examples* of rates / rents splits. Should a combination of funding sources be preferred a Section 101A review is required – this would determine the actual splits based on benefit to each party and impacts.

Status Quo – 377 units - \$2.2 million deficit pa			
Contribution Level to meet deficit	Ratepayer pays* (rates increase)	Tenant Retirement Pays (rent increase pw) ** Current rent is \$127 45% market rent	Tenant Social Pays Current rent \$151 39% market rent***
100%	3.1% or \$85per annum	Deficit split by tenant type – 'break even'	
		78% market rent	63% market rent
		70% or \$88pw increase (\$215 rent pw) (51% of tenant income)	61% or \$92pw increase (\$243 rent pw) (32% of tenant income)
		Increase to 92% market rent	
		100% or \$126pw increase (\$253 rent pw) (58% of tenant income)	136% or \$205pw increase (\$356 rent pw) (47% of tenant income)
		Deficit split equally across tenants	
		88% or \$112 increase (\$239 rent pw) 85% of market rent (56% of tenant income)	74% or \$112 increase (\$263 rent pw) 93% of market rent (35% of tenant income)
50/50	1.6% or \$43pa	44% or \$56pw increase (\$183 rent pw) 66% of market rent (43% of tenant income)	37% or \$56pw increase (\$207 rent pw) 73% of market rent (27% of tenant income)
60/40	1.9% or \$51pa	35% or \$45pw increase (\$172 rent pw) 62% of market rent (41% of tenant income)	30% or \$45pw increase (\$196 rent pw) 69% of market rent (26% of tenant income)
40/60	1.3% or \$34pa	53% or \$67 increase (\$194 rent pw) 70% of market rent (46% of tenant income)	45% or \$67 increase (\$218 rent pw) 77% of market rent (29% of tenant income)
*Average annual rates increase per rateable property **Based on a single person in a one bedroom unit ***Based on an average of the market rent for 1,2,3 bedroom units			

A change to the current rent setting formula is required.

The current formula has two rent types:

- tenants receiving Superannuation or Supported Living Benefits – rent is set at 30% of income
- other tenants (in the three social villages) – rent is set at 92% of market rent for the unit or 30% of the tenants income, whichever was lowest.

Annual reviews of income are required in order to ensure rents reflect the 'affordability' (30% income) policy. This process is onerous for tenants as well as staff.

Proposed rent setting formula – Subsidised Market Rent

Move to a subsidised market rent model (% of full market rent) with market rent valuations reviewed on a regular basis (e.g. every two years) and applied with CPI adjustments made in the alternate year. A 92% of market rent setting for all units, creating a consistent and easily administered approach. It is recommended the resulting rent increases be phased in over two years. Full rent increases would then be effective from April 2024. Deficits could continue to be funded through loans as outlined in the Long Term Plan 2021-31.

Retirement housing tenants receive an increase in income with annual Superannuation increases and are able to apply for an increase in accommodation supplement if rents increase. Other tenants on low incomes are able to also apply for increases to accommodation supplement as rents increase. Council rentals, even applying a market rental formula, is still significantly lower than the private rental market (e.g. Council 1 bedroom unit - \$283 per week versus Private 1 bedroom unit - \$345 to \$390 per week – source Trademe 21/12/21).

Pros:

Key benefits of this option include the relative ease of implementation, retention of housing and land in Council ownership and a higher level of certainty for tenants. It allows full control of the asset and tenancy policies to remain with Council. Moving to a subsidised market rent policy will provide predictable income and reduce the administrative requirements that income related rent settings cause. In the case of tenants funding the full costs, financial impact to the ratepayer could be low in the medium term.

Retaining the housing portfolio places Council in a position to take advantage of potential opportunities any Local Government reform may provide.

Cons:

This option does not provide for additional housing to meet growing demand, or upgrades to existing housing to meet modern living standards or accessibility. This option does not address the issue of the units being very close to 'end of life' and while replacing componentry will extend the life and buys some time, ultimately decisions on full replacement may still be needed in the future. In addition, the actual capital expenditure may vary from the forecasts, and should they arise earlier will be challenging given the lack of cash reserves and the time needed to build these up.

While rent increases may potentially be unpopular with current tenants, and in some cases unaffordable, the opportunity for the housing to remain with Council may outweigh these concerns.

In the case of ratepayer contribution increasing, the financial impact on ratepayers could be significant on an ongoing basis.

2. Part Retain / Part Sell

Description:

This option retains 300 retirement units in 8 villages. It proposes to transfer the three social villages to another entity with sale proceeds to contribute to the development of 49 new units. The new development would take place on existing sites.

The Hastings/Munroe village would demolish the four units and build 11 new units that would be rented at full market rent, thereby generating an ongoing income to contribute to the costs associated with the remaining housing. The second site, Greenmeadows East, with land already set aside for additional Council housing, would see the development of 38 new units. This option loses 76 houses and builds 49 new units. The 72 houses in the three social villages would ideally transfer to a CHP and therefore retain them as affordable rentals for the city. However, with the lack of ability to add new units on these sites, CHPs may not find these villages attractive given the delays in receiving IRRS and the inability to attract the government support available for additionality (building new supply). The sale of the Carlyle Village has added complexity due to its inclusion in the Endowment Act.

The Hastings/Munroe village sits in a wider 'Site of Significance' area, Te Ahi o Te Waru (the fires of Te Waru). Engagement with mana whenua is vital to understand any implications for development, opportunities for cultural expression and a potential partnership approach to any development on this site. The site has been significantly modified already but will likely require archaeology oversight during any development process.

While the new units will attract a higher asset value, with the sale of 72 units, the overall asset value for the total portfolio is either likely to decrease or maintain current value. It is unlikely to increase the asset value significantly (e.g. sell at value of \$16.2m, new builds with a conservative value of \$21.96m (costs to construct) - positive balance of \$5.76m).

This option generates an average annual deficit of \$2.3 million and without any rates or increased rent adjustments the shortfall would reach \$65.9 million after 25 years (2046).

In order to cover this deficit, income from rates or rents (or a combination) is required. Initially the number of tenants would be lower than the Status Quo option meaning the individual tenant share of the deficit would be higher. The same factors apply to this option as the Status Quo option in terms of tenancy management issues, rent setting formula changes, phased in rent increases (and temporary loan funding) and financial policy reviews.

The following table shows the impact on rates and/or rents depending on the contribution settings. Note that the social village tenants are not included in this table. The splits are provided as examples only.

Part Retain / Part Sell – retains 8 ‘retirement’ villages, develops 45 new units, sells 3 ‘social’ villages - \$2.3 million deficit pa		
Contribution level to meet deficit	Ratepayer Pays* (rates increase)	Tenant Pays **
100%	3.3% + \$89pa	115% or \$145pw increase (\$272 rent pw) 96% of market rent (65% of tenant income)
50/50	1.6% or \$44pa	57% or \$73 increase (\$200 rent pw) 71% of market rent (47% of tenant income)
60/40	2% or \$53pa	46% or \$58 increase (\$185 rent pw) 65% of market rent (44% of tenant income)
40/60	1.3% or \$36 pa	69% or \$87 increase (\$214 rent pw) 76% of market rent (51% of tenant income)
*Average annual rates increase per rateable property **Based on a single person in a one bedroom unit Based on 304 units (will vary according to development stage)		

Pros:

Key benefits of this option include the refocus of the portfolio to be providing for retirees or those with a disability only, it retains the majority of housing and land in Council ownership with a higher level of certainty for retirement tenants and it adds new fit for purpose housing to the portfolio. It allows full control of the asset and tenancy policies to remain with Council.

In the case of tenants funding the full costs, financial impact to the ratepayer could be low in the medium term.

The development at Hastings/Munroe creates a higher level income source in the longer term. Moving to a subsidised market rent policy will provide predictable income and reduce

the administrative requirements that income related rent settings cause. The development of the two sites offer potential partnership (and possibly co-funding opportunities) with PSGEs, Iwi and/or Kāinga Ora.

Retaining the housing portfolio places Council in a position to take advantage of potential opportunities any Local Government reform may provide.

The sale of the three villages would impact the current tenants in these villages, and depending on the buyer could either have a positive or a negative impact. The preference to retain the housing for community housing would likely result in a positive impact.

Cons:

This option does not provide for additional housing to meet growing demand, or upgrades to existing housing to meet modern living standards or accessibility. This option does not address the issue of the units being very close to 'end of life' and while replacing componentry will extend the life and buys some time, ultimately decisions on full replacement may still be needed in the future. In addition, the actual capital expenditure may vary from the forecasts, and should they arise earlier will be challenging given the lack of cash reserves and the time needed to build these up.

Council currently does not have the resources in-house to implement the development aspect of the option, with the cost of sourcing this function being relatively unknown. The ability to secure consultants and construction contractors is challenging in the current market conditions. Availability of building materials is affecting the supply chain creating project delays and increasing costs.

While rent increases may potentially be unpopular with current tenants, and in some cases unaffordable, the opportunity for the housing to remain with Council may outweigh these concerns.

In the case of ratepayer contribution increasing, the financial impact on ratepayers could be significant on an ongoing basis.

A key challenge with this option is the added complexity and uncertainty regarding both the sale of the three villages and the development aspect. Complexity and uncertainty increase the risk.

Note:

Retaining retirement villages and selling the three 'social' villages to fund the deficits was considered but not investigated further. While it provides a short term fix, it does not provide a medium to long term solution. This option would reduce income from rents (reduction of 73 tenancies). The remaining villages will still generate a short fall once the sale proceeds are used and the position would end up the same as the current situation with fewer units.

3. Transfer option

Description:

This option would see all 377 units transferred (sold) to another entity.

Council direction during the review process has been to focus on ensuring the housing remains as affordable rental housing. As part of the review, at a workshop in October 2020, Council selected a sale or lease option to a Community Housing Provider (CHP) to be evaluated in detail as the favoured option for transfer. The protection of tenants and the special character of the retirement villages was identified as important and therefore any transfer contract would need to contain the following covenants:

- Ensure existing tenancies, under the current (or better) terms and conditions, remain in place,
- The portfolio can only ever (in perpetuity) be used to provide housing to retirement or community tenants, and
- The Council retains the right of first refusal (on the same sale conditions) if the buyer was to sell the portfolio.

A market sounding process identified that the option to lease the portfolio would not be attractive. Leasing the portfolio would also not achieve any financial benefit, and would likely exacerbate the current financially unsustainable position.

The opportunities for redevelopment of the two villages identified in Option 2 – Part Retain / Part Sell, and the potential to demolish and intensify other currently under-optimised sites allow for additionality which is a key driver to access government funding for CHPs and is a key focus for Kāinga Ora. This could make the portfolio attractive to potential buyers.

The time it may take for a transaction to be completed could be at least 12 months and should, ideally, be timed to coincide with the beginning of a financial year. Interim funding is required to fund the deficit during the transaction period. The long term plan confirmed funding through loans to account for this deficit in the short term.

The asset will be removed from balance sheet. Council has assets valued at \$2 billion (includes \$0.5b water assets). While \$65 million book value would be removed with the sale of the portfolio, this is not material in of itself to affect council's ability to raise loans and would still not be an issue should the 3 waters assets also removed.

While direct operational costs would be eliminated, e.g. labour costs, there will be residual internal costs (stranded overheads) that will need to be spread across the remaining business units (departments) requiring a rates contribution. However, if the sale proceeds are invested, there will be no impact as the table below shows.

Transfer – Social Housing Sector	Ratepayer*
Residual costs	0.6%
Return on investment of sale proceeds (based on \$40m and 2% interest rates)	-1%
Reduced interest rates (paying off loans)	-1%
Net rates saving	-0.4%

There are three options for transfer that best align to Councils objectives.

Transfer to a CHP

The portfolio would most likely be valued on a discounted cashflow (DCF) basis. In addition any covenants affect the overall value. PwC have estimated the portfolio value on this basis as \$34.5 – 47.6 million, which is 53 – 73% of current book value. There are examples of councils successfully selling their housing to CHPs with covenants including Hamilton City Council.

Transfer to Kāinga Ora

Kāinga Ora are potentially in a better position regarding cashflow as we understand they are able to access the IRRS (full market rent) for existing eligible tenants. This may result in a higher purchase price, although there is no guarantee of this given the limited market for this stock.

Transfer to a Regional Housing Trust

There is a potential for the region's councils to 'pool' their portfolios and form a Regional Housing Trust and there is an intention to discuss this further with the other councils to understand the shape of a possible Trust.

There are examples of councils establishing CHPS. Under current legislation, councils and Council Controlled Organisations (CCOs) are excluded from registering as a CHP and securing access to the IRRS. In order to be successful, any Trust would need to be completely independent of Council once established, however Council would be able to influence the purpose and objects of any such Trust. The transfer of housing into this type of Trust would require councils to 'vest' the assets into the Trust, whereby there would be no sale proceeds back to Council. Council could impose the covenants above on such a transfer.

The transfer options identified above allow the portfolio to continue to support an affordable rental housing approach.

Pros:

These potential options enable the portfolio to be retained in 'community ownership'.

Advantages of a transfer option ultimately are financial for both tenants and Council (ratepayers). CHPs provide wrap around support services in addition to tenancy management and are able to apply the IRRS discount rent rate (rent set at 25% of income) to new eligible tenants. Under a transfer to Kāinga Ora, all eligible tenants (existing and new) would be able to access the subsidised rent. Should the covenants be put in place, there would be no negative impact on current tenants. A full transfer would remove all liabilities (forecast costs and deficits). Sale proceeds received (noting that transfer to a Regional Trust would not provide any proceeds) would be available for any of the following, in consultation with the community:

- Repay debt
- Invest to generate income
- Pay for current / future loan funded projects
- Implement new or deferred projects

All of the above have a positive impact for the ratepayer.

Cons:

While the Council is clear it would want to provide protections for current tenants, a change of ownership could create anxieties for tenants.

The transfer of ownership option, once entered into, is irreversible (apart from a future buy-back), and would see the loss of Council ownership of the land. Removing this activity from Council may compromise our position should potential opportunities arise through Local Government reforms or any future government change of policy (that would provide support for Council housing).

The market value of the portfolio sits at \$65 million. However, the transfer options that best align with Council's criteria (selling to a CHP) would attract a 'discounted cashflow' price based on future forecasted cashflows of the portfolio by any given buyer. This would be materially lower than the market value. Any sale price would be impacted should any covenants be placed on the transfer e.g. retention of current tenants and the retirement criteria.

Sell through the open market

This option is not favoured by Council as it does not align with the review objectives and may result in a loss of affordable rental housing for the city. However, this option would most likely provide a higher sale price more aligned with the current book value of \$65 million. A sale through the open market may not afford any protections to current tenants.

Next Steps

Consultation Opens	16 March 2022
Consultation Closes	20 April 2022
Hearings and Deliberations (Decision)	18 May 2022
Implementation Each option differs in terms on implementation steps and timeframes from implementation within 60 days (Status Quo rents rises) to one year (Status Quo rates rises – informed through Annual Plan consultation). Any sale (part or full) would need to be included in the next Long Term Plan Consultation (2024) or earlier through an amendment to the current Long Term Plan (with consultation). Implementation timeframes for Part Retain / Part Sell would need to account for comprehensive engagement with mana whenua due to the 'Sites of Significance' status.	

Review Process

In 2018, Morrison Low completed a Section 17a (of the Local Government Act) review of the activity. Councils are required under the LGA to complete S17a reviews of their activities. Alongside a sample-based condition assessment, the review identified ongoing sustainability issues with the current delivery model and identified two options for Council to consider. These options were to:

- a) Divest a number of villages in order to reinvest in the remaining units, or
- b) Partner with a Community Housing Provider (CHP) who could receive market rent through the Government's Income Related Rent Subsidy (IRRS) which is not available to councils.

Following this report, a more detailed assessment of options to retain the housing was undertaken by PwC. This review identified a potential option to sell part of the portfolio to help fund development of two sites that could generate additional income to fund the remaining units along with a rent increase. This option introduced a high level of complexity, and therefore risk, to managing the portfolio. Another option identified was to continue as is with the deficits being funded through a ratepayer contribution. Both of these options could include an increase to rents. PwC also identified a transfer of the portfolio (full sale) as the alternative option.

In late 2019, the rent policy was reviewed and rents were increased, but capped at 30% of tenant income. This percentage is a generally accepted level for housing affordability.

With continued forecast deficits, a detailed phase two review was initiated on two options, transfer of the portfolio and a part retain / part sell option and compared with the new status quo (with new rent policy). This review is complete and this Statement of Proposal presents three options for consultation.



High Level Consultation Plan - Council Housing Provision

Background

Napier City Council started providing community housing over 50 years ago when, like many councils around the country, we received government low cost loans to build housing units. Of the 377 units we now have, 80% are for retirees or people with a disability. Council housing is for people who need affordable homes and who are able to live independently. The 377 units are spread over 12 villages across the city.

Council supports tenants by providing subsidised rents based on income (set at a maximum of 30% of household income).

Our housing units are now up to 60 years old and are at 'end of life', costing more and more to maintain. Added to this are new costs for us to meet healthy homes standards.

In 2018, following a Section 17A review, the issue of ongoing sustainability was identified for the continued provision of housing and an in-depth review process followed. Since 2018, information on the review and its progress, the key issues and potential next steps has been provided to tenants through newsletters, fact sheets and meetings. In addition, the matter has been included in the last two Long Term Plan Consultation Documents, with updates included in Annual Plan Consultation Documents.

In April 2021, we consulted with the community on how we could cover the shortfall while we completed an in-depth review on the future of housing provision. In June 2021, supported by the community feedback, Council decided to temporarily fund the shortfall by using a loan until the review process was completed and a decision could be made on a longer term solution.

Tenants have been advised that this matter is on the Agenda of the Napier People and Places Committee on 3 February and subsequently the Council meeting on 10 March 2022.

Key issue

We can't continue to provide housing as we are now. We have a projected average annual shortfall of \$2.2m which would reach \$70m after 25 years. We are unable to continue to loan fund on an ongoing basis as loan repayments compound each year while deficits also increase, this would mean a significant increase rates year on year without addressing the underlying problem.

Significance and Engagement Policy

This matter requires a Special Consultative Procedure as part of the decision-making process because it involves the potential transfer of ownership (and control) of a Strategic Asset. In addition, the matter is deemed significant given that the potential decision could:

- have ongoing significant increases to rates which require changes to key financial policies and settings e.g. Revenue and Financing Policy and rates caps (retention of portfolio with loan funding the gap)
- be difficult to reverse or be irreversible (transfer of portfolio)
- change the levels of service (all options)
- impact on affected individuals - tenants (potentially all options)
- significantly impact on rating levels (retention of portfolio)

- financially impact Council's resources – e.g. balance sheet, proceeds of sale and income reduction (transfer of portfolio)
- have significant decision costs (all options will incur costs to implement)

This matter will have the highest impact on the 377 households who are current tenants across the 12 housing villages.

Council's decision around the future provision of its housing will be of high interest to key stakeholders including mana whenua, iwi and post settlement governance entities (PSGEs), Māori service providers, the Crown and its relevant agencies, potential purchasers and developers, Community Housing Providers (CHPs), community support service providers and other councils.

Approach

Consultation will take place from 16 March to 20 April 2022. This meets the four week requirement, accounting for two public holidays (Easter). A Statement of Proposal will be provided along with supporting documentation and will form the basis of consultation material.

As affected individuals, tenants will be consulted utilising a range of approaches in order for each tenant to be able to engage in the process. Tailored information will be provided to each tenant on how the options would directly impact them (e.g. rent amounts etc).

Direct engagement with key stakeholders will be undertaken alongside wider community engagement on the matter.

The consultation period overlaps the Annual Plan 2022/23 consultation. The Housing matter will be referenced in the Annual Plan 2022/23 Consultation Document.

The consultation process will be promoted utilising a range of channels including print, digital, media and tenant meetings.

Online submissions will be strongly encouraged, but hard copy submission forms will be available at a range of sites and provided to tenants.

Statement of Proposal- (SOP)

The SOP provides the three options identified for feedback. The submission form will seek a preferred option, with the opportunity to provide comment on all options, and to provide a general comment or to make other suggestions.

The options are as follows:

1. Status Quo Deficit funded by: <ul style="list-style-type: none"> (a) Rates only (b) Subsidised rents (c) Combinations - Rates and subsidised rents 	2. Part Retain / Part Sell Deficit funded by: <ul style="list-style-type: none"> (a) Rates only (b) Subsidised rents (c) Combinations - Rates and subsidised rents 	3. Transfer (Sell) Potential buyer: <ul style="list-style-type: none"> • CHP • Kāinga Ora • Regional Housing Trust • Open Market
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Communication & Engagement Tools

Tools	Target	Councillor Role
Communications and Marketing		
Statement of Proposal <ul style="list-style-type: none"> • Online • Hardcopy 	Napier residents	Councillor approval
Summary Information - Website	All of community	
Digital (including social)	Range of demographics All of community	
Print Advertising	As above	
Direct emails	Key stakeholders Peoples Panel	
Media releases	Media	Mayor approval
Engagement Activities		
Targeted Meetings	Tenants only meeting	Mayor Wise / Councillor Boag presentation and discussion
	Key stakeholders	Mayor and CE led
	Mana whenua entities Māori sector / groups	
Community Meeting	Community wide	Mayor Wise / Councillor Boag presentation and discussion

Napier City Council

Community Housing Options

Phase Two - Market soundings, detailed analysis and evaluation

22 December 2021




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22 December 2021

Re: Napier City Council's Community Housing Portfolio Options Review

Dear Natasha

In accordance with your instructions as confirmed in our Letter of Engagement dated 30 October 2019 (the "Contract"), we present the findings for phase two of our work, being the analysis of three potential options for Napier City Council's (NCC's) Community Housing portfolio:

- Status quo
- Part retain/part sell (retain retirement villages, sell social villages and redevelop/develop some)
- Transfer portfolio.

This report is an extension of the work completed under phase one of the Contract which was presented:

- In our report dated 24 September 2020 - Housing Provision - Transfer Options Analysis
- To the NCC Councillors October 2020 at the Transfer Options Workshop.

We draw your attention to important comments regarding the scope and process of our work, as set out under the Important Notice and Disclaimers on the following page. Key assumptions made, and information relied upon in respect of this report, are set out in the commentary provided.

You may not make copies of this report available to other persons except as described in the Contract, and subject to the conditions described therein. We will not accept any duty of care (whether in contract, tort (including negligence) or otherwise) to any person other than you, except under the arrangements described in the Contract.

Yours sincerely

PwC Advisory Services

John Schellekens
 Partner
 Real Estate Advisory

Important notice and disclaimers

Important notice

PwC Advisory Services (PwC) provided a presentation to Napier City Council (NCC) in relation to the Community Housing strategic review in accordance with the scope of services set out in the Letter of Engagement dated 30 October 2019. This report is for the purposes of providing NCC Councillors with a summary of work completed to date and in particular the findings from the market sounding with Community Housing Providers (CHPs), Iwi and Kāinga Ora (KO).

Disclaimers

COVID-19 has now emerged, and continues to evolve, (as at the date of this presentation), as a major economic risk and a risk to the property market. At this stage, it is difficult to take a view on the medium to long term impact of this issue, which at present is highly volatile and uncertain. We have not made any adjustment to our advice in relation to this issue but acknowledge that it may yet become a material consideration.

This document has been prepared for and only for NCC in accordance with the terms of the Contract dated 30 October 2019 and for no other purpose. We do not accept or assume any liability or duty of care (whether in contract, tort (including negligence) or otherwise) for any other purpose or to any other person to whom this document is shown or into whose hands it may come save where expressly agreed by our prior consent in writing or as specifically provided for in the Contract.

The services provided are only to be used for internal decision support. We accept no liability to any party should it be used for any purpose other than that for which it was prepared. We do not permit the services provided to be used for financial reporting or fund raising purposes.

This document is strictly confidential and (save to the extent required by applicable law and/or regulation) must not be released to any third party without our express written consent which is at our sole discretion.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this document and/or any related information or explanation (together, the "Information").

Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not carried out anything in the nature of an audit nor, except where otherwise stated, have we subjected the financial or other information contained in this document to checking or verification procedures.

Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of the information in this document, except where otherwise stated.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

Where we reference valuation parameters in this report, these should be considered as indicative only and it cannot be relied upon as formal valuation advice. Should NCC seek to transfer the assets, we recommend that independent, formal, valuation advice is procured.

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Definitions

We set out below the definitions of the various cashflow elements that we summarise in this report.

Community Units: Accommodation designated for adults and/or families from the community who fulfil each council's own housing eligibility criteria. Some councils lease a limited amount of their community units at market rates (in an attempt to assist financial sustainability). NCC holds 18 residential properties for strategic purposes. These are excluded from the analysis in this report.

Corporate overhead expenses: costs incurred at the council level which can be partially attributed to the housing portfolio; e.g, IT and specialist staff who spread their time across different departments.

Direct expenses (excl R&M): those operating expenses that are payable whether units are occupied or not e.g. rates, insurance and utilities in shared areas such as common rooms or halls.

Gross revenue: The full amount of rent that is received through the provision of housing tenants. This includes the rent received directly from tenants, any accommodation subsidies and other revenue (e.g rent from community halls within villages).

Liquidity: Refers to the ease with which an asset can be converted into cash at market price.

Market rent: To estimate 'market rent', we considered the market rents for each site as provided by Telfer Young in their 2020 valuations. We have then added 10% to these figures to reflect the increase in average rents in Napier in the past year.

OPEX: Operating expenses include direct expenses, R&M, other operational costs and corporate overheads attributable to providing the housing service.

Other operational expenses: administrative staff costs and tenancy management fees.

Planned CAPEX: Programmed capital expenditure which includes preventative maintenance designed to maintain the asset's functional lifespan e.g roof replacements, exterior painting, bathroom upgrades, deferred maintenance, legislative works and sinking funds.

Repairs and Maintenance (R&M): day to day general maintenance and service contracts for basic upkeep of the units and grounds.

Retirement units: Accommodation designated to 'seniors' who fulfill each council's own definition of a senior citizen (age criteria across the councils sampled) and who meets the housing eligibility criteria.

Walk-up units: Walk-up buildings are typically two or three-storeys high. These apartment buildings offer predominantly one- and two-bedroom units. Kāinga Ora typically utilises this typology in suburban areas close to town centres to make the most of smaller sites. Their low height means that elevators are not required.

We reference net cashflow on these bases:

- **Net operating income before R&M and planned CAPEX:** The gross revenue less direct expenses (excl R&M), other operational expenses and corporate overhead expenses.
- **Net operating income after R&M but before planned CAPEX:** The gross revenue less direct expenses (excl R&M), other operational expenses, corporate overhead expenses and R&M.
- **Net cashflow / Net operating income after R&M and after planned CAPEX:** The gross revenue less direct expenses (excl R&M), other operational expenses, corporate overhead expenses, R&M and planned CAPEX.

Please note:

- In relation to GST, the information provided and the analysis within this report (unless otherwise stated) includes GST.

Acronym list

CAPEX	Capital expenditure
CCO	Council Controlled Organisation
HPUDS	Heretaunga Plains Urban Development Strategy
IRRS	Income Related Rent Subsidy
LTP	Long Term Plan
MSD	Ministry of Social Development
NCC	Napier City Council
NPV	Net Present Value
OPEX	Operating expenditure
RTA	Residential Tenancies Act
SPM	SPM Assets

Executive summary

Purpose of this Report

This report forms phase two of a broader scope to identify and consider potential pathways for NCC to nominate sustainable Community Housing services in Napier.

In July 2019, PwC presented a report to NCC providing a strategic review of potential options in relation to the provision of Community Housing. The scenarios considered reflected amended Status Quo options which were tested to establish whether financially sustainable inhouse delivery of community housing was feasible. Our analysis was that 'piecemeal' changes in isolation would not deliver long-term sustainability without significant downsizing of the portfolio. Subsequently two possible strategic paths were identified, either:

- Active management of the portfolio (sell underperforming villages and recycle capital to maintain/improve the balance of the portfolio), or
- Transfer the portfolio.

In October 2019, we were engaged to undertake analysis of these two options and in particular consider respective financial implications, viability and pathways for implementation. The pathways were to establish a framework for NCC to nominate its preferred long-term strategy and way forward for its Community Housing.

This work was undertaken in two phases; phase one identified and presented the various options available to NCC for a transfer (sale, either directly or 'effectively' via a lease) of the portfolio and transfer of management services to an external provider. The findings from this phase of work were presented in our report dated 24 September 2020. In October 2020, a workshop with NCC Councillors was facilitated by PwC. Following this engagement there was a general consensus that the **sale or lease of property stock to a CHP was the preferred transfer option to evaluate in greater detail** with a proviso that any such transfer must ensure that the portfolio is used for retirement housing in perpetuity with a first right of refusal in NCC's favour if the acquirer ever decided to sell. Additionally, such first right of refusal would be on the basis the value would be established on the same basis as it was sold i.e. established on a Discounted Cash Flow of subsidised rents.

This report presents phase two of our scope of works including our methodology in developing the detailed options and the findings from our detailed analysis of three potential options for the future delivery of Community Housing Services for NCC:

- Status Quo (revised);
- Part retain/part sell (active management);
- Transfer to CHP via sale or lease.

The objective is for Council to select a preferred strategy(ies) and, if applicable, to release the strategy(ies) for public consultation in 2022 with Council ultimately making a decision on the future of its housing portfolio.

Structure of this Report

This report has been structured to:

- Provide an overview of the broader scope and project progression since NCC's initial Section 17A review (under the LGA 2002) in 2018;
- Summarise the findings from the phase one work and the key outcomes including the general consensus of NCC's Councillors from the October 2020 workshop;
- Present our findings from the analysis of:
 - the revised Status Quo option;
 - the part retain/part sell option;
 - our approach to the market, primarily CHPs, to understand the market's appetite to acquire the portfolio (either directly or 'effectively' via a lease) and to ascertain likely key commercial terms.


Within each of the option sections we have set out our:

- Methodology, approach and assumptions;
- Financial analysis;
- Evaluation against the criteria the NCC Councillors worked through at the October 2020 'Transfer Options' workshop when comparing the alternate transfer options to agree the preferred transfer option.

We have then concluded with our key findings identifying the potential pathways available to NCC along with our recommended pathway for NCC to sustainably deliver its Community Housing services in alignment with the City and Community objectives.

Executive summary cont.

Key findings

- **The Status Quo** ensures ongoing security for the current tenants, but at a significant cost to ratepayers. It does not contribute to Napier's growing community housing needs, nor does it support providing fit for purpose accommodation units. We have estimated that over the period to 2046, the indicative cost to the ratepayer to fund the shortfall (to break-even) will be circa \$2.2m (excluding financing) per annum.
- **The part retain/part sell** option only marginally improves the cashflow position after 2028 - the cashflow injection from sale proceeds and rent from new units falls short of redevelopment costs. Over the period to 2046, we have estimated the cost to the ratepayer to fund the shortfall (to break-even) will be circa \$2.3m (excluding financing).
- In order to achieve financial sustainability under the Status Quo or Part retain/part sell options, policy rent would need to be set at ~74% market rent (equating to ~50% of a retiree's income or 29% of the income threshold* for an individual Community tenant) or ~81% market rent (equating to ~52% of a retiree's income or 30% of the income threshold for an individual Community tenant), respectively. Setting rental policy at these levels would represent a significant increase in rents and would not align with the Council's current objectives of providing affordable housing.
- CHP status and access to Crown funding streams (IRRS and Operating Supplements) are critical for developing a sustainable commercial model that can grow social housing stock and renew the portfolio without creating a burden for ratepayers.
- NCC's portfolio is attractive to CHPs as their focus is to invest in the 'golden triangle' - high growth, high need and fair return. Of the parties approached, purchase was the preferred form of transfer. A leasing model does not enable a CHP leverage for funding for renewal or development aspirations.
- Kāinga Ora has emerged as a potential important shareholder in the community housing sector and may present an alternative to the CHP sector; it is the key government entity with the mandate to deliver on social housing. Whilst Kāinga Ora's key focus is 'Additionality' (ability to provide NEW housing supply), Kāinga Ora did, in March 2021, purchase Nelson City Council's community housing portfolio.
- Whether the portfolio is transferred to a CHP or Kāinga Ora, the Transaction Value would be materially lower than the 'market' value. Market Value represents highest and best use (e.g. the greater of capitalised 'market' rent, or redevelopment value). Both a CHP and Kāinga Ora would assess the transaction value based on discounted cashflow (DCF) analysis of future net cashflow reflecting rental income net of operating and maintenance and CAPEX costs, and with a covenant that locks in community housing into perpetuity, and would not value 'higher and better' alternative use.
- 
- Transfer via a sale is expected to benefit ratepayers as a result of income returns from reinvested capital or a positive impact from recycling the capital, together with avoided costs equivalent to circa \$2.2m and \$2.3m per annum.
- Additionally, a transfer to a CHP or Kāinga Ora would benefit the tenants; potentially, eligible tenants for IRRS (we estimate to be 90% of current cohort) would experience a decrease in their rent contribution from 30% to 25% of net income. This benefit would be realised (almost) immediately by the eligible existing tenants with a transfer to Kāinga Ora and to eligible new incoming tenants under a transfer to a CHP.

* The income threshold (\$761.50 p/w) is the maximum household income that a tenant is able to earn to be eligible for a council housing unit

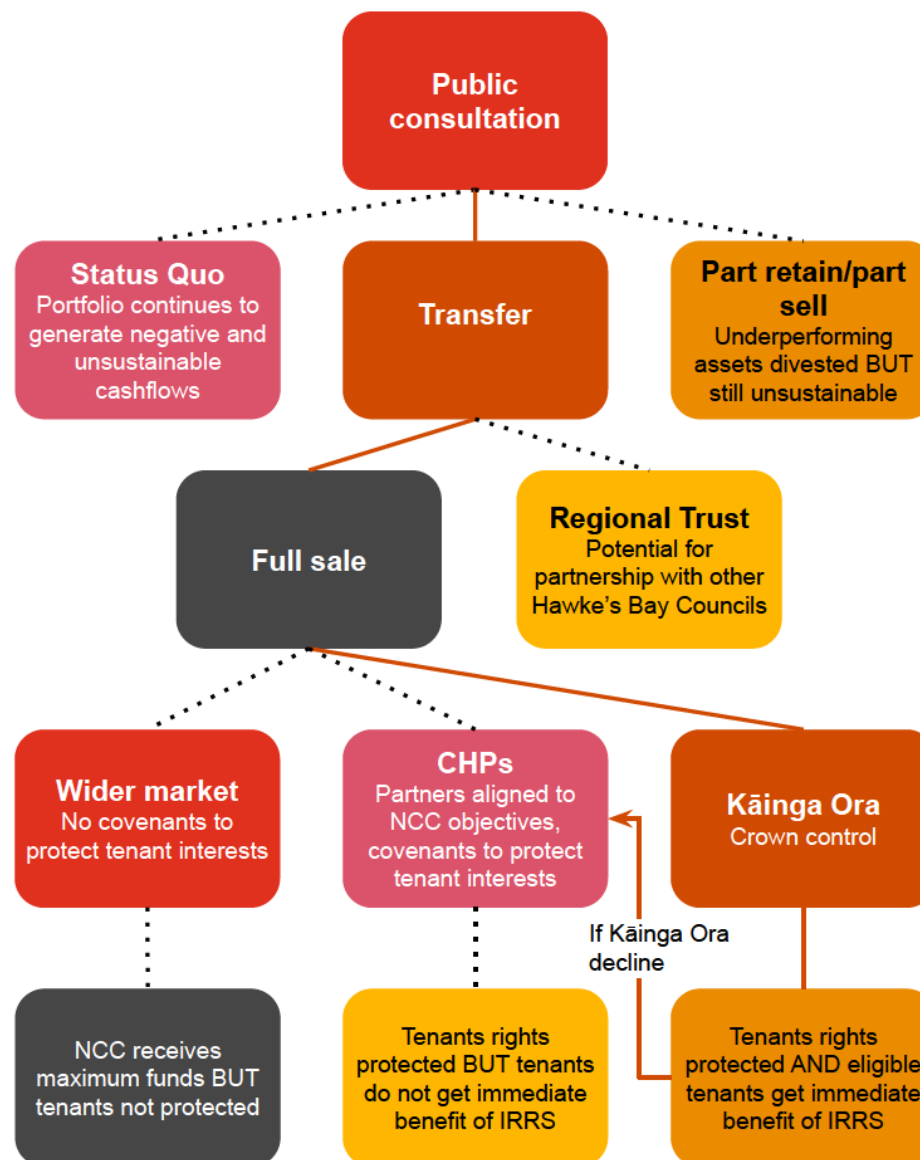
Executive summary cont.

Recommended pathway

NCC has a mid-sized and aging portfolio of housing which requires significant capital investment over the next 25 years with an estimated annualised cost to the ratepayers of circa \$2.2m (excluding financing) to meet the shortfall if the Status Quo is retained. Actively managing the portfolio (part retain/part sell option) in-house does not improve the financial position and creates additional complexity. A portfolio transfer by way of an asset sale to an established CHP or Kāinga Ora appears to represent the best value for money option for NCC to meet its community housing objectives. This option is expected to improve tenant wellbeing via access to wrap-around services; structured correctly this option could:

- Provide secure and affordable tenure for council housing tenants;
- Potentially deliver better, 'wrap-around' services for the tenants and potentially improve tenants' financial position with decreased rental contribution relative to their net income;
- Likely facilitate growth in the volume and quality of housing stock within the portfolio through access to Crown subsidies;
- Improve financial outcomes for ratepayers, by transferring an otherwise ongoing liability.

If a transfer option is to be pursued by NCC, approaching Kāinga Ora to discuss options in the first instance would be a logical first step.



1

Project review - previous work key outcomes

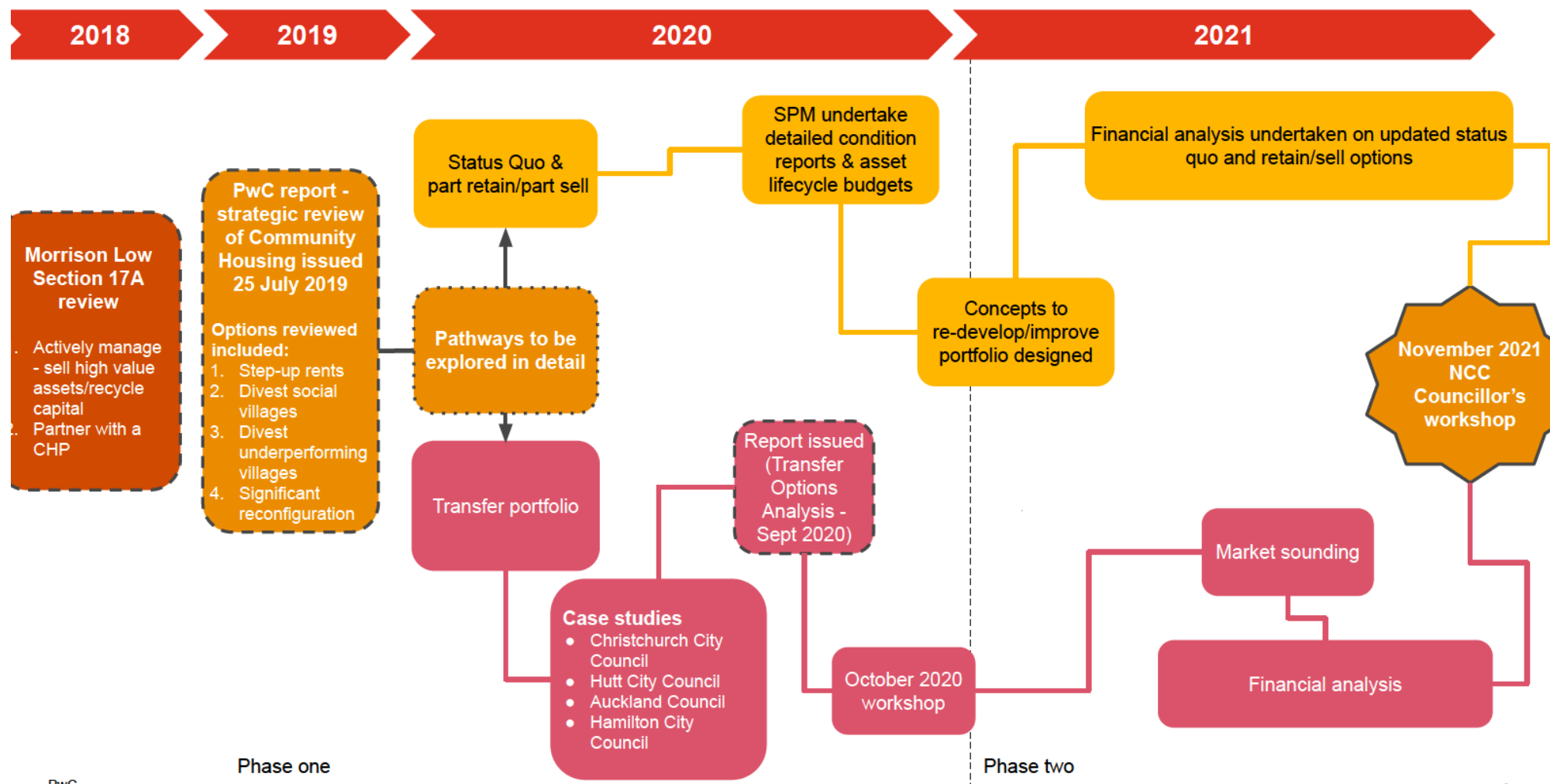
Project progression since 2018

Project Overview

This page presents an overview of the work undertaken by PwC (following the Section 17A review of NCC's Community Housing portfolio undertaken by Morrison Low in 2018) and subsequent PwC July 2019 strategic review which sought to identify pathways to achieve financial sustainability.

Phase two work

Phase two work comprised the development and evaluation of the two main pathways identified in the 2019 report; retain (either as status quo or part retain/part sell) vs transfer of the housing portfolio. This report focuses on our Phase two work,



Key outcomes of October 2020 workshop

We summarise below the evaluation criteria the NCC Councillors worked through at the October 2020 'Transfer Options' workshop when comparing the differing transfer options to agree the preferred transfer option to be evaluated in detail against the Status Quo and part retain/part sell options.

The general consensus was that the **sale or lease of property stock to a CHP was the preferred transfer option to evaluate in detail** with two key requirements that it must be Retirement housing in perpetuity; a first right of refusal if the acquirer sold the property.



Achieving City and Community Goals

- Improve village amenity and site optimisation
- Contribute to Council Strategy, the district plan, long term plan and the HPUDS



Quality Fit for Purpose Housing

- Increased social housing provision
- Increased housing stock in the city



Protecting Tenants' Interests

- Tenancy on the same or better conditions
- Increased access to wrap-around services



Sustainable Financial Outlook

- No ongoing liability for Council
- No ratepayer burden
- Assets are financially self-sufficient, including maintenance and regeneration



Limited Complexity

- Clean transaction with single CHP
- No decanting or tenant impact
- Exit from assets with Council exposure removed
- Limited exposure to market/commercial risk



NCC Ability to Replicate

- Additional resource and investment required
- Comparable portfolio scale
- Comparable Council expertise and capacity

Key outcomes of October 2020 workshop cont.

The October 2020 'Transfer Options' workshop with NCC Councillors involved reviewing PwC's work associated with identifying and analysing alternative transfer options adopted by other New Zealand councils in relation to their housing portfolios. Set out below are the key observations in context to NCC.

Observations

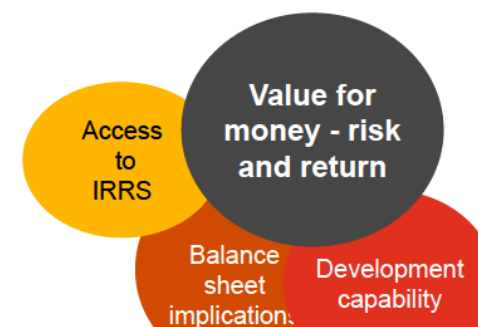
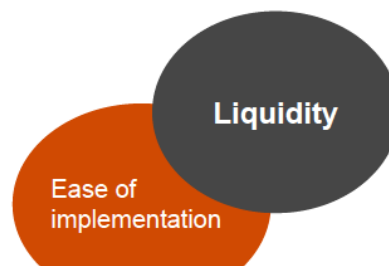
- Sale to private market investors has low alignment with NCC's evaluation criteria;
- CHP status and access to Crown funding streams (IRRS and Operating supplements) are **critical** for developing a sustainable commercial model that can grow social housing stock and renew the portfolio without creating a burden for ratepayers;
- Transfer to a CHP (combined with contractual covenants) can protect existing communities and tenant rights;
- CHPs generally have a primary social focus with broader networks to social service and community-based organisations enabling better social outcomes;
- Scale of portfolio and in-house capability are major drivers for creation of new CHP structures (versus transfer to existing CHP);
- The leasing model does not generally transfer asset risk/forecast liabilities (costs) of the housing portfolio, it does not release capital and it requires performance monitoring and governance resources;
- Across all delivery models where Council retains an interest, demand for specialised human capital must be considered; and
- Kāinga Ora has emerged as the major player in the public housing sector. They may present an alternative to the CHP sector.

