



ORDINARY MEETING OF COUNCIL

Open Minutes Attachments

Meeting Date: Thursday 2 February 2023

Time: 9.30am – 11.00am

Venue: Council Chambers
Hawke's Bay Regional Council
159 Dalton Street
Napier

TABLE OF CONTENTS

Item 1	Adoption of Annual Report 2021/22 and Summary Annual Report 2021/22
Attachment 1	Annual Report for Napier City for the year ended 30 June 2022 (<i>Doc Id 1634544</i>) - Tabled at Council meeting 2 February 2023.....2
Attachment 2	Annual Report Summary which includes information regarding major matters dealt with in the Annual Report (<i>Doc ID 1634547</i>) - Tabled at Council meeting 2 February 2023210
Attachment 3	Independent Auditor's Report (<i>Doc Id 1635075</i>) Tabled at Council meeting - 2 February 2023216
 Item 6	 Acting Chief Executive's Report
Attachment 1	Strategic Priorities handout circulated at the meeting (<i>Doc Id 1635631</i>)..222



ANNUAL REPORT 2021/2022

for the period 1 July 2021 to 30 June 2022

Adopted XX December 2022

ISSN 1770-9847 [print]

ISSN 1177-9888 [online]



NAPIER
CITY COUNCIL
Te Kaunihara o Ahuriri

Hutia te rito o te harakeke

Kei hea te kōmako e kō?

Kī mai ki ahau

He aha te mea nui o te ao?

Māku e kī atu

He tangata, he tangata,
he tangata.

Pull out the shoot of the
flax bush

Where will the bellbird sing?

Say to me

What is the greatest thing in
this world?

I will tell you

It is the people, the people,
the people.

A WARM WELCOME

Ngā mihi nui.

This annual report summarises the performance of Napier City Council from 1 July 2021 to 30 June 2022. It provides an overview of what we did over the past year to realise the outcomes and initiatives set out in our Long Term Plan 2021-2031.

You will note that this report covers Napier City Council itself, and information about subsidiaries like council controlled organisations.

The report includes our service performance and financial results. It describes our achievements and challenges, and comments on our results compared to our targets and plans.

This report is prepared to meet our obligations under the Local Government Act 2002 to promote accountability to the community for the decisions made throughout the year, and to report performance and activities against what was intended.

PERFORMANCE OVERVIEW

Contents

About Us

- From the Mayor’s office
- Vision, Mission, Outcomes
- Performance Overview
- Key Statistics
- Financial Performance and Service Performance Measures
- COVID-19 Impacts
- Māori contribution to decision making processes
- Insurance of Assets
- Key Reforms in Local Government

Our Performance by Activity Group

Community Wellbeings	21
Governance and Representation	24
City Strategy	32
Water Supply	44
Wastewater	52
Stormwater	60
Transportation	68
Other Infrastructure	76
Community and Visitor Experiences	84
Property Assets	116

The Financial Detail

Statement of comprehensive revenue and expenses	126
Statement of financial position	127
Statement of changes in equity	128
Statement of cash flows	129
Funding Impact Statement	130
Statement of accounting policies	131
Notes to the financial statements	144
Reserve Funds	184
Borrowing programme	189
Financial prudence benchmarks	190
Statement of compliance and responsibility	195
Independent auditor's report	196
Council Controlled Organisations	200
Glossary	206

ABOUT US

In this section

This section includes an overview of the year from the Mayor, the highlights and challenges, our Council vision, an overview of our core business, and summaries of our performance this year.



Kia ora from Kirsten Wise

TE KAHIKA O TE KAUNIHĒRA O AHURIRI
NAPIER MAYOR

Kia ora koutou.

I am pleased to present to you the Napier City Council Annual Report for 2021/22.

Napier, along with the rest of the world, has navigated a complex journey as we've responded to challenges brought about by the pandemic and its effects. Our Annual Report is a chance to reflect on how we managed those challenges, and on our successes over the last financial year.

It is also an opportunity to assess where we have made headway on projects and where we still have some way to go. The impacts and ramifications of what we have been through as a community may take some time to fully ascertain. Although we are seeing a gradual regaining of the ground we had made preceding COVID, we know there are areas we need to continue to strengthen.

We have strengths as a community that will help see us through this phase of reenergising the city. We are an attractive destination for visitors and a desirable place for new residents to settle. We have thriving urban centres and an innovative, forward-focused business community. We live in close proximity to sites of ecological and environmental importance. Our city and its environs are easy to get around by foot or pedal-power. We have first-hand experience of the effects of climate change and we are adjusting our planning and activities to respond to them. In our past we have experienced challenges that have literally reshaped Napier, and our history is rich with examples of the type of thinking and actions that are required to navigate through challenging times.

Our road to recovery post-pandemic will be made smoother by all of these things. And because of them we are in a good position to grow through what we have experienced over the past few years.

Although, the outlook is positive, we also know there are hurdles we are yet to face. But we trust in our ability to navigate through them, and we know that, on the other side, we will be stronger because of them. Coming our way are significant reforms from central government that will affect the work councils do. Reform of three waters, the Resource Management Act, civil defence and emergency management, and local government as a whole will all impact us over the next few years.

Through challenging times, times of change and times of great opportunity what keeps us focused is our commitment to our community, and to their cultural, social, environmental and economic wellbeing. This Annual Report looks back over the many contributions we have made in these areas, as we – individuals and as an organisation – look forward to the many activities, initiatives and projects we will deliver in the year ahead.



Kirsten Wise
MAYOR OF NAPIER

Strategic Direction

Our mission

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

Our vision

**A VIBRANT
AND SUSTAINABLE
CITY FOR ALL**

Community Outcomes

When developing Council's Long Term Plan 2021-31, Council set out the following community outcomes. These outcomes and goals form the link between our mission and vision, and the activities we carry out on a day-to-day basis.