The options reviewed included:

- Formation of a Trust partnership with a CHP - Lease - Christchurch City Council
- Formation of a CCO - Hutt City Council
- Formation of a Limited Partnership with a CHP - Peppercorn Lease - Auckland
- Sale to a CHP - Hamilton City Council

NCC context

- Small/mid-sized and ageing portfolio;
- Requires significant capital investment ~\$80m over the next 25 years (SPM forecast);
- The size and capability of NCC's current in-house property and tenancy team significantly limits the ability to actively manage and grow/renew the portfolio;
- In this context, the portfolio transfer option, by way of an asset sale to an established CHP, as demonstrated by Hamilton City Council, has good potential to align with NCC's evaluation criteria;
- This transfer option, structured correctly, has potential to:
 - provide secure and affordable tenure for Council housing occupants;
 - improve financial outcomes for ratepayers;
 - potentially deliver a higher quality and broader service;
 - minimise the complexity of the process; and
 - enable growth in the volume and quality of housing stock within the portfolio through access to Crown subsidies.



2

Status Quo

Methodology, approach and assumptions

A revised version of the analysis undertaken in 2019 following a detailed asset condition report on the assets

Overview

Under the Status Quo, our core evaluation assumptions were as follows:

- All Social and Retirement villages remain within the portfolio and NCC continues to operate the portfolio in the same way;
- Rental subsidies and rent setting policy remain unchanged. No additional income streams are added;
- Rents for both Retirement and Social villages grow at a rate of 3% per annum (at the upper end of RBNZ inflation target)*;
- Local and regional rates charges against the villages are included; and
- Direct and overhead costs are derived from the 2021-2031 LTP (except for CAPEX - explained later on this page) and we have applied varying levels of cost inflation to these based on index data.

Our approach

As in our July 2019 report, our analysis has focused on the 'Net cashflow position' (Net operating income after R&M and after planned CAPEX) of each village and the portfolio as a whole.

Net cashflow position is a performance measure that removes non-cash expenses (depreciation) to understand the cash outflows associated with asset renewals across the portfolio. It represents the cash surpluses/(deficits) generated by the portfolio, once operational costs and asset renewals are considered.

The ultimate test of sustainability is the cumulative net position of the portfolio in the long run. The portfolio is able to sustain small losses in the short term, as Council can support the portfolio through rates - but to be sustainable in the long term, there must be cash surpluses to offset any cash deficits.

To better understand the condition of the portfolio, SPM Assets completed a detailed condition assessment of all 377 units in the portfolio. This provided unit-by-unit CAPEX forecasts over a period of 25 years (2021 to 2046). In our experience this data only has regard to materials and labour costs and excludes decanting and other associated costs to implement.

Assumptions

We assumed an opening cash balance of zero as there was no opening cash balance in the LTP provided by NCC. Therefore, we are only considering the cashflow effects of those activities included in our forecast.

Net cashflow figures presented in this report (unless explicitly stated otherwise) exclude depreciation and interest charges. By doing so, figures only relate to cash expenses and exclude the financing effects of loans that have been taken out in the past.

When considering the Status Quo, we used figures from the 2021-2031 LTP. This captures all revenues and costs associated with NCC's housing portfolio.

However, we made two key adjustments between the figures in the LTP and the figures used in our financial model that informs forecast cashflows:

- Revenue - instead of using LTP forecast revenues, we modelled revenue ourselves. To forecast revenue in the future, we took actual rates (accurate as of April 2021) charged to different types of tenants and multiplied them by the number of units at each village.
- CAPEX - SPM's outputs were used as forecast CAPEX spend instead of the forecast CAPEX in the LTP. The LTP forecast CAPEX spend is lower than SPM's and based on our experience of Council's historical tendency to underinvest in the portfolio we have relied on SPM's forecast CAPEX as a more realistic level of investment that would be required for NCC to maintain its portfolio over the next 25 years.

*We made a key assumption that NZ Superannuation rates increase by a rate of 3% annually and therefore, policy rents increase at 3% annually. As inflation targets were 1 - 3%, this assumption maintains stability in the model, as the rate of policy rental increases should be similar to increases in expenses.

Status Quo analysis

Revenue analysis

Since PwC's 2019 report, NCC changed the rent setting policy to accommodate tenant 'affordability' recognising the two key tenant cohorts. NCC's current rental policy is:

- Retirement - 30% of net NZ Superannuation (adjusted every July).
- Social - 92% of market rent (to a maximum of 30% of household income).

NCC's policy change resulted in some tenant's rental increasing and some decreasing, and the overall net additional cashflow was insufficient to offset the increased costs in the 2021-2031 LTP (albeit it did increase income from rents overall). The net cashflow position of the portfolio is, on average, worse today than it was in 2019 (as shown in the following graph).

As is the case with many other councils in New Zealand with rental policies set to a percentage of market rent, the social housing policy rent is not currently being met because rents are generally aligned to the tenant's income and ability to pay. Therefore rents have fallen substantially below those policy targets. Within the first years of our forecast, our model estimated that NCC's portfolio achieves on average, circa 43% of forecast market rents (as shown in the adjacent tables).

R&M and CAPEX analysis

To better understand the physical status of the portfolio, in 2019 NCC commissioned SPM Assets to complete a detailed condition assessment of the entire portfolio. All 377 units in the portfolio were inspected by SPM and this assessment was used to generate a programme of works from 2020 to 2046.

The programme of works indicated that the portfolio required significantly more investment in R&M and CAPEX in the immediate future to maintain safe and healthy homes for tenants. This assessment informed the 2021-2031 LTP, where the amount allocated to R&M and CAPEX was significantly increased compared to the 2018-2028 LTP.

SPM's work provided an independent expert estimate of the cost of retaining the portfolio in the long term. If NCC wanted to maintain an acceptable level of accommodation for tenants, they would need to invest heavily in the portfolio.

Understanding the true cost to maintain the portfolio is key for NCC and stakeholders when considering the future options for the portfolio.

The adjacent graph shows LTP and modelled figures for R&M and SPM figures for CAPEX as in 2019 and in 2021, respectively.

PwC

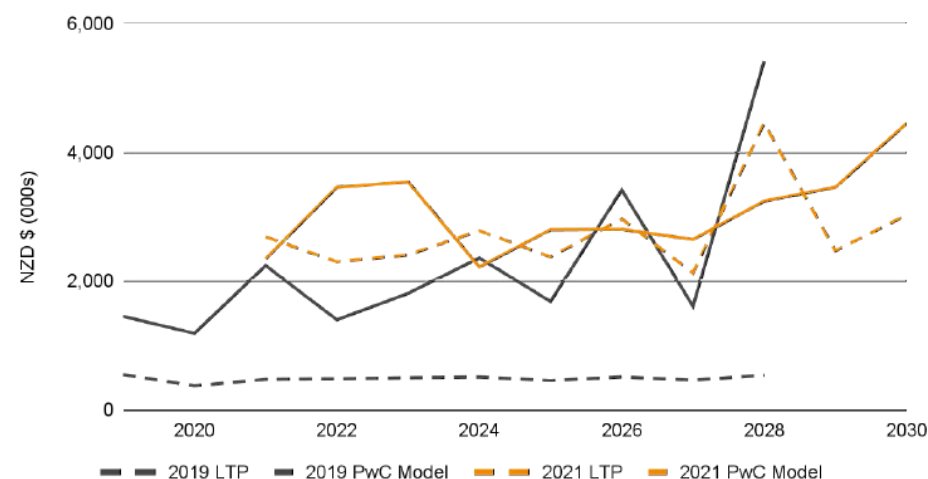
Per unit rent per annum basis

	2021	2022	2023	2024	2025
Average policy rent	\$6,694	\$6,946	\$7,154	\$7,389	\$7,590
Market rent	\$15,520	\$15,985	\$16,465	\$16,959	\$17,467
Policy vs market	43%	43%	43%	44%	43%

Portfolio rent per annum

	2021	2022	2023	2024	2025
Average policy rent	\$2,523,665	\$2,618,639	\$2,697,188	\$2,785,700	\$2,861,427
Market rent	\$5,850,862	\$6,026,388	\$6,207,180	\$6,393,395	\$6,585,197
Policy vs market	43%	43%	43%	44%	43%

R&M and CAPEX



Status Quo analysis cont.

Over the period to 2046 the annualised cost to the ratepayer to fund the shortfall will be circa \$2.2m (excluding financing)

2019 Status Quo forecast cashflows vs revised

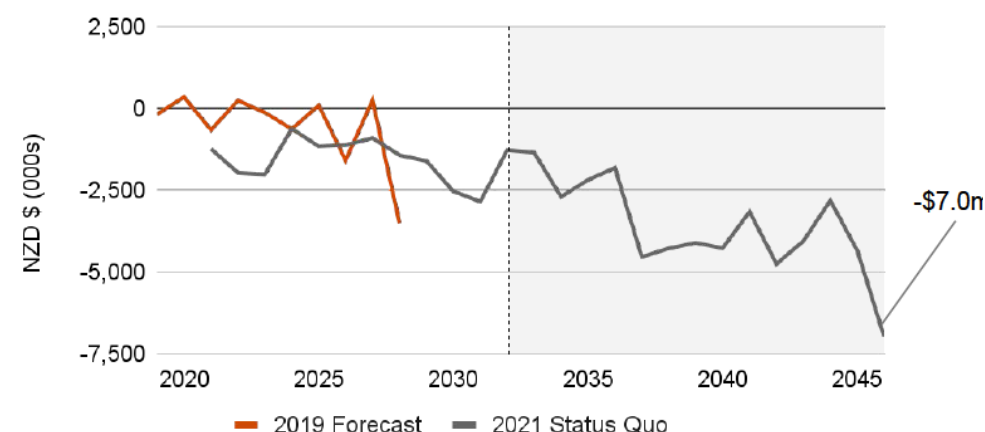
During our initial 2018-2019 engagement with NCC, we analysed the forecast cashflows of the portfolio using the 2018-2028 LTP. This forecast estimated nominal accumulated cash shortfall of circa \$5.2m to 2028. Relative to the 2019 forecast, the portfolio is now (as a result of a better understanding of deferred maintenance and CAPEX) forecast to run at a larger cash deficit - **a predicted nominal accumulated cash shortfall of circa \$10.5m by 2028 increasing to \$70.0m by 2046** (refer table below).

The adjacent chart compares the 2019 net cashflow forecasts to the revised forecasts of this report. The 'jagged' cashflows are due to lumpy R&M and CAPEX - other costs such as rates, insurance and overhead expenses remain relatively constant.

Forecast cash outflows are on a steady downward trend, as the amount of capital required to maintain the aging portfolio increases and the Council's current rent setting policy, aimed to maintain 'affordable' housing, limits its ability to charge market rents. **The largest cash deficit in a year is in 2046, where the cashflow shortfall is expected to be circa -\$7.0m.**

This year, this deficit has been covered by NCC through raising debt, which NCC confirms is not sustainable in the long term. Ratepayers will eventually have to fund the deficit from the housing portfolio, and the cost will be further increased by the interest that has been incurred on the aforementioned debt. Over the period to 2046 we have estimated the **annualised cost to the ratepayer to fund the shortfall will be circa \$2.2m (excluding financing).**

Net cashflow



NZD \$ ('000s)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Retirement Rental Income	1,949	2,023	2,083	2,152	2,210	2,276	2,345	2,422	2,487	2,562	2,639	2,726	2,800	2,884	2,970	3,068	3,151	3,246	3,343	3,453	3,547	3,653	3,763	3,886	3,992	4,111
Social Rental Income	573	594	612	632	649	669	689	711	731	753	775	801	822	847	873	901	926	953	982	1,014	1,042	1,073	1,105	1,142	1,173	1,208
Misc. Income	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	4
Total Revenue	2,524	2,619	2,697	2,786	2,861	2,947	3,036	3,135	3,221	3,317	3,417	3,529	3,625	3,733	3,845	3,972	4,080	4,202	4,328	4,470	4,592	4,729	4,871	5,031	5,168	5,323
(Direct Costs)	-1,927	-1,980	-2,033	-2,084	-2,137	-2,192	-2,250	-2,310	-2,372	-2,435	-2,474	-2,538	-2,604	-2,672	-2,742	-2,813	-2,886	-2,961	-3,038	-3,117	-3,198	-3,281	-3,367	-3,454	-3,544	-3,636
(Overhead Costs)	-800	-492	-516	-522	-536	-558	-568	-583	-607	-614	-624	-641	-657	-674	-692	-710	-728	-747	-767	-787	-807	-828	-849	-872	-894	-917
EBITDA	-203	147	148	180	188	197	217	242	241	268	318	350	363	387	412	449	465	494	523	566	586	620	655	705	730	769
Total Capital Expenditures	-1,037	-2,110	-2,159	-803	-1,346	-1,317	-1,120	-1,674	-1,849	-2,798	-3,162	-1,625	-1,712	-3,087	-2,593	-2,264	-4,998	-4,766	-4,624	-4,833	-3,738	-5,367	-4,702	-3,517	-5,067	-7,737
Net Cashflow	-1,240	-1,963	-2,011	-623	-1,158	-1,120	-902	-1,432	-1,608	-2,530	-2,844	-1,276	-1,349	-2,700	-2,181	-1,815	-4,532	-4,273	-4,101	-4,266	-3,151	-4,747	-4,047	-2,811	-4,338	-6,967
Opening Cash Balance	-	-1,240	-3,203	-5,214	-5,837	-6,995	-8,116	-9,018	-10,450	-12,057	-14,588	-17,432	-18,708	-20,056	-22,757	-24,938	-26,753	-31,285	-35,558	-39,659	-43,925	-47,076	-51,823	-55,871	-58,682	-63,020
Free Cashflow from Existing Portfolio	-1,240	-1,963	-2,011	-623	-1,158	-1,120	-902	-1,432	-1,608	-2,530	-2,844	-1,276	-1,349	-2,700	-2,181	-1,815	-4,532	-4,273	-4,101	-4,266	-3,151	-4,747	-4,047	-2,811	-4,338	-6,967
Closing Cash Balance	-1,240	-3,203	-5,214	-5,837	-6,995	-8,116	-9,018	-10,450	-12,057	-14,588	-17,432	-18,708	-20,056	-22,757	-24,938	-26,753	-31,285	-35,558	-39,659	-43,925	-47,076	-51,823	-55,871	-58,682	-63,020	-69,987

PwC

Status Quo analysis cont.

Status Quo maintains status quo for the current tenants at the cost to ratepayers and does not contribute to the growing future community housing needs

Achieving key outcomes

Maintaining the Status Quo does not achieve 'City and Community Goals' of improved amenity and site optimisation as the dated units remain, albeit with some slight improvement through increased CAPEX spend. Recent changes to the RTA (Residential Tenancies Act) now present additional challenges in NCC's ability to maintain its Community Goals by constraining its ability to manage and ensure the housing remains occupied by eligible tenants. Changes to the RTA prevent the ability to terminate a tenancy on the grounds that a tenant no longer meets the income or assets thresholds. Whilst CHPs and Kāinga Ora have been granted exemptions to this restriction, local Councils are classified as 'private owners' and do not therefore enjoy this exemption.













Without external funding from third parties or increasing ratepayer contributions (or debt) there is no ability to increase community housing stock or redevelop the existing stock to meet changing tenant demands.

Existing tenants' interests are protected as their tenancies remain. However, the current level of services provided will remain i.e limited to basic tenancy management services which are no longer comparable to the increasing 'wrap-around' services provided by Kāinga Ora and CHPs.

As mentioned, the Status Quo is not financially sustainable and the financial position of the portfolio steadily worsens across the forecast period.

Whilst there is no financial impact on the tenant, there is an increasing financial burden to the ratepayer with an indicative annualised cost of circa \$2.2m p.a. to be met. That is, the ratepayers need to invest circa \$2.2m (in 2021 dollars) every year for the next 25 years to meet the cash shortfall (to break-even) generated by the portfolio over the corresponding years. This financial burden will be further emphasised with the reduction in Council rates revenue due to the proposed Three Waters reform; the proportion of rating revenue being applied to subsidised housing will increase.

The Status Quo simply maintains status quo for the current tenants at the cost to ratepayers and does not contribute to the growing future community housing needs of the wider community.

	Status Quo
 Achieving City and Community Goals	
 Quality Fit for Purpose Housing	
 Protecting Tenants' Interests	
 Sustainable Financial Outlook	
 Tenant financial impact	
 Ratepayer financial impact	 Annualised ratepayer contribution of circa ~\$2.2m to fund Status Quo

Status Quo sensitivity analysis

Financial sustainability is achievable with retirement policy rent set @ ~78% market rent equating to ~49% of a retiree's income

Affordable vs using a blended rate subsidised rents

NCC's current rent setting policy, aimed to maintain 'affordable' housing, means it receives only 30% of the net NZ Superannuation allowance from retirement tenants and a maximum of 30% of household net income from social tenants. There are a small number of tenants who pay slightly more than this as their income and/or assets are over the threshold.

NCC's net income threshold set for social tenants is currently \$762 p/w opposed to the NZ Superannuation rate for a single occupant of \$437 p/w (2021). We have assumed that these are the maximum incomes for eligible NCC tenants and accordingly rents are set at 30% of these levels.

To increase profitability and make the portfolio sustainable in the future, NCC could switch from an 'affordable' rental policy to a 'subsidised' policy, whereby NCC would still provide accommodation at a discounted rate but linked to a set percentage of the market rate. This could enable the council to meet its R&M and CAPEX obligations, and potentially increase the level of service it provides tenants (depending on the percentage of market rent set).

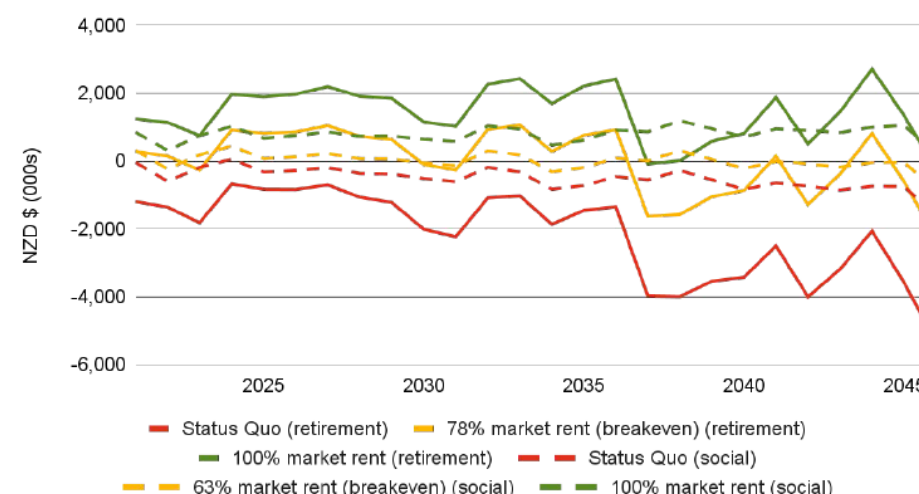
The adjacent tables and graphs demonstrate the impact on the cashflow relative to the percentage of market rent received (for both retirement and social villages). We have estimated that retirement policy rent would need to be set at around **78% of market rent over the next 25 years to break even**. This would equate to 49% of an individual retirement tenant's income. For a social tenant, we have estimated the policy rent would need to be circa 63% of market rent over the next 25 years. This would equate to 32% of an individual social tenant's income.

While this would be beneficial to NCC and its ratepayers, an increase of this level of rent is unlikely to be affordable to current retirement tenants (typically rent of circa 1/3 of income is considered affordable), but it could be affordable to other retirees who sit at the lower end of the private rental market. Under a 'subsidised' rental policy, NCC could still provide housing to its retired constituents, however, it may not be providing it to those with the greatest need.

An issue with setting policy rent as a percentage of market rent is that large year-on-year increases in market rent can make policy rent unaffordable. We note that rents rose 15.5% on average in the year to June 2021 - an increase that would likely be unaffordable for most tenants on fixed incomes.

While rent increases may potentially be unpopular with current tenants, the opportunity for the housing to remain with Council may outweigh these concerns, while also not impacting on ratepayers.

Rent setting impact on Status Quo cashflows



Rental policy % of market rent	% of 2021 super single rate (\$437 p/w)	% of individual social tenant income threshold (\$762 p/w)	Annualised net cashflows	Cumulative nominal position after 25 years
Retirement (market rent ~\$276 p/w)				
Current - 45%	28%	n.a.	-\$2.17m	-\$56.40m
Breakeven - 78%	49%	n.a.	\$0.00m	\$0.00m
100%	63%	n.a.	\$1.42m	\$37.01m
Social (market rent ~\$387 p/w)				
Current - 39%	n.a.	20%	-\$0.52m	-\$13.59m
Breakeven - 63%	n.a.	32%	\$0.00m	\$0.00m
100%	n.a.	51%	\$0.79m	\$20.52m

3

Part Retain/Part Sell option

Methodology, approach and assumptions

Overview

PwC's 2019 strategic review analysed several scenarios / pathways to achieve financial sustainability. Of these pathways, 'Scenario 4a' was, although complex, identified as the most likely to support financial sustainability and it was this scenario that was agreed to be compared against the Status Quo option and Transfer option.

The part retain/part sell option assumes:

- The three Social villages (underperforming assets) are divested and the sale proceeds reinvested;
- All Retirement villages remain within the portfolio and NCC continues to operate the portfolio in the same way;
- Rental subsidies and rent setting policy remain unchanged. No additional income streams are added;
- Rents for Retirement villages grow at a rate of 3% per annum (at the upper end of RBNZ inflation target);
- Greenmeadows East Village's vacant land (~circa 9,300m²) is intensified with additional Retirement housing; and
- The existing four houses on Hastings/Munroe site are demolished and redeveloped with new units for market rent to subsidise the Community Housing portfolio.

Our approach

To develop this concept into a detailed scenario for financial analysis we worked with the following parties:

- NCC urban planners to establish the likely permissible site coverage, heights, housing typology, infrastructure requirements etc to provide guidance to the design architects and review and test concepts presented.
- Young + Richards (architects) - selected via a Request for Proposal (RFP) process to provide high level concepts for both sites. Young + Richards has experience in the community housing sector, working with Kāinga Ora and other Councils to design developments of similar size and typology. Concepts from Young + Richards were completed with the intent of providing low-cost social rental units that would be able to accommodate senior and some disabled tenants, applying 'Good Quality Social Housing' practices consistent

PwC with Kāinga Ora's requirements

- Rider Levett Bucknall (RLB) (quantity surveyors) who provided estimates as at February 2021 inclusive of all development costs including fees, housing, landscaping, demolition, utility provision and connection, landscaping, roadways and vehicle crossings. Housing was assessed at Good Quality Social Housing with all amenities including heating, basic appliances and window treatments. Fencing has been allowed to all separate properties. GST, land purchase and potential Resource Consent hearing costs were excluded. RLB's cost estimates include 7.5% contingency and 16% cost escalation to 2026.

Following consultation with NCC urban planners, the concepts from Young + Richards that were adopted included (as shown on page 20):

- Greenmeadows East (net increase 38 units) - 12 x 1-bed units, 8 x 2-bed terraced units, 8 x 1-bed walk-up units, 10 x 2-bed walk-up units, primarily for retirees.
- Hastings/Munroe (net increase 7 units) - demolition of 4 units and creation of 11 new units - 7 x 2-bed terraced units, 4 x 3-bed terraced units.

Assumptions

We made the following assumptions (among others) for our cashflow model:

- Divestment of the three Social villages will occur first to assist funding the development works;
- Sale prices for the divested villages are established on a discounted cash flow (DCF) basis, assuming a CHP purchases these sites with sitting tenants and policy rent switches to market rent (via IRRS) at a rate of 15% annually (current turnover rate);
- Development works will commence at Greenmeadows East to accommodate eligible tenants. Construction will be phased enabling some tenants to move in while remaining units are completed. Construction costs on the Redeveloped villages will be realised in a linear fashion;
- Commencement of works to Hastings/Munroe is dependent upon existing tenants relocating to new units in Greenmeadows East or other retirement villages (this is highly likely given current tenant turnover);
- Forecast future CAPEX spend on the Redeveloped villages is based on useful lifespans and costs of components and establishing a 'sinking fund'; and
- CAPEX works are allocated to occur predominantly over the warmer months of the year in Quarters 2 and 3 (from 1 October to 31 March).

Part retain/part sell potential timeline

Timeline (as at March 2021)

We adopted the following timeline in modelling the cashflows associated with part retain/part sell. The assumed date of disposal of Social villages is 1 July 2022 (the start of FY23) and both developments will be completed by 1 April 2027.

This timeline was developed following the guidance of RLB, in March 2021, who have estimated the length of each project and overall cost of the development process. The overall timelines will be dependent upon start date.

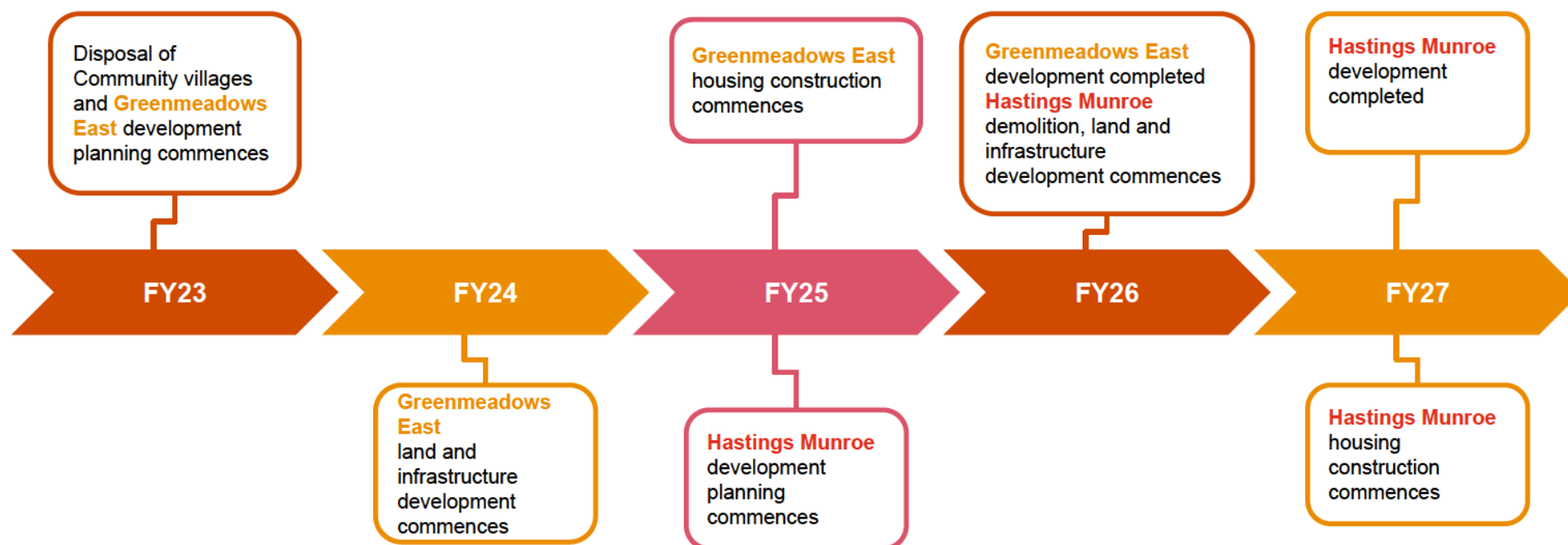
Key assumptions are as follows:

- 16% cost escalation to 2026;
- 7.5% contingency; and
- Zero cost for land purchase and resource consents.

See Appendix 2 for RLB's estimates.

Indicative construction timeframes (as advised by Quantity Surveyors, RLB)

Greenmeadows East		Hastings/Munroe	
Development planning	10 - 12 months	Development planning	6 - 9 months
Land & infrastructure development	8 - 10 months	Land & infrastructure development	4 - 6 months
Housing and construction	16 - 18 months	Housing and construction	8 - 10 months
Total	34 - 40 months	Total	18 - 25 months
Estimated cost (incl. contingency and escalation)	\$18.64 million (excl. GST)	Estimated cost (incl. contingency and escalation)	\$6.32 million (excl. GST)



DurC

Part retain/part sell redevelopment opportunities

Greenmeadows East - concept only



Hastings Munroe - concept only



Part retain/part sell cashflows

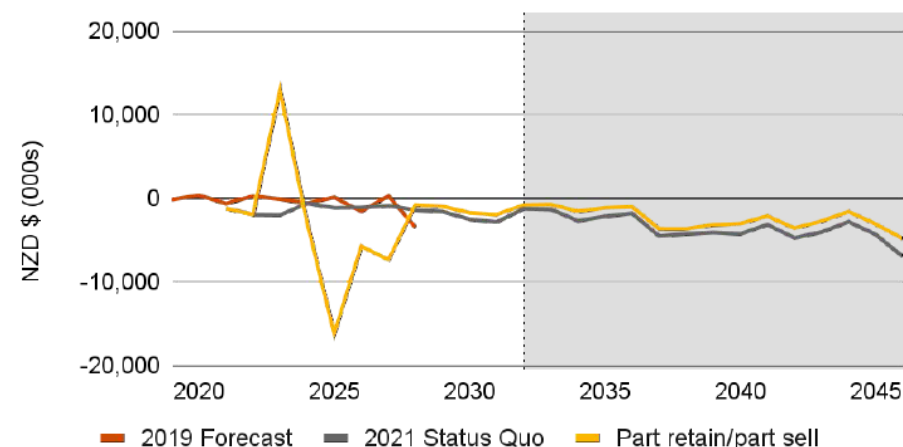
Part retain/part sell only marginally improves the cashflow position after 2028 - the cashflow injection from sale proceeds and rent from increased units falls short of redevelopment costs

Retain/Sell forecast cashflows

Under the part retain/part sell scenario, we assumed that the three Social villages (Carlyle, Nelson and Wellesley) will be divested at the beginning of FY23 with the sale proceeds contributing to the redevelopment costs for Greenmeadows East and Hastings/Munroe. While the current market valuation of these three villages is circa \$16.2m (as at 2020), this market valuation represents highest and best use (e.g. capitalised 'market' rent, or redevelopment value). On a DCF basis relative to actual contract, the transaction value would be materially lower than the 'market' value assuming a CHP purchases these sites with sitting tenants and policy rent switching to market rent (via IRRS) at a rate of 15% annually (current turnover rate); likely close to 40% to 70% of unencumbered market value. Consequently, as illustrated in the adjacent graph, the sale proceeds will not cover the cost of the additional units.

The cashflows of the part retain/part sell scenario are marginally improved relative to the Status Quo after 2028 primarily due to the net increase of new units and the ability to lease the 11 units at the redeveloped Hastings/Munroe village at market rates. However, despite improving the later year cashflow position of the portfolio, the part retain/part sell option will not achieve breakeven with a **predicted nominal accumulated cash shortfall of circa \$23.3m by 2028 increasing to \$64.9m by 2046** (refer table below).

Net cashflow



Over the period out to 2046 we have estimated the **annualised cost to the ratepayer to fund the shortfall will be circa \$2.3m** (excluding financing).

NZD \$ ('000s)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Retirement Rental Income	1,949	2,023	2,083	2,152	2,196	2,247	2,315	2,391	2,456	2,529	2,605	2,691	2,764	2,847	2,932	3,029	3,111	3,204	3,300	3,409	3,501	3,606	3,715	3,836	3,941	4,059
Social Rental Income	573	594	161	9	9	9	9	10	10	10	11	11	11	12	12	12	13	13	13	14	14	15	15	16	16	17
Misc. Income	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3
Total Revenue	2,524	2,619	2,246	2,162	2,207	2,259	2,326	2,403	2,468	2,542	2,618	2,704	2,778	2,861	2,947	3,044	3,126	3,220	3,317	3,425	3,519	3,624	3,733	3,855	3,960	4,079
(Direct Costs)	-1,927	-1,980	-1,714	-1,648	-1,642	-1,635	-1,679	-1,723	-1,769	-1,816	-1,846	-1,894	-1,943	-1,993	-2,045	-2,099	-2,153	-2,209	-2,266	-2,325	-2,386	-2,448	-2,512	-2,577	-2,644	-2,713
(Overhead Costs)	-800	-492	-418	-389	-397	-411	-418	-429	-447	-452	-459	-471	-484	-496	-509	-522	-536	-550	-564	-579	-594	-609	-625	-641	-658	-675
EBITDA	-203	147	114	125	168	212	230	251	251	274	313	339	351	371	392	423	437	461	486	521	539	567	596	637	658	691
Total Capital Expenditures	-1,037	-2,110	-2,159	-803	-964	-975	-854	-1,233	-1,388	-2,193	-2,443	-1,322	-1,279	-2,132	-1,742	-1,668	-4,289	-4,334	-3,891	-3,801	-2,918	-4,400	-3,610	-2,529	-4,028	-5,835
Net Cashflow	-1,240	-1,963	-2,045	-678	-796	-763	-624	-982	-1,137	-1,920	-2,129	-983	-928	-1,761	-1,350	-1,245	-3,852	-3,872	-3,406	-3,280	-2,379	-3,833	-3,014	-1,892	-3,369	-5,143
Opening Cash Balance	-	-1,240	-3,203	9,692	6,738	-9,444	-15,179	-22,535	-23,336	-24,314	-26,073	-28,041	-28,853	-29,605	-31,183	-32,341	-33,385	-37,028	-40,684	-43,864	-46,906	-49,040	-52,617	-55,365	-56,977	-60,057
Free Cashflow from Existing Portfolio	-1,240	-1,963	-2,045	-678	-796	-763	-624	-982	-1,137	-1,920	-2,129	-983	-928	-1,761	-1,350	-1,245	-3,852	-3,872	-3,406	-3,280	-2,379	-3,833	-3,014	-1,892	-3,369	-5,143
Village Disposal Proceeds	-	-	15,044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Village Redevelopments)	-	-	-104	-2,276	-15,370	-4,943	-6,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incremental FCF from Village Redevelopments	-	-	-	-	-16	-30	41	182	159	161	162	170	176	183	191	202	208	217	226	238	245	256	266	280	289	301
Closing Cash Balance	-1,240	-3,203	9,692	6,738	-9,444	-15,179	-22,535	-23,336	-24,314	-26,073	-28,041	-28,853	-29,605	-31,183	-32,341	-33,385	-37,028	-40,684	-43,864	-46,906	-49,040	-52,617	-55,365	-56,977	-60,057	-64,900

DwC

Part retain/part sell cashflows

Part retain/part sell marginally improves housing stock and community goals but at a greater ongoing cost to ratepayers

Achieving key outcomes

Part retain/part sell partially achieves the key outcomes of “Achieving City and Community Goals” by increasing some village amenity, site optimisation, “Quality Fit for Purpose Housing” and by increasing the volume of housing stock in the city. However, as with the Status Quo, recent changes to the RTA will present additional challenges in NCC’s ability to maintain its Community Goals by constraining its ability to manage and ensure the housing remains occupied by eligible tenants. As with the Status Quo option, changes to the RTA will prevent the ability to terminate a tenancy on the grounds that an occupier no longer meets the income or assets thresholds.








Retirement village tenants interests are protected as their tenancies remain in place. This would potentially extend to the tenants within the Social villages, dependent upon the sale contract conditions albeit reflective of the sale proceeds received. As with the Status Quo option the current level of services provided will remain i.e limited to basic tenancy management services which are no longer comparable to the increasing ‘wrap-around’ services provided by Kāinga Ora and CHPs.

Like Status Quo, the part retain/part sell option is not financially sustainable. Even after divestment of underperforming assets and building new units, the portfolio still returns a negative cashflow each year.

There is no financial impact on existing Retirement village tenants with the financial impact on the Social village tenants dependent upon the sale contract conditions.

Despite generating greater cashflows than Status Quo, ratepayers would face a larger annualised contribution of indicatively ~\$2.3m due to the requirement to meet the shortfall between sale proceeds of the underperforming assets and the redevelopment and intensification costs. As with the Status Quo option, this financial burden will be further emphasised with the reduction in Council rates revenue due to the proposed Three Waters reform; the proportion of rates dollars going to fund subsidised housing will increase.

In addition to these outcomes, the part retain/part sell option introduces a number of variables, not limited to: scarcity and cost of building supplies, availability of contractors and cost escalation all increasing the complexity of implementation.

Part retain/part sell	
 Achieving City and Community Goals	✓ / ✗
 Quality Fit for Purpose Housing	✓ / ✗
 Protecting Tenants' Interests	✓
 Sustainable Financial Outlook	✗
 Tenant financial impact	—
 Ratepayer financial impact	 Annualised ratepayer contribution of circa ~\$2.3m to fund Part retain/part sell

Part retain/part sell sensitivity analysis

Financial sustainability is achievable with policy rent set @ ~81% market rent equating to ~52% of a retiree's income

Affordable vs subsidised rents

As with the Status Quo option, to increase profitability and make the portfolio sustainable in the future, NCC could switch from an 'affordable' rental policy to a 'subsidised' policy, whereby NCC would still provide accommodation at a discounted rate but link rent to a set percentage of the market rent. This could enable the council to recover its R&M and CAPEX obligations, and potentially increase the level of service it provides tenants, depending on the percentage of market rent set.

As opposed to the Status Quo option, under this scenario the social villages are divested and the occupants will be retirees only. Therefore, the adjacent table and graph demonstrates the impact on the cashflow relative to the percentage of market rent received for the retirement villages only (post 2023). We have estimated that policy rent would need to be set at around **81% of market rent over the next 25 years to break-even**. While this would be beneficial to NCC and its ratepayers, based on the NZ 2021 superannuation single person allowance rate, 81% of market rent would equate to 52% of an individual retirement tenant's income representing an increase of circa 22% to what is currently paid by the individual retirement tenant.

An increase of this level of rent is unlikely to be affordable to current tenants, but it could be affordable to other retirees who sit at the lower end of the private rental market. Under a 'subsidised' rental policy, NCC could still provide housing to its retired constituents, however, it may not be to those with the greatest need.

An issue with setting policy rent as a percentage of market rent is that large year-on-year increases in market rent can make policy rent unaffordable. We note rents rose 15.5% on average in the year to June 2021 - an increase that would likely be unaffordable for some tenants.

While rent increases may potentially be unpopular with current tenants, the opportunity for the housing to remain with Council may outweigh these concerns, while also not impacting on ratepayers.

Rent setting impact on Part retain/part sell cashflows



Retirement villages only

Rental policy % of market rent	% of 2021 super single rate (\$437 p/w)	Annualised net cashflows	Cumulative nominal position after 25 years
45%	28%	-\$2.71m	-\$70.41m
50%	32%	-\$2.34m	-\$60.75m
60%	38%	-\$1.59m	-\$41.43m
70%	44%	-\$0.85m	-\$22.10m
81%	52%	\$0.00m	\$0.00m
90%	57%	\$0.64m	\$16.54m
100%	63%	\$1.38m	\$35.86m

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4

Transfer options

Methodology and approach

Overview

The general consensus from the October 2020 Councillor's workshop was that whilst a sale or lease of property stock to a CHP was the preferred transfer option to evaluate in detail, covenants would be required to protect tenants interest and prevent on selling of the assets. The transfer option therefore assumes that any transfer contract would contain covenants that:

- ensure existing tenancies, under the current terms and conditions, remain in place;
- the portfolio can only ever (into perpetuity) be used to provide housing to Retirement or Community tenants; and
- NCC retains the right of first refusal (on the same DCF basis) if the buyer was to sell the portfolio.

Our approach - market sounding

Market soundings were required to understand the market's appetite for the portfolio in its current state with covenants in place and to ascertain likely key commercial terms. In consultation with NCC's Community Strategies team, a shortlist of parties to approach was established, primarily focussed on parties with CHP status to enable access to IRRS. The list consisted of local Iwi, charitable trusts, CHPs and Kāinga Ora - parties who share common goals with NCC in regard to community housing.

These parties included:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

PwC

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

An Information Memorandum (IM), comprising the purpose and key facts about the portfolio was created for circulation to interested parties (in strict confidence) (refer Appendix 3) including data on the following:

- number of villages and units;
- forecast gross rent 2021 vs estimate or market rent received;
- forecast annualised R&M;
- forecast capital expenditure over next 10 years;
- age and typology of units;
- annual tenant turnover;
- estimate percentage of tenants eligible for IRRS; and
- potential development opportunities e.g. Retirement village expansion (Greenmeadows East, Hastings/Munroe).

Video calls (in place of face-to-face meetings due to COVID-19) were held with those parties to ascertain in each case:

- their level of interest and ability to purchase the portfolio (all or part);
- the terms under which they would purchase or manage the portfolio;
- how they would value the portfolio;
- experience purchasing other housing portfolios; and
- ethos and purpose.

The results of these calls helped us to group the parties based on their ability and appropriateness to partner with NCC in the transfer of the portfolio.

Market soundings - parties approached & their responses

Local iwi, charitable trusts, CHPs and Kāinga Ora

Below we have set out the key highlights from our interviews with the various parties contacted.

[redacted] (registered charity) - In the process of becoming a CHP. They have been more interested in building their own stock as this provides opportunities for apprenticeships and employment for their whanau. However, they may be interested in purchasing at the 'right price'.

[redacted] (registered charity) - The scale of the portfolio is attractive. In its experience, around 350 units are needed to begin to achieve economies of scale and efficiencies in regard to management.

[redacted] (registered charity) - [redacted] would only be interested in providing tenancy management services for a fee (circa 10% - 15% of gross revenue) as they are not in a financial position to purchase. Its expectation is that the R&M and CAPEX costs would remain the responsibility of the Council.

[redacted] (registered charity) - Favour building new units as they are eligible for operating supplement too. They place a lot of value in the community aspect of the villages - community spaces and halls are key. [redacted] would only be interested in purchasing the portfolio if the price was significantly discounted.

[redacted] (registered charity) - Focused on the Wairarapa region. Unlikely to be interested in the purchase of properties. [redacted] would only be interested providing tenancy management services for a fee (circa 10% - 15% of gross revenue).

[redacted] (registered charity) - [redacted] Would be interested in a deal if it was 'sensible'.

[redacted] (registered charity) - Purchases made on condition that tenants were retained and on intrinsic (cashflow) value.

[redacted] (registered charity) - [redacted] they would require a one-off specific mechanism to purchase the portfolio - with the right partner.

[redacted] (registered charity) - [redacted] Would be interested if there was a link with Hastings District Council as they consider that they have an established relationship there.

Kāinga Ora - Napier is a priority area for Kāinga Ora, but they prefer to acquire land (for development) that is not tenanted. Very interested in the development opportunities [redacted]

CHPs' legislative requirements

The Community Housing website notes that typically CHPs are not-for-profit groups, but CHPs can be for-profit entities. All of the CHPs we approached were not-for-profit groups.

From a practical standpoint, it can be hard for CHPs to make profit and it is likely that any surplus made would be required to fund CHP operations or invested to expand their offering given the needs in communities. Accordingly, there may be limited practical value in operating a CHP ostensibly as a for-profit entity. There are always difficulties from a public perception and political perspective; profiting at the expense of the most vulnerable members of society and/or using central government funding to do so. This may affect their ability to receive grant funding or funding from central government mechanisms as well e.g. operating grants.

In regard to tax considerations associated with CHP income (as a high level observation only - not intended to be tax advice), section CW 42B of the Income Tax Act provides that any amount of income derived by a registered CHP is exempt income. However if a CHP were to use the profit from their community housing activities for the private pecuniary profit of an individual or apply it to something outside of the community housing entity or for non charitable purposes, then the CHP's income would not be exempt under this section. That loss of exemption would likely also exacerbate the practical issues with taking a profit stream from a CHP.

Key findings from CHPs

Focus is to invest in the 'golden triangle' - high growth, high need and fair returns; immediate access to IRRS is unlikely

Elements of interest

CHPs were attracted by the size and tenant profile of the portfolio as this scale supports establishment of a local team and resources.

The tenant profile potentially enables access to Crown funding streams (IRRS) but it was noted that this would take time to achieve as ~90% of the 377 tenancies might be eligible, but CHPs can only access IRRS for new incoming tenants.

The development potential (Greenmeadows East and Hastings/Munroe) was another attractive element of the portfolio as CHPs can potentially secure Operating Supplement funding in addition to IRRS for new supply. It was noted, however, that the real value is in 'net' new supply of units i.e Hastings/Munroe with the demolition of four existing units would create a net new supply of seven.

Elements of concern

The primary source of concern from CHPs is the significant capital investment required for CAPEX and R&M. This would need to be factored into the commercial terms of any transfer. To fully understand the condition of the portfolio, CHPs would need to undertake a robust due diligence process, which can be costly.

Securing funding to purchase and develop may be a challenging with the likely requirement to establish joint venture or access additional competitive 'capital'.

Early consultation with MSD would be essential to ascertain eligibility to access IRRS. Some CHPs fear that existing stock might not meet MSD housing criteria (e.g minimum gross floor area, bedroom sizes and healthy home compliance). Additionally, the time required to transfer the rental profile to market rent via access to IRRS is a concern; understanding tenant turnover would be key.

Other

None of the CHPs preferred a leasing model as the ability to expand and grow the portfolio was seen as key to achieving financial sustainability - preference was for a purchase.

An alternate option to a purchase transfer was the provisions of a management contract under CHP status. Whilst this option would provide increased 'wrap around' tenancy services NCC would retain responsibility for R&M and CAPEX on top of paying 10 - 15% of Gross revenue received to the CHP.

Transfer covenants to protect tenant and community interests are acceptable but will be reflected in the assessment of asset value. CHPs would value this based on a discounted cashflow approach using policy rents (see slide 33).

PwC

However - Some CHPs suggested that they would be unlikely to participate in a tender process if Kainga Ora was a participant - Kainga Ora with its ability to access IRRS immediately can generally offer better

Kāinga Ora

Key focus areas of Kāinga Ora is 'Additionality' - ability to provide NEW housing supply

Kāinga Ora has emerged as a potential important shareholder in the community housing sector and may present an alternative to the CHP sector as it is the key government entity with the mandate to deliver on social housing.

Focus areas

A key focus area of Kāinga Ora is 'additionality' - the ability to provide additional 'new' housing supply. This is an attempt to address the increasing strains on the public housing sector as more and more people require its services. Opportunities for intensification and redevelopment are therefore sought after by Kāinga Ora.

Napier and the wider East Coast is an area targeted under the latest government Public Housing Plan (2021-2024). Napier has been identified as a location where housing need is urgent due to population growth exceeding new housing development, leading to rising rents and housing shortfall. There are intentions for an additional net supply of 1,287 units from June 2018 to June 2024.

Potential benefits for NCC

The benefits of Kāinga Ora purchasing the portfolio over a CHP is Kāinga Ora's ability to access IRRS immediately (as we understand it), unlike CHPs which can only access IRRS for new incoming tenants.

Immediate access to IRSS will also benefit the NCC's existing eligible tenants (~90%). Generally tenants eligible for and receiving IRRS are only required required to pay 25% of their net incomes or Superannuation payments - currently NCC tenants pay 30%.

[REDACTED]

Potential benefits for Kāinga Ora

The benefit to Kāinga Ora is that they can achieve 'additionality' at pace. With the Hastings/Munroe and Greenmeadows East concepts already developed (with NCC urban planners involvement) these opportunities could be acted upon immediately.

Nelson Case study (sold to Kāinga Ora)

[REDACTED]

In relation to NCC...

Nelson CC's portfolio was smaller than NCC's, and slightly younger. There was on average, around 15 to 20 years of useful life left in the units upon transfer.

NCC has the benefit of additional land at some sites which would offer the opportunity to achieve 'additionality' [REDACTED]

Potential cashflows/valuation considerations

Discounted Cashflow valuation approach

All CHPs we engaged with informed us that they would value the portfolio on a discounted cashflow (DCF) basis. A DCF 'discounts' an asset's future cashflows by a discount rate to reflect the opportunity cost of any investment and the time value of money. For example, \$1 received five years from now is less valuable than \$1 today as you could invest today's dollar and receive interest over the next five years.

We have completed indicative modelling of NCC's forecast cashflows and applied, as a working assumption, a discount rate range of 5.0% to 6.0% to reflect the age and condition of the portfolio. We did receive feedback from the market (CHPs) that these discount rates are potentially high; based on discussion with NCC we have adopted a slightly more conservative discount rate range. Relative to the cashflows of a newer housing portfolio, NCC's cashflows are more risky due to the age and condition of the portfolio. Cashflows are more likely to be negatively impacted through the capital intensive nature of an older portfolio.

The valuation reflects the nature of the future cashflows and the assumption that a covenant would mean that the units would always have to be retirement/community stock and never sold to crystallize highest and best use capital gains. A transfer would only occur if they buyer agreed to:

- honour the tenancies that are currently in place;
- continue providing housing to those Retirement and Community housing eligible people in perpetuity, and
- NCC maintaining a right of first refusal should the CHP ever want to sell the portfolio.

The earning potential of the portfolio is greatly reduced as the CHP has no ability to realise its highest and best use. The only source of cashflow is from the net rents charged to tenants.

Therefore, CHPs would look at the expected cashflows of the portfolio and discount these at a level they consider appropriate to estimate the lifetime cashflows of the portfolio. The resulting net present value would be the value they assign to the portfolio, plus any undeveloped land.

Current NCC "Book Values" - 2020

Below, we present the book value of the NCC portfolio as at 20 March 2020. These values were provided on a village-by-village basis by Telfer Young.

The Market Valuation represents highest and best use (e.g. capitalised 'market' rent, or redevelopment value). On a DCF basis relative to actual contract, the Transaction Value would be materially lower than the 'market' value taking into consideration sitting tenants, policy rentals and subsequent forecast cashflows.

	Market Value as at 20/03/20
Arthur Richards Village - 51 Units	\$ 8.06m
Centennial Village - 40 units	\$ 6.62m
Coventry Avenue - 31 units	\$ 4.91m
Rangi-Marie Village - 16 units	\$ 2.99m
Oriel Place - 20 units	\$ 3.07m
Otatara Village - 12 units	\$ 2.27m
Henry Charles Village - 80 units	\$11.10m
Hastings/Munroe Village - 4 units	\$ 0.97m
Greenmeadows East Village - 51 units	\$ 8.93m
Total Retirement Villages	\$48.9m
Nelson Place - 12 units	\$ 2.86m
Carlyle Place - 32 units	\$ 7.05m
Wellesley Place - 28 units	\$ 6.25m
Total Social Villages	\$16.1m
Total Portfolio	\$65.0m

A CHP's potential cashflows

CHP cashflows

Under IRRS policy, a CHP receives market rent on the units in its portfolio. The market rent consists of 25% of the tenant's net income/benefit and the difference between this implied rent and market rent is 'topped up' by MSD. This benefits a CHP as rent increases are **not restricted by tenant affordability**.

For CHPs, IRRS is only granted to those tenants who come off the MSD social housing register. This means that upon transfer to a CHP, none of NCC's current tenants would receive IRRS. Only once a sitting tenant vacates their tenancy/unit and is replaced by an incoming tenant off the MSD register will a CHP receive market rents on that unit.

Based on the current tenant turnover, a CHP might assume it is able to replace current tenants with individuals off the MSD register at a rate of 15% per annum. This means that annually, 15% of tenancies might be able to switch from existing policy rents to market rents via access to IRRS. Under this assumption, it will take **seven years** for the portfolio to achieve 100% IRRS eligibility.

For our modelling we have assumed the date of transfer to a CHP will be 1 July 2022. In this case, 100% of the portfolio could be eligible for IRRS by 1 January 2029. After such point, the CHP would be receiving market rents.

Net cashflows (excl. financing)



Kāinga Ora's potential cashflows

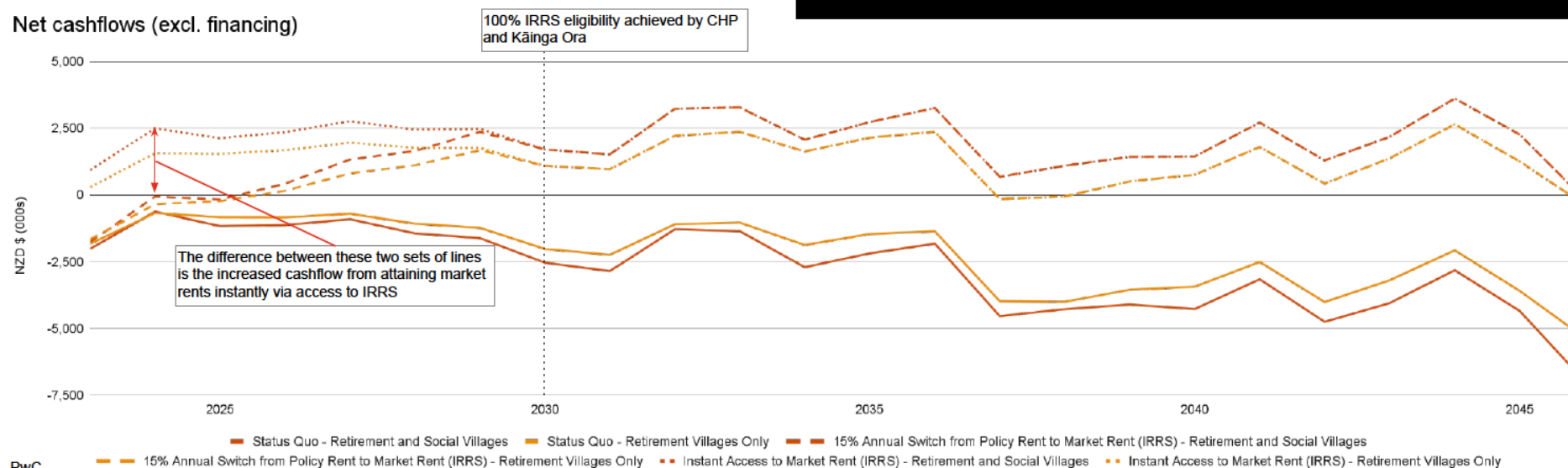
Kāinga Ora cashflows

If Kāinga Ora were to purchase the portfolio, the existing eligible tenants would (we understand) be granted IRRS on transfer as occurred under the Nelson CC transfer of 2021.

For our modelling, we have assumed that 90% of existing tenants are eligible for IRRS. Market rent would be achieved instantly across 90% of the portfolio, with the final 10% taking approximately seven years (same timeframe as a CHP). This is because we cannot determine how long it would take for those 10% non-eligible tenants to vacate, so have assumed the same rate as the CHP IRRS uptake.

Kāinga Ora's potential cashflows are shown by the dotted lines below. Note that the cashflows are higher than a CHPs (dashed lines) in the years before 2030, as Kāinga Ora would have instant access to IRRS for eligible tenants. After 2030, the cashflows of Kāinga Ora and a CHP would be similar, as 100% of tenants would be receiving IRRS under both parties.

Net cashflows (excl. financing)












Transfer Evaluation

Transfer via a sale will provide either income returns from reinvestment or a positive impact from recycling of the capital AND avoid annual ratepayer contribution of ~ \$2.2m to \$2.3m

Observations

A transfer to a CHP or Kāinga Ora achieves all of the relevant NCC evaluation criteria, while also having a positive impact on tenants and ratepayers. The difference between the two

whether NCC is comfortable with the portfolio becoming 'Social housing' as opposed to 'Retirement housing' and whether, indeed Kāinga Ora is an interested purchaser.

		Transfer portfolio		
		Wider Market (without constraint)	CHP	Kāinga Ora
    	Achieving City and Community Goals	✗	✓	✓
	Quality Fit for Purpose Housing	✗	✓	✓
	Protecting Tenants' Interests	✗	✓	✓
	Sustainable Financial Outlook	✓	✓	✓
	Tenant impact	✗ Less affordable housing for tenants	✓ Slow transfer to IRRS eligibility. Rent contribution reduces from 30% to 25% of income	✓✓ IRRS granted immediately for those eligible (as we understand it). Rent contribution reduces from 30% to 25% of income
	Ratepayer impact	 indicative return on invested sale proceeds (4-6% p.a.)	 indicative return on invested sale proceeds (4-6% p.a.)	 indicative return on invested sale proceeds (4-6% p.a.)
	PLUS avoid annual ratepayer contributions of between ~\$2.2m and ~\$2.3m by retaining the portfolio			

Regional Trust Option

There is a potential for the region's councils to 'pool' their portfolios and form a Regional Housing Trust and there is an intention to discuss this further with the other councils to understand the shape of a possible Trust. Whilst a potential structure has yet to be developed, we note the following key points:

- CHP status and access to Crown funding streams (IRRS and Operating supplements) are critical for establishing a financially sustainable housing model.
- Under current legislation, local authorities and council-controlled organisations (CCO's) are excluded from registering as a CHP and securing access to IRRS.
- A **subsidiary** of a local authority or CCO may apply to register, so long as it is operating at arm's length from the local authority - must be genuinely operating independently i.e. not part of the parent body's corporate structure. To achieve this independence, a transfer of the assets is likely to be required, either via a sale or a lease to the third party.
- As reported in October 2020, examples of where other local authorities have formed trust partnerships or CCO's suggest that transfer benefits to the councils are limited; e.g. Christchurch City Council which formed a Trust partnership with a CHP via a lease receive minimal annual rent and still have responsibility for CAPEX; Auckland City Council which transferred 51% of its interest in its elderly housing portfolio to a Limited Partnership and formed a CHP receive a peppercorn rent only and \$2m towards capital works but still retain ownership of the housing and wider CAPEX responsibilities.

Ultimately, it is probable any likely structure proposed for a 'Regional Trust' will require a 'transfer' of the NCC housing portfolio (sale, either directly or 'effectively' via a lease) to secure Crown funding.

5

Potential transfer pathways

Potential retain portfolio pathways

Under this section we have undertaken a high level analysis of the varying options, applying a Red, Amber or Green (RAG) ranking to summarise and compare across financial, strategic and implementation risk perspectives.

Status Quo

Under the Status Quo option, NCC will need to consider how it will address the increasingly large future cash shortfalls. This likely means that ratepayers will need to pay higher rates as it is not sustainable to continue taking loans to support the portfolio.

Financial outlook

Rents under the current policy at 30% of tenant income/benefits are insufficient to fund (sustainably) the R&M and CAPEX needs of the aging portfolio. Under this policy, rents are tied to increases in NZ Superannuation and other benefits. They are unlikely to increase at a greater rate than capital goods, for example.

NCC may need to reconsider its rent setting policy to a percentage higher than 30% of income thresholds to decrease the cash shortfall incurred by the portfolio each year.

The negative cashflow position of the portfolio increases in magnitude over time. Therefore, opting for the Status Quo with the intention of reassessing the housing portfolio at a later date will only amplify the financial constraints faced today.

Strategic alignment

This scenario aligns with the key outcome of protecting tenants interests as there is no change to their current situation. While protecting the current tenants, this option negatively affects ratepayers and future tenants. Unless NCC increases rates or takes out additional loans to satisfy renewals, future tenancies will be in units of even poorer condition.

As the Status Quo fails to deliver positive cashflows, undertaking village expansions or developments is highly challenged. The existing unmet demand (waitlist) and forecast growth for affordable housing is not addressed, exacerbating this issue in the future.

Implementation risks

There are no implementation risks under the Status Quo as NCC would not be making any significant changes to community housing provision. However, consultation regarding substantial rates increases would be required.

Part retain/part sell

The Social villages could be sold (to a CHP) as of 1 July 2022 with sale proceeds being reinvested in the Greenmeadows East and Hastings/Munroe sites over the following five years.

There would be 38 new units constructed at vacant Greenmeadows East site and the the four units at Hastings/Munroe would be demolished and replaced with 11 new units; Hastings/Munroe units could be rented to the private market as a source of income to support the rest of the portfolio.

Financial outlook

The sale proceeds will not be sufficient to offset the development costs of the two sites. Therefore, ratepayers would be required to cover the difference in costs.

The annual cashflows following construction of the new units are improved (reduced shortfall) relative to the Status Quo option as NCC would have divested the underperforming Social village assets. However, while having a positive impact on cashflows, the market rents achieved on the 11 units at Hastings/Munroe would not be enough to make a significant impact to cashflows on their own. Overall, the portfolio is still unsustainable due to the continued negative cashflows.

Strategic alignment

Part retain/part sell does align with NCC's strategy as it will provide an additional 45 units (34 affordable, 11 market) of housing stock in the city. However, it only partially achieves the goal of improving village amenity as NCC would be unable to significantly refresh the portfolio with higher quality units.

Implementation risks

NCC may face criticism through the disposal of the three Social villages. However, these would presumably be sold with covenants in place to protect the current tenants. There may be perceived risk to the existing four occupants of the Hastings/Munroe site in relation to termination or relocation, albeit, the intent is to rehouse these occupants to other retirement villages.

Potentially significant risks are also implicit with development in relation to consents, contractor availability, timing and cost escalations.

Additionally, consultation regarding substantial rates increases would be required.

Potential transfer portfolio pathways

Wider market

The portfolio would be sold to the highest bidder without covenants or controls.

The bidder would pay a premium reflecting the ability to redevelop the land for its highest and best use.



Financial outlook

This option will realise the greatest sale receipts for NCC as the purchaser would buy the portfolio at 'market value'. Proceeds could be used to fund (recycled) other NCC projects or reinvested.

There would relieve ratepayers of supporting the housing portfolio.



Strategic alignment

A sale to the private market is inconsistent with NCC's strategy of providing community housing in Napier. Current tenants could have their tenancies cancelled and would be forced to find alternative housing.

Furthermore, this strategy could lead to more unaffordable housing in the city. Albeit, sale proceeds could be directed to the development of affordable housing, but this would take time.



Implementation risks *

The risks of implementing this option are significant. Public opposition is likely, as this strategy may be viewed as Council opting for a short term "money grab" without considering long term effects.

CHPs

NCC would transfer the community housing portfolio to a registered CHP. Covenants would be included in the sale that would ensure the villages continue to serve the community as it currently does (into perpetuity) and providing NCC a right of first refusal should the CHP wish to sell the portfolio.



Financial outlook

A transfer to a CHP would provide a positive cash inflow (sale receipt) upon sale, and relieve ratepayers of supporting the housing portfolio.



Strategic alignment

This would align with NCC's intention to provide community housing in the city. The CHP might be able to improve the amenity of current villages and even increase the supply of affordable housing.

Tenants may have increased access to wrap-around services.



Implementation risks *

This option has the lowest implementation risk of the three transfer options. NCC would need to assure tenants and the community that the services provided will remain the same (potentially improved), as those provided by NCC currently.

Kāinga Ora

Under this option, the portfolio would be transferred to the central government under Kāinga Ora. The transfer and covenants would be the same as a transfer to a CHP.

The ownership of the portfolio would simply be switched from Local government to Central government and therefore remain in 'public' ownership.



Financial outlook

A transfer to Kāinga Ora would provide the same financial benefits as a transfer to a CHP.



Strategic alignment

As with a transfer to a CHP, a transfer to Kāinga Ora would align with NCC's strategic goals.

A point of difference would be that the process of transferring the portfolio to Kāinga Ora before approaching CHPs would limit complexity.




Implementation risks *

The risk of a transfer to Kāinga Ora is that there is no distinction between Social and Retirement tenants on MSD's register. This means that the villages would become a mix of Social and Retirement tenants, which some tenants may view as detrimental.

*Two sites (Hastings/Munroe and Carlyle Village) are subject to the requirements of both the Napier Borough Endowments Act 1876 (NBEA) and Local

Our recommendations

Key findings

- **The Status Quo** retains security for the current tenants, but at a significant cost to ratepayers. It does not contribute to Napier's ability to grow community housing needs, nor does it address fit for purpose consideration of the units. We have estimated that over the period to 2046 the annualised cost to the ratepayer to fund the shortfall (to break-even) will be circa \$2.2m (excluding financing) per annum.
- **The part retain/part sell** option only marginally improves the cashflow position after 2028 - the cashflow injection from sale proceeds and rent from new units falls short of redevelopment costs. Over the period to 2046, we have estimated the annualised cost to the ratepayer to fund the shortfall (to break-even) will be circa \$2.3m (excluding financing).
- In order to achieve financial sustainability under the Status Quo, retirement policy rent would need to be set at around ~78% of market rent and social tenancy rent at ~63% of market rent over the next 25 years to break even. This would equate to ~49% of an individual retirement tenant's income and ~32% of an individual social tenant's income. In order to achieve financial sustainability under the Part retain/part sell option, retirement policy rent would need to be set at ~74% market rent (equating to ~50% of a retiree's income). Setting rental policy at these levels would represent a significant increase in rents and would not align with the Council's current objectives of providing affordable housing.
- CHP status and access to Crown funding streams (IRRS and Operating Supplements) are critical for developing a sustainable commercial model that can grow social housing stock and renew the portfolio without creating a burden for ratepayers.
- NCC's portfolio is attractive to CHPs as their focus is to invest in the 'golden triangle' - high growth, high need and fair return. Of the parties approached, purchase was the preferred form of transfer. A leasing model does not enable a CHP leverage for funding for renewal or development aspirations.
- Kāinga Ora has emerged as a potential important shareholder in the community housing sector and may present an alternative to the CHP sector; it is the key government entity with the mandate to deliver on social housing. Whilst Kāinga Ora's key focus is 'Additionality' (ability to provide NEW housing supply), Kāinga Ora did, in March 2021, purchase Nelson City Council's community housing portfolio.
- Whether the portfolio is transferred to a CHP or Kāinga Ora, the Transaction Value would be materially lower than the 'market' value. Market Value represents highest and best use (e.g. the greater of capitalised 'market' rent, or redevelopment value). Both a CHP and Kāinga Ora would assess the transaction value based on discounted cashflow (DCF) analysis of future net cashflow reflecting rental income net of operating and maintenance and CAPEX costs, and with a covenant that locks in community housing into perpetuity, and would not value 'higher and better' alternative use.
- 
- Transfer via a sale would be expected to provide benefits to ratepayers as a result of income returns from reinvested capital or a positive impact from recycling the capital, together with avoided costs equivalent to circa \$2.2m and \$2.3m per annum.
- Additionally, a transfer to a CHP or Kāinga Ora would benefit the tenants; potentially, eligible tenants for IRRS (we estimate to be 90% of current cohort) would experience a decrease in their rent contribution from 30% to 25% of net income. This benefit would be realised (almost) immediately by the eligible existing tenants with a transfer to Kāinga Ora and to eligible new incoming tenants under a transfer to a CHP.

Our recommendations cont.

Recommended pathway

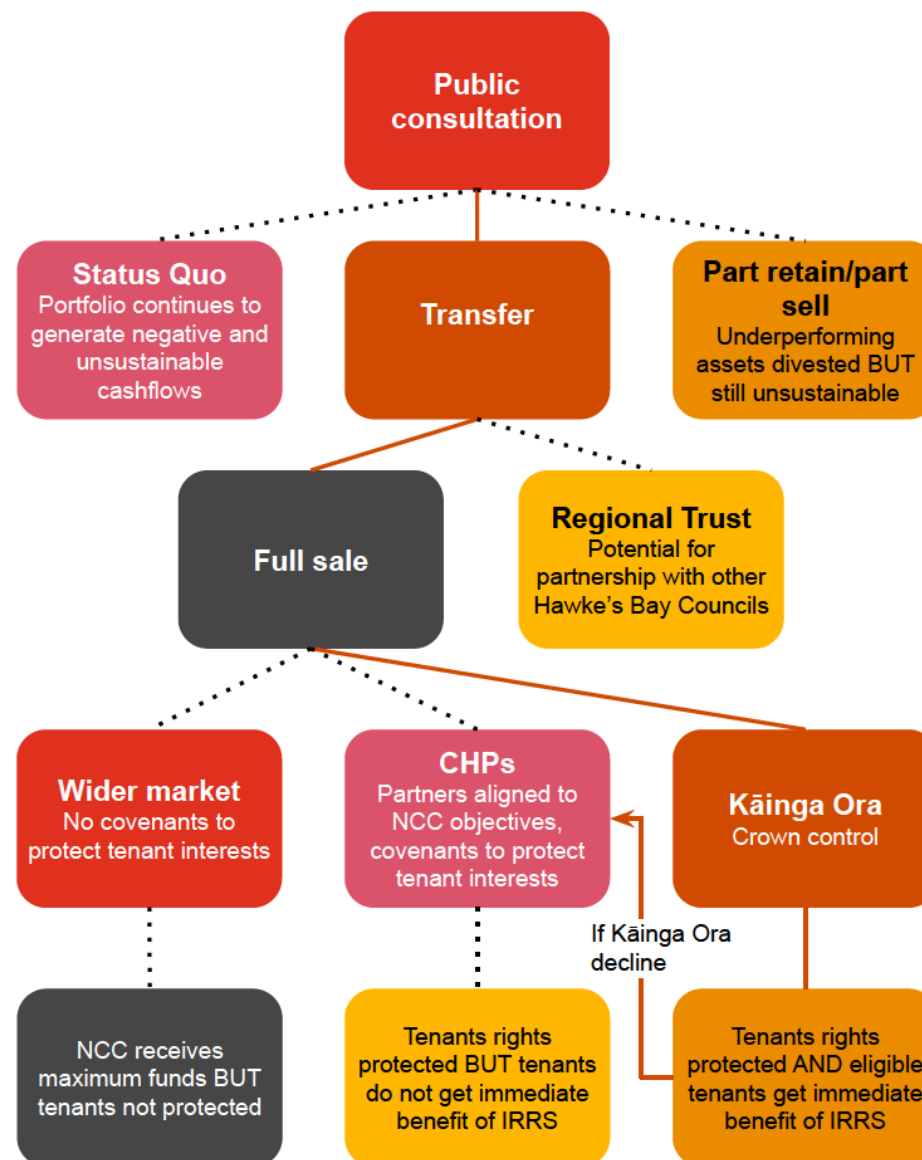
NCC has a mid-sized and aging portfolio of housing which requires significant capital investment over the next 25 years with an estimated annualised cost to the ratepayers of circa \$2.2m (excluding financing) to meet the shortfall if the Status Quo is retained. Actively managing the portfolio (part retain/part sell option) in-house does not improve the financial position and creates additional complexity. A portfolio transfer by way of an asset sale to an established CHP or Kāinga Ora appears to represent the best value for money option for NCC to meet its community housing objectives. This option would also be expected to improve tenant wellbeing via access to wrap-around services; structured correctly this option could:

- Provide secure and affordable tenure for council housing tenants;
- Potentially deliver better, 'wrap-around' services for the tenants and potentially improve tenants' financial positions with decreased rental contribution relative to their net income;
- Facilitate growth in the volume and quality of housing stock within the portfolio through access to Crown subsidies;
- Improve financial outcomes for ratepayers, by transferring an otherwise ongoing liability.

If a transfer option is to be pursued by NCC, approaching Kāinga Ora to discuss options in the first instance would be a logical first step.

Key to the success of a sale to a CHP or Kāinga Ora will be NCC's management of the process including:

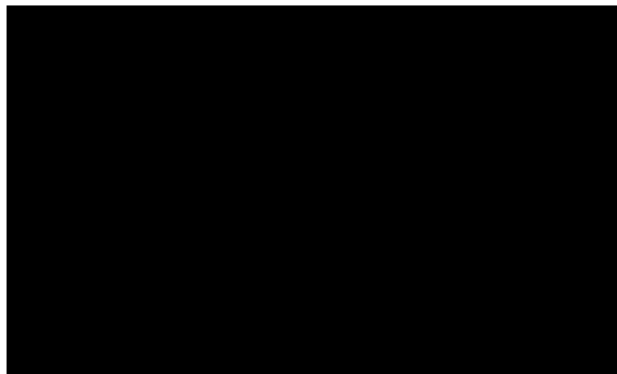
- Provision of a reliable, comprehensive, information memorandum incorporating detailed vendor due diligence;
- Communication and public engagement;
- A dedicated team of Councillors to provide a clear transaction mandate and Council staff to support the transition;
- Engagement and negotiation with bidders;
- A comprehensive framework for bid evaluation which incorporates social performance factors;
- Establishment of conditions of sale to protect Council housing occupants.



6

Appendices

Appendix 1 - Hastings/Munroe potential redevelopment



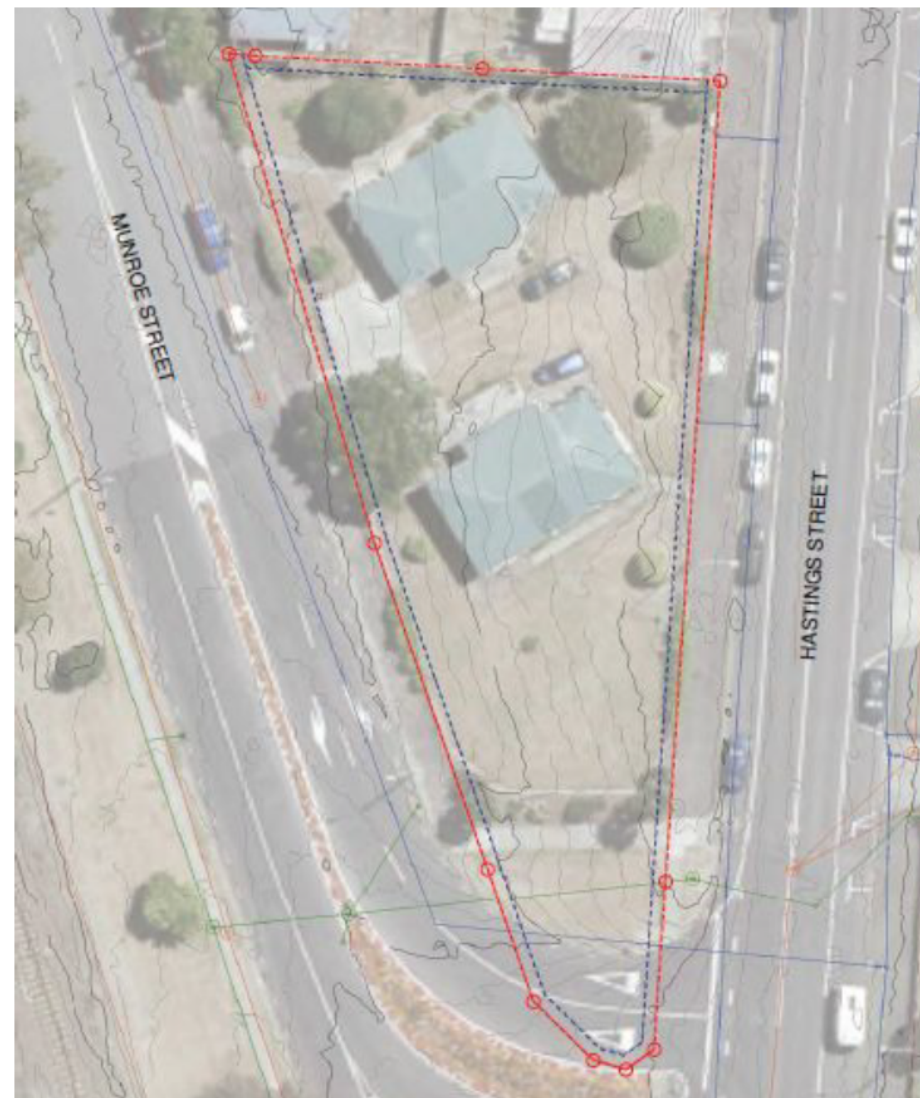
Hastings/Munroe Village

465 Hastings Street & 118 Munroe Street,
Napier South

Comprising four single bedroom
semi-detached units in average but
tidy condition.

Key Stats:

- 4 Beds
- \$24k gross rental p.a circa 40% of the estimated market rent
- ~ \$87k annualised R&M
- \$72k Capex forecast over next 10 years (minor works only)
- 1,826m² site
- Site coverage ~ 10%
- Potential to redevelop the site



Appendix 1 - Hastings/Munroe potential redevelopment



**Indicative cost \$6.3m
(\$572K per unit)**

**11 units / 26 beds
mix of 2 and 3 bed
2 storey**

~98m² per unit

Lease at market rents



HASTINGS STREET

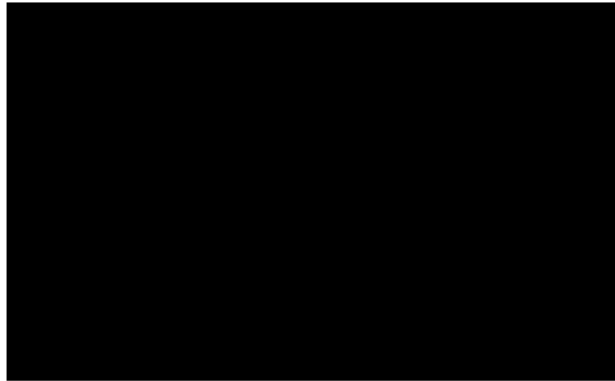
03. PERSPECTIVE - LOOKING SOUTH WEST



MUNROE STREET



Appendix 1 - Greenmeadows East potential intensification



Greenmeadows East

83 Tait Drive, Greenmeadows

50 semi-detached single storey, one bedroom retirement units and one community housing three bed house configured around a central car park constructed in 1980.

Key Stats:

- 53 Beds
- \$321k gross rental p.a circa 44% of the estimated market rent
- ~ \$102k annualised R&M
- \$2.00m Capex forecast over next 10 years (moderate works on the complex as a whole)
- 19,305m² site
- Site coverage ~ 10%
- Potential to extend village on adjoining NCC land



Appendix 1 - Greenmeadows East potential intensification



**Indicative cost \$18.7m
(\$492K per unit)**

**38 units / 56 beds
mix of 1 and 2 bed
Mix walk up & 2 storey**

~62m² - 79m² per unit

Retirement housing



Indicative cost estimates as per quantity surveyors advice, Rider Levett Bucknall as at February 2021. Estimates are inclusive of all development costs including fees, housing, landscaping, utility provision and connection, landscaping, roadways and vehicle crossings. Housing has been assessed at Good Quality Social Housing with all amenities including heating, basic appliances and window treatments. Fencing has been allowed to all separate properties. GST, Land purchase and potential Resource Consent hearing costs are EXCLUDED.

Appendix 2 - Cost estimates from RLB (QS)



Napier City Council Community Housing Development

Concept Design Estimate (Mar 2021)

Location Elements Item

A MUNROE VILLAGE / HASTINGS

Rates Current At March 2021

Description	Unit	Qty	Rate	Total
SP Site Preparation				
1 Prepare Site for housing	No	11.0	3,000.00	33,000.00
2 Utilities, Roading and Lighting to Section	No	11.0	35,000.00	385,000.00
3 2 Bedroom Two Storey unit - Concrete slab (98m2)	No	7.0	400,000.00	2,800,000.00
4 3 Bedroom Two Storey unit - Concrete slab (98m2)	No	4.0	400,000.00	1,600,000.00
5 Utility connections per unit	No	11.0	3,000.00	33,000.00
6 Landscaping to each unit	No	11.0	8,000.00	88,000.00
7 Paving for Vehicle traffic (say Asphalt)	m²	295.0	150.00	44,250.00
8 Paving for Pedestrian traffic (say Asphalt)	m²	181.0	120.00	21,720.00
9 Common Landscaping	Item			5,000.00
10 Vehicle Crossing at footpath	No	8.0	3,000.00	24,000.00
11 Fencing for units	Item			35,000.00
Site Preparation				\$5,068,970.00
CN Contingencies				
12 Contingency 7.5%	Item			380,000.00
Contingencies				\$380,000.00
PF Professional fees				
14 Consent, Consultants	Item			Included
Professional fees				Included
ES Escalation to Contract Completion				
13 Cost Escalation to 2026 - 16%	Item			672,000.00
Escalation to Contract Completion				\$672,000.00
NA Not Applicable				
15 Land Purchase	Item			Excluded
16 Resource Consent hearings	Item			Excluded
17 Development Contribution	Item			Excluded
18 GST	Item			Excluded
Not Applicable				Excluded
MUNROE VILLAGE / HASTINGS				\$6,320,970.00

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Napier City Council Community Housing Development

Concept Design Estimate (Mar 2021)

Location Elements Item

B GREENMEADOWS EAST VILLAGE

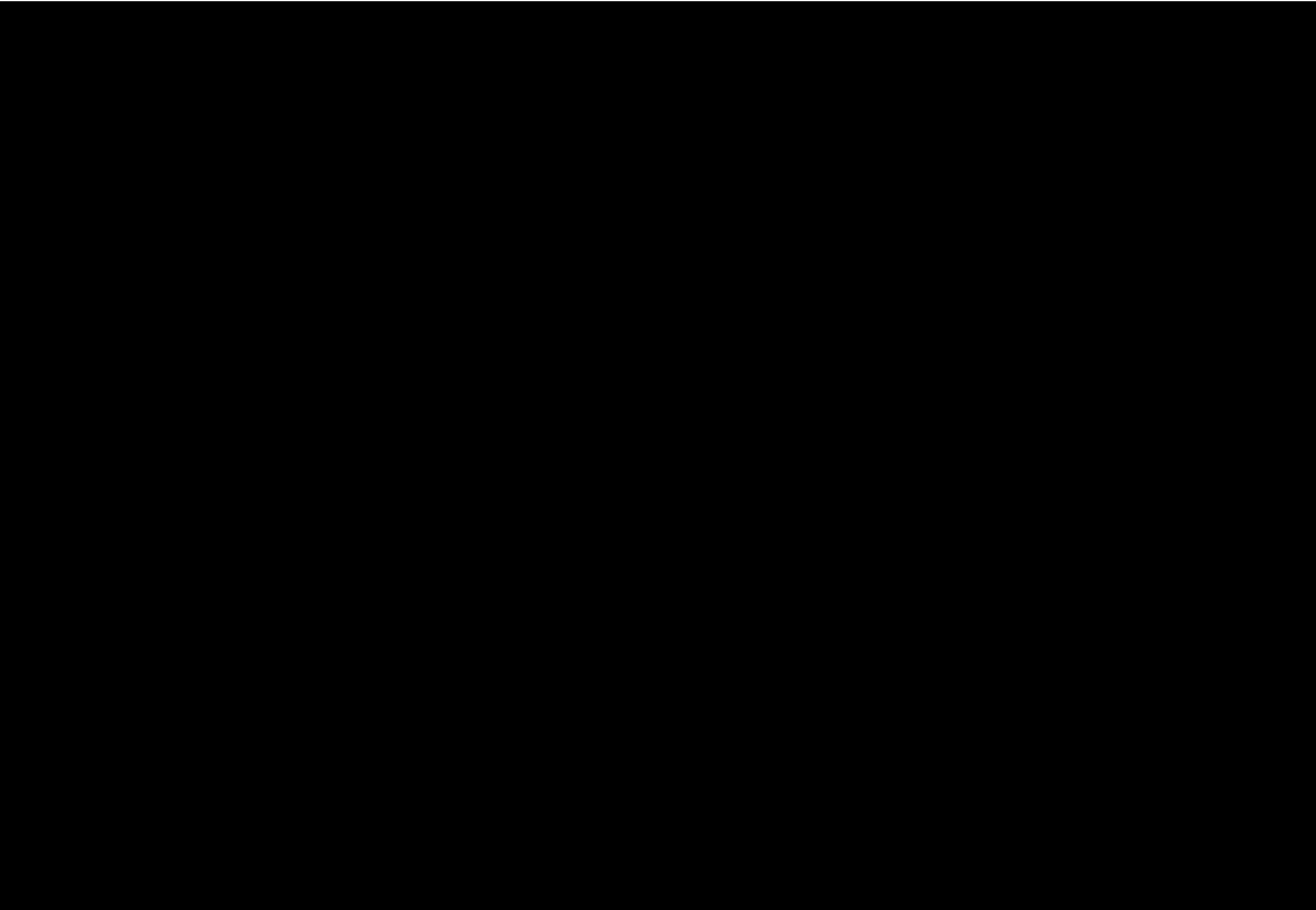
Rates Current At March 2021

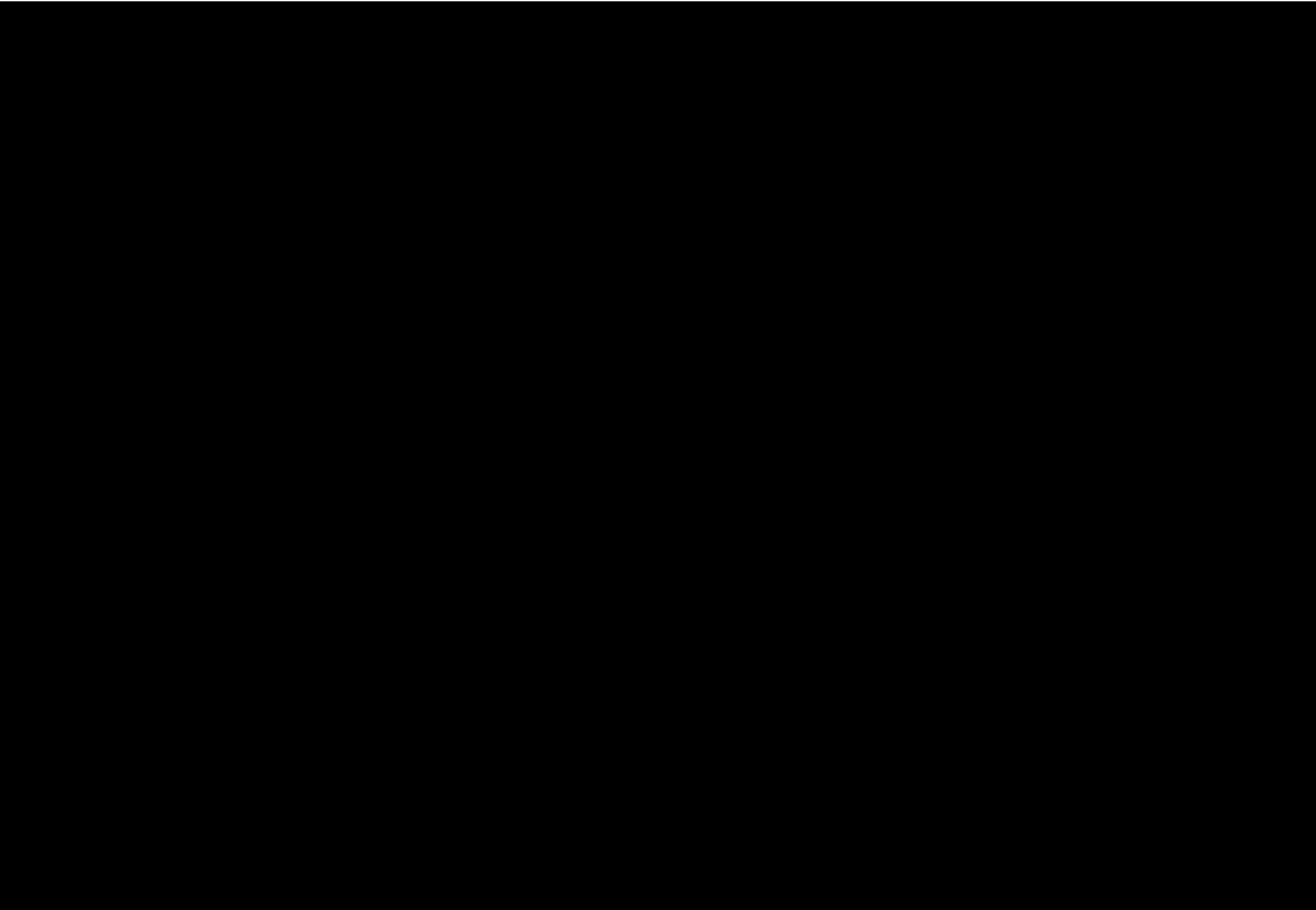
Description	Unit	Qty	Rate	Total
SP Site Preparation				
19 Prepare Site for Single Storey housing	No	12.0	4,000.00	48,000.00
20 Prepare Site for Two Storey housing	No	8.0	4,000.00	32,000.00
21 Prepare Site for 1 Bed walk-up housing	No	8.0	4,500.00	36,000.00
22 Prepare Site for 2 Bed walk-up housing	No	10.0	4,500.00	45,000.00
23 Utilities, Roading and Lighting to Sections	No	38.0	35,000.00	1,330,000.00
24 1 Bedroom Single Storey unit - Concrete slab (64m2)	No	12.0	290,000.00	3,480,000.00
25 2 Bedroom Two Storey unit - Concrete slab (98m2)	No	8.0	395,000.00	3,160,000.00
26 1 Bed walk-up unit - Concrete slab (61m2)	No	8.0	270,000.00	2,160,000.00
27 2 Bed walk-up unit - Concrete slab (79m2)	No	10.0	330,000.00	3,300,000.00
28 Utility connections per unit	No	38.0	3,000.00	114,000.00
29 Landscaping to each unit	No	38.0	8,000.00	304,000.00
30 Paving for Vehicle traffic (say Asphalt)	m²	1,847.0	260.00	480,220.00
31 Paving for Pedestrian traffic (say Asphalt)	m²	717.0	200.00	143,400.00
32 Paving for Shared space (say Concrete)	m²	303.0	300.00	90,900.00
33 Common Landscaping	Item			30,000.00
34 Vehicle Crossing at footpath	No	34.0	3,000.00	102,000.00
35 Fencing for units	Item			90,000.00
Site Preparation				\$14,945,520.00
CN Contingencies				
36 Contingency 7.5%	Item			1,120,000.00
Contingencies				\$1,120,000.00
PF Professional fees				
38 Consent, Consultants	Item			Included
Professional fees				Included
ES Escalation to Contract Completion				
37 Cost Escalation to 2026 - 16%	Item			2,570,000.00
Escalation to Contract Completion				\$2,570,000.00
NA Not Applicable				
39 Land Purchase	Item			Excluded
40 Resource Consent hearings	Item			Excluded
41 Development Contribution	Item			Excluded
42 GST	Item			Excluded
Not Applicable				Excluded
GREENMEADOWS EAST VILLAGE				\$18,635,520.00