Our water is clean and safe

Our services and infrastructure meet our community's needs

Our community is connected, safe, healthy and resilient

We are a city that thrives with its community

We treasure our culture, our heritage, our environment

Our community and council are one

Council is also guided by the principles of the City Vision.

- **Putting people first:** a focus on quality and experience
- **Open for business:** making regulation easy and fostering entrepreneurship
- **A port and coastal city:** celebrating our coastal environment and recognising the importance of the port and airport to the region
- **Our people, our stories:** celebrating what makes us unique, and our intrinsic connection with the past and our culture
- **Ecological excellence:** a focus on restoring and enhancing our environment, and promotion of sustainable thinking
- **Pedal power:** building a strong cycling culture, and making journeys safe and enjoyable

Performance Overview

Satisfaction with Council services at a glance

For the purposes of identifying improvement opportunities, SIL Research engaged with Napier residents to determine levels of satisfaction with and perceptions of Council services. A handful of results have been highlighted below. Please note, NZB refers to the SIL NZ benchmark.

Drinking Water



NCC 2022:	28%
NCC 2021:	26%
NZB 2022:	72%

Drinking water remained the issue of greatest concern to the community, with satisfaction in Napier well below the New Zealand benchmark. Unpleasantness due to chlorination and water discolouration were significant factors that were highlighted by respondents.

Car Parking Average



NCC 2022:	48%
NCC 2021:	47%
NZB 2022:	62%

Car parking remained one of the lowest ranking services in 2022, with availability being the most cited issue. However, 25% of respondents stated there is adequate parking/no issues.

Activities & Events



NCC 2022:	62%
NCC 2021:	69%
NZB 2022:	73%

Residual effects and concerns about COVID-19 continued to affect community satisfaction with activities and events. Several major local events were cancelled during the 2021 and 2022 years due to the pandemic.

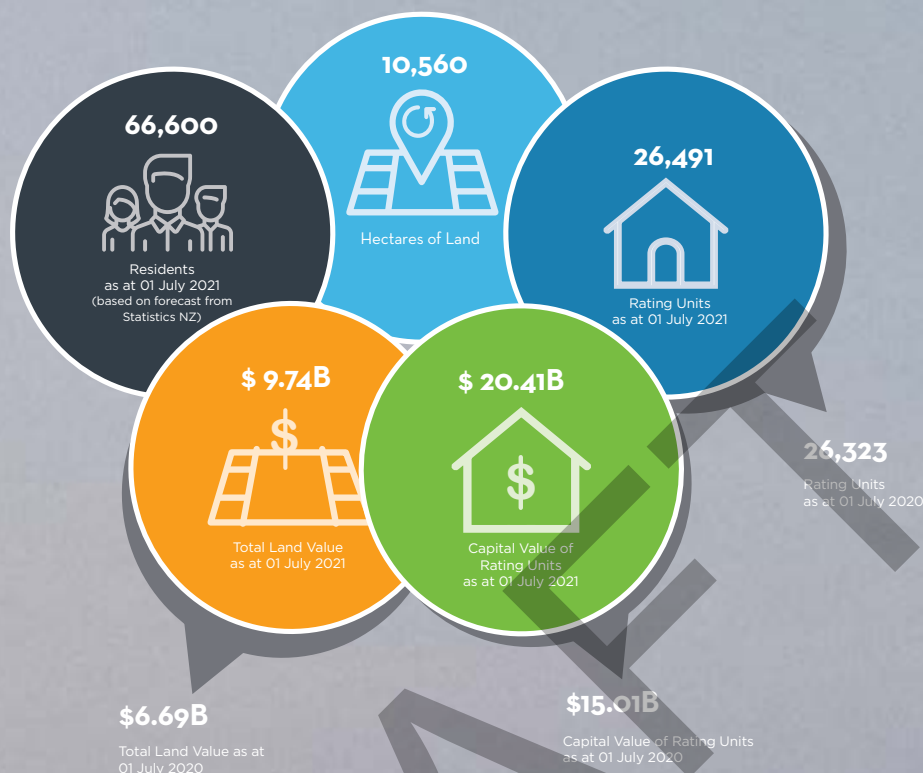
Cycleways



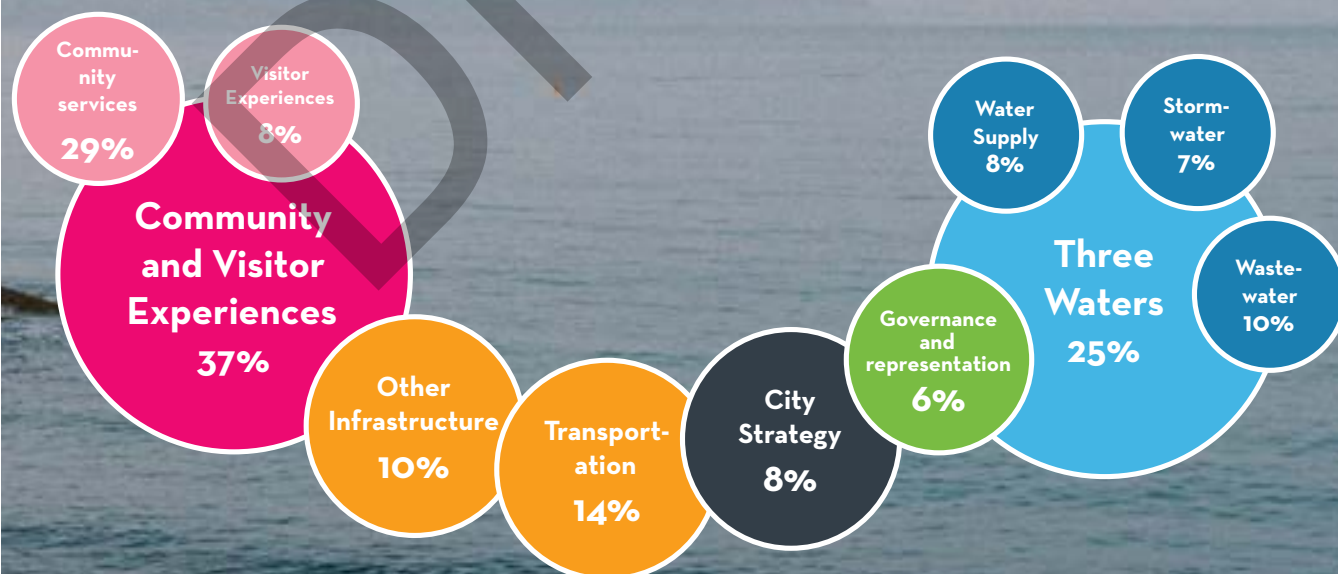
NCC 2022:	80%
NCC 2021:	81%
NZB 2022:	66%