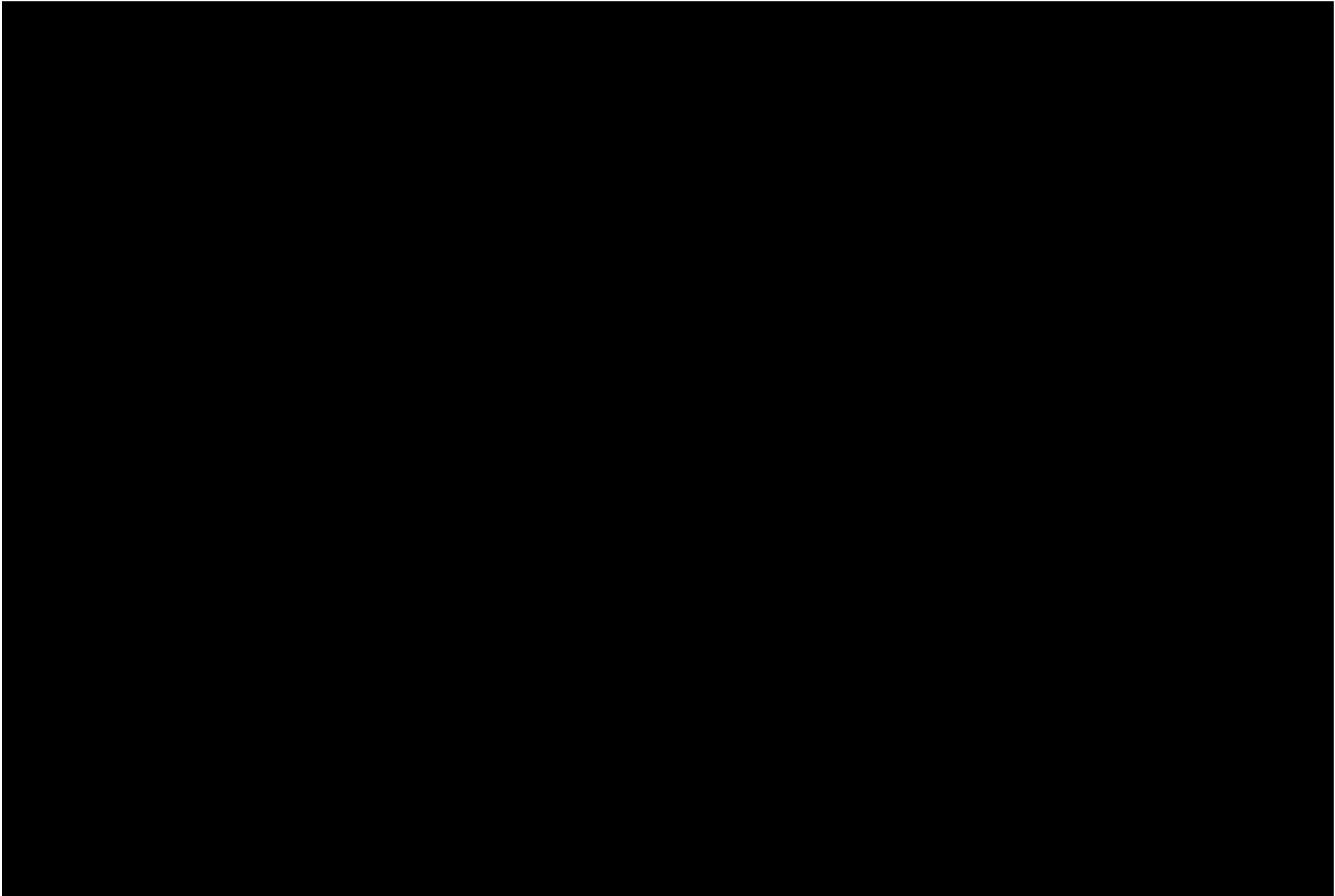
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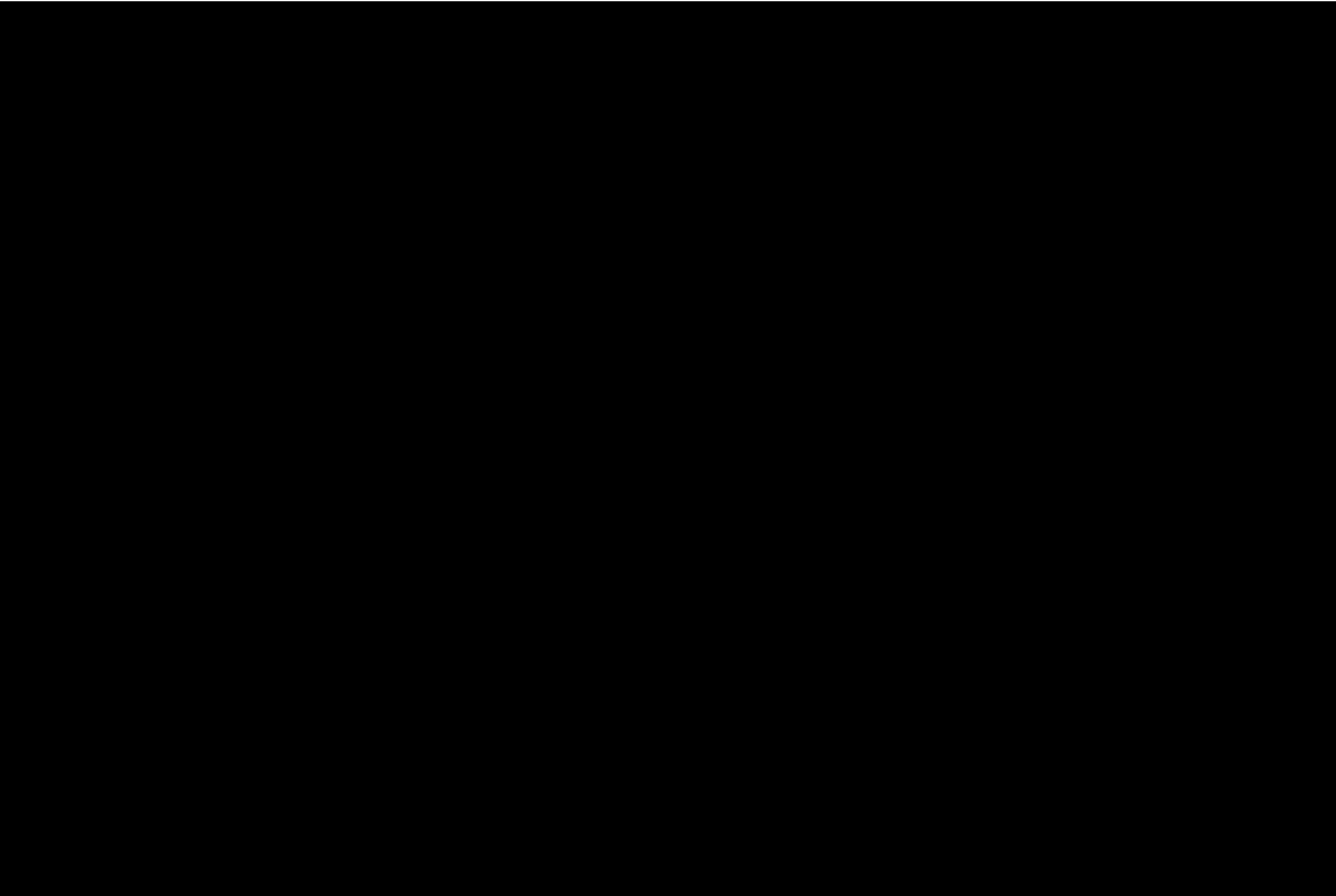
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Appendix 3 - Market sounding document

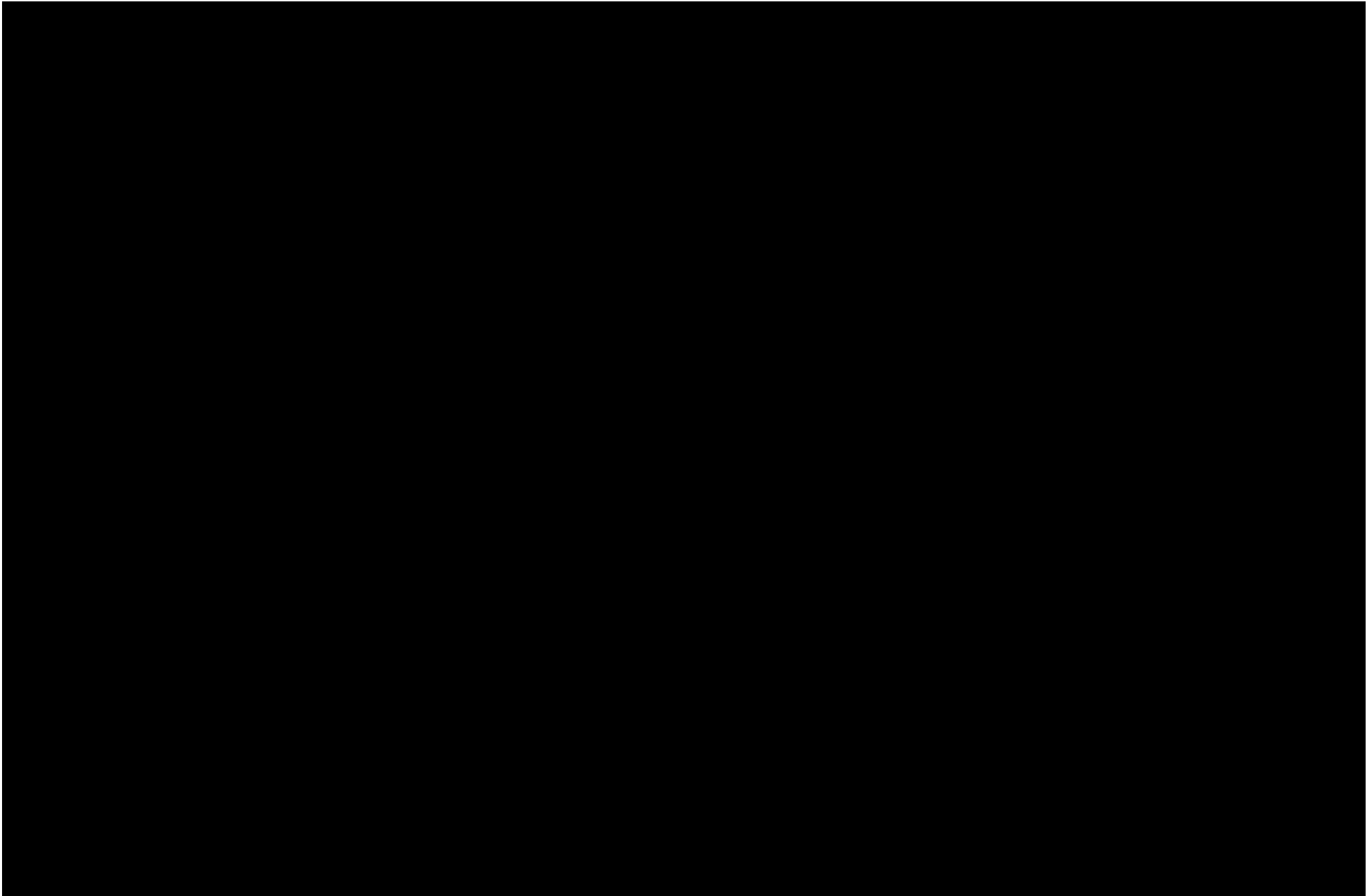


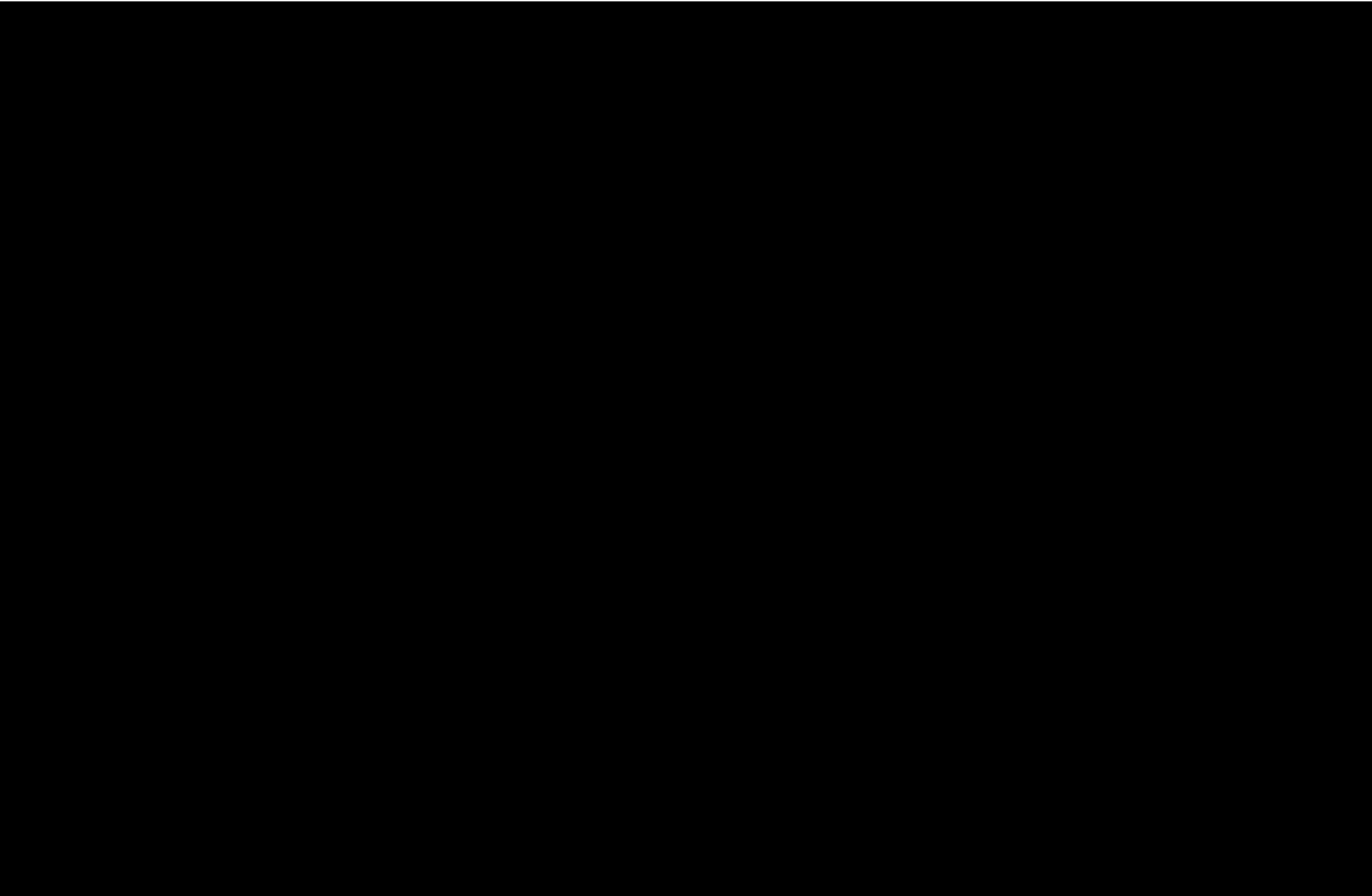


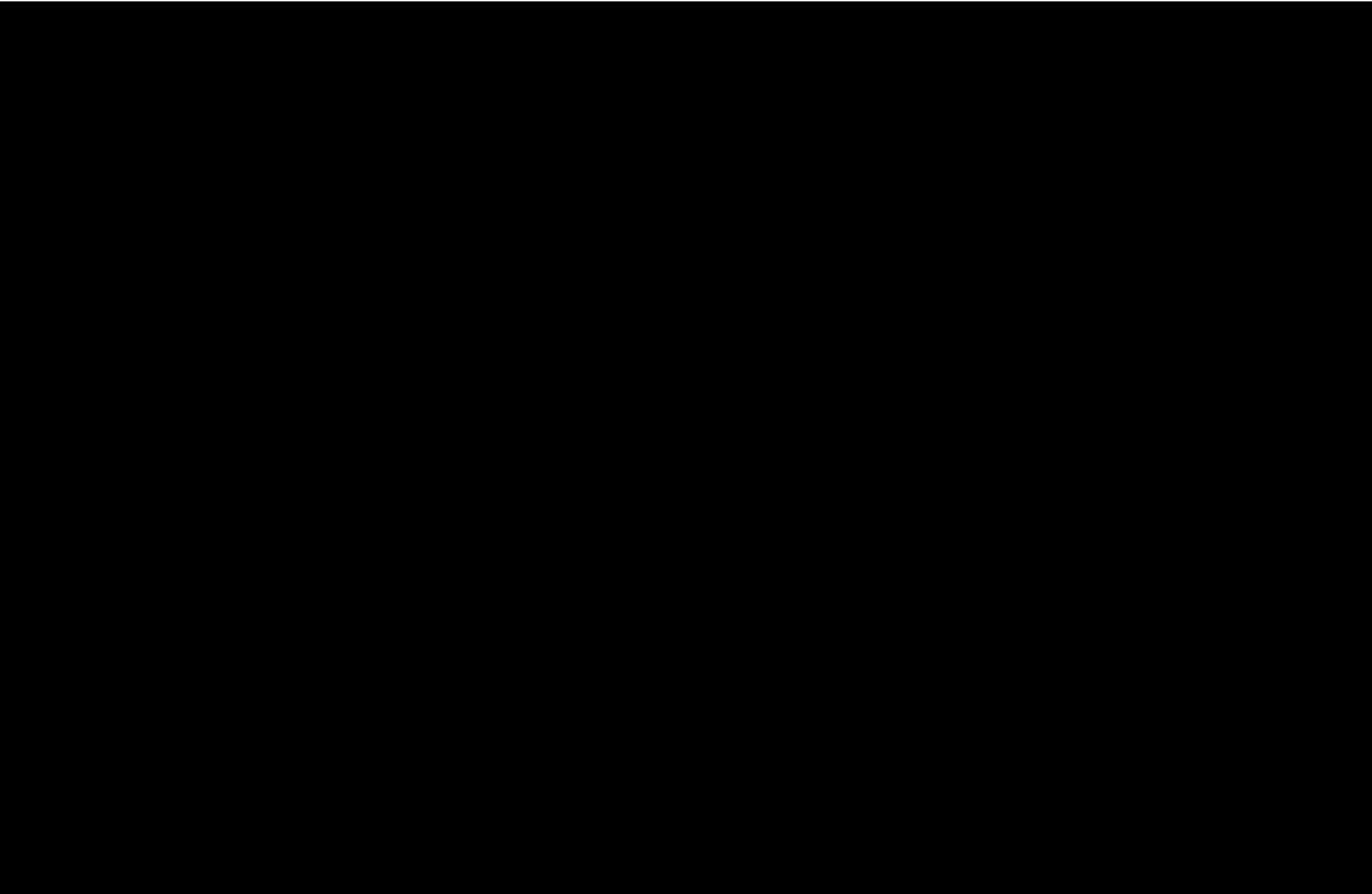


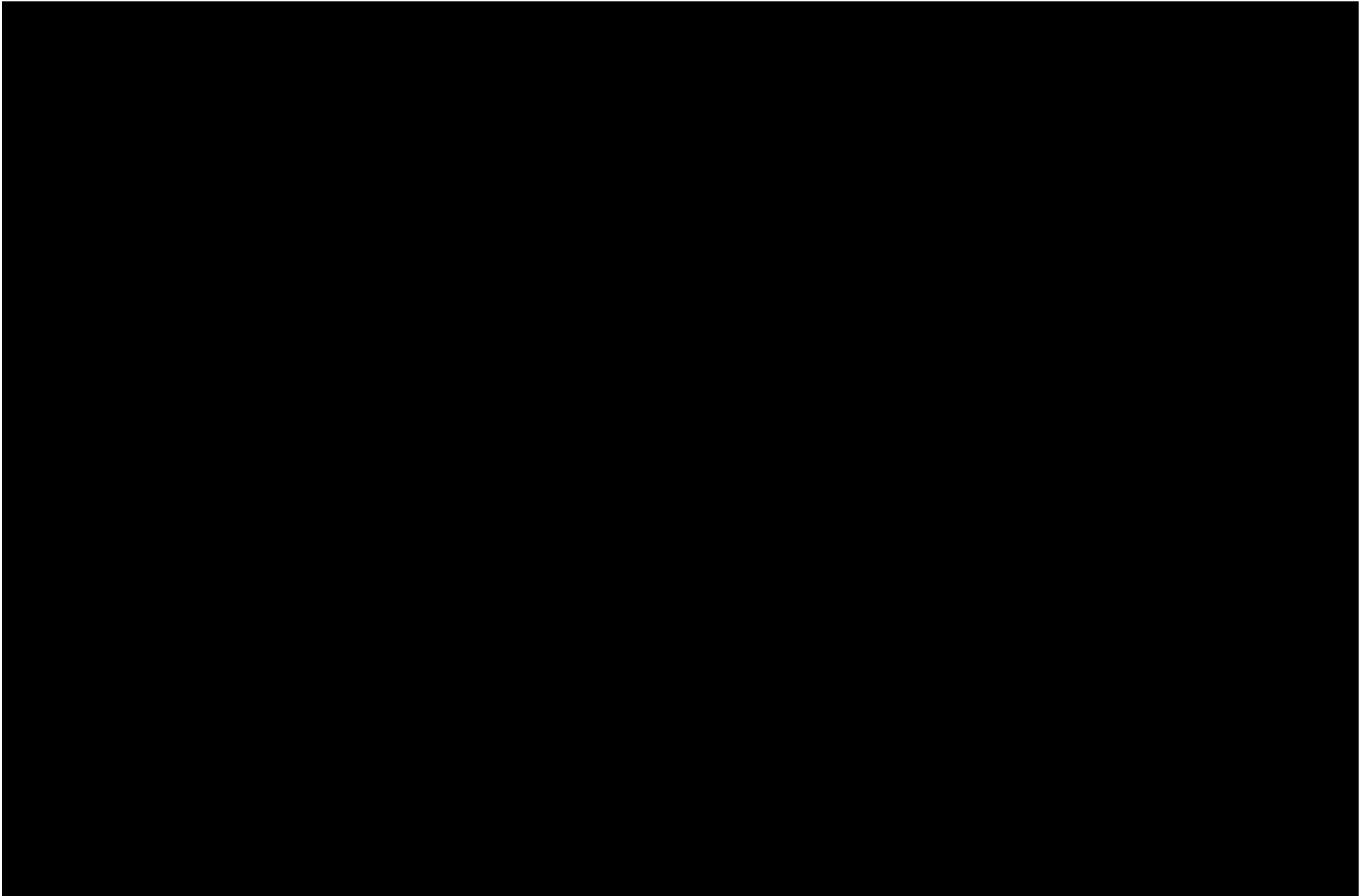












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This short form project flyer (Flyer) has been prepared by PwC Advisory Services (PwC), Licensed under the Real Estate Agents Act 2008, as advisor to Napier City Council (NCC) to engage with potential parties interested in the delivery of services and potential ownership of NCC's Housing portfolio.

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Respondents must direct all enquiries related to this IM through the sole agent, PwC, via John Schellekens or Kirstyn McKeefry.

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Prepared in September 2021

PwC is engaging with a limited number of potential parties to understand interest and feedback on this opportunity.

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Thank you.

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COMMUNITY GRANTS & FUNDING ACTIVITY REPORT

2018-21



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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EXECUTIVE SUMMARY AND HIGH LEVEL ANALYSIS

In the past three financial years, the Napier City Council awarded \$3.3 million in community grants and funding. This amount includes all contestable funds, service agreements and one-off COVID-19 relief grants. Over 100 distinct groups or individuals have received direct financial support from the Council in the 2018-21 period.

The past three years have seen growing challenges in the social and community sector as demand for services continues to rise, as do the costs associated with meeting local needs. Demand for community grants and funding remains strong and the developing grants and funding review will examine whether Council has the best funding structures in place to meet the community's need into the future.

Council grants reach many parts of the Napier community and support a broad range of activities, services and projects. Figures 1 and 2 illustrate how different sectors have been supported by Council grants and funding over the past three financial years. The increased funding allocations in the 2020/21 year were driven by one off COVID-19 relief and recovery grants. These funds were innovative in that they opened up community grants and funding to groups who would have previously been ineligible for grants. They also supported unique projects that aided Napier's economic recovery.

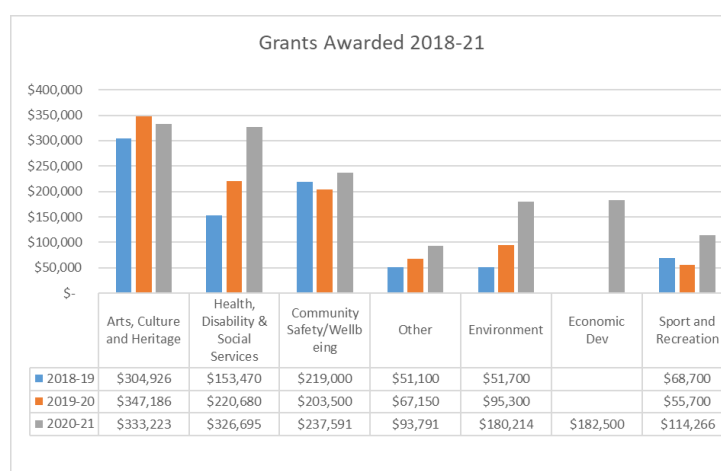


Figure 1: Grants awarded across different categories 2018-21

Total grants funding across key categories has been determined by coding individual grants based on the area they primarily support. The Arts, Culture and Heritage sector has received the most financial support from Council in the last three years. Funding to this sector is dominated by the annual sums paid to the Art Deco Trust and Creative Arts Napier under their respective service agreements. The combined value of these two agreements was \$247k in the 2020/21 financial year

Health, Disability and Social Services have received approximately \$700k of community funding in the past three years. This funding is primarily in the form of smaller grants from the community service and community development funds. Funding to this sector was more dispersed when compared to the Arts, Culture and Heritage and recognizes the many small non-profit groups active locally in this sector.

Community Safety and Wellbeing covers initiatives relating to community safety such as CCTV and community patrol but also covers projects which support general community well-being and do not fall within the social services category. As demonstrated in Figure 2, this category received 20% of all community grants and funding. Projects in this area included the Te Oranga Pūmanawa Project and Napier Neighbourhood Support.

Council support for projects targeting environmental well-being is growing and this sector received a boost in funding with the Te Puawaitanga fund introduced in 2020. Other projects supported include the Enviroschools programme through the Council Projects Fund.

Sport and Recreation received 7% of total community grants and funding during the past three years with key grants made to Sport Hawkes Bay, Blokart Hawkes Bay and the Regional Indoor Sports and Events Centre. While this sector does not receive a high proportion of Council funding, it does receive significant financial support from other funding providers such as gaming trusts.

Community grants and funding being applied to support Economic Development emerged in 2020 as a part of the Council's COVID-19 Recovery Plan. The Recovery Projects Fund allowed small businesses and social enterprise to obtain financial support from the Council for their projects. This area of funding has not been the focus of community grants and funding previously but opportunities may exist in this space, particularly with regards to support for start-up businesses.

The 6% of funding categorised as 'Other' primarily captures funding specifically targeted to youth and also captures some other small grants which don't fit into one of the other main categories.

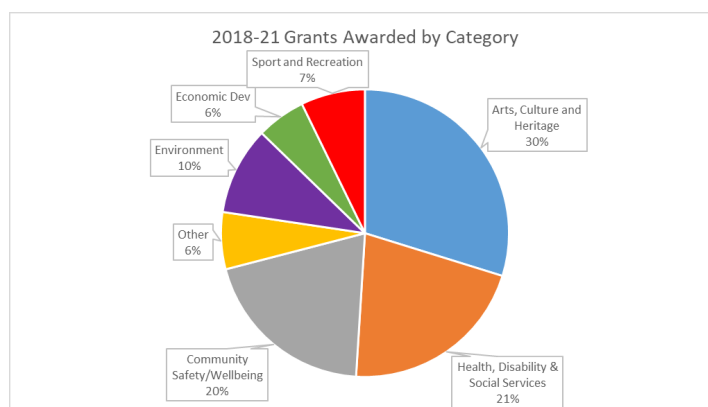


Figure 2: Grants funding by category as a proportion of the total amount awarded

SERVICE AGREEMENTS

About the fund

The Council enters into 'service agreements' with local organisations which provide services of benefit to the whole of Napier. These groups meet a community need and contribute to the delivery of the Council's strategic priorities. There are 11 three year service agreements managed by the Community Strategies Team totalling \$628,350 in this financial year.

Groups are invited to submit a proposal every three years and successful groups are invited to negotiate an agreement. The Community Strategies team assess the applications, and decide on the level of funding. Funding is outcome focused with performance measures being agreed as opposed to other grants which allocate funds to specific items or activities. Due to the type of services provided, eight of the recipients are required to report bi-annually, and three report annually on the agree performance outcomes.

Service agreement recipients usually have an established working relationship with the Council and have received other grant funding in the past. There is a high level of confidence in their capacity to deliver.

2018-21 Service Agreement Funding

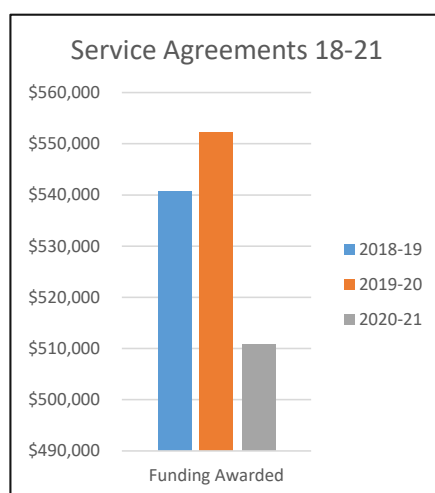


Figure 3: Service Agreement funding allocation 2018-21

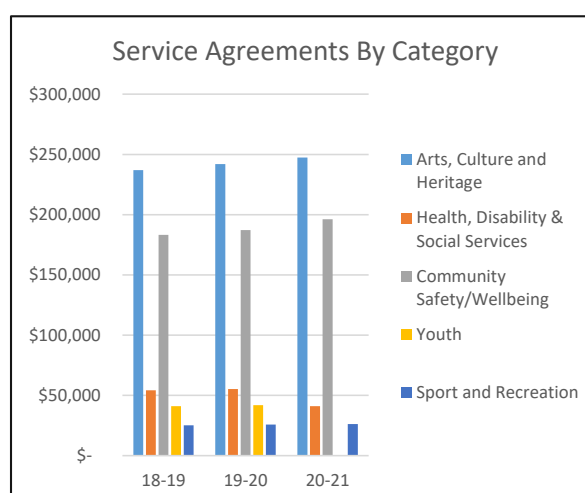


Figure 4: Service Agreement funding by category

Service Agreement recipients were active in a range of areas such as arts and culture, community safety and information, sports and other community services. All recipients met reporting requirements and delivered quality projects and services despite the challenges faced in the last three years. The slight reduction in funding for the 2020-21 year was due to the agreements with Zeal and Whatever it Takes Trust coming to an end. These agreements ended due to the Youth Council operations being brought in house and the outreach centre in Clive Square closing.

Recipient	2018/19	2019/20	2020/21
Art Deco Trust	\$171,900	\$175,600	\$179,463
Citizens Advice Bureau	\$39,400	\$40,250	\$41,135
Creative Arts Napier	\$65,000	\$66,430	\$67,891
Napier Community Patrol	\$47,000	\$48,000	\$49,056
Napier Neighbourhood Support	\$38,000	\$38,800	\$44,355
Napier RSA	\$3,500	\$3,600	\$3,679
Napier Safety Trust	\$45,000	\$46,000	\$47,012
Sport Hawkes Bay	\$25,200	\$25,750	\$26,316
Surf Lifesaving	\$47,000	\$48,000	\$49,056
Taradale RSA	\$2,800	\$2,850	\$2,912
Whatever it Takes Trust	\$14,800	\$15,100	
Zeal	\$41,000	\$41,900	
Total	\$540,600	\$552,280	\$510,875

COUNCIL PROJECTS GRANTS

About the fund

This fund contributes to the costs of community projects that are not eligible for other grants available through Council funding schemes, either because they do not fit the criteria or exceed the grant amount usually provided for such projects. Assessments are completed by the Community Strategies team and presented at a full Council meeting for ratification.

Proposals typically must be \$30,000 or more and a wide range of project based costs are eligible. Priority is given to applications that align with one or more of the following:

- Respond to an identified need or issue
- Promote economic, social, environmental or cultural development
- Are innovative and/or experimental
- Contribute to the vibrancy of the city
- Are a strategic investment.

2018-21 Council Projects Grants

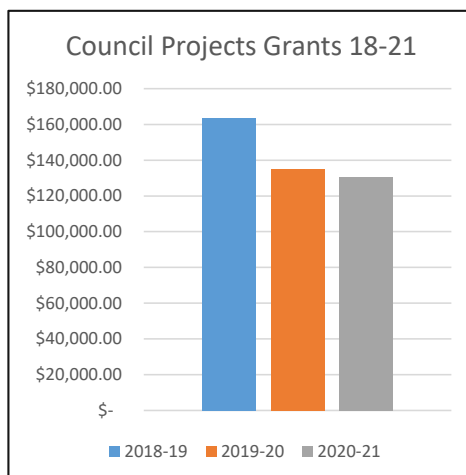


Figure 5: Council Projects Grants awarded 2018-21

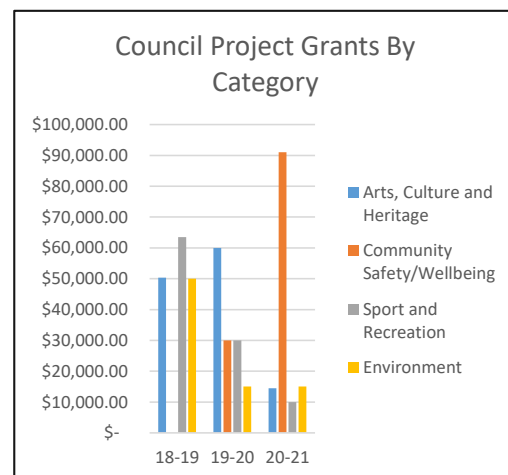


Figure 6: Council Projects Grants awarded by category

Council projects grants have supported a limited number of initiatives over last three years. Funding has supported a range of activities such as feasibility studies, rent assistance and the construction of basketball courts. The fund has operated as a discretionary grant the last three years with applications not being specifically called for, nor specific funding rounds set.

Council Project Grants 2018-19

Recipient	Detail	Approved Funding
Art Deco Trust	Completion of the economic, commercial and community impact study of the Trust activities.	\$30,300.00
Blokart HB	Assistance with establishing a Blokart track	\$30,000.00
Napier Civic Choir	Assistance with costs over the next three years	\$20,000.00
Regional Indoor Sports & Events Centre Trust	Pettigrew Arena Feasibility Study	\$13,500.00
Sport HB	Active Lifestyles programme	\$20,000.00
Toimata Foundation	Assistance with the Enviroschools project.	\$50,000.00
Total		\$163,800.00

Council Project Grants 2019-20

Recipient	Detail	Approved Funding
Basketball HB	Build four outdoor asphalt basketball courts with in the current green space at Whitmore Park.	\$30,000.00
Biodiversity Hawke's Bay	Predator Free Urban HB	\$15,000.00
Citizens Advice Bureau	Assistance with rent to remain at the new Hastings Street premises for two years, with a view for it to co-locate with the new Library in due course.	\$30,000.00
Creative Arts Napier	Implementing recommendations from the Capacity review	\$60,000.00
Total		\$135,000.00

Council Project Grants 2020-21

Recipient	Detail	Approved Funding
Biodiversity Hawke's Bay	Predator Free Urban HB aims to motivate and galvanize communities across HB to take positive actions in relation to Biodiversity in general.	\$15,000.00
Māori Movement Ltd	Whānau Transformation project	\$91,000.00
Napier Civic Choir	Annual Plan 2020-2021	\$11,500.00
Ngā Toi HB	Annual Plan 2020-2021	\$3,000.00
Sport HB	Annual Plan 2020-2021	\$10,000.00
Total		\$130,500.00

COMMUNITY SERVICES GRANTS

About the fund

This is the Council's primary contestable grants fund, calling for applications on an annual basis. Priority is given to groups whose primary purpose contributes to community interest, alleviating disadvantage and may be providing a specific community service (including social services). This fund also provides for rates subsidies to non-profit groups that own a building in Napier rated as commercial and operate their services from these premises.

In 2020/21, funding awarded to community organisations ranged from \$690 to \$10,000 with most grants awarded being between \$2000 and \$4000. Funds are typically applied to operational or project based costs.

Applications for Community Services grants are assessed by the Community Strategies team, who make recommendations to the Subcommittee. New applicants and any applicants applying for \$10,000 or more, are required to be also assessed by a member of the Grants Subcommittee. The Grants Subcommittee meets to decide on funding allocations. This decision is then ratified at a full Council meeting.

2018-21 Community Services Grants

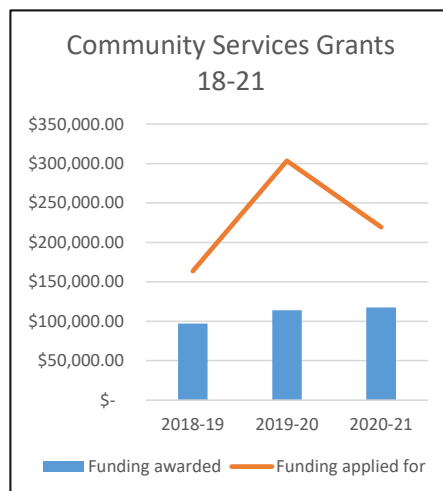


Figure 7: Community Services Grants applied for compared to total awarded

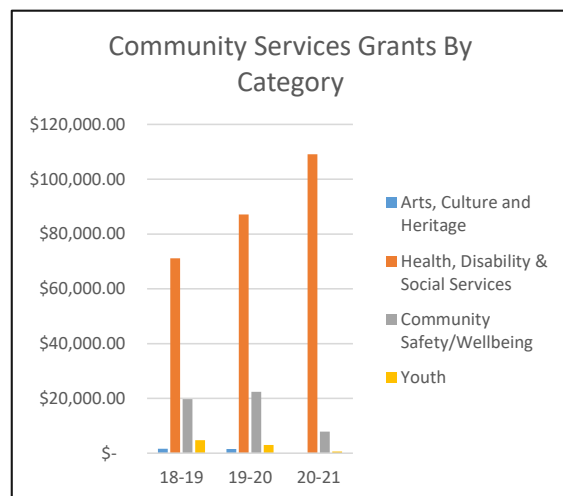


Figure 8: Community Services Grants awarded by category

Year	Number of applications	Successful	Total awarded	Total applied for
2018-19	72	59	\$97,198.47	\$146,375.73
2019-20	67	50	\$113,999.62	\$303,523.19
2020-21	66	47	\$117,675.02	\$219,436.90

Demand for Community Services Grants has been strong the past three years with the fund being consistently over-subscribed. While some of this is due to ineligible expenses being applied for, the fund generally is in high demand and experiences a high standard of applications. The fund continues to support a wide range of community non-profit groups to meet critical operating costs. This grant tends to fill a gap for many groups as most other grants and funding opportunities are only for project based funding.

Annual demand for the rates subsidy has continued to decline as fewer non-profit groups continue to own their buildings. The grants and funding will look at the ongoing usefulness of this part of the Community Services Grants and analyse whether this subsidy could be provided through other means such as Council's Rates Remission Policy.

Community Services Grants 2018-19

Recipient	Detail	Approved Funding
Age Concern Napier	Social worker salary, venue hire	\$2,000.00
Age Concern Napier	Power, phone, printing, rent	\$1,200.00
Amputee Society of Hawke's Bay/East Coast	Aqua exercise classes	\$1,000.00
Asthma & Respiratory HB Services Trust)	Phone and power costs, audit fees, PL Insurance	\$2,000.00
Bellyful New Zealand	Admin costs, containers for meals	\$1,000.00
Big Brothers Big Sisters Hawke's Bay	Recruiting, advertising, office expenses, national conference, training	\$3,500.00
Birthright HB Child & Family Care Trust	Rent	\$2,000.00
Brain Injury Association HB Incorporated	PL Insurance	\$400.00
Christian Lovelink Napier/Hastings Inc.	Phone and rubbish costs, fuel for truck	\$2,500.00
Citizens Advice Bureau	Volunteer expenses	\$4,100.00
Hawke's Bay Parents Centre Incorporated	Office costs, educator fees, rent	\$1,500.00
Hawke's Bay Volunteer Coastguard Inc.	Accounting, insurance, power, office costs	\$3,000.00
Hearing Association - Napier Branch Incorporated	Admin fees, photocopying, phone and power	\$1,700.00
Kidz Need Dadz	Advertising, volunteer expenses, meeting expenses	\$400.00
Life Education Trust	Professional development, healthy lunchbox competition, office expenses	\$2,600.00
Literacy Aotearoa Hawke's Bay	Lease	\$800.00
Maraenui Donations	Vehicle expenses, communications and admin costs	\$1,500.00

Napier Community Foodbank Trust	Rent, office expenses	\$4,000.00
Napier Family Centre	Lease	\$10,000.00
Napier Greendale Stroke Group	Volunteer costs, office costs, audit fees	\$600.00
Napier Group Riding for the Disabled Association Inc.	PL insurance, audit fees	\$1,500.00
Napier MenzShed	Power, PL insurance	\$800.00
Napier Toy Library	Rent	\$1,000.00
Napier Women's Refuge Incorporated	Safe house costs	\$10,000.00
National Heart Foundation of NZ - Napier Branch	Rent	\$1,000.00
NZ Council of Victim Support Groups Inc.	Volunteer expenses, office expenses, training	\$4,000.00
People's Advocacy Society	Rent, office expenses	\$4,000.00
Prima Volta Charitable Trust	Audit fees	\$1,000.00
Roopu a Iwi Trust	Office expenses	\$1,000.00
Royal New Zealand Plunket Trust	Office expenses	\$2,000.00
Royal NZ Foundation of the Blind	Rent	\$2,500.00
St Augustine's Scout Group	Rent	\$400.00
The Air Training Corps Association of NZ	Office expenses	\$1,000.00
The Parenting Place - Attitude Youth Division	Presentations	\$1,500.00
Volunteering Hawke's Bay	Office expenses	\$500.00
Zeal Education Trust	Tutoring and admin costs	\$1,200.00
Total		\$79,200.00

Rates Subsidies 2018-19

Recipient	Approved Funding
Ahuriri District Health Board	\$674.30
Ahuriri District Health Board	\$598.28
Birthingright HB Child & Family Care Trust	\$2,154.96
Hawke's Bay Volunteer Coastguard Inc.	\$1,472.85
Hohepa Homes Trust Board	\$400.56
Hohepa Homes Trust Board	\$1,033.30
Hohepa Homes Trust Board	\$417.57
Hohepa Homes Trust Board	\$225.25
Hohepa Homes Trust Board	\$702.51
Hohepa Homes Trust Board	\$424.34
Hohepa Homes Trust Board	\$879.62
Hohepa Homes Trust Board	\$459.25
Hohepa Homes Trust Board	\$372.41
Napier Arts Club Incorporated	\$619.84
Roopu a Iwi Trust	\$635.39
Roopu a Iwi Trust	\$634.65
Sheehan Endowment Trust	\$459.82

Sheehan Endowment Trust	\$237.42
St Columba's Presbyterian Church	\$907.36
The Old Customhouse Trust	\$1,359.87
The Order of St John Central Region Trust Board	\$1,686.03
The Order of St John Central Region Trust Board	\$986.75
Westshore Scout Group	\$656.16
Total	\$17,998.47

Community Services Grants 2019-20

Recipient	Detail	Approved Funding
Age Concern Napier	Overhead costs and facilitator fees	\$3,200.00
Amputee Society of Hawke's Bay	Aqua Exercise Lessons	\$930.00
Arthritis NZ	Workshop costs	\$300.00
Big Brothers Big Sisters	Recruiting and training costs	\$5,000.00
Birthright HB	Rent	\$6,000.00
Brian Injury Association Hawke's Bay	PL Insurance	\$400.00
CCS Disability Action Tairāwhiti HB	Power, photocopying	\$900.00
Christian Love Link	Operating costs	\$2,700.00
Citizens Advice Bureau	Office and volunteer expenses	\$2,334.00
Curtain Bank HB	Power	\$1,440.00
Dementia Hawke's Bay	Power, phone costs, cleaning	\$5,000.00
English Language Partners HB	Rent	\$1,000.00
Hawke's Bay Justice of the Peace Association	Training and volunteer costs	\$400.00
Hawke's Bay Volunteer Coastguard	Accounting costs, PL insurance, phone/broadband, office costs	\$3,000.00
Hearing Association - Napier Branch	Admin costs	\$2,500.00
Heartkids Hawke's Bay	Rent, power, PL insurance	\$2,000.00
Kidz Need Dadz	Blokes book website	\$750.00
Lifelink Samaritans Inc.	Volunteer expenses, rent, office expenses	\$1,500.00
Mosaic (Presbyterian Support East Coast)	General expenses	\$2,000.00
Napier Community Foodbank	Rent, office expenses	\$4,400.00
Napier Family Centre	Lease	\$10,000.00
Napier Riding for Disabled Association	PL insurance	\$3,693.00
Napier Sea Cadets	Uniform costs	\$2,000.00
Napier Toy Library	Rent, office expenses and volunteer costs	\$1,500.00
Napier Women's Refuge	Safe house costs	\$10,000.00
New Zealand Council of Victim Support Groups Inc.	Phone, internet and volunteer costs, volunteer training	\$4,500.00
Parenting Place	29 presentations at Napier High Schools	\$1,000.00
Peoples Advocacy Society	Marketing, computer expenses, insurance, volunteer expenses	\$6,000.00

Prima Volta	Audit and admin fees	\$1,500.00
Royal New Zealand Plunket Trust	Operational expenses	\$3,000.00
Special Needs Taekwondo-Do	Accounting costs, web domain hosting	\$2,330.00
The Air Training Corps No 13 Sqn	Hall hire, PL Insurance, phone and internet	\$1,000.00
The Parkinson's New Zealand Charitable Trust	Rent, Phone and power, facilitator costs	\$4,500.00
Volunteering Hawke's Bay	Volunteer expenses	\$500.00
Total		\$97,277.00

Rates Subsidies 2019-20

Recipient	Approved Funding
Ahuriri District Health Board	\$1,107.13
Ahuriri District Health Board	\$618.49
Birthright HB	\$2,256.33
Hawke's Bay Volunteer Coastguard Inc.	\$1,534.86
Hohepa Homes Trust Board	\$423.00
Hohepa Homes Trust Board	\$1,095.82
Hohepa Homes Trust Board	\$440.83
Hohepa Homes Trust Board	\$239.24
Hohepa Homes Trust Board	\$740.80
Hohepa Homes Trust Board	\$448.85
Hohepa Homes Trust Board	\$1,069.75
Hohepa Homes Trust Board	\$317.21
Sheehan Endowment Trust	\$561.54
Sheehan Endowment Trust	\$869.57
Te Kupenga Hauora - Ahuriri	\$3,584.46
The Old Customhouse Trust	\$1,414.75
Total	\$16,722.62

Community Services Grants 2020-21

Recipient	Detail	Approved Funding
Age Concern Napier	Volunteer and office costs	\$2,900.00
Amputee Society	Aqua exercise sessions	\$1,000.00
Big Brothers Big Sisters	Volunteer and office costs	\$6,500.00
Birthright HB Child and Family Care Trust	Rent	\$10,000.00
Brain Injury Association HB Inc.	PL Insurance	\$435.00
Cancer Society of NZ HB	Rent	\$4,500.00
CCS Disability Action	Cleaning and power costs	\$690.00
Christian Lovelink Napier Hastings Inc.	Operating costs	\$2,800.00
Citizens Advice Bureau	Audit fees, PL Insurance, Membership fees (CABNZ)	\$1,700.00
Dementia HB	Operational costs	\$3,500.00
Enliven Disability Services -Mosaic	10 week music therapy course	\$1,500.00
Epilepsy Association NZ	Office costs, rent, insurance	\$2,000.00

Foto Iwi Charitable Trust	Website hosting fees, internet costs, marketing costs	\$900.00
Hawke's Bay Multiple Sclerosis Society	Lease costs	\$2,500.00
Hearing Association Napier	Power, internet, rent, office expenses, eftpos rental	\$3,500.00
Heart Kids Hawke's Bay	Rent	\$2,809.00
Heretaunga Women's Centre	Zoom subscription	\$250.00
Life Education Trust HB	Phone costs, audit fees, PL insurance, volunteer expenses	\$3,500.00
Lifelink Samaritans	Operating costs (rent, power, phone, audit fees, volunteers expenses, training, office expenses)	\$3,000.00
Menz Shed	Lease, PL Insurance, Power, Rubbish collection, General Admin Expenses	\$2,000.00
Muscular Dystrophy Association	Outreach project costs	\$4,500.00
Napier Community Foodbank	Rent and office expenses	\$4,000.00
Napier Family Centre	Lease costs	\$10,000.00
Napier Group Riding for the Disabled Assn Inc.	Audit fees, ACC levies, volunteer costs	\$5,500.00
Napier South Greendale Stroke Support Group	Newsletter costs, audit fees, stationery, volunteer costs, vehicle mileage	\$1,300.00
Napier Toy Library	Venue hire, volunteer costs, office expenses	\$2,000.00
NZ Council of Victim Support Groups Napier	Training and volunteer costs	\$2,000.00
People's Advocacy Society	Napier office expenses	\$7,000.00
Royal New Zealand Plunket Trust	Rent, power, insurance, office expenses	\$3,000.00
The Acorn Project HB	Rent, office expenses	\$4,000.00
The Parkinson's NZ Trust	Phone and office costs, rent, power, audit fees and PL insurance	\$2,800.00
Total		\$102,084.00

Rates Subsidies - 2020-21

Recipient	Approved Funding
Ahuriri District Health Board	\$1,155.61
Ahuriri District Health Board	\$1,082.87
Hohepa Homes Trust Board	\$444.98
Hohepa Homes Trust Board	\$1,175.46
Hohepa Homes Trust Board	\$462.97
Hohepa Homes Trust Board	\$250.37
Hohepa Homes Trust Board	\$788.63
Hohepa Homes Trust Board	\$464.31
Hohepa Homes Trust Board	\$1,068.53
Hohepa Homes Trust Board	\$308.46
St Columba's Presbyterian Church (Op Shop)	\$1,473.46
The Old Customhouse Trust	\$1,282.06
Te Kupenga Hauora Ahuriri	\$3,558.22
Roopu A Iwi Trust	\$721.40
Roopu A Iwi Trust	\$720.53

Westshore Scout Group	\$633.16
Total	\$15,591.02

COMMUNITY DEVELOPMENT GRANTS

About this fund

This contestable fund is provided for initiatives that respond to an identified community need, and use a community development approach to foster social well-being.