Cycleways remained among the top 6 rated services in 2022 along with Sports fields, Parks and reserves, Gardens, Playgrounds, and Cemeteries. Four out of five residents were satisfied with cycleways.

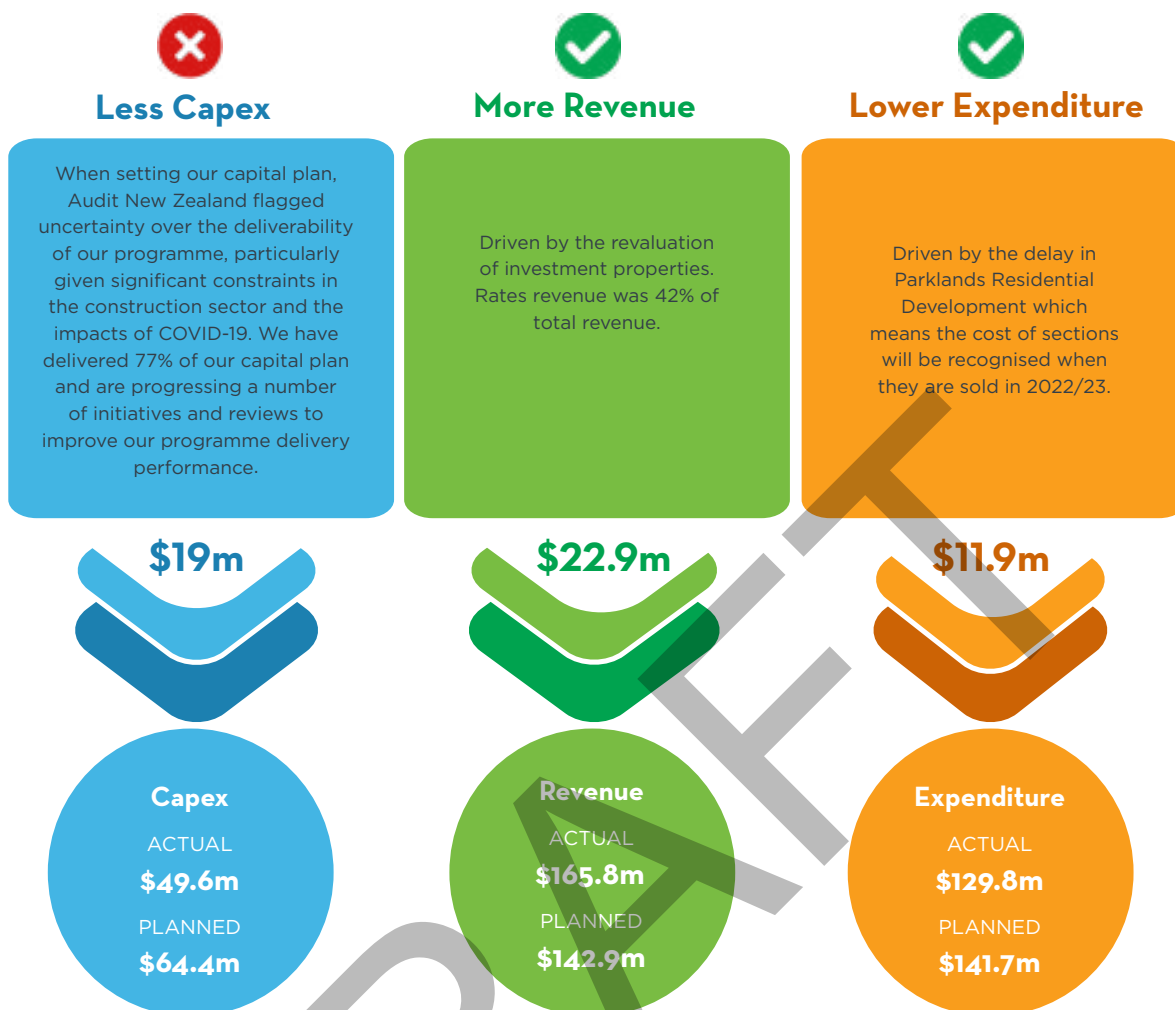
Key Statistics



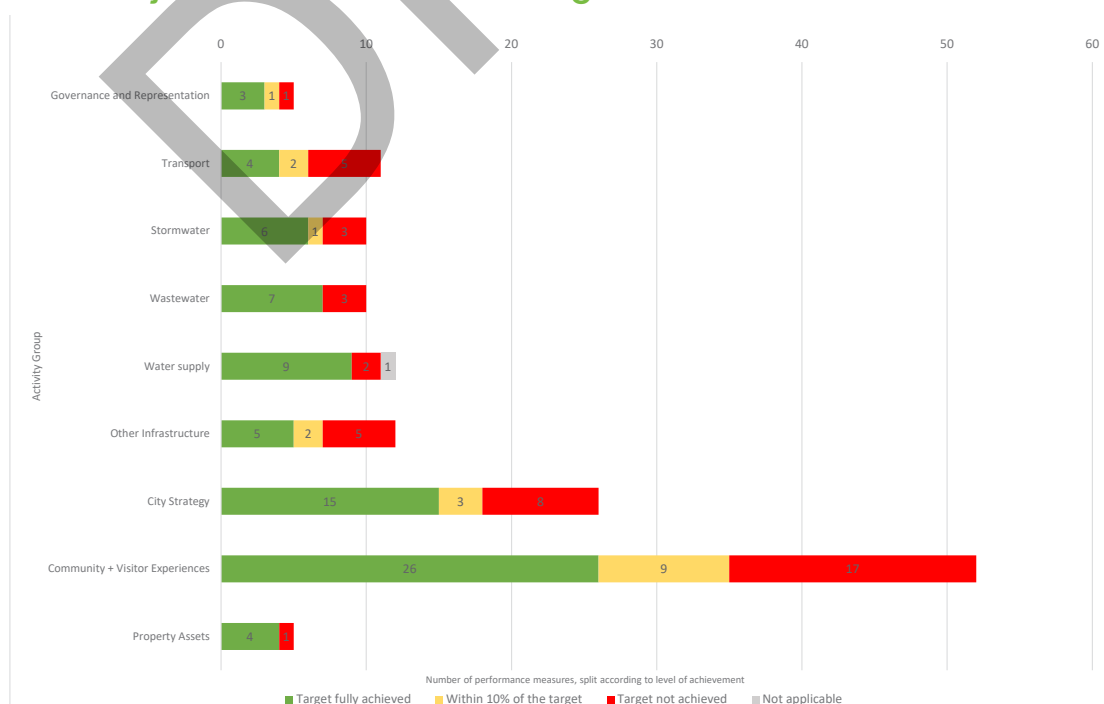
How are our rates spent?



Financial performance at a glance



Service Performance Measures at a glance



COVID-19 Impacts

Napier, along with the rest of New Zealand, continued to face COVID-19 related challenges throughout 2021/22. On 17 August 2021, the entire country moved to Alert Level 4 lockdown. It would take three weeks for New Zealand (excluding Auckland) to transition back to Alert Level 2, and an additional twelve and a half weeks before the country saw the end of the COVID-19 Alert System.

2 December 2021 marked the move to the COVID-19 Protection Framework (traffic light settings). The new framework aimed to give people and businesses more stability by reducing the need for lockdowns, while helping people protect one another from the virus. Although restrictions eased under the traffic light settings, vaccine pass requirements posed new challenges for the community. Vaccine certificate requirements were introduced for the following facilities on 3 December 2021:

- Napier War Memorial Conference Centre
- Napier Municipal Theatre
- Century Theatre
- National Aquarium of New Zealand
- Gym at Napier Aquatic Centre (not the Aquatic Centre itself)

Kennedy Park Resort also became a COVID-19 Vaccination Certificate (CVC) site from 20 December 2021.

New Zealand was preparing to face the new Omicron variant and the country confirmed its first community case on 23 January 2022. Council reviewed its vaccine certificate requirements, and as at 14 February most council facilities required a vaccine pass for entry (with some exceptions such as non-public facing council offices, the Redclyffe Transfer Stations, and parks and cemeteries).