It is open for applications year round and grants are usually between \$2,000 and \$5,000. Applications are assessed, reviewed and approved by the Community Strategies Team.

The process prioritises funding projects which build and celebrate community, develop partnerships with ethnic and cultural groups, contribute to social well-being in Maraenui and foster youth development.

2018-21 Community Development Grants

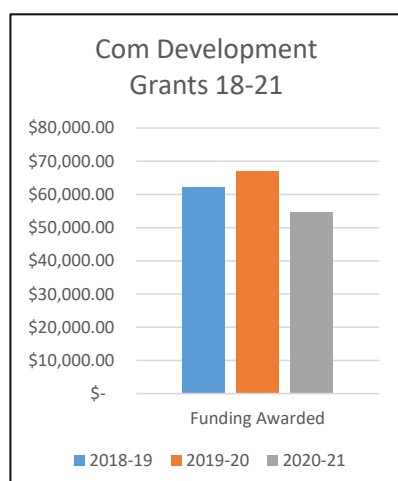


Figure 9: Community Development Grants total awarded 2018-21

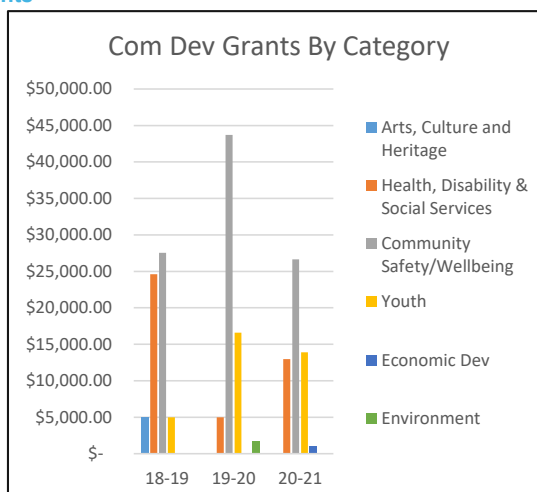


Figure 10: Community Development Grants by category 2018-21

Year	Funding Awarded	Number of Grants Awarded
2018-19	\$62,130.00	16
2019-20	\$67,000.00	13
2020-21	\$54,520.00	15

Groups interested in the Community Development Fund work closely with the Council to develop their application. Grants from this fund primarily support activities in the community safety and wellbeing, health disability and social services, and youth sectors. Key projects supported by this fund in the last three years include seed funding to start Nourished for Nil in Napier, the Te Pūmanawa programme and the Koha Shed in Maraenui.

Community Development Grants 2018-19

Recipient	Detail	Approved Funding
Atea a Rangi Educational Trust	Winter Solstice & Matariki events	\$8,000.00
Backline Trust	Website design to profile local & emerging musicians	\$3,500.00
CCS Disability Action	Community event to commemorate and celebrate the United Nations International Day of Persons with Disabilities	\$2,000.00
Citizens Advice Bureau	Top up for shortfall in rent from 20 April - 30 June 2019. Amount based on current NCC lease rate of \$25,000 per annum.	\$4,200.00
HB Waitangi Festival Clive	Celebrations to commemorate the signing of the Treaty of Waitangi & the 20th anniversary of festivals at Clive	\$2,000.00
Kidz Need Dadz HB	Produce a booklet called 'HB Blokes Book' for distribution to social services agencies to encourage men to make positive choices.	\$1,000.00
Multicultural Association	Asians in the Bay event	\$1,500.00
Napier City Business Inc.	Cuppa with a Cop	\$600.00
Napier Family Centre	Emergence programme (Term 4 2018 & Term 2 2019)	\$2,400.00
Napier Neighbourhood Support	Sustainability Review	\$10,000.00
Napier Pilot City Trust	Hold a seminar named 'Building a Kinder and Fairer City'. Topics covered- what a fairer and kindness look like in Napier, models of restorative practises and how will government nurture a fairer and kinder city.	\$1,430.00
Napier RSA	Armistice Day commemorations	\$2,000.00
Nourished for Nil	Seed funding to start the Nourish for Nil project in Napier	\$15,000.00
NZ Vietnam Veterans Assn	Schools Spirit of Anzac commemorations to take place 12 April 2019	\$1,000.00
Primary Elements (Maraenui Rugby & Sports Club)	Two week community art project for youth, painting murals on public buildings - focus on waterways & protection of the Estuary	\$1,500.00
Taradale RSA	Armistice Day commemorations	\$1,000.00
Te Matau a Māori Voyaging Trust	TMMVT training programme for Māori & Pacific Youth	\$5,000.00
Total		\$62,130.00

Community Development Grants 2019-20

Recipient	Detail	Approved Funding
Maraenui Donations	School Holiday Programme	\$5,000.00
Napier Neighbourhood Support	Complete H&S policy, employment agreements and operational plans and policies	\$8,000.00

The Acorn Group	Seed funding	\$5,000.00
Environment Centre Hawkes Bay	Sustainable Backyards	\$1,700.00
Te Wai Mauri Trust	Build a waka taurua	\$4,000.00
Ātea a Rangi Educational Trust	Winter Solstice & Matariki events	\$8,000.00
Maraenui Donations	Halloween BBQ party- Mokonui Gardens (Koha Shed)	\$500.00
Napier Pilot City Trust	Child Friendly forum	\$1,200.00
Multicultural Association	Asian in the Bay	\$2,000.00
Tu Tangata Maraenui Trust	Get your Licence	\$6,100.00
Maraenui Donations	Two week school holiday programme	\$5,500.00
Angel Promotions	Te Pūmanawa programme	\$18,000.00
Maraenui Community Council Trust	Assist with Waitangi Day commemorations 2020	\$2,000.00
Total		\$67,000.00

Community Development Grants 2020-21

Recipient	Detail	Approved Funding
Ātea a Rangi Educational Trust	Winter Solstice & Matariki events	\$8,000.00
Angel Promotions	Toi Māori - wānanga to youth in Maraenui	\$3,500.00
Ahuriri Business Association	Street Fest 2020 - 29 November 2020	\$1,000.00
Maraenui Donations	Halloween BBQ	\$600.00
Napier Pilot City Trust	Child Friendly Forum	\$1,400.00
Napier Pilot City Trust	Unity Awards	\$1,300.00
Napier Family Centre	Emerge programme Term 4 2020 & Term 1 2021)	\$2,400.00
Waipureku Waitangi Trust	Commemorate the signing of the Treaty	\$2,460.00
Maraenui Donations	Holiday programme - mural on Koha Shed	\$8,400.00
Napier Pilot City Trust	Annual Unity Day Forum Community Awards	\$1,100.00
Greendale Services Association	Schools Spirt of Anzac Commemorations	\$1,800.00
East Coast Careers Expo	2021 Careers Expo	\$2,000.00
Volunteering Hawke's Bay	Volunteer Excellence Awards	\$2,000.00
Ātea a Rangi Educational Trust	2021 Matariki/Winter Solstice	\$8,000.00
Maraenui Donations	Koha Shed	\$10,560.00
Total		\$54,520.00

ARTS & CULTURE POLICY FUNDING

About this fund

This funding provides support for art installations in the community as well as initiatives that support the development of arts and culture, and community participation. Initiatives and projects must contribute to one or more of the following key strategic priorities:

- Napier's unique identity as 'Art Deco City' is maintained and enhanced
- High quality art in public places is maintained and developed
- The Napier community and its visitors are engaged in the arts
- The Napier community has access to high quality arts experiences.

This funding allocation supports the implementation of the Arts Policy and is driven toward increasing the provision of good quality public art within Napier. Funding is assessed by a panel of seven (both Council and community representatives) who make recommendations to Council on the suitability of one-off art installations for a particular location. They assess and ensure that the potential art installation is aligned with the objectives and policies as set out in Napier City Council's Arts Policy.

2018-21 Arts & Culture Policy Funding

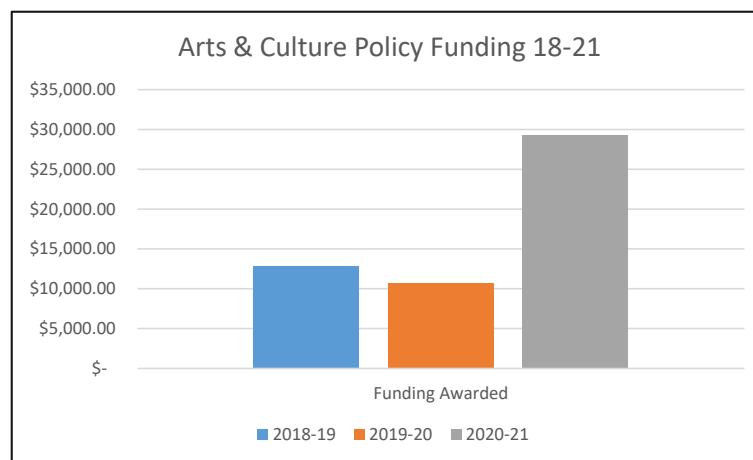


Figure 11: Arts & Culture Policy funding 2018-21

The Arts & Culture Policy funding has an annual budget of \$50,000 and as such, has been significantly underutilised over the last three years. Several small public art installations, such as the Anna Spencer Statue and the Georges Drive Mural have been supported over the last three years.

Arts & Culture Policy Funding 2018-19

Recipient	Detail	Approved Funding
Creative Arts Napier	White Out Project	\$2,000.00
Creative Arts Napier	Hawkes Bay Art Guide	\$2,285.00
Doris Tragedy Project	Project costs and archaeological assessment	\$6,587.00
Napier Performing Arts	Easter Festival	\$2,000.00
Total		\$12,872.00

Arts & Culture Policy Funding 2019-20

Recipient	Detail	Approved Funding
Creative Arts Napier	Hawkes Bay Art Guide	\$1,800.00
Georges Dr Mural	Artist costs	\$6,000.00
Napier Performing Arts	Easter Festival	\$1,000.00
Taradale Co-lab storyboards	Sign design and installation	\$1,176.52
Taradale Cultural Trail	Sign design and installation	\$760.00
Total		\$10,736.52

Arts & Culture Policy Funding 2020-21

Recipient	Detail	Approved Funding
Anna Spencer Statue	Project costs	\$5,328.00
Creative Arts Napier	Hawkes Bay Art Guide	\$2,700.00
Faraday Centre Mural	Artist costs	\$5,260.87
Napier Civic Choir	Annual plan funding	\$3,000.00
Ngā Toi Hawkes Bay	Annual plan funding	\$10,000.00
Taradale Co-Lab Signage	Sign design and installation	\$2,961.00
Total		\$29,249.87

YOUTH DEVELOPMENT FUND

About this fund

Youth Development Grants are funded from the overall Youth Policy allocation of \$20,200 per annum, and are delivered by the Napier Youth Council. Individuals between the ages of 12 and 24 are invited to submit applications of up to \$1,000 for projects that help them achieve their goals and dreams. Youth Development Grants are assessed and decided by the Youth Council.

2018-21 Youth Development Grants

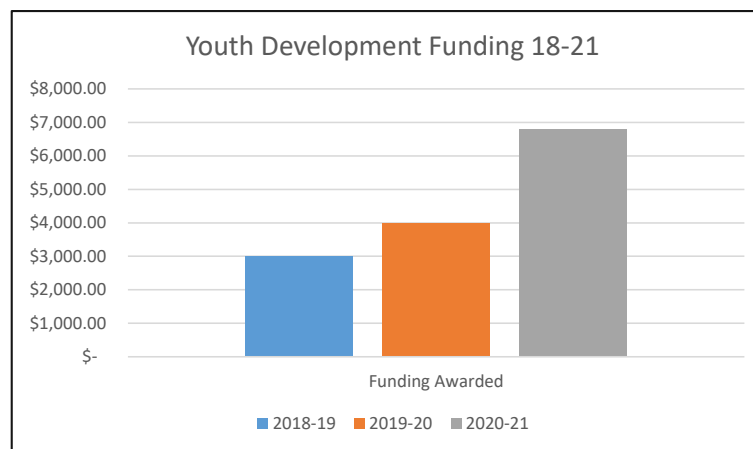


Figure 12; Youth Development Funding 2018-21

Year	Funding Awarded	Total Applications	Successful Applications
2018-19	\$3,000.00	19	14
2019-20	\$4,000.00	48	11
2020-21	\$6,800.00	25	13

Youth Development Grants have become increasingly competitive in recent years. The fund is well supported and has assisted local youth to pursue a range of activities over the last three years.

Youth Development Grants 2018-19

Recipient	Detail	Approved Funding
Ana Hodgson	To pursue canoe polo	\$100.00
D'Andre Wilson McGhee	To participate in a tour of Europe as part of a Geography trip	\$150.00
Daniel Christensen	To pursue a career in professional basketball, and attend basketball college in the USA.	\$200.00
Eleanor Hollings-Hatton	To pursue a career in fashion design.	\$200.00
Emily Wakely	To participate in the Spirit of Adventure 10 day voyage	\$300.00
Eruera Matiaha	To pursue kickboxing and participate in the Combat Academy Training Camp in Bali	\$100.00
James Rawnsley	To compete in the NZ Junior Indoor Cricket World Cup.	\$300.00
Jimmy Pentland	To pursue kickboxing and participate in the Combat Academy Training Camp in Bali	\$100.00
Kiran Pannu	To represent NZ in the UN Youth Global Development Tour	\$600.00
Logan Trower	To compete in the NZ Indoor Cricket World Cup in Christchurch	\$300.00
Michael Tame Heperi	To participate in a tour of Europe as part of a Geography trip	\$150.00
Ruby Matariki Wilkinson-Smith	To pursue their passion for writing and art.	\$100.00
Tamera Matene	To participate in an American Dance Tour and pursue a career in dance	\$300.00
Taylor England	To pursue kickboxing and participate in the Combat Academy Training Camp in Bali	\$100.00
Total		\$3,000.00

Youth Development Grants 2019-20

Recipient	Detail	Approved Funding
Eloise Keehan	To complete their Private Pilot's Licence and one day join the NZ Air Force.	\$425.00
Emma Findlay	To become a professional athlete in hockey.	\$325.00
Harper Champion	To pursue a career in the music industry in the band FYVEYES.	\$275.00
Harry Young	To pursue a career in the music industry in the band FYVEYES.	\$300.00
Isabella Spiers	To attend NZ model parliament	\$500.00
Isobella Comber	To represent NZ in the 'KIWI ALL STARS' and travel to New York, and Los Angeles to pursue musical theatre.	\$200.00
Jaimee Wilson	To become a professional athlete in canoe slalom.	\$375.00
Marcus Allan	To represent NZ in the 'KIWI ALL STARS' and travel to New York, and Los Angeles to pursue musical theatre.	\$200.00

Noel Eparaima	To participate in high adrenaline activities and inspire others with disabilities.	\$475.00
Sarah Fraser	To undertake a gap year with Latitude Global Volunteering in 2020.	\$425.00
Thomas Little	To attend NZ model parliament	\$500.00
Total		\$4,000.00

Youth Development Grants 2020-21		
Recipient	Detail	Approved Funding
Adam Barron	To attend Outward Bound to help pursue a career in the Navy as a Marine Engineer Officer	\$500.00
Amber Single-Owens	To start Sustainable and encourage the younger generation to make good, environmentally friendly habits.	\$325.00
Atiesha Harris	To attend the WiE Can Engineering experience and eventually to use her talents in Mathematics and Physics to help others.	\$200.00
Christian Lilburn	To pursue a career as a pilot,	\$420.00
Cohen Batterham	To achieve a black belt in Taekwondo-Do this year and eventually represent NZ at the World Champs	\$700.00
Eloise Philp	To attend to Rotary Science Forum and then enter the field of Science or Medicine	\$1,000.00
Grace Dooney	To become a professional canoe slalom athlete and to represent NZ on the international circuit.	\$500.00
Harper Champion	To pursue an international career in the music industry with current band FYVEYES	\$600.00
Madeline Sayer	To represent New Zealand in Blokating.	\$400.00
Matthew Adams	To enter the Stampede Ultra as a step on the path to race adventure sports globally and professionally.	\$505.00
Reeve Dooney	To pursue a career as a professional multi-sport athlete and to represent NZ at the Olympics in triathlon.	\$500.00
Sam Ranapiri	To pursue a career in Stunt work.	\$500.00
Tamar Van Niekerk	To sell art to pursue a career in the field of art and design	\$650.00
Total		\$6,800.00

TE PUAWAITANGA

About this fund

The Te Puawaitanga – Green Communities together fund was a one-off grant introduced in July 2020 as a part of the Council's COVID recovery plan. The fund sought fresh and simple ideas that contributed to a flourishing local environment. A total of \$200,000 was available and applications were open to both formal and informal groups for grants of less than \$5,000.

Applications were assessed as they were received projects were considered based on a number of factors such as; capability and energy, location, alignment and longevity. Projects such as plantings, murals and clean up days were supported through the fund. The fund was fully exhausted by July 2021

Te Puawaitanga funding activity

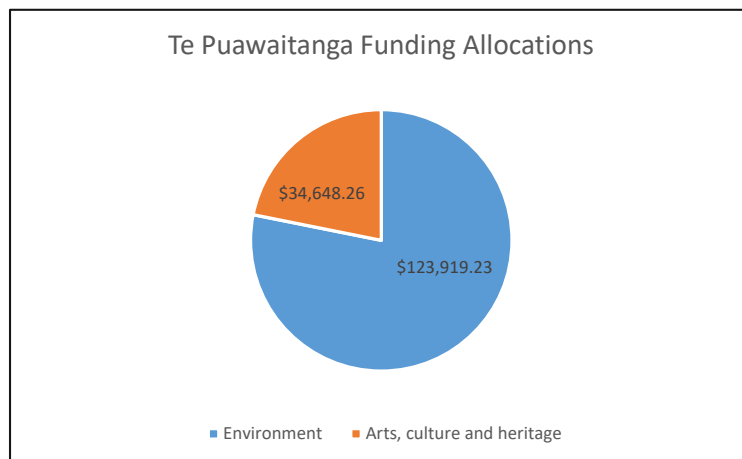


Figure 13: Te Puawaitanga funding by category

Te Puawaitanga and the other COVID-19 response funds were unique in that they made Council grants available to informal groups and other social enterprise for the first time. Usually, Council grants are only available to charities and incorporated societies. The majority of funds applied for did have an environmental focus, however a number of projects sought funding for arts installations such as murals. It was agreed, after the fund had been open for some time, to not allow further applications for murals as these applications were coming to dominate the fund.

Te Puawaitanga Grants (2020/21 Financial Year)

Recipient	Detail	Approved Funding
Awhina Hollis-English	Artwork in Anderson Park accessible bathroom	\$3,000.00
Bay View Community Trust	Sports mural on Petane Domain toilet block	\$5,652.17
Bowen Fruit Bowl	Fruit forest on cul-de-sac berm	\$434.78
Earth Gardens Charitable Trust	Native planting following dangerous tree removal	\$30,000.00
Esk Hills Residents Society Inc.	Planting in regenerating forest at Bayview	\$8,000.00
Greendale Tamatea Scout Group	Native garden, sculpture and seat	\$3,478.26
Greenmeadows Rotary Club	Native tree planting programme to enhance Dolbel reserve	\$1,350.00
Hawkes Bay Bird and Wildlife Rescue Trust	Upgrade (running water and lino) for rehab facility	\$4,605.28
Hawke's Bay Model Boat Club	Control of weed growth and toxic algae in middle lake at Anderson Park	\$2,608.70
Maraenui Donations	Koha Shed, maraa kai, and surrounding area - clean up	\$2,434.78
Napier Boys' High School Environment Club	Native planting in Te Awa detention pond	\$1,434.78
Napier Central School	Planting reserve between Ormond Road and Guys Hill Road	\$1,739.13
Nelson Park School	Planting for birds and insects at school	\$2,800.00
Pirimai Residents Association	Seats for planned new Cross Country Drain pathway	\$9,130.43
Riverside Park Enhancement Project	Native vegetation and pest control in Riverside Park, Taradale	\$3,043.48
Rotary Club of Taradale	Materials and equipment for continued maintenance of Dolbel and Halliwell Reserves by Rotary volunteers	\$3,478.43
Ryan James - artist	Mural at Ahuriri Park	\$7,000.00
St Augustines Scout Group	Mural and plantings on Scout Hall on greenbelt	\$5,913.04
Tamatea Playcentre	Play area where and plantings	\$1,300.00
Taradale High School Community Garden Social Club	Small community garden in Taradale	\$4,670.00
Te Awa Primary School	Sensory/rongoa garden as an outdoor learning space	\$4,200.00
Te Wai Mauri Environmental Trust	Equipment for planting projects around Ahuriri	\$4,910.00
The Food Hedge Project	Fruiting hedge and edible plantings on Reignier School access way	\$2,947.83
TNA Crew	Mural at Allen Berry Reserve	\$7,391.30
Tu Tangata Maraenui Trust	"Spring clean" for Maraenui residents	\$5,435.96
Tu Tangata Maraenui Trust	Clean up Maraenui day	\$6,956.52
V Hoy - artist	Mural on Marine Parade toilet block	\$7,256.96
Wairua Bay Regeneration Project	Planting and regeneration on leased DOC land backing Taipo Stream	\$5,300.00
Westshore School	Sustainable school gardens	\$2,965.22

Westshore Surf Lifesaving Club	Mural on Westshore Surf Lifesaving Club building	\$4,347.83
Wharerangi Kindergarten	Planting, seating, mural in Essex Street reserve	\$4,782.61
Total		\$158,567.49

RECOVERY PROJECTS FUND

About this fund

The Recovery Projects Fund was established in July 2020. It arose as an action from the Napier Recovery Plan and aimed to support projects that positively influenced recovery of Napier's community and/or economy and enhanced wellbeing post Covid-19. Applicants were encouraged to consider new ways of doing business, new collaborations, or ways of addressing a new need. Partnership approaches were also encouraged.

A one-off allocation of \$500,000 was available for distribution and project funding ranged from under \$5,000 to \$80,000. This was not a contestable fund and applications were assessed as they were received. Funding was distributed between July 2020 and May 2021.

Projects needed to support one or more of the Recovery Plan goals and priority was given to projects that encouraged innovation, utilised a partnership-based approach and strengthened community resilience. This was the first time the Council had made community grants and funding available to small business and social enterprise.

Recovery Projects funding activity

An analysis of the recovery projects fund was completed following funds being exhausted and is attached to this report (Appendix 1).

RAPID RESPONSE FUNDING

About this fund

The Rapid Response Fund was a one-off allocation of \$50,000 established in April 2020 to support non-profit social services and community organisations supporting the pandemic response. The fund prioritised supporting groups working with vulnerable communities, particularly over 70's, homeless and those on a low income.

Grants made from this fund supported organisations that incurred additional costs for providing their services e.g. protective equipment and volunteer expenses, or provided new services to meet the needs of the Napier community. Thirteen groups received support under this fund and the services provided by these recipients touched many Napier residents during the pandemic. All funds were exhausted by June 2020.

Rapid Response funding activity

Rapid Response Grants (2019/20 Financial Year)

Recipient	Approved Funding
Te Whare Awhina Foundation Incorporated	\$250
Maraenui Donations	\$2,210
Te Wai Mauri Trust	\$200
Napier Family Centre	\$2,420
Age Concern	\$6,900
Napier Hearing Association	\$1,500
Te Kupenga Hauora - Ahuriri	\$5,500
Kings Force Health Charitable Trust	\$3,500
The Salvation Army Napier Corps	\$2,970
Hohepa Services Limited	\$3,800
Cancer Society of HB	\$3,400
Heretaunga Women's Centre	\$300
Maungaharuru Tangitu Charitable Trust	\$3,500
Total	\$36,450

BEQUESTS

About this fund

The Council manages two bequests which have a combined principal balance of approximately \$80,000 in total. These are the John Close and William Colenso bequests. Interest from these funds provide small grants to selected community groups that deliver services which align with the direction of the respective bequests. Due to low interest rates in recent years, less funds are available than would usually be the case. The only service currently receiving funding is the Christmas Lunch.

The principal amounts of the combined bequests need to be maintained at \$80,000 to be able to provide funding into the future.

In the past, the following groups have been supported:

- Napier Foodbank
- Secondary Schools (books for prize giving)
- St Vincent de Paul (firewood)
- What Ever It Takes

Bequests funding activity

No funds will be distributed from the 2020-21 year due to low interest rates.

Distribution of Bequest funds 2019 - 2020

William Colenso Bequest	2019-2020	John Close Bequest	2019-2020
Secondary Schools (x8 book prizes @\$100 each)	\$400.00	Community Christmas Lunch	\$800.00
Distributed Funds	\$400.00	Distributed Funds	\$800.00
Available Interest to Distribute	\$804.00	Available Interest to Distribute	\$1,348.00
Balance to put back into Fund Capital	\$404.00	Balance to put back into Fund Capital	\$548.00

Distribution of Bequest funds 2018 - 2019

William Colenso Bequest	2018-2019	John Close Bequest	2018-2019
Secondary Schools (x8 book prizes @\$100 each)	\$800.00	Community Christmas Lunch	\$800.00
		Napier Community Foodbank	\$540.00
Distributed Funds	\$800.00	Distributed Funds	\$1,340.00
Available Interest to Distribute	\$814.00	Available Interest to Distribute	\$1,342.00
Balance to put back into Fund Capital	\$14.00	Balance to put back into Fund Capital	\$2.00

CREATIVE COMMUNITIES

About this fund

The Napier City Council manages this fund locally on behalf of Creative New Zealand. This fund supports individuals, groups and organisations working in the local arts and culture sector. There are two funding rounds per year and grants typically support small events and projects.

Funding outcomes are decided by an assessment committee made up of local members of the public, and two NCC councillors, with knowledge of the arts and culture sector. Projects must be able to support one of the fund's key priorities, these being; access and participation, diversity and young people. The committee also assesses applications on a range of other factors such as quality, artistic merit, level of financial need and the local funding priorities set by the committee. The local funding priorities are set and reviewed every three years.

Creative Communities funding activity

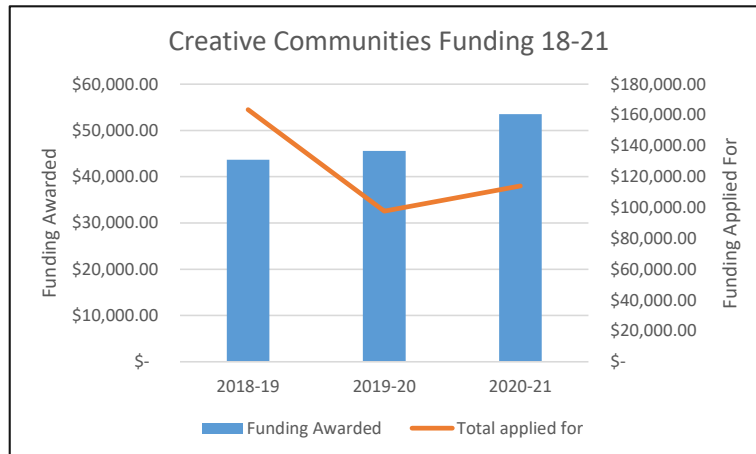


Figure 15: Funding awarded

Year	Total awarded	Total applied for	Total applications	Successful
2018-19	\$43,691.60	\$163,480.52	64	41
2019-20	\$45,589.95	\$97,671.95	49	28
2020-21	\$53,507.12	\$113,937.08	41	33

The Creative Communities fund remains highly competitive and well subscribed. The allocation for this fund is determined by Creative New Zealand and the fund received a one-off boost post COVID-19 as part of Central Government's support for the Arts Sector. Over the last three years, the Council has been working more closely with the Hastings District Council to promote and manage this fund.

Creative Communities Grants 2018-19

Recipient	Detail	Approved Funding
Angela Lalonde	Well-Travelled	\$460.00
Arahi Whaanga	ARAHU / Performance Series	\$2,000.00
Campbell Burns	Building custom instruments for special needs	\$500.00
CCS Disability Action Napier	Creative Inclusion CAN	\$1,000.00
Colin Hayvice	How to research, write and publish your book	\$800.00
Connected Media	'The Outlook for Someday' film workshop	\$1,500.00
Creative Arts Napier	CANTOWN	\$354.00
Creative Arts Napier	Japanese Origami Family drop in days	\$600.00
Creative Arts Napier	Japanese Mokuhanga Artists Talk and Workshop	\$600.00
Creative Arts Napier	CAN The Art of Sushi Making	\$500.00
Creative Arts Napier	White Night 2018	\$615.00
Creative Arts Napier	Japanese Stab Book Binding workshop	\$624.00
Emily Armstrong	Emily Armstrong Life Drawing	\$1,080.00
Hastings Art & Culture Trust	2019 Edible Fashion Awards	\$2,000.00
Hawke's Bay Readers and Writers Trust	Hawke's Bay Readers and Writers Festival 2019	\$1,000.00
HB Indian Cultural Centre	Music and Dance Event	\$750.00
IHC New Zealand Inc.	Dance Workshops for Variety Performance	\$500.00
Jessica Baron and Bridget Freeman-Rock	The Hook	\$1,500.00
Kaisen Charitable Trust	Christmas at the Park	\$2,000.00
Lisa Feyen	The Rest is Silence (recent work in print by Lisa Feyen)	\$289.00
Little Green Man Productions	Matariki Glow Show	\$2,199.60
MiChalk	Paint a Canvas	\$370.00
Napier City Business Inc.	White Night 2018	\$750.00
Napier Civic Choir	Contrasts - Napier Civic Choir concerts weekend	\$500.00
Napier Live Poets	Napier Live Poets	\$500.00
Napier Music Academy	Youth song writing competition	\$1,000.00
Napier Operatic Society -Theatre School	Shrek Jr	\$1,000.00
National Youth Drama School	NYDS 2019	\$1,500.00
Nukes ukulele trio	Primary school ukulele project	\$1,000.00
Porritt Primary School	The Sheriff of Plain and Purl	\$1,500.00
Primary Elements NZ	'Observe-Preserve-Conserve' protection of the estuary - Aroha project	\$1,500.00
Robert Fugah	West African Songs, drumming and dance workshops	\$1,000.00
Taradale Marketing Association	Power box art project	\$250.00

Taradale Pottery Group	Taradale Pottery -Clay art workshop series - HB	\$2,000.00
The Drama Workshop	Pania	\$2,200.00
The Kids for Kids Charitable Trust	Kids for Kids Choir	\$1,500.00
The Pencil Room	Art Workshops Summer Series	\$1,250.00
Wanderlust Productions Ltd - Wanderlust Opera	Don Pasquale	\$500.00
ZEAL Education Trust	Zeal Versus Talent Quest	\$2,000.00
Zeal Education Trust	Street Dance Competition	\$1,000.00
Zeal Education Trust	Battle in the Bay	\$1,500.00
Total		\$43,691.60

Creative Communities Grants 2019-20

Recipient	Detail	Approved Funding
Amy Atkins	Napier 'Period' tour for schools	\$2,450.00
Anthony Stretch	Stretch - Album #2	\$2,000.00
Campbell Burns	'Play space' - sound exploration	\$800.00
Clayton Guthrie	Art Exhibition	\$500.00
Creative Arts Napier	Hawke's Bay Art Trail	\$1,053.95
Creative Arts Napier	Hawke's Bay Art Guide	\$1,543.50
Creative Arts Napier	Creative Arts Napier Community Arts Public Mural Project	\$1,500.00
Foto Iwi (Photo Iwi Charitable Trust)	Foto Iwi creative workshop	\$2,220.00
Hastings Art Culture Trust	2020 Edible Fashion Awards and associated Workshops in High Schools	\$2,000.00
Hohepa Services Limited	Accessible Pottery Club	\$960.00
Institute of Registered Music Teachers Hawke's Bay	Hawke's Bay Young Musician of the Year Competition	\$1,200.00
Maraenui Donations	Maraenui Donations Container Art project	\$3,500.00
Napier City Business Inc.	Christmas Fiesta	\$910.00
Napier Civic Choir Inc.	Napier Civic Choir's Festive Concert Weekend 2019	\$500.00
Napier Live Poets	Napier Live Poets	\$724.50
Napier Operatic Society	Grease the Musical	\$3,000.00
Ngā Toi Hawke's Bay	ArtReach Workshop and Sector Hui	\$700.00
Pauline Hayes	Chlorination Street	\$1,500.00
Photo Iwi	Photo Iwi School Holiday Workshop	\$2,000.00
Robert Fugah	African songs, drumming and dance workshops	\$2,100.00
Taradale Pottery Club Inc.	Wood Firing Workshop	\$2,000.00
Teresa Woodham	As the Day Draws In (workshop)	\$2,400.00
The Pencil Room	Life Drawing	\$2,030.00
The Pencil Room	Unframed workshop series	\$798.00
The Real Theatre Company Ltd	Badjelly the Witch	\$2,000.00
UKU Clay Hawke's Bay	UKU Clay Hawke's Bay National Ceramic Award 2020	\$2,000.00

Waiohiki Creative Arts Village - Artist Collective	Spring Art School for Beginners	\$2,200.00
Zeal Education Trust - Hawke's Bay	Battle in the Bay	\$1,000.00
Total		\$45,589.95

Creative Communities Grants 2020-21

Recipient	Detail	Amount Approved
Alex Devine	Waiata Māori Sharing Circle	\$2,404.80
Anthony Stretch	Stretch Music Video	\$2,000.00
Brigid Grant	Metamorphosis	\$933.80
Creative Arts Napier	'Around the World' Art Play at CAN	\$1,430.00
Creative Arts Napier	Hawke's Bay Art Guide Distribution Counter Stands	\$700.00
Creative Arts Napier	Hawke's Bay Art Guide 2021	\$1,043.50
Creative Arts Napier	Nuite Blanche Indoor Interactive Street Art Project	\$1,083.47
Dr Richard Cornes	Elysian Fields - Aotearoa New Zealand 2021	\$2,000.00
Emily Armstrong The Pencil Room	Unframed Artist workshop series	\$2,390.00
EVBooks	EVBooks website	\$800.00
Foto Iwi	Foto Iwi Creative Workshops	\$1,500.00
Foto iwi	Foto iwi Zine	\$2,160.00
Hastings Art & Culture Trust	Edible Fashion Awards 2021 and associated designers in schools	\$3,000.00
Institute of Registered Music Teachers	Promotion of the Hawke's Bay Young Musicians of the year Competition	\$1,500.00
Kaisen Charitable Trust	Hawke's Bay Christmas at the Park	\$2,000.00
Katja Starke	Lockdown Laundry - air your memories workshop	\$970.00
Kelly-Anne Hosken	The Flower Room	\$800.00
Lee Gaylor	Lee Gaylor's Finds Arts Fire	\$1,350.00
Little Green Man Productions	Te Moana Glow Show	\$2,600.00
Little Green Man Productions	Wonderland Glow Show	\$2,260.00
Loughlin Productions	Whakamanawatia	\$2,401.00
MiChalk Art Business	Paint our Beautiful City	\$370.00
Napier Girls High School	Production of West Side Story	\$2,000.00
Napier Live Poets	Napier Live Poets	\$494.50
Napier Operatic Society	Seussical Jr	\$2,000.00
Pakistan and Friends HB	Pakistani Music Instrument Workshops	\$5,520.00
Presbyterian Support (Mosaic)	Mosaic - Taradale Pottery Club courses	\$1,785.00
Rachael Stone	Blooming Wonderful You	\$1,350.00
Sam Handley	Short Film- Grateful Grapefruit	\$1,540.00
The Hawke's Bay Inkers	The Urban Print Project -Nature's Sanctuary	\$1,096.80
The Pencil Room	Life Drawing Art Exhibition	\$380.00
Vines Project Team	Vines	\$644.25
Wanderlust Theatre	Love Linda: The Life of Mrs Cole Porter	\$1,000.00
Total		\$53,507.12

APPENDIX 1: RECOVERY PROJECTS FUND ANALYSIS

Purpose

This document provides an analysis of applications and projects awarded funding from the Napier Recovery Projects Fund ('the Fund') following distribution of the full funding pool.

Background

The Recovery Projects Fund was established in July 2020. It arose as an action from the Napier Recovery Plan¹ and aimed to support projects that positively influence recovery of Napier's community and/or economy and enhance wellbeing post Covid-19. Applicants were encouraged to consider new ways of doing business, new collaborations, or ways of addressing a new need. Partnership approaches were also encouraged.

A one-off allocation of \$500,000 was available for distribution and project funding ranged from under \$5,000 to \$80,000. This was not a contestable fund and applications were assessed as they were received. Funding was distributed between July 2020 and May 2021.

Fund aim and priorities

The Fund aimed to assist with building resilience and encouraging innovation among Napier businesses, Iwi/hapu, community organisations, groups, social enterprises, and Council.

The purpose of the Fund was to support projects that directly reflected one or more of the six Recovery Plan goals:

1. Everyone has access to safe drinking water, food and housing
2. We are healthy and active
3. Our businesses and not-for-profit organisations are resilient and innovative
4. Our city centre and local centres are vibrant and sustainable
5. Our community is safe, fair, connected, and resilient
6. Renewal of our city respects, protects, and celebrates our cultural heritage and environment.

Priority was given to projects that demonstrated one or more of the following:

- Alignment with the goals and contribute to the indicators of the Napier Recovery Plan
- Addresses issues and opportunities identified in the Napier Recovery Plan
- Encourages innovation

¹ <https://www.napier.govt.nz/our-council/covid-19-recovery-plan/>

- Incorporates collaboration and/or partnership approaches
- Potential for a positive impact on the Napier economy and/or community
- Potential to generate new revenue, stimulate jobs, and/or support business growth
- Strengthens community connectedness/community resilience
- Celebrates community spirit.

Funding was also available to build on community or business-led initiatives identified during the pandemic response (eg, new ways of delivering services), or new needs/ideas identified as a result of the pandemic.

Applicants were encouraged to read the Napier Recovery Plan for information to support their funding application.

Eligibility

Applications were encouraged from a range of sectors and from across Napier (including suburban locations). Funding was only available to registered legal entities (excluding family trusts, social clubs and chartered clubs), who operate in Napier, and whose project was targeted to Napier residents, communities, and/or businesses.

Application and approval process

Council's website provided the relevant documentation about the Fund, including an information sheet, application forms, and relevant templates (see Appendices). Applications were accepted via an online form.

Applicants requesting over \$10,000 were requested to also provide a project plan. Applicants seeking \$30,000 or more of funding were first invited to submit an Expression of Interest (EOI). Successful short-listed EOI applicants were then asked to submit a full proposal for consideration.

Assessments of all proposals were undertaken by identified Napier Recovery Working Group members, including from the Community Strategies Team and the Business and Tourism Team. Advice was sought from other Council staff (eg, Māori advisors, asset managers) as needed. Assessments ensured projects were eligible, aligned with the intent of the fund, and contributed to meeting the goals of the Napier Recovery Plan. All assessments were undertaken using a customised assessment form.

The approval process involved joint review of assessments by the Manager Community Strategies and the Manager City Development. Assessments of applications seeking \$30,000 or more were also sent to a Panel for approval consisting of the Mayor, a Councillor, Napier Recovery Manager, Director Corporate Services, and Iwi representative. Responses from three panel members were required for the decision to be finalised.

Recipients are required to provide a report about their project within a month of the project's finish date. Larger value projects are also asked to provide interim reporting.

Analysis of applicants and projects

There were 50 applications to the Fund (seeking a total of \$1,140,064) and 43 unique applicants (three entities applied more than once).

Twenty-nine of the 50 applications were successful (from 26 applicants, see list in Appendices). Of the remaining applications, 17 were declined primarily because they didn't align well with the aim of the Fund, and four were withdrawn² (Figure 1).

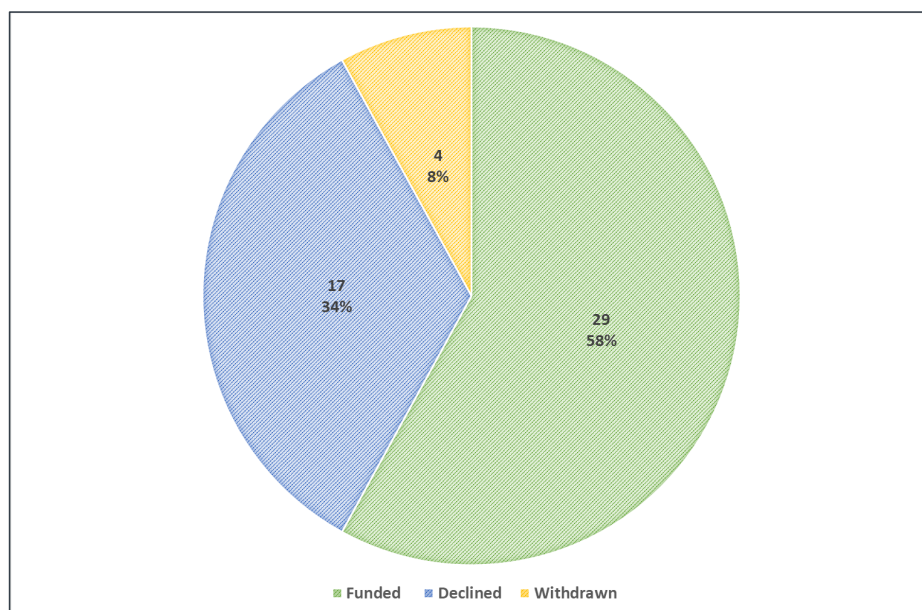
Sector analysis

Applications were received from a variety of sectors (Figure 2):

- limited liability companies (22 applications)
- charitable trusts/non-government organisations (NGOs) (18)
- local business associations (6)
- one application each from other sectors (as shown in Figure 2).

Figure 3 shows the outcome of the applications from each sector. Limited liability companies (68%) and business associations (67%) were more likely to receive funding. Half of the applications from charitable trusts and non-government organisations received funding.

Figure 1: Outcome of all applications



² Applications were able to be withdrawn by applicants. Instances where this happened included the applicant changing their mind about the project, and applicants declining funding offered by the Fund which was less than the amount requested.

Figure 2: Applicants by sector

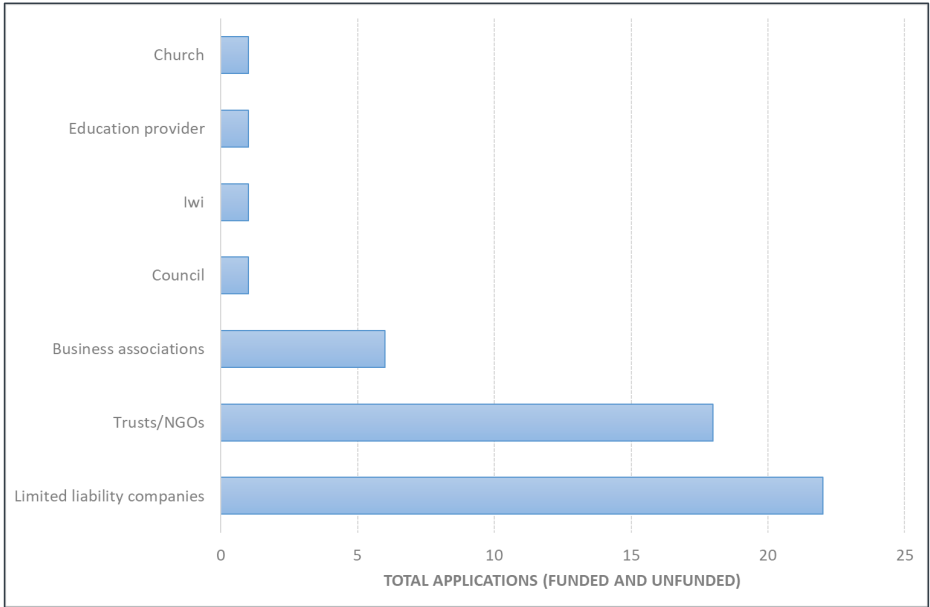
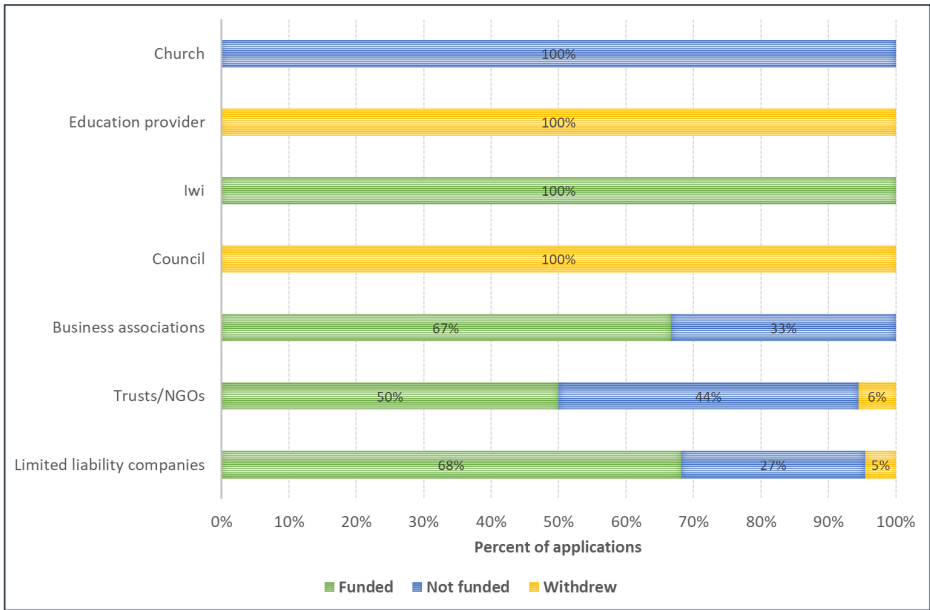


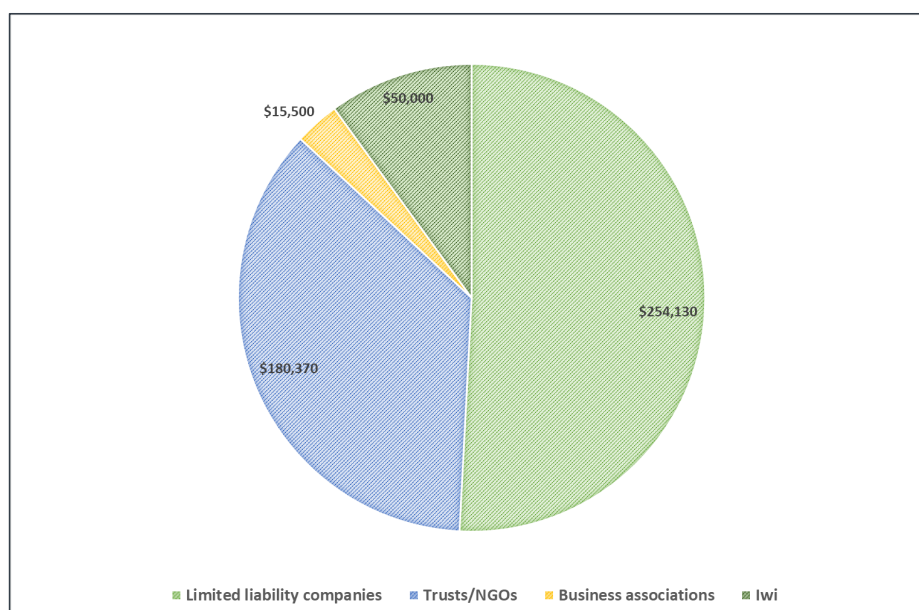
Figure 3: Outcome of applications, by sector



The \$500,000 of funding was distributed as follows across the sectors (Figure 4):

- \$254,130 to 15 applications from limited liability companies (average value \$16,942)
- \$180,370 to nine applications from charitable trusts/non-government organisations (average value \$20,041)
- \$50,000 to the one application from an Iwi entity
- \$15,500 to four business association applications (average value \$3,875).

Figure 4: Amount funded by sector



Project focus analysis

The projects outlined in applications varied (Figure 5). Thirteen focused on a social outcome, 11 focused on the arts, and 10 had a business focus. Other applications focused on sports and recreation, entertainment, and the environment.

In most cases, at least half of the applications from each project focus area were funded (with the exception of the digital area, where the one application was withdrawn). Projects more likely to receive funding had either a social (77%) or a business focus (60%) (Figure 6).

Figure 5: Applicants by project focus

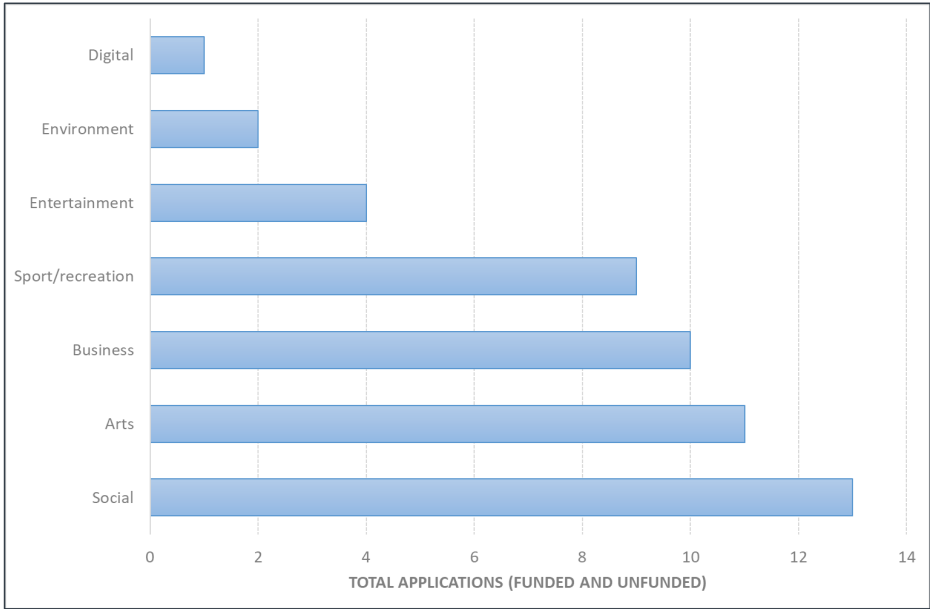
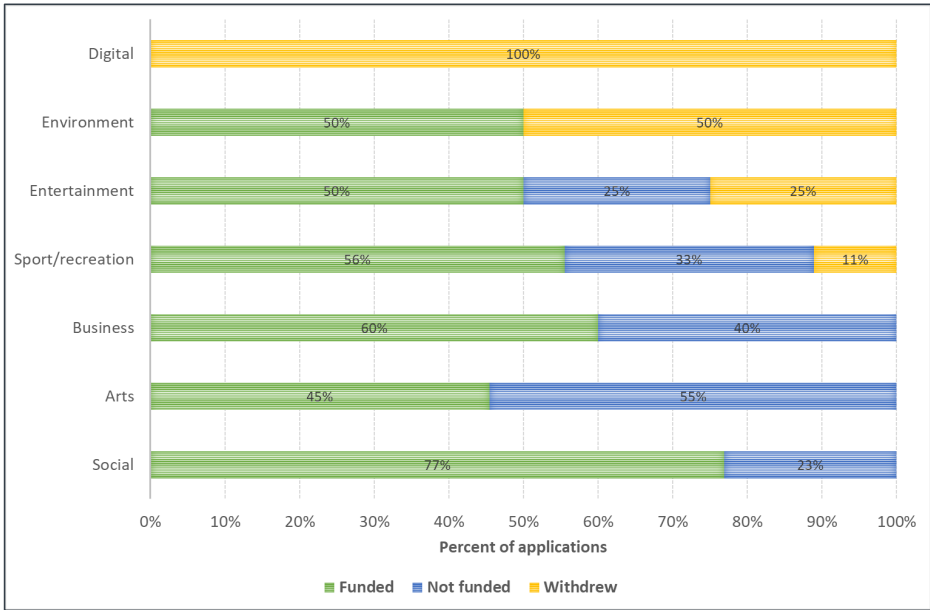


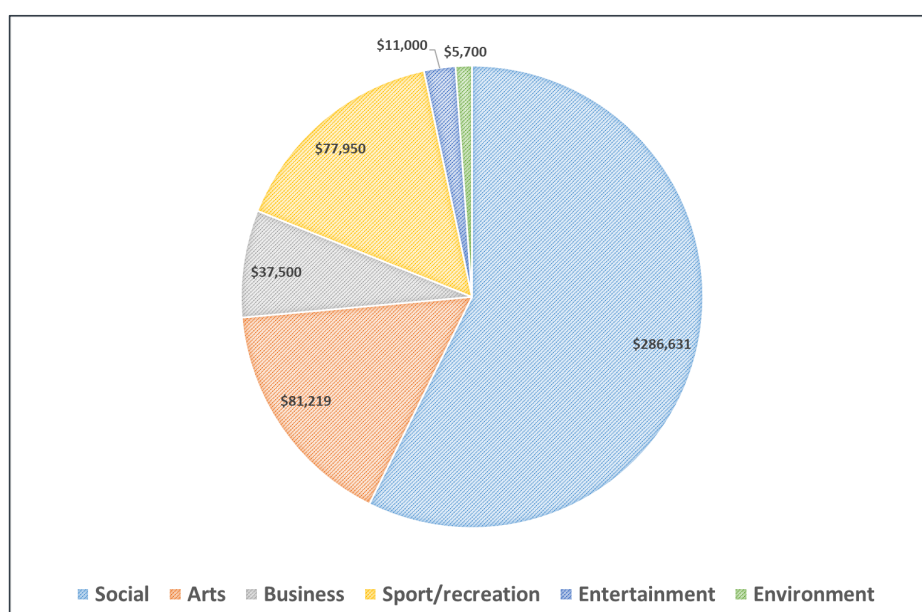
Figure 6: Outcome of applications, by project focus



The \$500,000 of funding was distributed as follows across the project focus areas (Figure 7):

- \$286,631 to 10 applications with a social outcome focus (average value \$28,663)
- \$81,219 to five applications with an arts focus (average value \$16,244)
- \$77,950 to five applications with a sport or recreation focus (average value \$15,590)
- \$37,500 to six applications with a business focus (average value 6,250)
- \$11,000 to two applications with an entertainment focus (average value \$5,500)
- \$5,700 to one application with an environment focus.

Figure 7: Amount funded by project focus



Goal analysis

Applications to the Fund were assessed against each of the Napier Recovery Plan's six goals.³ Representation against the goals varied. The majority of applications aligned with the aim of goal 3, which focuses on businesses and not-for-profit organisations being resilient and innovative (Table 1). At least 23 of the applications also closely aligned with goals 4 (city and local centres are vibrant and sustainable) and 5 (the community is safe, fair, connected and resilient). Few aligned with goal 1 (safe drinking water, food and housing).

³ Napier Recovery Plan. June 2020. <https://www.napier.govt.nz/our-council/covid-19-recovery-plan/> Accessed 25 May 2021.

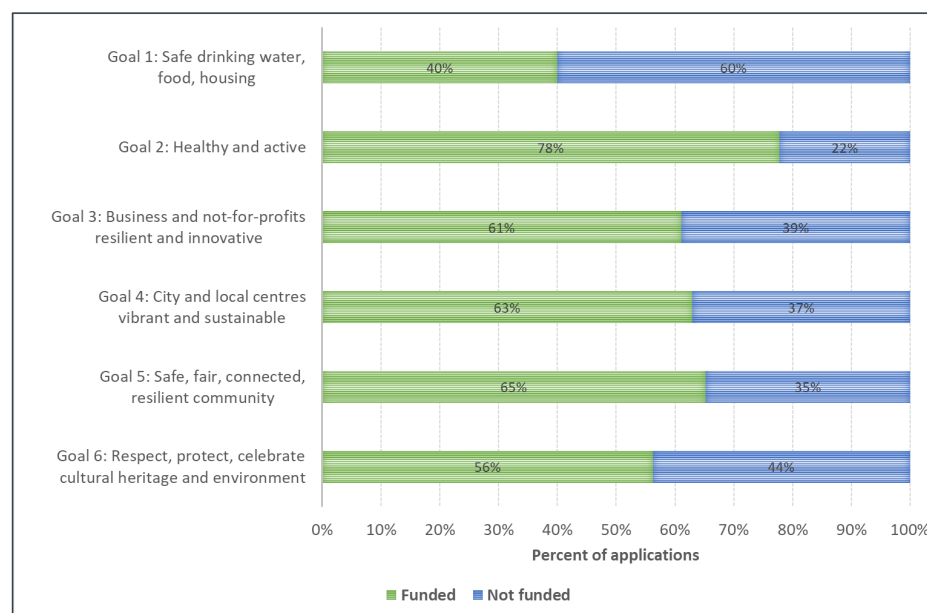
Figure 8 shows the outcome of applications against their alignment with each goal. For five of the six goals, at least 56% were funded. The highest success rate was for applications aligning with goal 2 (healthy and active, 78%).

Table 1: Alignment of applications with Recovery Plan goals, funded and unfunded

Napier Recovery Plan Goal	Funded	Not funded	Total
1: Safe drinking water, food and housing	2	3	5
2: Healthy and active	14	4	18
3: Business and not-for-profits resilient and innovative	22	14	36
4: City and local centres vibrant and sustainable	17	10	27
5: Community is safe, fair, connected, resilient	15	8	23
6: Respect, protect, celebrate cultural heritage and environment	9	7	16

Note: Applications could reflect more than one goal, so total exceeds 50.

Figure 8: Outcome of applications, by Recovery Plan goal



Notes: Excludes withdrawn applications. Most applications aligned with more than one goal.

Discussion

The Recovery Projects Fund provided an opportunity for a range of entities to access Council support following Covid-19 with the aim of accelerating Napier's recovery from the pandemic. Analysis of the applications, including those that received funding, shows a wide reaching interest in the Fund from a range of sectors, including those that historically were not eligible to apply for Council's community funding (eg, businesses, especially newly registered businesses and social enterprises).

Project reports (submitted at project completion) will provide more information about how the community and/or economy benefited from the projects. This will include unexpected benefits or outcomes including those experienced by the applicant organisation themselves.

It is anticipated that information from this analysis will feed into Council's upcoming review of grants and funding with the potential to diversifying this funding into other areas, particularly social enterprises that have clear social outcomes of benefit to Napier.

Funding Awarded

Organisation name	Project name and description	Funding approved (GST excl)	Project focus area
Art Deco Trust Incorporated	Art Deco Festival website & e-commerce integration	\$12,720.00	Arts
Napier City Business Inc	Napier Alive video - online advertising	\$2,000.00	Business
Blackline Charitable Trust	HB Music Hub live and streamed music session	\$14,500.00	Arts
The Meke Meter Limited	Activate Napier-mobile fitness pod and online app	\$10,000.00	Social
Takaro Trails Cycle Tours Hawke's Bay	Hawke's Bay Cycle Trails Promotion	\$6,000.00	Sport/recreation
Parkers Beverage Company	BMX event at Bay Skate	\$12,000.00	Sport/recreation
Mojo Journeys	My Year of Living Mindfully - free movie premiere	\$4,650.00	Social
Littlestone	The Urban BBQ Festival	\$6,000.00	Entertainment
Napier City Business Inc.	Napier CBD Stars celebration	\$2,000.00	Business
SAC Ltd t/a Bay Indoor Sports	Napier indoor sports facility	\$20,000.00	Sport/recreation
Market Street	Outdoor plant beautification	\$5,700.00	Environment
Dress for Success Hawke's Bay	Establish Dress for Success Hawke's Bay	\$8,000.00	Social
Napier City Business Inc	Keep Napier CBD Alive - promotional video	\$7,500.00	Business

LIFT Social Enterprise	LIFT Business - Creating Jobs, Creating Futures for young people	\$80,000.00	Social
Napier City Business Inc	Buy Local Win Local promotion	\$3,000.00	Business
Hawke's Bay Readers and Writers Charitable Trust	Hawke's Bay Readers and Writers Festival - Napier events	\$4,000.00	Arts
The Icehouse	Post Covid 19 Business planning workshops for Napier businesses	\$20,000.00	Business
Napier Theatre Company	New theatre opportunity for the performing arts	\$40,000.00	Arts
APRA AMCO NZ Ltd	SongHubs Aotearoa/Te Mātau-a-Maui - performance artists creating and producing songs	\$9,999.00	Arts
BlokarHB Incorporated	Blokart Track Expansion	\$29,950.00	Sport/recreation
Jade Promotions	Business and community space at the Hawke's Bay Home and Garden and Better Home and Living Shows	\$5,000.00	Entertainment
Pacific Surf Lifesaving Club	Coffee shop at club rooms	\$10,000.00	Sport/recreation
Napier Citizens Advice Bureau	Part time volunteer coordinator to recruit and train volunteers	\$15,000.00	Social
Taradale Business Association	Visual library Visual library resource for promotions and events	\$3,000.00	Business
Age Concern Napier	Extend the 'Look out for your neighbour' promotional campaign	\$6,200.00	Social
Hohepa Services Ltd	Milk in glass bottle project	\$80,000.00	Social
Te Taiwhenua o Te Whanganui ā Orotu	Post COVID-19 Employment Hub	\$50,000.00	Social

NAPIER AQUATIC CENTRE

CONCEPT DESIGN

—
Revision 2.0

—
February 2019



Prepared for

898
NAPIER AQUATIC CENTRE
Document Revision Status

Revision 2.0

Document Control

Prepared by Architectural Graduate
Alexandra Smith

Reviewed by Project Architect
Alex Head

Approved by Principal
Peter Marshall, on behalf of
Warren and Mahoney
Architects Limited

Disclaimer

While we have endeavoured to summarise the Design process in this document and appendices, the report format cannot represent the broad range and depth of information captured on the Design Drawings, Specifications and Schedules. Approval of the specific issues contained in this report does not discharge the obligation of the client team to review the drawings and specifications in their entirety.

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INTRODUCTION

EXECUTIVE SUMMARY

This report describes the concept design for the Napier Aquatic Centre.

The design is based on the QEII Sport and Recreation facility in Christchurch. The design has been modified to respond to the following input and key drivers:

- Specific site and environmental conditions and constraints.
- Improve on the QEII design taking on board operator feedback.
- Napier Council design change requirements.

The design has been developed to respond as follows:

1. Orientation:

The facility is orientated to face the approach from Tamatea Drive and create a sheltered West facing outdoor play area.

2. Parking:

A simple and clear drop-off process is proposed along the south side of the facility. This provides drop-off for cars, buses and coaches.

2. Future flexibility:

The building has been located so that the pool hall or fitness centre and the associated plant room can be extended to the east.

3. Resilience

The building is located within the green /Managable risk of liquifaction zone as identified in Tonkin and Taylors Geotech report.

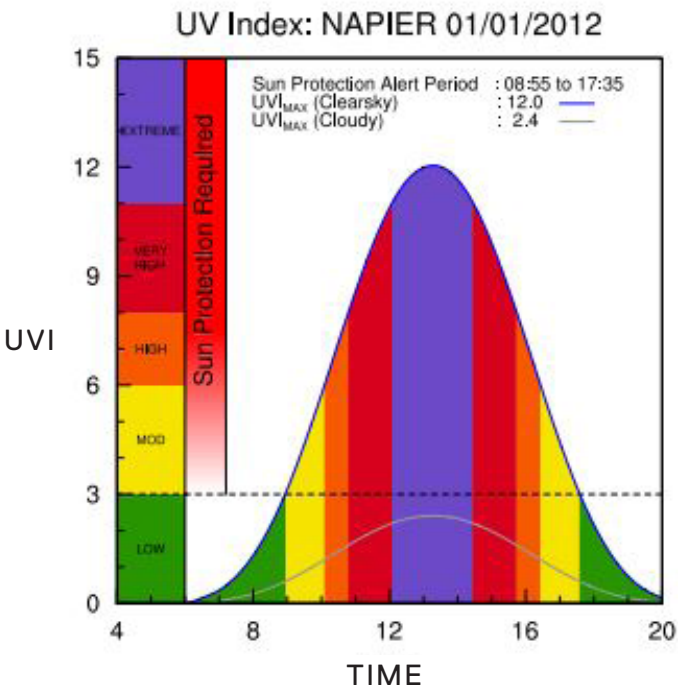
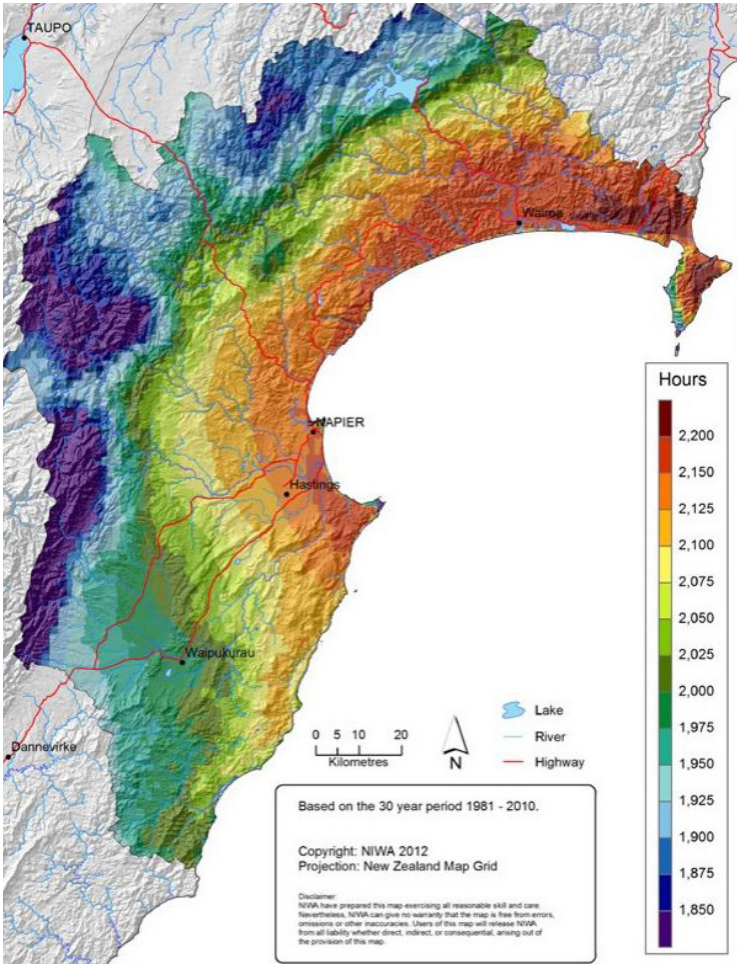
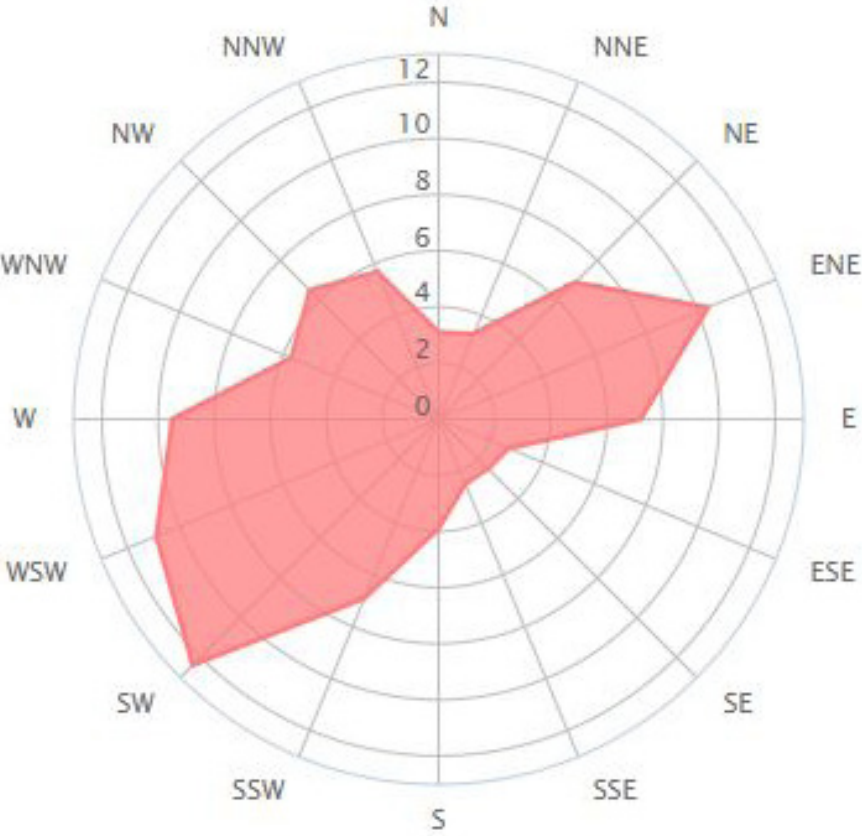
Next steps:

This report is a draft. The concept design will be developed with input from the Services, Structural, Geotech and Acoustic Engineers over the coming weeks. This may affect site setout and building form will adjust to reflect co-ordination between structure, services and architecture.

A topographical or boundary survey was unavailable during the preparation of this report. It is recommended that these are completed to verify the site boundaries and levels.

SITE ANALYSIS

ENVIRONMENTAL CONDITIONS



WIND ANALYSIS

The Hawke’s Bay region is less windy than many other coastal areas of New Zealand. The western ranges have a sheltering effect that often results in calm conditions or very light winds. Of the strong winds that have been recorded in Napier, 34% occurred in spring, 26% in winter, 23% in summer, and 17% in autumn.

The prevailing summer wind (Dec-Feb) is from the East / East Nor-east. This wind is also common in early autumn and late spring, along with Sou-West / West Sou-west and some lighter Nor-west winds too. The SW wind prevails May-September,

Any outdoor areas serving the pool will need to provide shelter from the NE winds as these are most likely to prevail when this area is in use. Protection from the SW will be secondary as this wind prevails in winter and in bad weather systems.

SUNSHINE HOURS

The extensive sheltering by the western high country makes much of Hawke’s Bay a very sunny region. Bright sunshine hours are highest at and near the coast.

Napier has one of New Zealand’s sunniest climates, with more than 2000 hours of sunshine recorded annually.

The pool will need to be designed to mitigate direct sunlight and glare for pool users, whilst also providing a pleasantly lit space and visibility.

An outdoor area of the pool is likely to be well used in summer months.

UV INDEX

The figure above shows an example of a UV forecast for Napier, and indicates the levels of UV and times of the day where sun protection is required.

As in other parts of New Zealand, Napier has an extremely high UV Index in Summer. It will be important that any outdoor play area is designed to provide shade options, particularly between 11am and 4pm in the summer months.

SITE ANALYSIS

LOCATION PLAN

Not To Scale



DESIGN RESPONSE

DESIGN PRINCIPLES

OPERATIONAL EFFICIENCY

→ A simple building arrangement allows separation of wet and dry components.

VISUAL ENGAGEMENT

- Hydrolslides provide visual landmark for the facility from the main road.
- Controlled glazing to the pool hall provides views to the park to the North West whilst controlling glare.
- Fitness areas and studios are placed on display, activating outdoor space and providing visual beacon from State Highway 2
- Visual connections provide passive surveillance of the shared green space and the car park and are a significant component of CPTED design for the facility

ACCESS

- Public access provided from Tamatea Drive
- Service access is to the South East of building

PARK / WATERPLAY / FAMILY SPACE

- A shared green / sporting space for the community to use
- Park like nature, with grassed areas, picnic spaces, swing ball

SHELTER AND ASPECT

- External spaces are orientated to be protected from the prevailing nor-easterly wind
- Afternoon sunshine is captured in west facing areas providing amenity for the cafe outdoor seating area and the shared green space

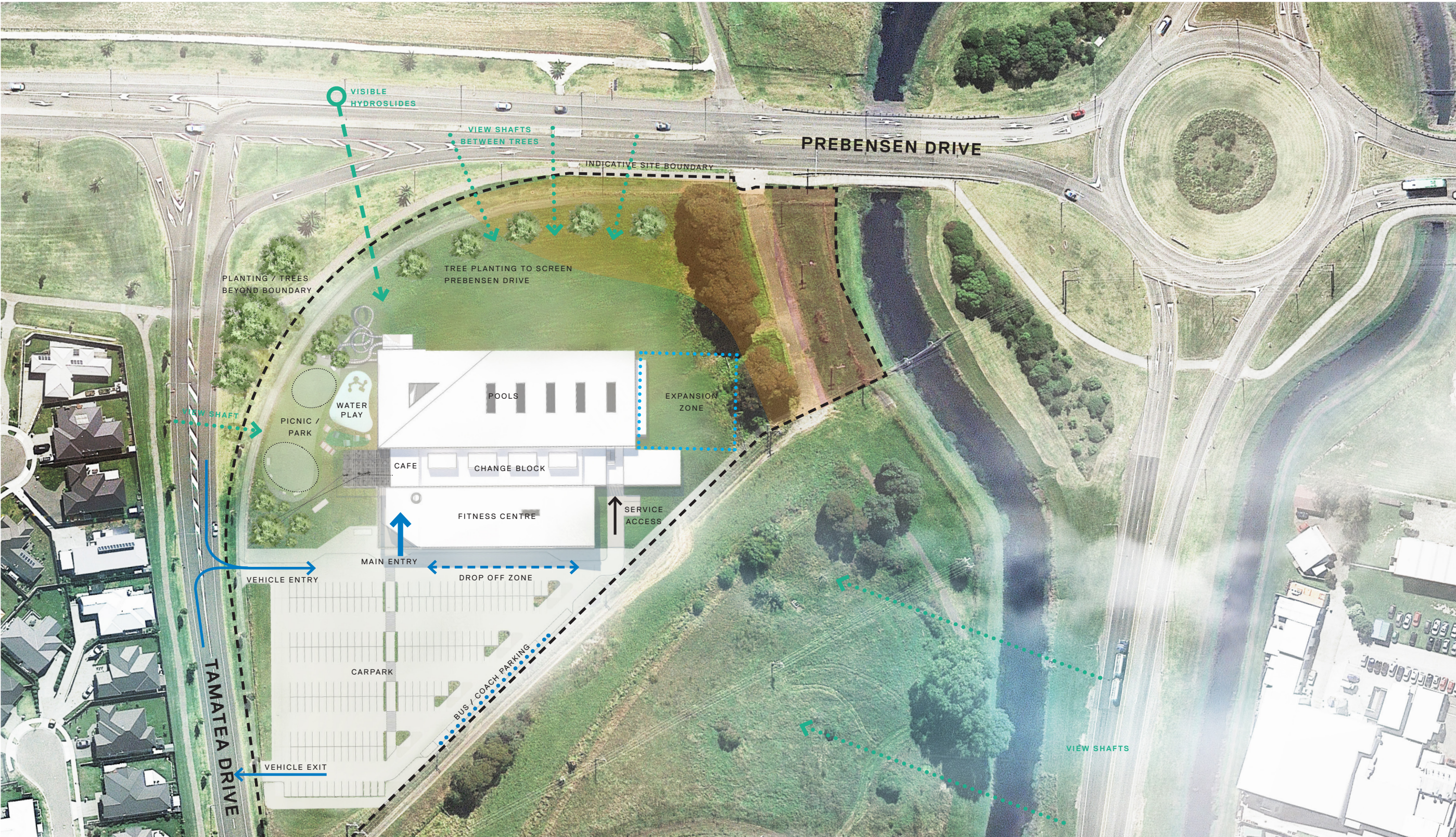
FUTURE EXPANSION

- Provision has been made to enable the construction of an additional pool to the east end of the pool hall in future.

DESIGN RESPONSE

SITE PLAN

Not To Scale



DESIGN RESPONSE

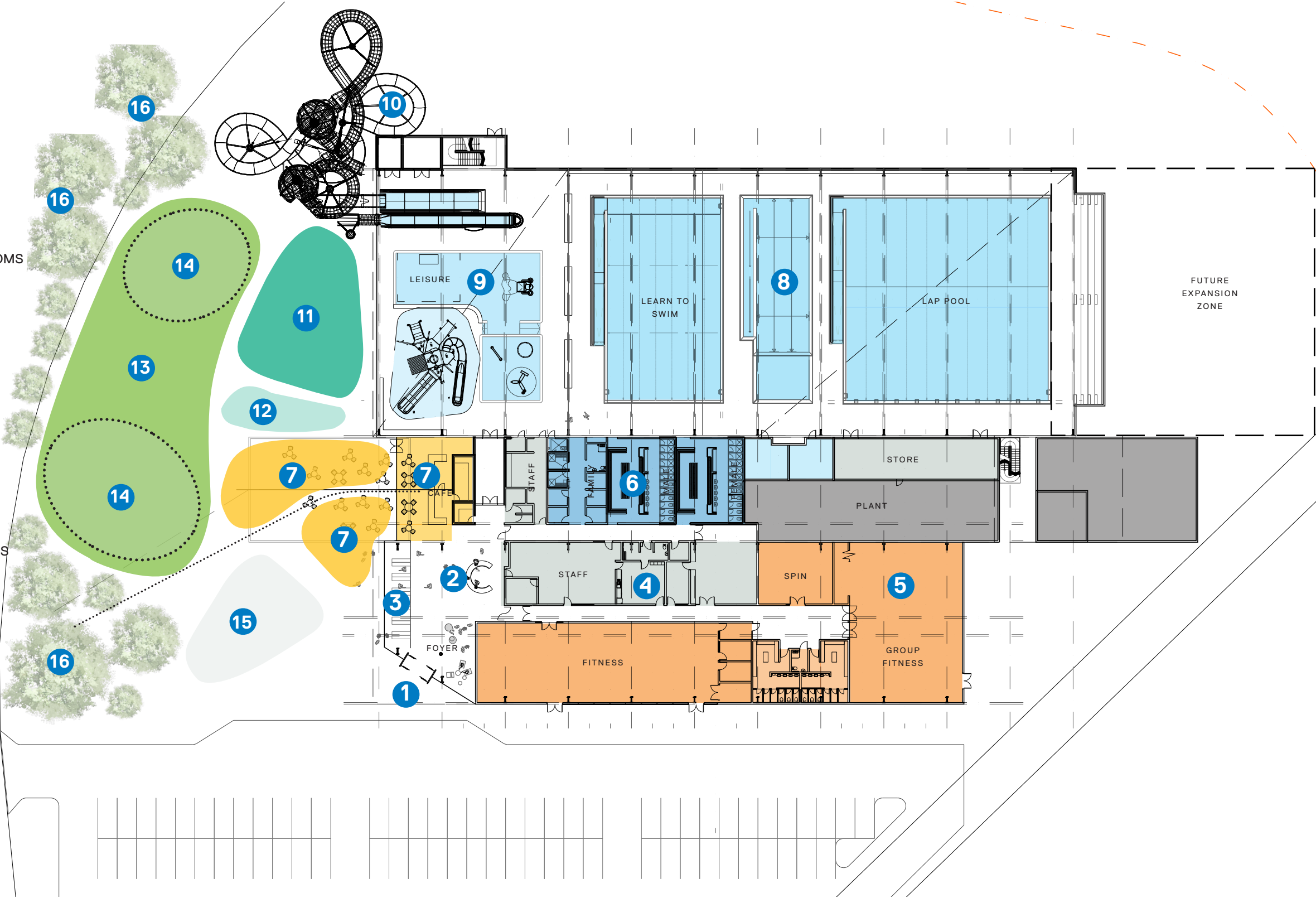
FLOOR PLAN

1:500 @ A3



LEGEND:

- 1 MAIN ENTRANCE
- 2 RECEPTION
- 3 RETAIL SPACE
- 4 STAFF AREAS AND MEETING ROOMS
- 5 FITNESS CENTRE
- 6 CHANGE FACILITIES
- 7 CAFE - WET AND DRY
- 8 MAIN POOL HALL
- 9 LEISURE POOL WITH ROCK CLIMBING AND BOMBING POOL
- 10 HYDROSLIDES
- 11 OUTDOOR WATER PLAY
- 12 CASUAL SEATING AND LOUNGERS
- 13 GRASSED PARK AREA
- 14 PICNIC AREAS / BBQS
- 15 INFORMAL RECREATION AREA. URBAN SEATING / BASKETBALL HOOPS, SKATE, BIKE LOCKS
- 16 PLANTING AROUND NORTH AND WESTERN EDGES OF OUTDOOR AREA TO SCREEN PREBENSEN & TAMATEA DRIVE



DESIGN RESPONSE

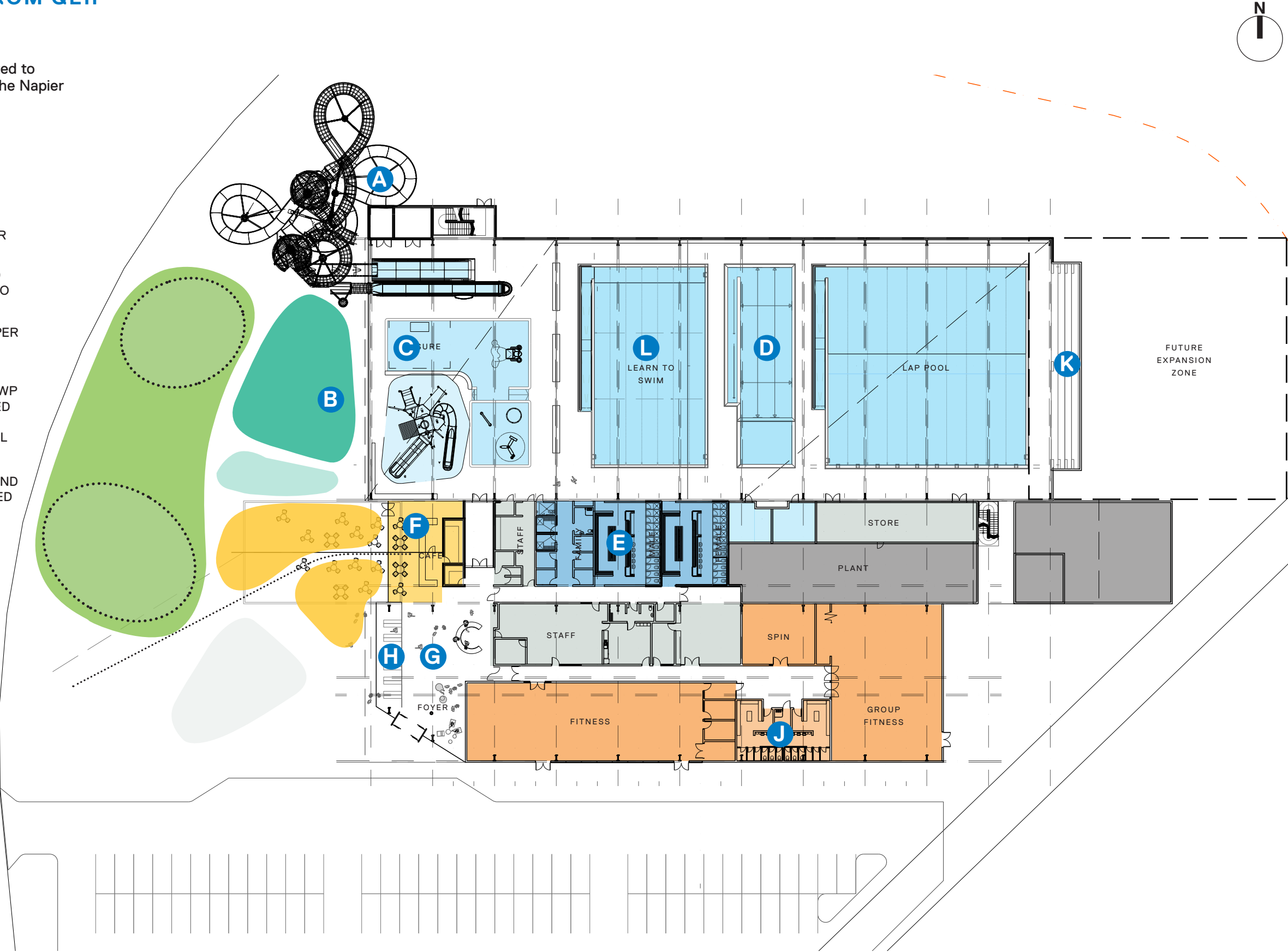
DESIGN CHANGES FROM QEII

1:500 @ A3

The following design changes and developments have been incorporated to respond to operator feedback and the Napier Aquatic Brief.