Community transmission of COVID-19 in Hawke's Bay began to increase at the end of February 2022, with the largest number of cases reported in the region peaking at 976 new cases on 22 March 2022. As time went on, more was learnt about the new variant and 4 April 2022 saw the end of vaccine passes and most vaccine mandates for government workers. A second, less sizable wave of Omicron occurred in Hawke's Bay at the end of June/July 2022, with daily cases peaking at 476 new cases on 15 July 2022.

Napier City Council's tourism activities were affected by the changing restrictions imposed in response to the virus. Kennedy Park, the Napier i-SITE Visitor Centre, Par2 MiniGolf, the National Aquarium of New Zealand, Faraday Centre, MTG, Aquatic Centre, Bay Skate, and the Municipal Theatre are all reporting under performance for the year due to the impacts of COVID-19.

Tourism and enabling our local businesses are a big part of the road to recovery. Napier City Council is looking forward to seeing cruise ships return to the Napier Port, and welcoming new and returning visitors to our city over the coming year.



Unite
against
COVID-19

Māori contribution to decision making processes

2021/22 is the second year of operation for Napier City Council's dedicated Māori roopu, Te Waka Rangapū. The focus of Te Waka Rangapū is to provide a Te Ao Māori lens across the organisation's work programme and strengthen relationships with iwi partners. In 2021/22, Te Waka Rangapū has:

- Engaged with and worked alongside iwi partners to understand their priorities and how Council can best promote and support their aspirations
- Provided tailored advice and support for projects like the Iron Pot waka hub project and the new Civic precinct.
- Facilitated and led events to celebrate Te Ao Māori and Te Reo Māori, such as Te Wiki o Te Reo Māori and Matariki celebrations
- Fostered internal capability across the organisation through initiatives like karakia a te ata, kapa haka and tikanga sessions.

Napier City Council also values the contribution of its appointed Kaumātua. This position is essential to Council as it empowers all relationships between Māori and Council and guides and assists Council's decision-making process. Piri Prentice continues to serve as Council's Kaumātua after his appointment in 2014. A Hākui (female elder role) has also been endorsed to work alongside Mr Prentice as joint Kaumātua, however this role is currently vacant.