LEGEND:

- A** SECOND BODY SLIDE ADDED TO PROVIDE A TOTAL OF TWO WATER SLIDES
- B** OUTDOOR AREA INCORPORATED WITH IMPROVED CONNECTION TO INDOOR LEISURE POOLS
- C** LAZY RIVER REMOVED AND DEEPER BODY OF WATER INCLUDED FOR BOMBING / AQUA CLIMBING
- D** WARM WATER POOL SPACES (WWP / SPA / SAUNA / STEAM) LOCATED CLOSER TO CHANGE ROOMS TO ALLOW SPACE FOR FUTURE POOL EXPANSION
- E** CHANGING ROOMS ENLARGED AND WET / DRY SEPERATION ACHIEVED FOR BETTER OPERATIONAL OUTCOMES
- F** CAFE WET LOUNGE CREATED ACCESSED FROM POOLSIDE
- G** FOYER AND RECEPTION ADJUSTED TO RESPOND TO ENTRY FROM SOUTH.
- H** RETAIL AREA CREATED ADJACENT TO THE FOYER SPACE FOR IMPROVED FLOW
- J** DRY CHANGE ROOMS RE-PLANNED TO IMPROVE LAYOUT
- K** SPECTATOR SEATING AREA INCREASED TO PROVIDE SEATING CAPACITY FOR APPROXIMATELY 250
- L** ADDITIONAL TWO LANES ADDED TO LEARN TO SWIM POOL



DESIGN RESPONSE

OUTDOOR AREA: DRY SIDE ENTRY

The building entry faces the Tamatea Drive to the West and is immediately visible on approach creating a clear and legible entry sequence. This provides an opportunity to create an active civic address to the building which can be developed to provide a range of informal recreation opportunities.

The cafe location is designed to service the wet pool side and the dry side and will activate the main entrance by servicing a dry seating area adjacent to the foyer and an outdoor undercover seating area.

It is envisaged that the outdoor civic entry would be activated by integrating play, recreation and informal seating spaces into the landscape.

MAIN ENTRANCE



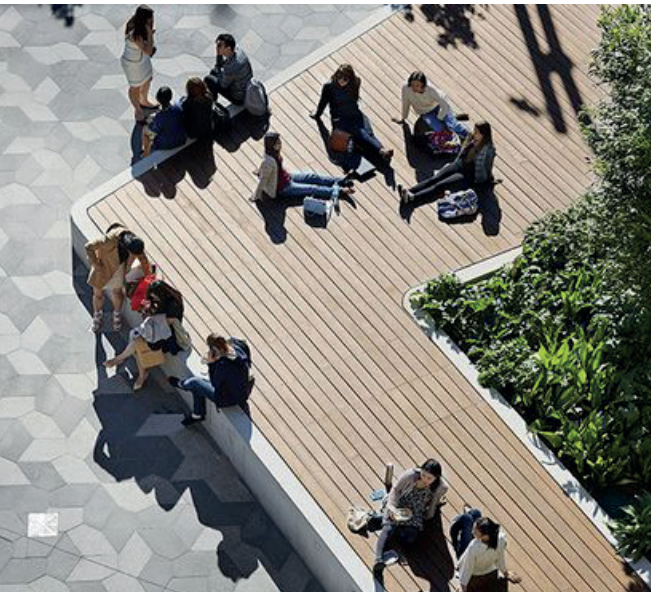
URBAN PLAY AREA



DRY SIDE CAFE



NATIVE PLANTING AND FENCING



SEATING PLATFORMS



DESIGN RESPONSE

OUTDOOR AREA: WET SIDE POOL RECREATION

The indoor leisure pool opens to the west to provide connection to an enclosed, fenced, outdoor play area. A range of outdoor water play and informal recreation spaces could be created to create a hub or outdoor social activity, including water jets, barbeque areas, grassed areas and undercover seating. The

outdoor area is west facing and sheltered from the prevailing summer North East wind. Landscape features and planting would be developed to provide visual separation from the residences to the west of Tamatea drive.

The cafe location is designed to service the wet pool side and outdoor undercover seating area to service this outdoor play zone.

WET SIDE CAFE



CASUAL SEATING



PICNIC AREAS



SUN SHADES

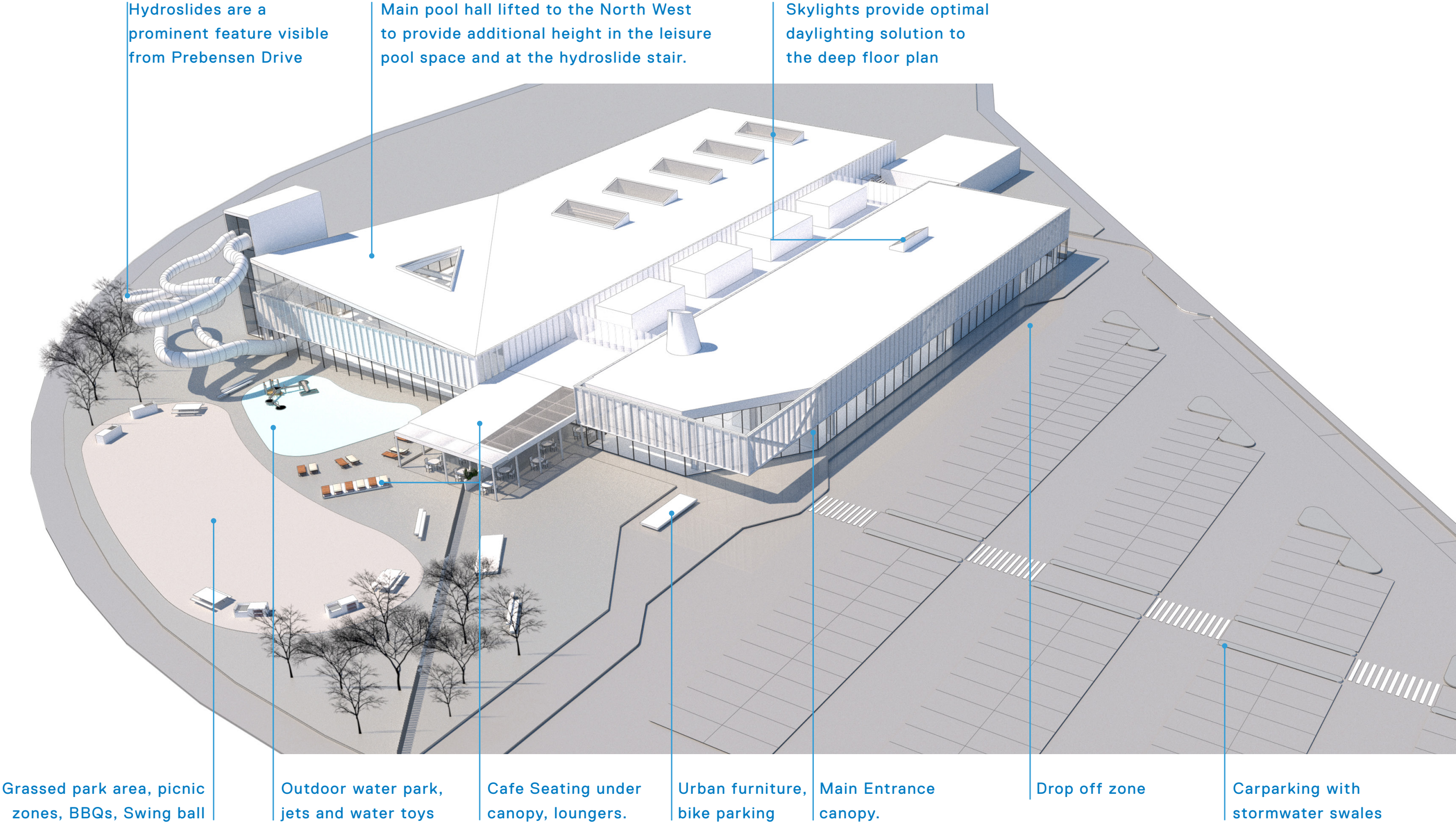


WATER PLAY



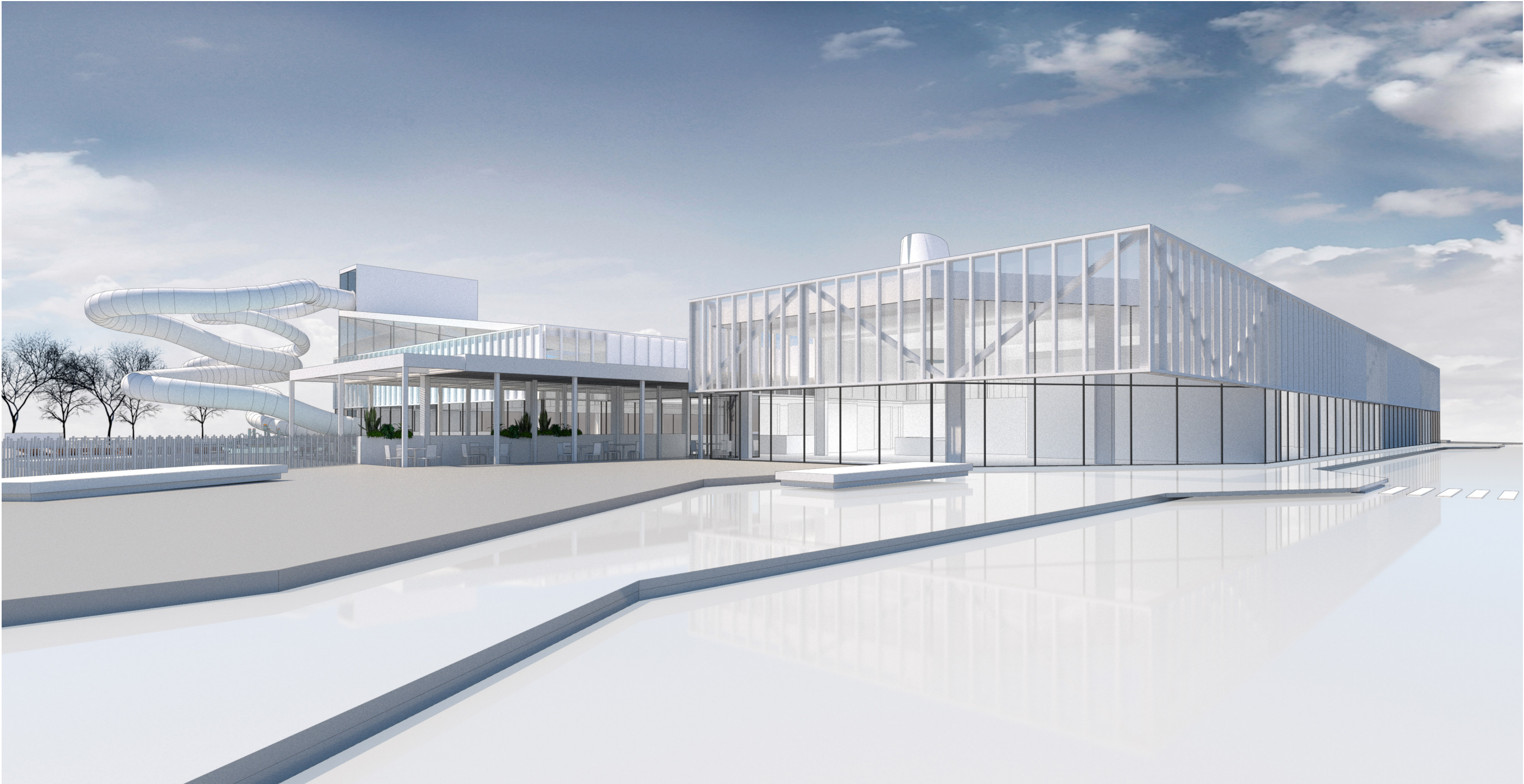
DESIGN RESPONSE

AERIAL VIEW



DESIGN RESPONSE

MAIN ENTRANCE



DESIGN RESPONSE

NORTH WEST - HYDROSLIDES



SOUTH WEST - FITNESS CENTRE

DESIGN RESPONSE

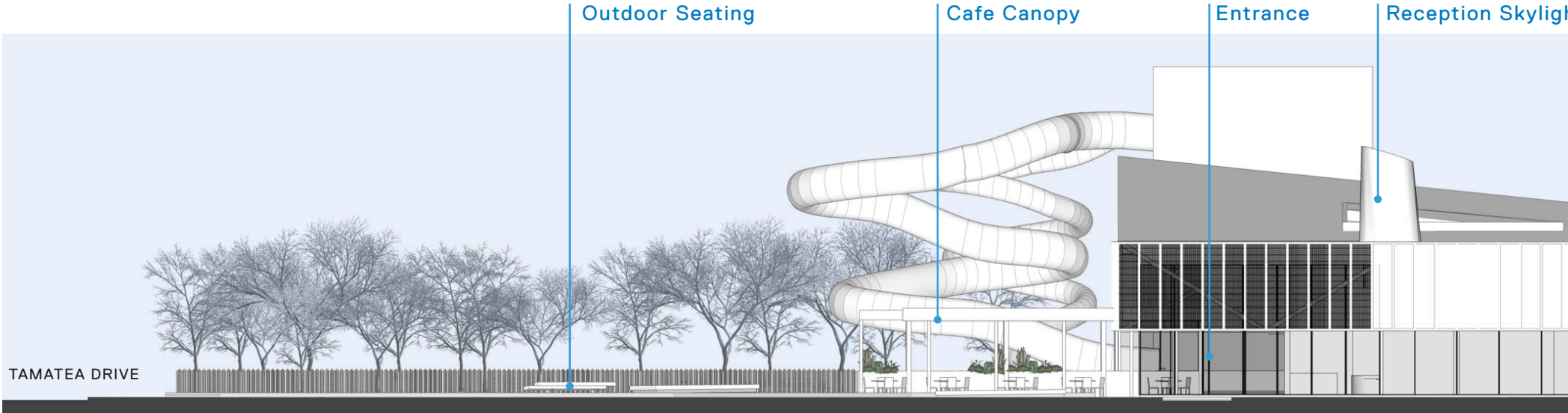
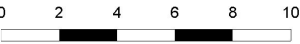
WEST - VIEW FROM TAMATEA DRIVE



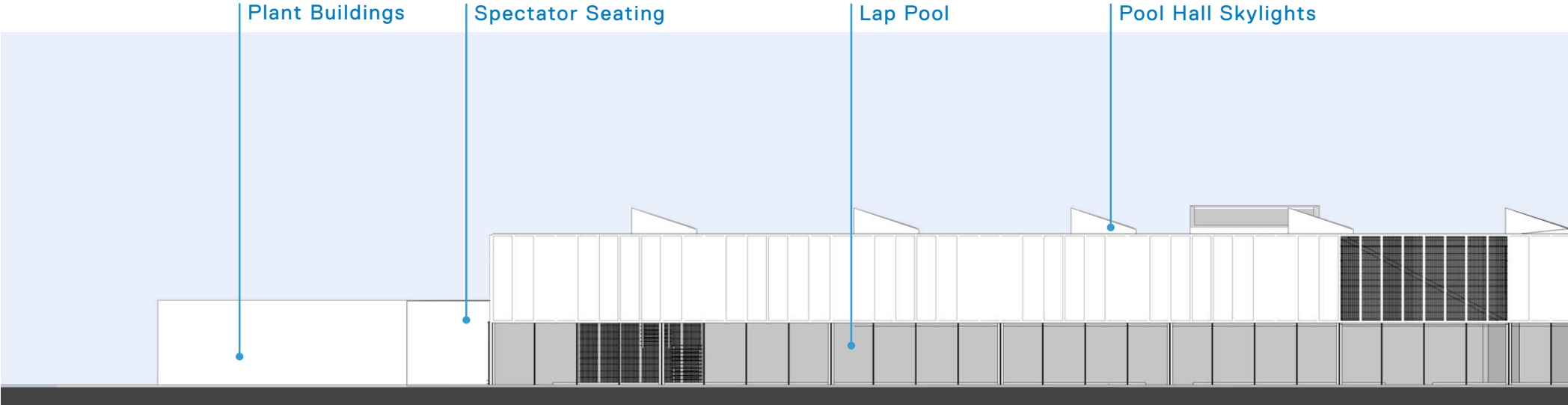
NORTH -VIEW FROM PREBENSEN DRIVE

ELEVATIONS

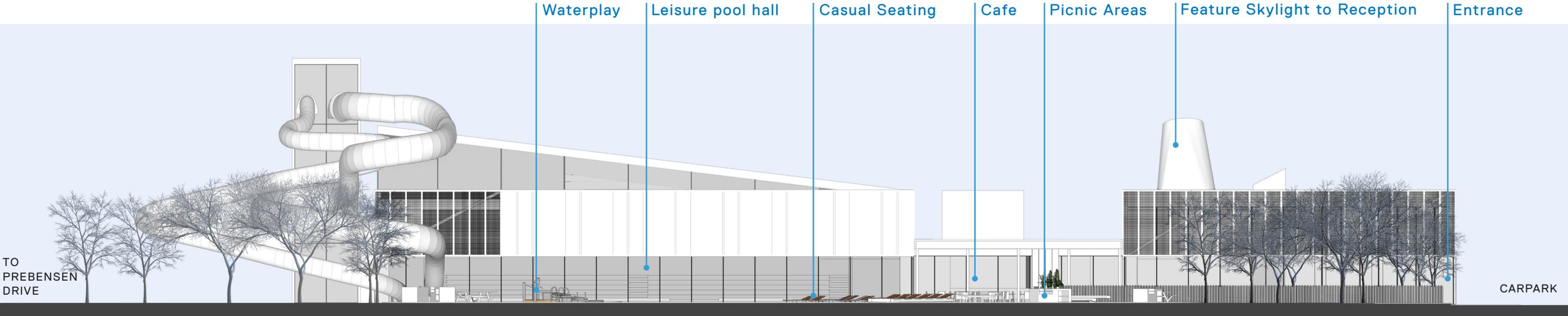
SCALE 1:250 @ A3



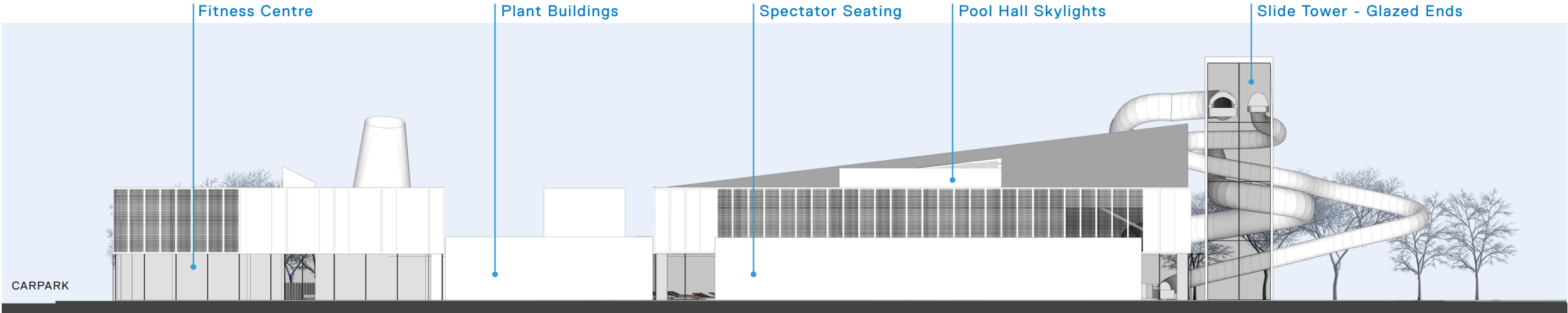
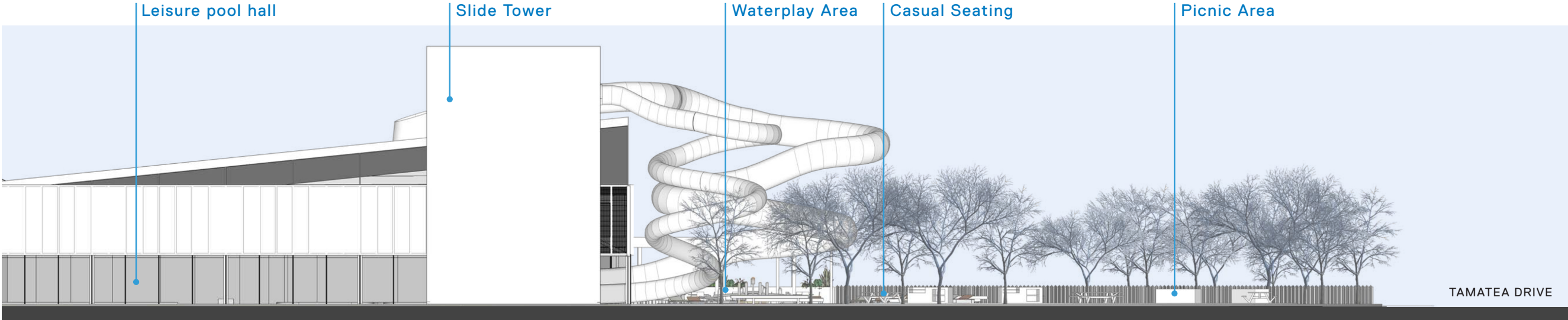
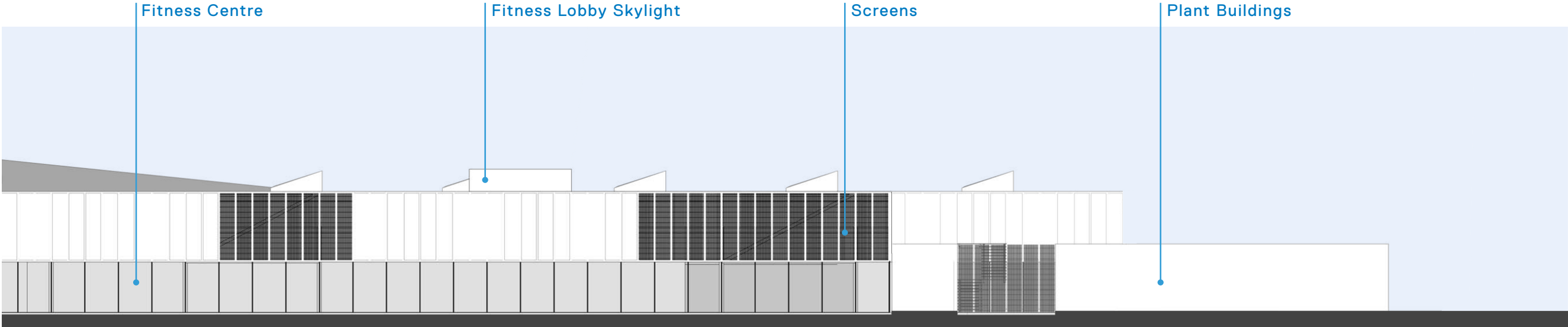
SOUTH



NORTH



WEST



EAST

AREA SCHEDULE

NAPIER AQUATIC CENTRE			
Concept Design 18th February 2019			
Item	Room	Napier Aquatic Areas as drawn (18th Feb 2019)	Notes
	Reception / Foyer / Wind lobby	167	
	Security / Data Room	15	
	Money Counting / Banking Room	inc above	
	Public Toilets	13	
	Retail	45	Dedicated retail area shown separate from foyer. QEII retail utilises the full area of the foyer which is undesirable
	Café, Kitchen and Dishwash/Waste Room	112	
	Front of House Components Subtotal	352	
	Birthday Party & Marshalling Room	30	
	L.T.S (Learn to Swim) Office	30	
	Wet Change Rooms	264	77m2 family change, 91m2 male, 91m2 female. (QEII change rooms were 70m2 male / female and 75m2 family)
	Pool Control Room	5	
	Cleaners Room	6	
	Sauna	25	
	Steam Room	25	
	L.T.S Store	inc below	
	Wet Pool Store	101	
	L.T.S Poolside WC	4	
	Waterslide Raft Storage / Stair	64	Raft store 20m2, Stair 30m2, Plant 14m2
	Wet side circulation	75	
	Other 'Wet' Pool Components Subtotal	629	
	Spectator seating	93	
	Pool Hall	2847	
	Fitness, Weights & Cardio Studio	303	
	Spin Room	73	
	Fitness Co-ordinators Office	9	
	Fitness Assessment Room 1	10	
	Fitness Assessment Room 2	10	
	Fitness Stores	11	
	Studio Store	17	
	Group Fitness Studio	275	
	Dry Waiting Area / Circulation	117	
	Dry Change Rooms	93	
	Fitness Centre Components Subtotal	918	
	Staff Room	35	
	Staff Offices	95	
	Staff Change	14	
	Large Multipurpose Meeting Room	75	
	Small Meeting Room	20	
	Dry Circulation	inc above	
	Admin / Dry Support Components Subtotal	239	
	Plantroom (Indoor)	228	
	Subtotal	5306	
	Total Measured GFA	5400	Excluded energy centre, chlorine gen room and associated service yard areas (external areas of the building)
	Other areas		
	Chlorine gen	36	
	External energy centre compound	208	

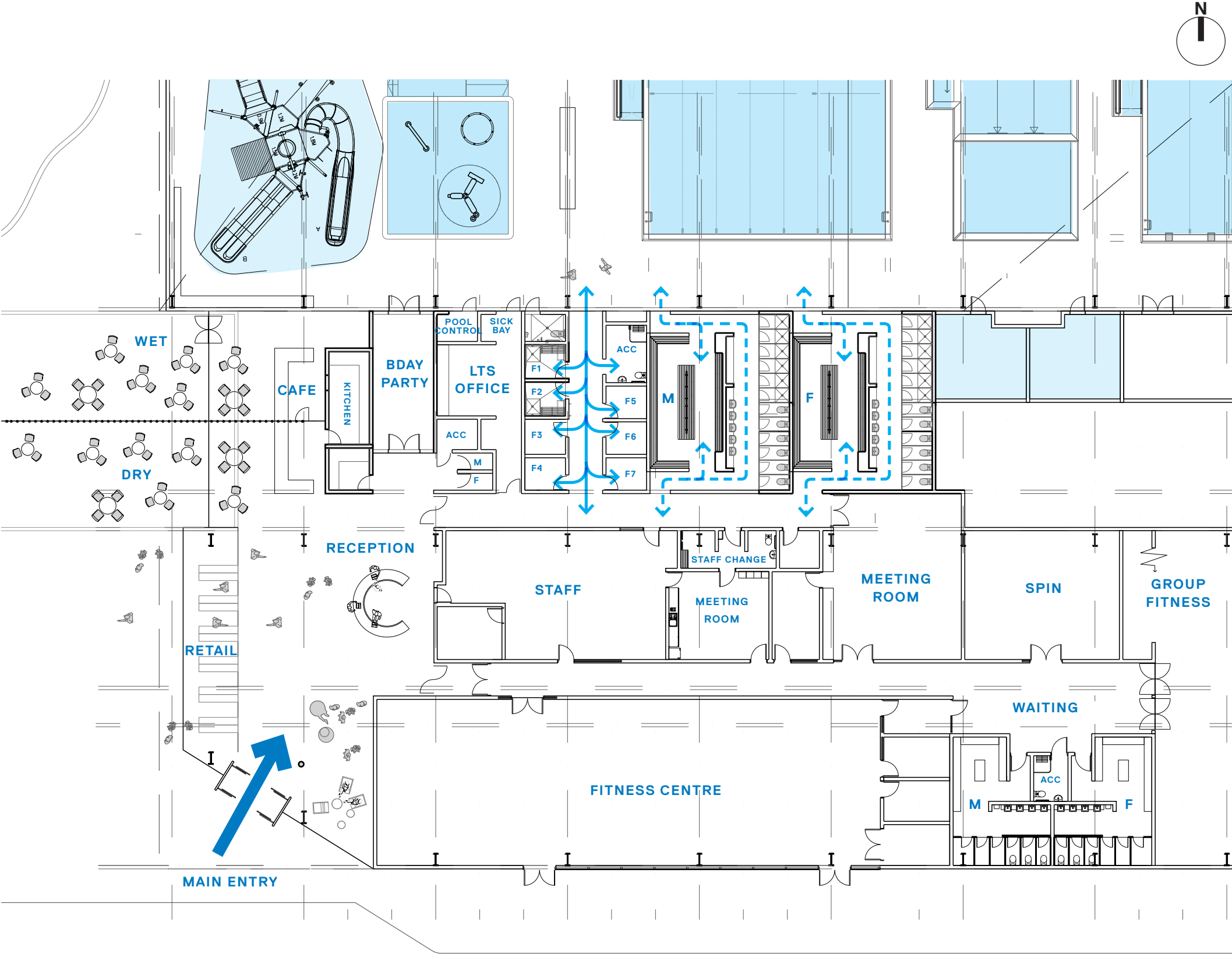
CHANGE FACILITIES

FLOOR PLAN

1:250 @ A3

The change room layout have been modified from the QEII change rooms to increase the area and provide a more typical wet / dry seperation.

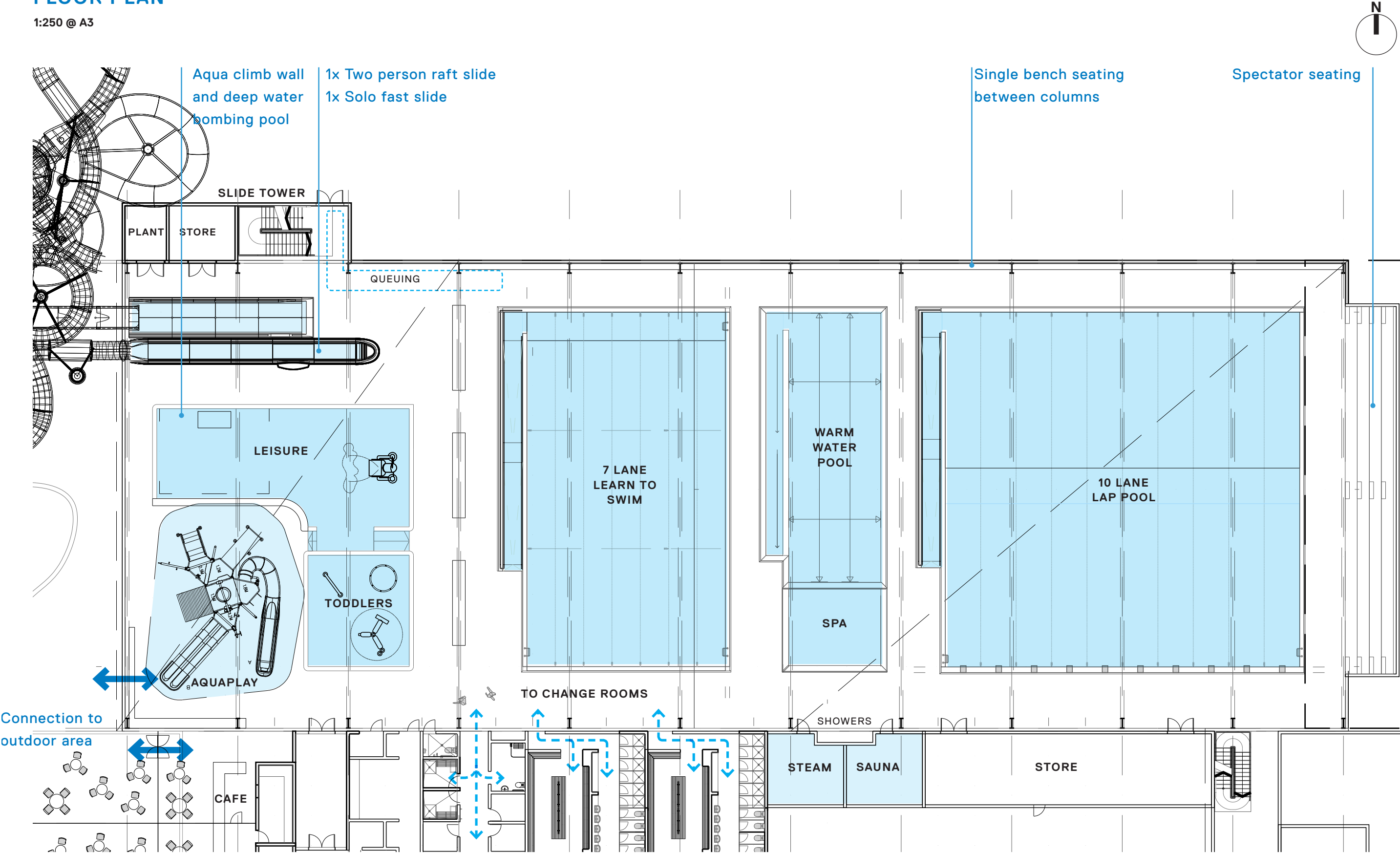
This linear model seperates patrons into seperate family, male and female change processes and is best from an operational, cleaning, perspective.



AQUATIC FACILITIES

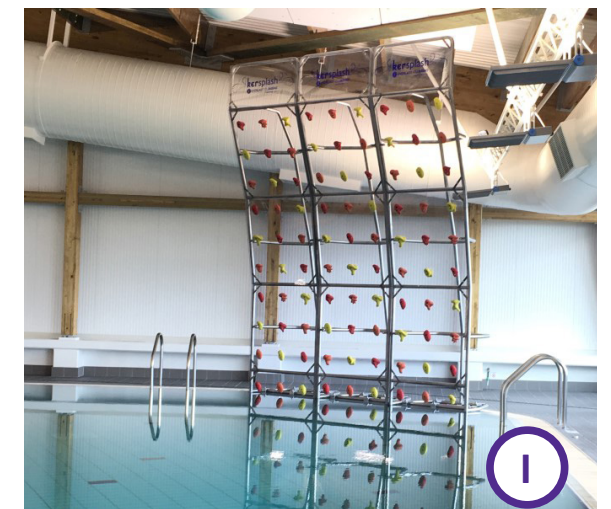
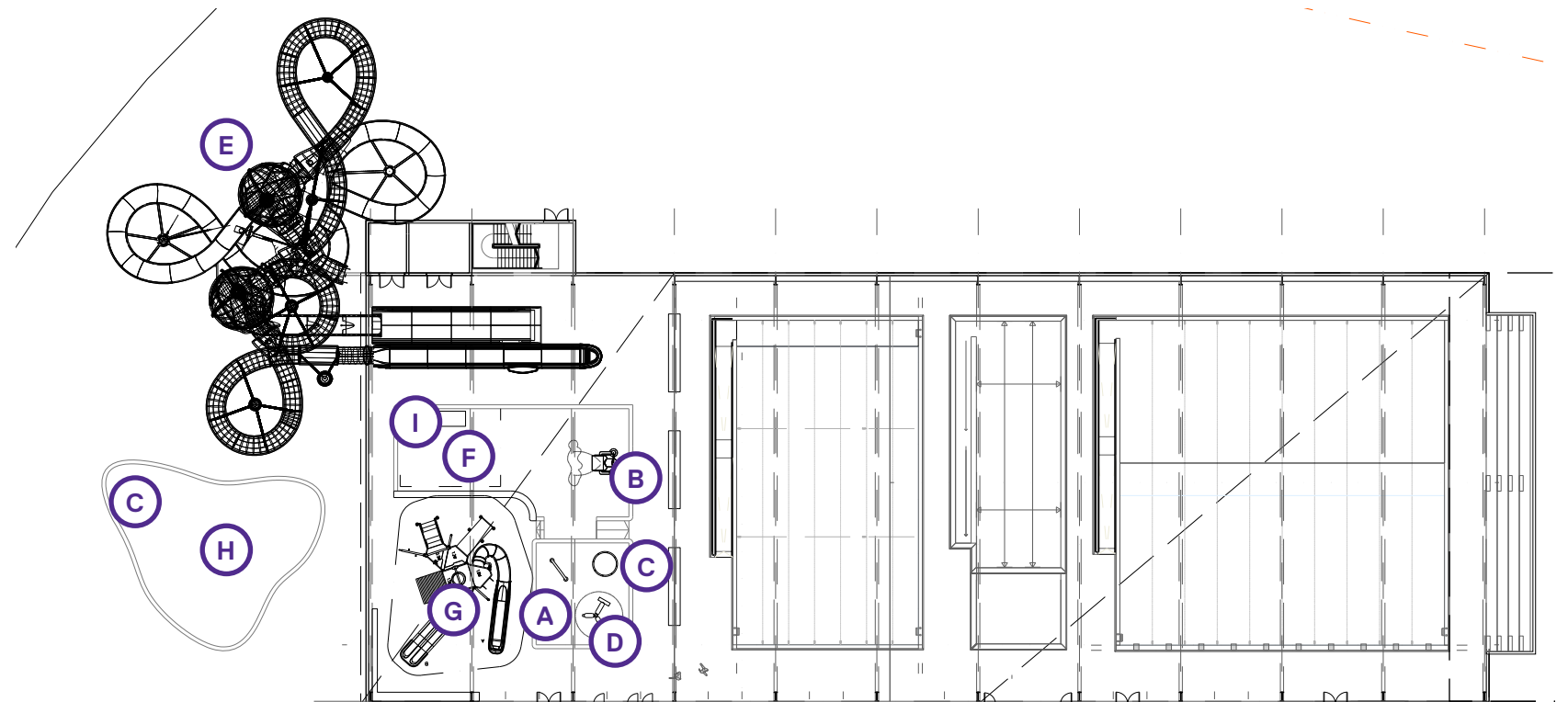
FLOOR PLAN

1:250 @ A3



EQUIPMENT LOCATIONS

A stylized illustration of a child jumping into a large, colorful, abstract shape that resembles a giant letter 'A'. The shape is composed of yellow and blue segments. The background is a light blue gradient with faint, larger letters 'A', 'B', and 'C' visible in the upper portion.



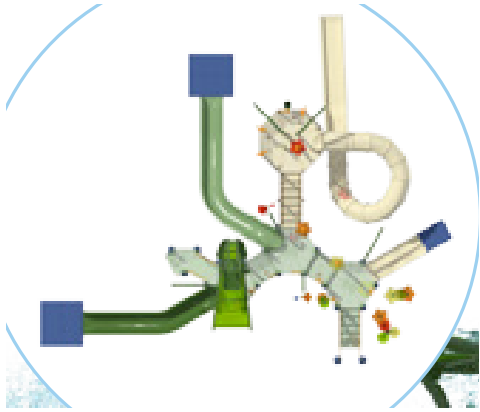

AQUATIC FACILITIES

AQUAPLAY OPTIONS

Vortex, Proslide and Whitewater all have a range of appropriate zero depth equipment and features. Some of these are indicated below. These should be developed by the Contractors as part of the Design / Build tender to ensure price tension is maintained and provide a range of offerings

300

	Approx. Pool Size		Approx. Unit Size (LxWxH)	
	feet	metres ¹	feet	metres
300	2460	229	40 x 33 x 15	12.1 x 9.9 x 4.6
300TB	2810	261	40 x 33 x 20	12.1 x 9.9 x 6.1



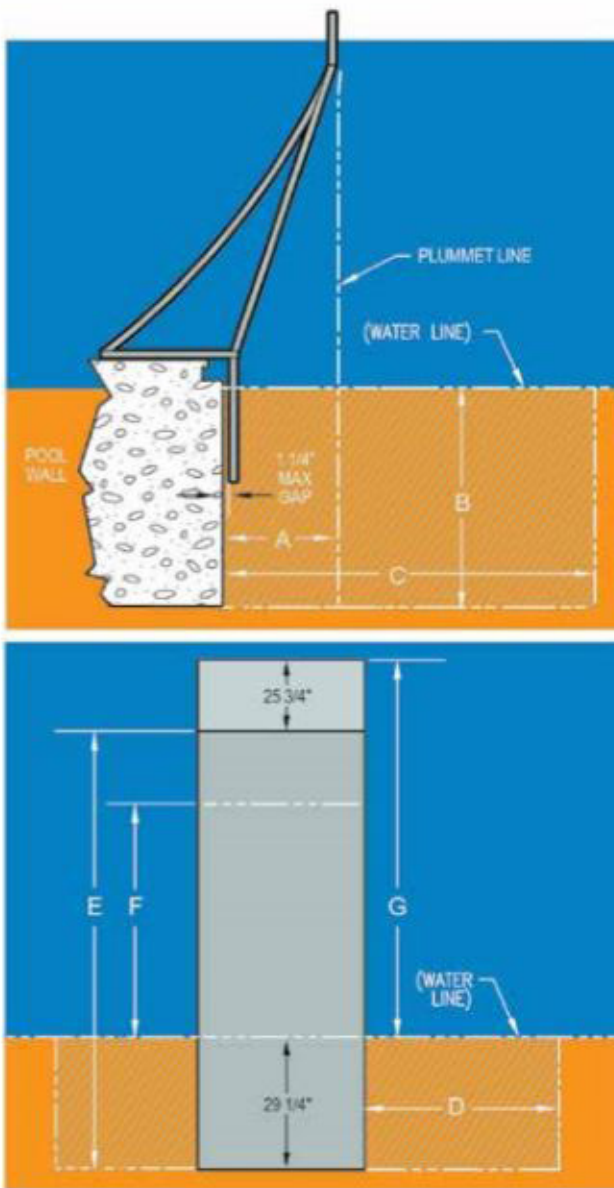
AQUATIC FACILITIES

AQUA CLIMB OPTIONS - DEPTH REQUIREMENTS

Standard Height Options	Distance of plummet line from pool wall	Minimum pool depth required	Obstruction free zone from pool wall out	Obstruction free zone either side of AquaClimb	Available climbing height	Height of last foothold above deck*	Total wall height above level pool deck
	A	B	C	D	E	F	G
2H	1'	4'	7'	5'	6' 7"	2' 1"	6' 3"
3H ALT	1' 9"	5'	9'	5'	8' 10"	4' 5"	9' 7"
3H	1' 9"	6'	9'	5'	9' 10"	5' 5"	9' 7"
4H ALT	2' 6"	7'	10'	5'	12' 1"	7' 8"	12' 10"
4H	2' 6"	8'	10'	5'	13' 1"	8' 8"	12' 10"
5H ALT	3' 3"	8'	12'	6'	15' 5"	11'	16' 1"
5H	3' 3"	9'	12'	6'	16' 5"	12'	16' 1"

* Distance from bottom of wall to uppermost climbing hold.
** Based on climber's feet positioned at least 2' below highest hand grip.
ALT or alternate configurations will have the top row of handholds plugged for non-climbing terrain to meet pool depth requirements.

IMPORTANT SAFETY NOTE:
AquaClimb safety distances and pool depths are based upon a climber entering the water **FEET FIRST**. The AquaClimb was designed for a feet first entry at all times and supervision must be present when the AquaClimb is in use. To ensure the maximum level of safety, **THERE MUST BE NO DIVING AT ANY TIME.**



AQUATIC FACILITIES

PROSLIDE HYDROSLIDES

HIGH TERROR
LOW TERROR



SLIDE	TORNADO 18	TWISTER	TWISTER	PIPELINE
Description	1-2 person Raft Slide. Patented funnel shape. ‘Slow and go’ technology.	Body Slide Back to back turns, 360 loops. Open or closed.	Body Slide Back to back turns, 360 loops. Open or closed.	1-2 person Tube Slide. Banked 180 and 360 turns. Open or Closed
Length	151.5m	43.3m	51.2m	119.5m
Height	12.8m	5.2m	5.0m	12.7m
Dispatch Rate	12 seconds	12-15 seconds	12-15 seconds	12 seconds
Flow rate (m3/hr)	680	228-341	228-341	570-680
Hourly Capacity	180-360	180	180	300-600

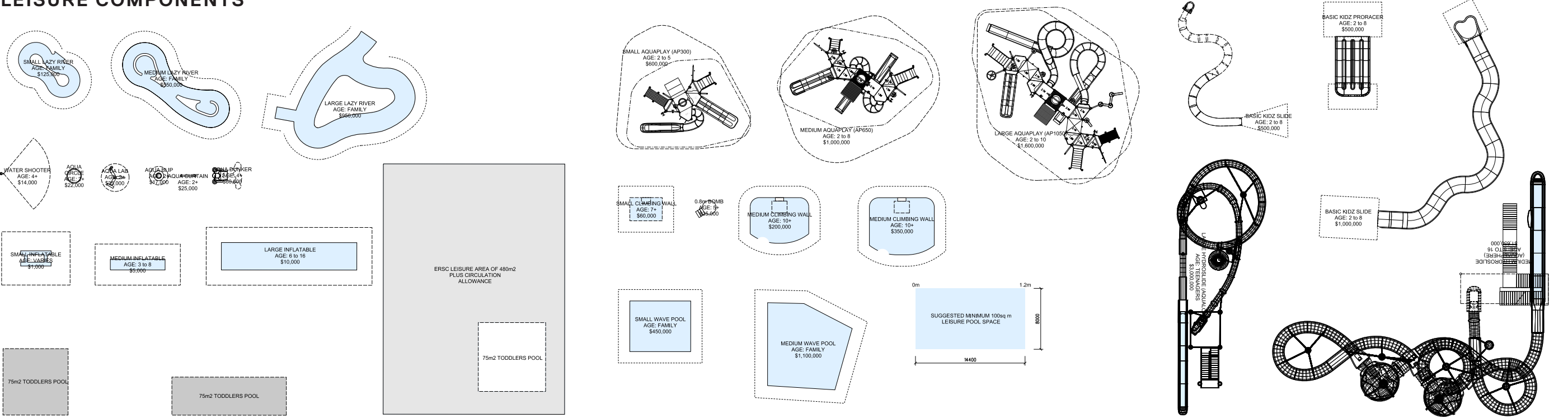


APPENDIX

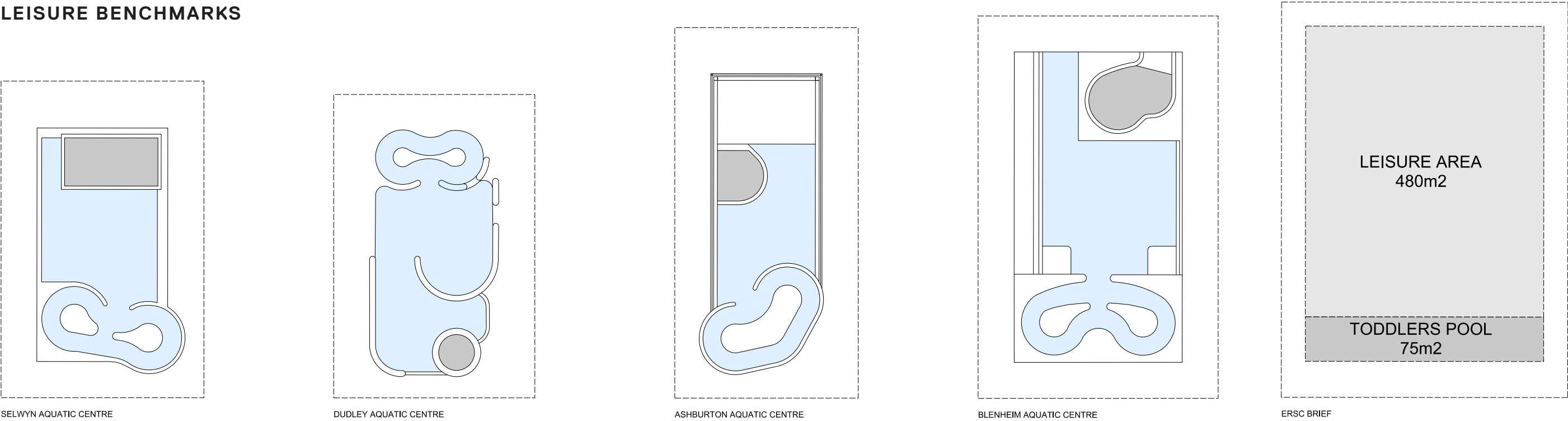
LEISURE WATER

LEISURE COMPONENTS AND BENCHMARKS

LEISURE COMPONENTS



LEISURE BENCHMARKS



REPORT



Onekawa Aquatic Centre Development

Geotechnical & Land Contamination Considerations

Prepared for

Napier City Council

Prepared by

Tonkin & Taylor Ltd

Date

February 2022

Job Number

1009171.v0.2



Exceptional thinking together

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Document Control

Title: Onekawa Aquatic Centre Development					
Date	Version	Description	Prepared by:	Reviewed by:	Authorised by:
28.1.22	0.1	Draft report for client review	J Yule	M Thomas	
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1 Introduction

Tonkin & Taylor Ltd (T+T) has been engaged by Napier City Council (NCC) to undertake an engineering risk review into geotechnical and contaminated land aspects of the proposed Onekawa aquatic centre development.