Ngā Manukanuka o te Iwi is the name of our Māori Committee, which is a specialist committee established to advocate on behalf of Ahuriri Māori, provide cultural leadership, facilitate wānanga seminars with Council and strengthen relationships with iwi entities. Ngā Manukanuka o te Iwi met six times over the course of 2021/22. Ngā Manukanuka o te Iwi membership is made

up of representatives from mana whenua entities (appointed by each entity respectively), Māngai ā-Hapori (appointed by the Committee Chair, Deputy Chair, and Mayor) and three elected members. Council's Hākoro and Hākui may attend meetings but are not voting members. For the 2021/22 year, the Terms of Reference for Ngā Manukanuka o te Iwi set out the following objectives:

- Ensuring that every decision in relation to Council activities takes into consideration relationships with Māori culture and traditions
- Raising and make recommendations to Council on matters of importance to the Māori residents of Ahuriri
- Providing feedback to Council on options for building relationships and capability to empower mana whenua/tangata whenua to engage on Council-related matters.

Council maintains strong relationships with mana whenua of Te Whanganui-a-Orotū through their mandated Māori entities. Relationships with mana whenua entities are predominantly one-to-one with the Mayor, Chief Executive, Councillors and Te Waka Rangapū. Relationships are held with:

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

Alongside mana whenua relationships, Council works closely in the community with the Māori Wardens Associations, Māori health and housing agencies, and social service providers. Council maintains a close relationship with Pukemokimoki Marae, with an elected member appointed to the Pukemokimoki Marae Trust.

On 20 October 2021 Council resolved to introduce Māori wards for Napier for the 2025 election, which is a binding decision per section 19Z(3)(c) of the Local Electoral Act 2001. This decision followed a two-staged approach for consultation whereby pre-consultation engagement was undertaken between May and August 2021 (involving education and workshops on marae), and formal consultation, including hearings, held in September 2021. A representational review will now take place, which will decide how many Māori wards will be established based on a standard formula set out in the Local Government Act 2002.

Insurance of Assets

a. Above ground assets

The total value of above ground buildings and plant and equipment owned by Napier City Council and covered by insurance contracts is \$679m. These are insured under a group policy held in the name of the five Hawke's Bay Councils.

Napier City Council has a Fire Loss Limit of \$100m which specifies the limit of any loss covered by insurance as a result of fire. This limit relates to any one loss and all losses in the aggregate during the annual insurance period.

Motor vehicles and mobile plant are insured for market value.

b. Below ground assets – for the provision of Water, Stormwater and Wastewater services

Council carried out a comprehensive revaluation of Infrastructure Assets as at 30 June 2020. This resulted in a substantial increase in the replacement cost of the insured underground assets from \$555m to \$919m. Council then commissioned a loss modelling analysis based on the updated valuation. This analysis delivers estimates of financial losses resulting from earthquake damage to three waters infrastructure assets.

The purpose of these loss estimates is to assist in decision making relating to how much risk to transfer through insurance and how much to retain.

The updated probable loss resulting from a one in 500 year seismic event is estimated at \$571.42m.

In general, upon a major disaster, the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means.

Council carried out an exercise to review its capacity to accommodate uninsured losses. Background to this is that, in the event of a major seismic event, a complete revisit of Council's reserve funds, forward budgets and borrowing would be undertaken to prioritise the reinstatement of essential infrastructure.

A specific review of the capacity to accommodate uninsured losses through borrowing was carried out. The exercise assumed all borrowings as indicated in the Long Term Plan would be incurred. The Review ascertained the debt headroom available based on debt limits specified in Council's policies.

Based on affordability of insurance and the ability for Council to accommodate an uninsured loss, Council decided to retain its current level of Infrastructure insurance, being 40% of \$120m with an excess of \$10m.

This insurance cover after assuming Governments 60% contribution results in an estimated \$184m uninsured exposure to Council in a one in 500 year seismic event.

In summary:

Total value of underground assets covered by insurance contracts is	\$919m.
Estimated probable loss in a one in 500 year seismic event is	\$571.42m
Less Government assistance 60%	-\$343m
Council Liability	\$228m
Insurance Recovery 40% of \$110m	-\$44m
Uninsured Exposure	\$184m

c. Risk Sharing Arrangements

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

d. Formal self-insurance scheme

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

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

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

In addition, as mentioned above an uninsured exposure exists with regards to underground three waters assets.

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



Key reforms in the local government sector

In the past financial year, central government has progressed four significant tranches of local government reform. These reforms may have impacts on Napier City Council's responsibilities, operations and financial statements in future periods.

Three Waters Reform

From 1 July 2024, the delivery and infrastructure of Three Waters (drinking water, wastewater, and stormwater) will no longer be the responsibility of council. Four new and independent entities will use existing council infrastructure, people and expertise to carry out the delivery of water activity.

The Water Services Entities Act is the first piece of legislation to make these changes. The Act sets up the new entities so they are ready by July 2024, and makes councils the sole shareholders of the entities to create council ownership on behalf of communities. Councils will have one share per 50,000 people in their area, rounded up to ensure each council has at least one share. The Act provides that shares are unable to be sold or transferred, and the number of shares held will not influence voting rights (each shareholder will only have one vote, irrespective of how many shares they hold).

The Act requires unanimous agreement among shareholders and a referendum with 75% support to proceed with any privatisation. Council and iwi oversight over the new water organisations has been built into the model.

In 2020, Napier City Council received \$12.1M as part of a stimulus package from Central

Government for opting-in to the first phase of the reform. In total, Napier expects to be allocated close to \$26M as part of the Three Waters Reform Support Package to help with transition costs and community initiatives related to wellbeing.

Much work is still required to ensure Napier is ready to transition to the new model. We need to ensure the employment rights of our staff are maintained and our local knowledge is protected, as well as ensuring our systems are ready for the transition. Council is still working through the impacts and are awaiting further information from the Government.

Local Government Reform

An independent panel is undertaking a fundamental review of the local government framework, to identify improvements to governance that enable communities to prosper and thrive. The review is considering:

- The function, roles and structure of local government
- Relationships between local government, central government, iwi, Māori, businesses and communities, and
- Funding and financing.

The Minister of Local Government is expecting the panel's final report in June 2023.

One of the most common themes in the panel's early engagement is the need for an improvement to the relationship between local government and central government. It is likely that the June 2023 report will call for greater collaboration at all levels of local and central government.

The review may result in new services, activities or responsibilities for Council. At this stage, the outcome is uncertain and Council's latest Annual Plan has been prepared on the basis that the delivery model will not change in the near future.

Resource Management Reform

The Resource Management Act 1991 (the RMA) sets out how we should sustainably manage the impact our day-to-day lives have on the environment. Reform in this space is needed as current processes take too long, are expensive, and will not hold up against the many new challenges our environment and communities are facing. The Government is currently working through a process that would see the RMA replaced by the three new pieces of law:

- Natural and Built Environments Act,
- Strategic Planning Act, and
- Climate Adaptation Act.

The new legislation is designed to protect and restore the environment, better enable development (within environmental limits), honour Te Tiriti o Waitangi, better prepare for climate change, and improve efficiency while retaining appropriate democratic input.

None of these Bills have been introduced to Parliament at the time of writing, although the first two are expected to be introduced later in the 2022 calendar year, and the third is expected to follow in early 2023.

These reforms will have significant implications for the way Napier City Council manages land use, development, sustainability, and the environment within city boundaries and together with regional neighbours. Councils' roles in combatting and adapting to climate change on the other side of these reforms is still relatively unknown.

Civil Defence and Emergency Management Review

The National Emergency Management Agency has established a review programme (known as the "Trifecta" programme) to improve New Zealand's disaster resilience. The work aims to build a modern, fit-for-purpose system so that:

- Communities better understand the risks they face and are better prepared to respond to, and recover from, emergencies,
- Iwi and Māori participation is recognised, enabled and valued,
- The emergency management system is well-coordinated, high-performing and trusted, and
- The impacts of emergencies on people, the economy and the environment are reduced.

As a key player in emergency responses, Council needs to keep up-to-date with the programme to understand our role in the emergency management system going forward.



OUR PERFORMANCE BY ACTIVITY GROUP

In this section

This section describes in detail how we performed in each of our activity groups.

Each activity area includes an overview of the activities from the year, and a summary of financials and performance measures.



TRANSPORTATION

Roads, footpaths, lighting, street cleaning, traffic planning and management



WATER SUPPLY

Drinking water

WASTE WATER

Wastewater



CITY STRATEGY

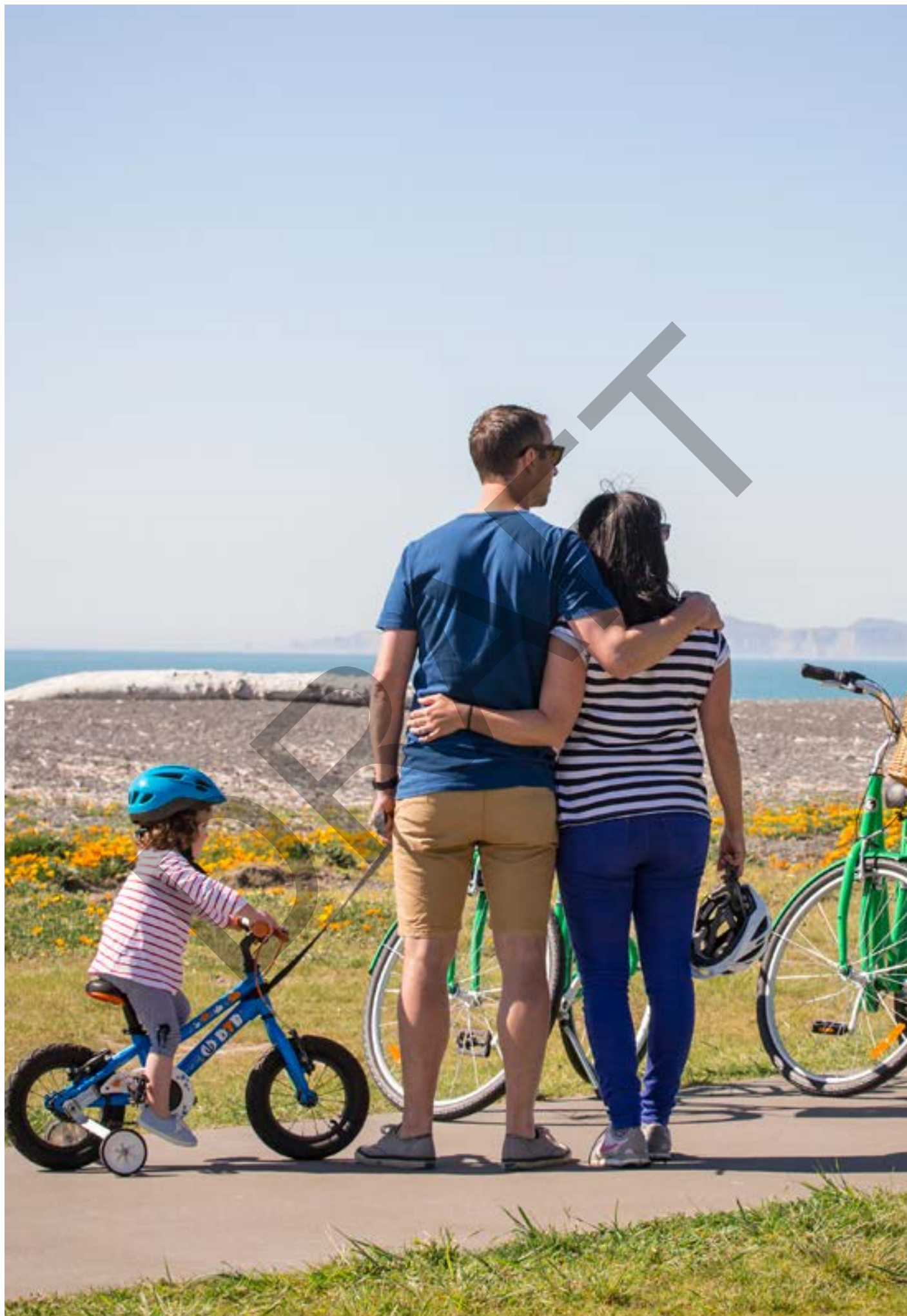
City Development, Building Consents, Regulatory Solutions, Animal Control, Parking



STORMWATER

Stormwater





COMMUNITY WELLBEINGS

Council's role and responsibilities are set out in Local Government Act 2002 (the LGA).