T+T undertook geotechnical investigations and prepared a series of technical reports including contaminated land¹ and geotechnical assessments² in 2021. Following which, T+T was subsequently asked to assist in confirming project risks and reviewing the expected scope of groundworks to support initial development costings. This report forms the basis of that assessment and is expected to support a project cost comparison (undertaken by others) between the Onekawa site and a previous scheme at Prebensen Drive. The Prebensen Drive site was part way through enabling earthworks before the project was put on hold, while NCC investigate possible uses for the Onekawa complex, which houses the existing aquatic centre and other sports complexes.

The scope of this work has been undertaken in accordance with our variation order³ dated 5 November 2021 and has included:

- 1 Review existing design schemes for the Prebensen Development and overlay these onto two options ("Options 1 and 3") at Onekawa, including a series of plans and cross sections;
- 2 Review the expected earthworks volumes and ground treatment associated with the ground conditions and contamination soils at the site;
- 3 Provide a summary of disposal options and landfill options to allow QS costings;
- 4 Review landfill gas requirements and confirm the extent and programme of an investigation;
- 5 Provide a summary risk register for both the Onekawa and Prebensen sites;
- 6 Summarise further works that are expected to be required as part of site masterplanning; and
- 7 Prepare this summary report and attend a workshop scheduled for February 2022.

2 Background

The Onekawa park site was formally part of a shallow intertidal lagoon in central Napier, and is now bounded by Madi Road, Flanders Ave and residential properties.

This land was uplifted during the 1931 Napier earthquake, and subsequently used for grazing land. During the 1930s to late 1950s the site was extensively earthworked and landfilling was undertaken, we understand much of it being municipal waste, placed in long trenches.

The site has been home to the Onekawa pool complex since 1964, which has been modified and upgraded since then, with infilling of some of the older pool structures. Technical studies by T+T and others have been used to define the extent of the filling, which does extend beyond the NCC Onekawa property parcel into the surrounding residential areas.

T+T undertook intrusive investigations across the site in 2020 and 2021, with these investigations generally confirming:

- NCC wishes to examine the feasibility of redeveloping the existing Onekawa aquatic facility to include a new 25 m pool, learn to swim area and full modern facility, similar in scale to the previously proposed Prebensen Drive site. The ground level at Onekawa is relatively flat at about RL 12m (Nap 1962 datum);

¹ Tonkin & Taylor Ltd, Onekawa Aquatic Centre-Contaminated Land Assessment v2, July 2021, T+T ref: 1009171

² Tonkin & Taylor Ltd, Onekawa Aquatic Centre-Geotechnical Assessment v3, July 2021, T+T ref: 1009171

³ Tonkin & Taylor Ltd, Onekawa Aquatic Centre- Geotechnical and Contaminated Land investigations, Variation V03, technical inputs into pricing exercise, 5 November 2021

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- Uncontrolled fill and landfill refuse were encountered over most of the site. The southern portion of the site had a much higher refuse content and the fill was thickest (over 3m deep) and the most variable;
- The remainder of the site was typically underlain by up to 2m of mixed cohesive uncontrolled fill, comprising a mixture of clay, silt, rootlets, glass, ceramic, bricks and metals and other demolition waste type materials;
- The ground conditions beneath the fill comprised a mixture of alluvial sediments, including a very soft compressible estuarine silt layer. This layer is expected to consolidate (settle) under loading and anecdotal evidence of settlement of landscaping bunds around the site was mentioned to T+T staff during our site walkovers;
- Contaminated land testing encountered localised areas of elevated heavy metal samples across both Options 1 and 3. However, asbestos was not encountered in any of the samples analysed. Some sample results were elevated above the Class A landfill exceedance criteria, however, further leachability sampling was recommended to confirm acceptance;
- Groundwater at the site was relatively high, ranging in depths from 1 to 3m, typically about 2m below ground level; and
- The two options known as “Option 1” and “Option 3” were identified as potentially being easier to develop, largely due to a more limited fill extent and requiring limited demolition. These two options are shown in Figure 1 below. For our most recent works the extents of these options have been slightly adjusted to suit site constraints.

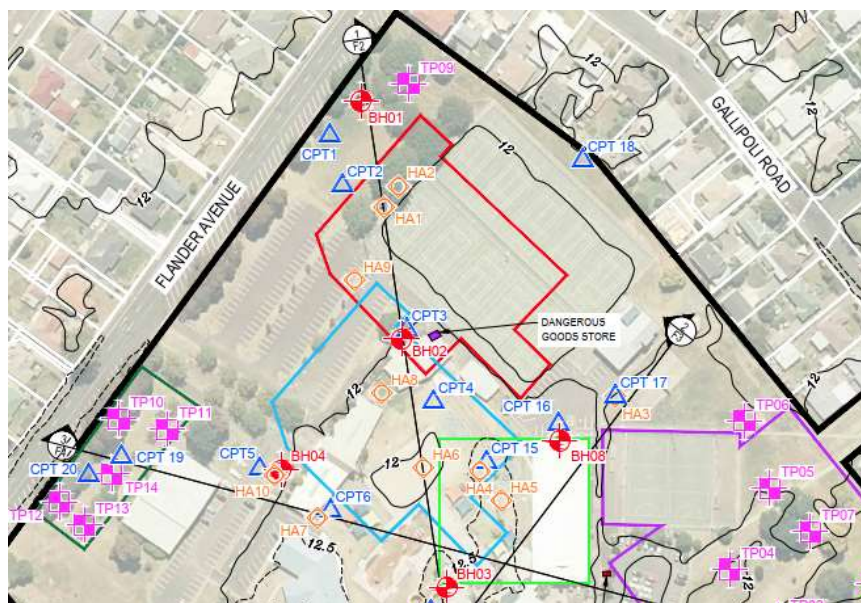


Figure 1-Site layout showing Options 1 (red) and 3 (blue) and approximate extents.

3 Design assumptions and information ‘gaps’

At the time of writing, an architectural assessment has not been completed for the Onekawa development. Accordingly, there is significant uncertainty about the proposed layout and final form for the development. The following sections outline assumptions that we have had to make or where further information will be required to confirm costs in more detail. This list is not exhaustive and specialist architectural advice and further masterplanning will be required.

3.1 Finished levels

The previous Prebensen drive development had a finished floor level of about 13.30m RL as per Warren and Mahoney drawings⁴ (about 1.3m above existing ground levels), we understand this was largely to facilitate development above the measured groundwater level, so that the pool base would sit elevated above the groundwater level.

At Onekawa, the ground level and groundwater levels are comparative (12m RL ground level and 1-2m deep groundwater profile). Accordingly, for the purposes of this assessment we have adopted a similar levels profile to Prebensen drive, with finished floor level 1.3m above the existing ground level, to provide sufficient freeboard above groundwater levels for ease of construction. NCC's GIS maps portal does not show the site mapped as a known flood hazard area. However, we strongly recommend this is reviewed at the next design stage. Raising ground levels will also require large wide batter slopes to tie into the surrounding sites, which may encroach on existing infrastructure, requiring additional retaining or transitioning. Placement of fill would also require consideration of consolidation settlement effects within underlying materials and flow on effects to the buildings and infrastructure.

Alternatively, the floor level could be reduced or kept closer to the current ground level. While this could simplify settlement effects, this may mean constructing closer to the groundwater level and may require pumping and tanking of foundation treatment to mitigate buoyancy pressures and deal with groundwater inflows.

Overall final building levels will likely be a trade-off between raising the site (and mitigating settlement due to filling) and lower ground levels (whilst dealing with groundwater and foundation preparation/treatment). Selection of building levels should be based on a whole of project assessment (i.e. incorporating architectural, infrastructural, planning aspects etc). We recommend this is workshopped further during later design stages.

3.2 Earthworks footprint

At Prebensen Drive, an earthworks batter of 5 to 10% was adopted. We expect this was to form relatively gentle grassed batters around the site, which could be used for recreational purposes. At Onekawa, such batters are likely to be difficult to implement, due to the presence of neighbouring properties and a sewer rising main (in the case of Option 1) and existing buildings and the existing aquatic centre (in the Case of Option 2).

We have proposed a 1V:10H slope around the perimeter of the development, if a FFL of 13.3m is adopted. This may require localised landscaping walls and transitions to manage the change in grade around the perimeter of the development. This also means that the development footprint will encroach on existing buildings that are proposed to be kept operational and the access to the neighbouring Omni gym will be impacted in the case of Option 3.

Accordingly, further work would be required to confirm transitional areas and changes in grade around the site once design levels are more advanced.

Overall, both earthworks footprints are expected to be between about 11,000 and 12,000m².

3.3 Extent of impervious areas and stormwater requirements

The site is split into two catchments, with the northwestern side collected and discharged along Flanders Ave, which is then discharged to the Cross Country Drain at Taradale Rd. The southeastern

⁴ Warren and Mahoney, Concept Design Report, May 2019, Rev 2.1

catchment is collected and conveyed to the Cross Country Drain by a separate pipe outfall running southwest of the development.

Whilst the site is not mapped within the 50 year flood plain as per NCC GIS maps, there is significant downstream flooding about 500m downstream of the site. We strongly recommend that Hawkes Bay Regional Council (HBRC) is engaged during masterplanning works to confirm any flood hazard information at the site and determine a strategy for overall stormwater management at this site. It is likely that stormwater detention will be required to attenuate peak stormwater flows (as was the case at Prebensen Drive).

Development of the site will also increase impervious areas within the catchment, from roof catchment, additional car parking and hardstand areas. For the case of Option 1, this is particularly relevant as the courts will be relocated and further areas within the eastern catchment will be converted to impervious areas, further increasing impervious extents. Stormwater management, treatment requirement and attenuation measures will need to be confirmed during masterplanning phase so that appropriate areas are identified in the site footprint to meet these storage requirements. It is highly likely that a detention pond (or series of ponds) will be required, similar to the Prebensen Scheme.

Our concept sketch plans provided with this report show the same footprint as the Prebensen pond layout as an example of how this could be integrated into the design. However, this will need to be sized appropriately during the design stage.

3.4 Service relocation/bridging

Figure 2 below shows the NCC council services at the site, including trunk sewer mains, sewer rising mains and water/stormwater network across the site. A full site topographical survey is yet to be completed. However, a number of services are likely to require relocation. We suggest this is reviewed in more detail during masterplanning. A sewer pump station is also present on the northeastern edge of the site, which is a constraint to development in this area of the site. Appropriate setbacks from the pump station and ensuring ongoing maintenance access will need to be incorporated into the Onekawa design.



Figure 2-NCC GIS site services plan, Onekawa complex

4 Earthworks extents/site preparation

This section outlines the expected ground works associated with contaminated soil removal, site preparation and earthworks.

These volumes are estimated from cross section and plan sketches only and summarised in Table 4.1 below. A 3-D earthworks model has not been prepared. As part of this assessment, we have made the following assumptions:

- All uncontrolled fill under the footprint will be removed down to clean natural soils;
- Contaminated soil testing undertaken to date within the footprint of Options 1 and 3 is highly variable, with some areas identified as being relatively clean, whilst others exceeding landfill acceptance criteria (which will require leachability testing prior to acceptance). We have assumed that all materials removed from the site will need to be disposed of to a Class A landfill (i.e. Omarunui Landfill). However, leachability testing will need to be carried out to confirm acceptance to Omarunui.
- We consider that disposal on site (in landscaping disposal mounds/bunds) of some of the lower-level contaminated material may be possible. This would be subject to further grid-based sampling, to confirm viability and design/sourcing of suitable capping materials. However, provisional estimates have been provided below. Given the profile of the site and the surrounding residential land use, this may be difficult to implement.
- A landfill gas membrane would potentially be required around the perimeter wall of the excavation to prevent horizontal migration of landfill gases into the site. This follows the identification of possible landfill gas in a test pit on the southern end of the site. A full landfill gas assessment should be undertaken to confirm this requirement.
- To fill the resultant excavation, local 'straight haul' gravel or other suitable fill will be required to level the site following contamination removal.
- The site will be filled to a provisional finished level of 13.3m RL, which will require importation of additional fill on site, presumably again straight haul gravel, similar to what has been completed at Prebensen Drive. Clay fill could be imported if a suitable source is identified, although, this would be more sensitive to changes in moisture during the Autumn or spring earthworks shoulder seasons.

Table 4.1: Onekawa Earthworks and site preparation summary

Item	Option 1	Option 3
Approximate Earthworks extent	11,400m ²	11,800m ²
Excavation and undercutting of contaminated fill	14,130m ³ (pool area) 3,000m ³ (levelling of proposed courts relocation)	14,500m ³
Potential contaminated soil disposal storage on site (TBC-subject to further sampling)	5,000m ³ retained on site in disposal areas 1 and 2	8,000m ³ retained on site in disposal areas 1, 2 and 3
Disposal off site assumed to Omarunui Landfill (TBC-subject to further sampling and acceptance)	9,130m ³	6,500m ³
Fill import to replace contaminated soils	14,130m ³	14,500m ³
Fill import to raise finished floor level if required (including batters, excluding expected pool volume)	11,800m ³	13,200m ³
Demolition requirements	Demolition and clearance of Netball HB building and two small single level buildings. Removal of existing court hardstand, fencing and	Demolition of 4 building around the complex. Removal of the former diving pool (3m) deep and concrete surround
Retaining requirements	Low height walls, 112m total length, assumed to be block walls or similar	Low height walls, 70m total length, assumed to be block walls or similar
Utility relocation	Water main to be relocated, impacts of scheme on sewer rising main to be checked following survey.	Multiple stormwater and sewer lines to be diverted or disestablished.
Specialist requirements	Landfill gas membrane constructed on the southwestern side of the platform at base and sidewall of filling (110m long).	Landfill gas membrane constructed under perimeter of the building footprint under each sidewall of filling (approx. 400m).
Constraints	Construction encroaching toward neighbouring residential sites on northeastern boundary. Building set back and restrictions to be confirmed by Architect. Set back from sewer booster station required.	Access to Omni Gym restricted, building will limit access and amenity to the existing aquatic centre complex during construction. Loss of splash pad and recreational area amenity during construction.
Opportunities	Option 1 requires a smaller scale of demolition and site works are relatively confined to one area of the site. This will make the existing centre more functional during construction. Investigate further areas to retain contaminated soils on site where possible (under court areas for example).	Option 3 could potentially be revised to include the existing building or completely remove this to limit the footprint clashing with other structures on site.

Additional work is also potentially required for ground improvement, as has been identified in the T+T Geotechnical report. This is likely to require geotechnical/structural coordination to confirm a suitable foundation solution. For planning and budgeting purposes we suggest that an allowance for ground improvement solution (Stone Columns of Rammed Aggregate Piers [RAPs]) is included in the initial budget. By lifting the platform up, out of the ground, the scope of the ground improvements may be able to be reduced by reinforcing the fill with geogrid or preloading/surcharging with additional filling and monitoring. Again, this can be reviewed with the design team once levels and a structural form are known.

Based on a 100m by 80m platform, with ground improvement columns extending to 14m, this is expected to include approximately 2,420 RAP 600mm dia columns (or similar equivalent) with a total lineal metreage of 33,880m.

5 Programme

A comparative programme has been developed between future works at the Onekawa site and the Prebsensen Drive location, which is approximately 80% through the enabling works phase before the works were mothballed.

The Onekawa project is in its infancy and provides a much more challenging consenting/development programme. Accordingly, the programme for the Onekawa design and consenting is likely to be relatively long and subject to increased escalation costs of the project lifecycle.

Table 5.1 and Table 5.2 below provide an estimated comparison between the two sites and the key milestones that could be expected to be required during the timeframe.

Table 5.1: Programme Comparison-Onekawa Site (assumes no enabling works)

No	Task	Timeframe	Typical cumulative programme	Comments/deliverables
1	Masterplanning/Topographical Survey	3 months	3 months	Masterplanning report, survey report, asset condition survey
2	Landfill Gas Assessment, further contamination and geotechnical testing	12 months - landfill gas 3 months geo/contam	12 months	Landfill gas assessment to be undertaken in parallel with masterplanning and completed at end Preliminary Design
3	Masterplanning Stormwater support/civil infrastructure assessment	3 months	12 months	To be undertaken in conjunction with masterplan.
4	Preliminary Design, following Masterplanning, technical studies, traffic, civil, architecture. Initial public consultation	6-9 months	12 months	Technical packages for Resource Consent
5	Resource Consent Processing, public consultation, feedback and Selection 92 requests (if applicable)	6 months	18 months	Technical documentation, community engagement, hui etc
6	Design-Build specimen design package for tender	3 months	21 months	Specimen design and principals' requirements summary.

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No	Task	Timeframe	Typical cumulative programme	Comments/deliverables
7	Design-Build-Tender process and review	2 months	23 months	Tender evaluation.
8	Detailed design/BC submission	6 months	29 months	Detailed Design package
9	Construction of enabling works to commence	1 month	30 months	Physical works commence (construction duration unknown).

Table 5.2: Programme Comparison-Prebensen Site (assuming completing enabling works)

No	Task	Timeframe	Cumulative programme	Comments
1	Restart enabling works	0.5 months	0.5 months	Engagement with HBRC/NCC regulatory/compliance team required.
2	Complete enabling works, fill settlement monitoring, handover and sign off	4 months	4.5 months	Geotechnical completion report. Any other post construction consent conditions to be addressed.
3	Tender process and review (in parallel with enabling works)	3 months	4.5 months	Tender evaluation and negotiation period.
4	Resource Consent Processing (for the Building), public consultation, feedback and Selection 92 requests (if applicable)	3 months	7.5 months	Technical documentation, community engagement, hui etc
5	Detailed design/BC submission	6 months	13.5 months	Design Build team to prepare.
6	Construction Commence-start up	1 month	14.5 months	Construction of structural/physical works to commence.

6 Project Risk Summary

Project risk registers have been created for the Onekawa and Prebensen sites. These outline the critical ground related project risks, any existing controls and potential controls to mitigate or reduce the risk impact. These documents should be updated as the progress progresses, and the risk levels adjusted to match any developments.

As expected, the Onekawa site includes a number of high-risk items, which is typical of brownfields/contaminated site developments. Further technical studies may be required to evaluate these risks in more detail. The risk profile for the groundworks at Prebensen is more limited, largely due to the fact that much of the enabling works have been completed. Table 6.1 below summarises the key design risks and potential effects on remedial works costs. These are largely applicable for both Options 1 and 3 at Onekawa.

Table 6.1: Onekawa Risk Summary

Key Design Issue	Impact	Relative Cost/Risk Effect
Floor level unconfirmed	Uncertainty around cut/fill levels and ground level relative to base of existing fill.	Large uncertainty around fill volumes and impacts on building foundation requirements. Higher floor level will induce settlement, requiring mitigation. Lower floor level will bring base of pool closer towards soft silt layer/groundwater, potentially requiring dewatering and tanking.
Landfill gas	Uncertainty if landfill gas membrane required. No landfill gas study undertaken.	Conservative pricing required to include landfill gas membrane or perimeter of Option 3 and southern edge of Option 1.
Uncontrolled/Contaminated fill	Extent of fill removal unclear and disposal on or off site.	Disposal of material off site will incur significant expense. Uncertainty if material can remain on site in landscaping mounds/bunds. This will require further sampling and review. Consider conservative removal volumes. Disposal rates available from local landfill (Omarunui).
Demolition	Additional works required for removal of structures, removal of carparking areas and any external structures (lighting etc).	The extent of removal of hard surfaces is uncertain. QS to price for a conservative site clearance demolition range.
Foundation Design/Ground improvement	Ground conditions are anticipated to be highly variable. Either preloading or ground improvement expected to be required to mitigate compressible soils.	Assume a conservative ground improvement (RAP or similar) spacing over the whole building footprint and contractor to provide rates.
Liquefaction/Seismic Resilience	Ground improvement may be required to meet structural design tolerances	Ground improvement to mitigate liquefaction is likely to be extensive. This is related to finished level as additional filling may improve liquefaction resilience (but incur additional settlement). Raising ground levels will assist in providing a raft over liquefiable layers, so is a significant opportunity.
Lack of design input-Structural	Uncertainty on structural tolerance for settlement and liquefaction design guidance	Conservative assumptions for settlement mitigation may be required without structural design guidance on suitable foundation tolerances. Uncertainties of foundation design elements (for example any uplift restraint or heavy column loads). This may require additional contingency in the budget.
Lack of design input-Civil	Uncertainties about road frontage upgrades (if necessary), stormwater treatment and detention	Uncertainty about requirement and size of any stormwater infrastructure, earthworks volumes and fill import.

Key Design Issue	Impact	Relative Cost/Risk Effect
	requirements (i.e. ponds/swales), earthworks levels and volumes.	Stormwater pond design in contaminated soils may require additional allowance for lining/soil removal etc.
Utilities relocation	Sewer, stormwater and water pipes run through the site and may need relocation. A survey may be required to confirm all assets in project area.	NCC to provide asset plans, undertake topographical surveys to confirm invert levels and extent of services on site to be removed or relocated.
Demolition of existing structures, courts etc	Additional allowance needed for removal of existing buildings and hardstand areas.	Undertake ACM investigations for demolition works and price for ACM removal from buildings where required.
Groundwater effects	Limited groundwater monitoring undertaken to date. Uncertainties for founding levels relative	Long term groundwater monitoring should be undertaken. Assume site to be raised and provide contingency for groundwater pumping etc. Review levels once architect is engaged.
Cost Escalation	Significant cost increases since Prebensen Drive issued for Tender	Reevaluate the Prebensen Drive site to understand escalation costs. Allow for significant contingency for future escalation.

The risk registers are provided in Appendix B.

7 Further works

The following section outlines the expected works required for subsequent design stages at Onekawa. We recommend these be staged appropriately for regular QS and risk review in general accordance with NZCIC Guidelines⁶.

Masterplanning;

1. Architectural bulk and location plan, design sections and design features report to a suitable masterplanning level;
2. Topographical survey, including collecting information on the existing service network;
3. Infrastructure assessment, following the topographical survey; and
4. Stormwater masterplanning assessment, in conjunction with the architectural masterplanning assessment.

Preliminary Design/Resource Consent;

5. Contaminated land DSI report;
6. Urban design/Architectural / Landscaping assessment;
7. Initial structural design review;
8. Traffic ITA assessment, confirmation of parking and any road frontage upgrades;
9. Civil design report including stormwater treatment sizing, cut and fill levels and volumes, utilities connections and relocations (if necessary);
10. Geotechnical Interpretive Report following early engagement with the structural engineer and confirmation of ground levels and foundation solutions; and

⁶ NZ Construction Industry Council, CIC Guidelines, Preface, Preamble and Glossary, Version 1.0, August 2016

11. Planning Assessment and Assessment of Effects (AEE) report, community consultation and Iwi engagement.

Developed Design/Tender support (to support a Design-Build arrangement):

12. Structural design and structural features report;
13. Geotechnical design features report and Principal's requirement review;
14. Services/M&E assessment, Fire Engineering assessment;
15. Noise and vibration assessment; and
16. Quantity Surveyor review.

8 Conclusions

T+T have undertaken a risk review, with respect to potential groundworks at the Onekawa Aquatic Centre development site. This follows site investigations and initial reporting by T+T in 2021.

Significant earthworks would be required to remove uncontrolled fill, that has been identified to contain elevated heavy metal contamination. This was deposited as initial landfilling at the site between the 1930s and 1950s. Removal of this material and disposal to landfill is likely to present a significant project cost. Accordingly, we strongly recommend that further grid-based contamination sampling is undertaken to delineate and estimate contamination extents and the volume of the materials for disposal. A review of potential on site disposal/capping of material in landscaping bunds should also be carried out and discussed with NCC staff and stakeholders.

A series of risk registers and concept plans are appended to this report to assist with high level project costing and review. We have also provided a suggested scope for further works to assist in developing the scheme further. Overall, both "Option 1" and "Option 3" have a similar risk profile and similar quantum of earthworks. Option 1 includes redevelopment of the court areas which will limit the ability to dispose of material on site, while Option 3 will involve more demolition works and potentially encroach on existing buildings and access points.

Prebensen Drive site has a much lower ground risk profile, largely reflective of its "Greenfield" status and the fact that much of the groundworks have already been completed, with minimal hindrances.

9 Applicability

This report has been prepared for the exclusive use of our client Napier City Council, with respect to the particular brief given to us and it may not be relied upon in other contexts or for any other purpose, or by any person other than our client, without our prior written agreement.

The construction rates utilised for this high level cost estimate are based on assumed design concepts, estimated quantities and a combination of recently submitted tender rates for similar projects within the regional area along with the latest available rates from QV Cost Builder database (formerly Rawlinsons). These rates are based on historic information and data and do not include allowance for any cost escalation since the date of the data other than where/as specifically stated.

Consequently, a significant margin of uncertainty exists on the cost estimate and the contingency we have allowed should be considered as part of the cost rather than a potential add on.

In particular, we have not made any attempt to allow for the potential impact of COVID-19 in this estimate. Also, supply chain disruptions are currently having quickly-changing effects on construction costs and schedules. We recommend you seek up-to-date specialist economic advice on what budgetary allowances you should make for escalation, including for any potential changes in construction costs and timing in relation to both COVID-19 and supply-chain issues.

Tonkin & Taylor Ltd

Report prepared by:

Authorised for Tonkin & Taylor Ltd by:

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Jamie Yule

Project Manager

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Mark Thomas

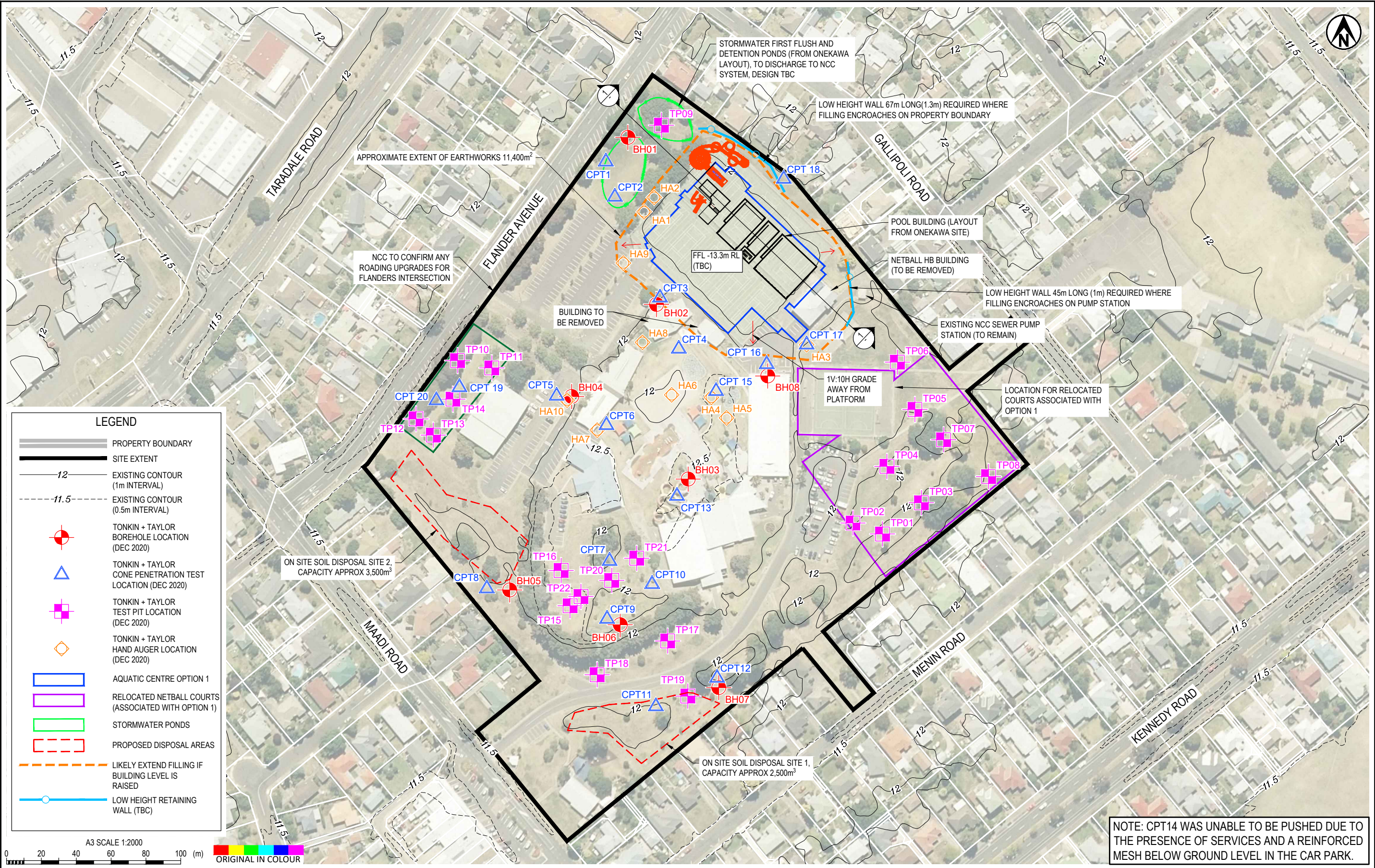
Project Director

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Appendix A: Sketch plans

- **Option 1 layout plan**
- **Option 1 cross section**
- **Option 3 layout plan**
- **Option 3 cross section**

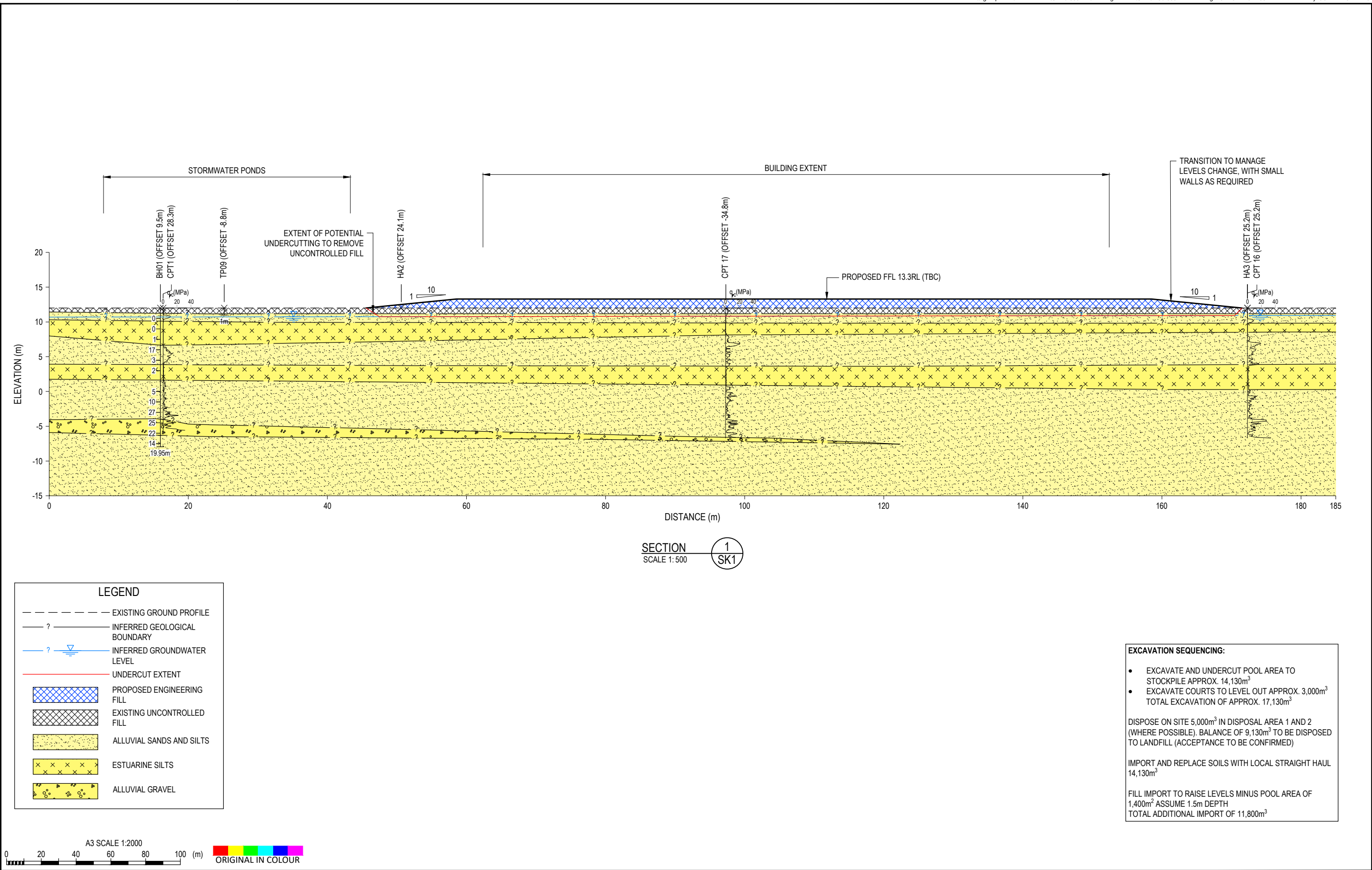


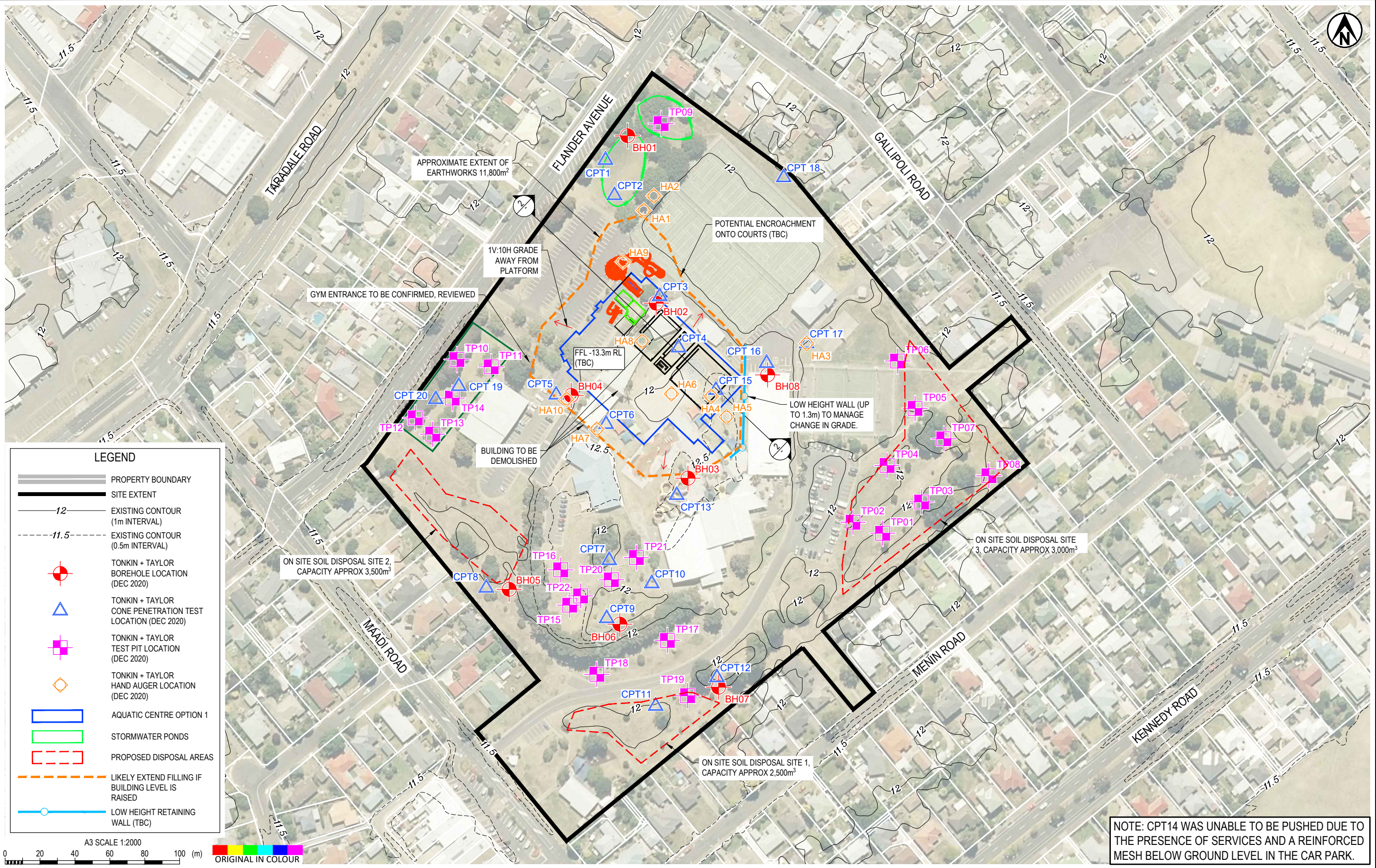
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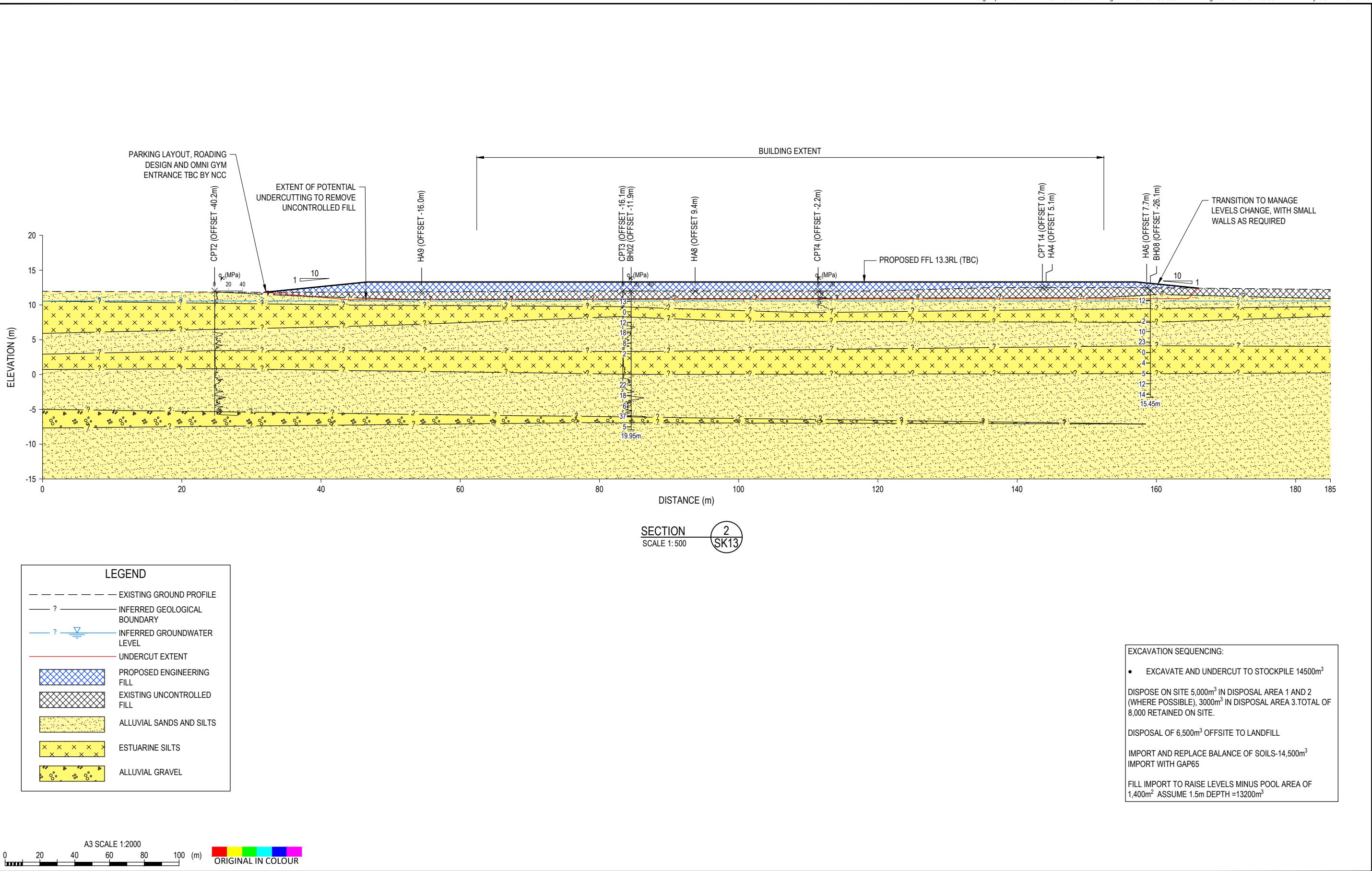
- NOTES:
1. AERIAL PHOTO SOURCED FROM LINZ DATA SERVICE <<https://data.linz.govt.nz/layer/53401-hawkes-bay-03m-rural-aerial-photos-2014-2015/>>, LICENSED BY LINZ FOR RE-USE UNDER THE CREATIVE COMMONS ATTRIBUTION 4.0 NEW ZEALAND LICENCE (CC BY 4.0). ACCESSED 21/12/2020.
 2. PROPERTY BOUNDARY SOURCED FROM LINZ DATA SERVICE <<https://data.linz.govt.nz/layer/51571-nz-parcels/>>, LICENSED BY LINZ FOR RE-USE UNDER THE CREATIVE COMMONS ATTRIBUTION 4.0 NEW ZEALAND LICENCE (CC BY 4.0). ACCESSED 09/12/2020.
 3. EXISTING CONTOUR COPIED FROM NAPIER CITY COUNCIL GIS <<http://www.gis.napier.govt.nz/IntraMaps80/?project=NCC>> DATED 09 DEC 2020.
 4. COORDINATE DATUM: NZGD2000, NEW ZEALAND TRANSVERSE MERCATOR (NZTM2000).
 5. LEVEL DATUM: LINZ (MSL) NAPIER VERTICAL DATUM 1962

PROJECT No. 1009171			CLIENT NAPIER CITY COUNCIL			
DESIGNED	JWY	Nov.21	PROJECT ONEKAWA AQUATIC CENTRE			
DRAWN	JC	Nov.21	TITLE GEOTECHNICAL INVESTIGATION AQUATIC CENTRE SITE PLAN -OPTION 1			
CHECKED						

APPROVED		DATE	SCALE (A3) 1:2000	FIG No. SKETCH 1	REV 2	







Appendix B: Risk Review

- **Onekawa Park Risk Register**
- **Prebensen Drive Risk Register**

**D
R
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28/01/2022 4:41 PM

28/01/2022 4:39 PM

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