In 2010, the LGA was amended to clarify Council's core role as the provision of three main functions: providing local infrastructure, local public services and performing regulatory enforcement.

In 2019, the Government repealed this focus on core services, and instead reverted to the previous purpose statement:

"The purpose of local government is....to promote the social, economic, environmental and cultural well-being of communities in the present and for the future"

This change recognises that every council is different and that there is no one-size-fits-all approach. Every council needs discretion and flexibility to decide in consultation with their community the nature and level of services they should provide to improve quality of life. Decisions no longer need to be based around the question "are we allowed to do this?", but instead "should we do this?".

You'll see the icons below used throughout this report to link the activities we deliver to the wellbeing(s) they contribute to. For example, by operating the National Aquarium of New Zealand, we are:

- Enhancing social wellbeing by providing a safe space for families to meet and explore together;
- Attracting people to visit and spend money at local Napier businesses to support economic wellbeing;
- Looking out for the wellbeing of our environment by conserving important native species and having conversations about how we look after Te Matau-a-Māui (Hawke's Bay), and
- Contributing to the cultural wellbeing of tangata whenua by teaching our locals and visitors about the connection between Māori and our oceans and rivers.



SOCIAL
WELLBEING



ECONOMIC
WELLBEING



ENVIRONMENTAL
WELLBEING



CULTURAL
WELLBEING







Governance and Representation

SCOPE

Democracy and Governance

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

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

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

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

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

Council's governance function is delivered through a structure of standing committees, joint committees, specialist and sub-committees and council controlled organisations. The Local Governance Statement (available on the website) provides information on this structure, the processes through which Napier City Council engages with the residents of Napier, how the Council makes decisions, and how citizens can participate. As the Local Governance Statement is a living document, it is updated periodically over the three-year term.

The overall aims are to:

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

Fundamental roles of Council are to represent the community, to receive and understand their views, make good decisions for the benefit of the community, and if appropriate, explain Council reasoning behind a particular decision or policy, to those who might be interested. Ngā Mānukanuka o te Iwi (Māori Committee) provides Māori perspectives across all Council business, as well as raising matters of importance to Māori in Napier through to Council.

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

Te Waka Rangapū

Council has an obligation to ensure mana whenua and tangata whenua can meaningfully engage with and inform Council decisions. We strive to ensure that mātauranga Māori (Māori knowledge) is embedded in the day-to-day and strategic decisions made by Council in relation to the future of Ahuriri (Napier).

Council is in constant dialogue with Te Taiwhenua o Te Whanganui a Orotū as the representative body for Ngāti Kahungunu and Post-Settlement Governance Entities Maungaharuru-Tangitū Trust and Mana Ahuriri Trust.

We seek to continually improve our approach to partnership with Māori in order to amplify Māori voices in discussions about the wellbeing of our people and environment. Council established a stand-alone unit, Te Waka Rangapū, for the first time for Long Term Plan 2021-31, with the intention that we elevate work around relationship building and increasing cultural competency to the same level as any other work we do around the organisation.

COMMUNITY OUTCOMES

The Governance and Representation activity group contributes to the following community outcomes and aspects of wellbeing:

Activity	Wellbeings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Democracy and Governance	 						1
Te Waka Rangapū	   						1

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

YEAR IN REVIEW

Democracy and Governance

Like other organisations, Council has had to re-imagine how to safely deliver successful events through the pandemic. There were opportunities to learn and explore new formats for civic events that will be incorporated into events for the coming year.

Citizenship ceremonies were significantly impacted by COVID 19 restrictions with only one ceremony taking place in 2021/22.

Despite COVID 19 disruptions, the 2021 Napier Civic Awards took place in November. Seven deserving recipients received Civic Awards for their outstanding voluntary service to the community. The ceremony honouring recipients took place at the Napier War Memorial Centre with 100 guests and was live-streamed to family and friends.

In 2022 a new format Earthquake Memorial Service was planned: the event was co-hosted with the Diocese of Waiapu and scheduled to take place at the Waiapu Cathedral to allow Earthquake survivors and the public to commemorate the disaster. A difficult decision was made to proceed without public attendance, but the event was successfully streamed online with over 12,000 views.

The Art Deco Festival took place in a reduced format, and Council co-hosted a small cocktail function with the Royal New Zealand Navy and visiting dignitaries.

During 2021/22 Council meetings and workshops were again held online during lockdowns or, for the most part, at the War Memorial Centre to allow for social distancing. Elected members, staff and external participants have all benefitted from the option to attend remotely, providing continuity in rapidly changing conditions.

In 2021 Council undertook a five-week consultation on the introduction of Māori wards for the 2025 local government elections. The consultation received 1300 submissions and although over half submitted opposing the introduction of Māori wards, 95% of those on the Māori roll submitted in favour. On 20 October 2021, Council resolved to introduce Māori wards for the 2025 local body elections. The vote was carried by a resounding majority: 11 votes in favour with one abstention and with strong support voiced by councillors.

The 2022/23 Annual Plan was adopted on 30 June 2022. It included an average increase in rates of 9.8% for 2022/23, which is under the cap of 10.4% set out in the Long Term Plan. The Annual Plan did not comply with section 100 of the Local Government Act 2002, which is to provide a balanced budget and this was mainly due to the impact of COVID-19 on revenue received through tourism facilities. All other financial benchmarks were met.





Te Waka Rangapū

Te Waka Rangapū was included as a new activity in Council's 2021 Long Term Plan. The team comprises four officers – a Pou Whakarae, two Te Kaiwhakahaere Hononga Māori and a Te Waka Rangapū Kaiāwhina.

The 2021/22 year has seen a series of highlights and achievements:

- Supporting community consultation for Māori Wards at engagement events and through community panels
- Te Tiriti o Waitangi Workshops for Council's Executive Leadership Team and Elected Members
- Naming of Māori Consultative Committee - Ngā Manukanuka o Te Iwi
- Mana Ahuriri Trust and Napier City Council Projects Hui
- Signing of Reo Rua Rautaki
- Integrating Mātauranga Māori into the fabric of Council, such as through daily morning Karakia
- Te Reo Māori Policy – Development and endorsement by Ngā Manukanuka o Te Iwi
- Supporting the Matariki event on Mataruahou with haka and waiata
- Instigating kapa haka and tikanga sessions as workshops for council staff.

The membership of Ngā Manukanuka o Te Iwi changed as two new members from Maraenui & Districts Māori Committee and Maungaharuru-Tangitū Trust were appointed to the committee.

In March 2022, Te Waka Rangapū engaged with Mana Ahuriri Trust after the conclusion of the Trust's settlement process. A Projects Hui was coordinated held to discuss shared priorities, such as the mauri of Te Whanganui a Orotū (the Ahuriri Estuary), housing, the Inner Harbour Masterplan and the review of Council's District Plan.

The Ahuriri Hapū Claims Settlement Act 2021 restored reo names as the official geographic names for the following areas and sites:

- Mataruahou – Bluff Hill, Hospital Hill, Napier Hill, Scinde Island
- Te Ipu-o-Taraia – Mouth of the Ngaruroro River
- Te Karaka – Perfume Point
- Karetoki Whare – Sturms Gulley.

Council is working to restore these names on signage around the city.

Te Waka Rangapū has been developing a Te Reo Māori me ōnā tikanga Policy to guide the use and recognition of te reo Māori at Napier City Council. The policy has been endorsed by Ngā Manukanuka o Te Iwi and is pending formal adoption by Council at the time of writing.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2021/22:

Significant initiative per the 2021 Long Term Plan	Status	Comments
Support the engagement process ahead of a Council decision about Māori wards in November 2021.	Achieved	
Development of a Council-wide Te Reo Māori Policy	In progress	Development of the Te Reo Policy is in its final stages. The policy has been endorsed by Ngā Manukanuka o Te Iwi
Development of a Māori Engagement framework	In progress	The Engagement policy is in draft. There are still areas that need addressing to ensure all areas of Maori engagement have been implemented into the Significant Engagement Policy

● Achieved
 ● In Progress
 ● Partially achieved
 ● On hold



PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Democracy and Governance	Council holds regular Council and Council Committee meetings that are accessible and notified to the local community	Percentage of Council meetings for which meeting agenda is made publicly available two working days before the meeting date
	Council will comply with legislative requirements	Annual Reports and Long Term Plans receive 'unmodified' audit opinion
	Council will respond to information requests in a timely manner	Percentage of LGOIMA requests responded to within statutory time frame
Te Waka Rangapū	We are strengthening our partnerships and recognise the special place of mana whenua and tangata whenua in Council decision making	Legislative compliance with ss 14(1)(d), 60A, 77(1)(c), 81 and 82(2) of the Local Government Act 2002
		Development of a Māori Engagement framework
Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%		



Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
100%	100%	100%	◆	
Not achieved	Achieved	Not achieved	◆	Council received the audit opinion for its 2020/21 Annual Report in December 2021. Council received an unmodified audit opinion for all information, apart from the Activity Groups Statement. The Activity Groups Statement received a qualified opinion due to incomplete information available about the number of complaints Council received relating to water supply, waste water and stormwater, and due to the inability to verify results about attendance and resolution times for water supply, wastewater and stormwater. Council has resolved the issues about complaints data, and is still in the process of resolving the issues about attendance/response time data.
98%	100%	97%	◆	188 Local Government Official Information and Meetings Act 1987 requests received over the 2021/22 financial year. 185 were responded to in the statutory timeframe of 20 working days, meaning 3 were provided late.
Compliant	Compliant	New measure	◆	
The Engagement policy is in draft. There are still areas that need addressing to ensure all areas of Māori engagement are reflected in Council's Significance and Engagement Policy	Narrative measure	New measure	◆	



FUNDING IMPACT STATEMENT

for Governance and Representation

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,299	4,245	3,603
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overhead recoveries	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	4,299	4,245	3,603
Applications of operating funding			
Payments to staff and suppliers	482	371	-
Finance costs	-	-	-
Internal charges and overheads applied	3,817	3,874	3,603
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,299	4,245	3,603
Surplus/(deficit) of operating funding (A - B)	-	-	-
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	-
Surplus/(deficit) of capital funding (C - D)	-	-	-
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from above

Group depreciation and amortisation

- - -

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

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

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

* For capital budget variances refer to activity key issues.





City Strategy

SCOPE

City Development

City Development is the means by which we plan and deliver urban and economic growth strategically and sustainably. We assess and decide how our built and natural environment will be developed, and how that process will be managed. We take into consideration Napier's historic heritage and incorporate urban design, functionality, city vibrancy and aesthetics into all our city developments and projects. We guide our investment in infrastructure and urban renewal, so it is efficiently located and caters for the planned growth of the city.

The Policy team delivers planning and policy functions by meeting the statutory requirements under the Resource Management Act 1991 (RMA) and other relevant legislation. We provide professional, strategic, clear and frank advice to our elected members so that they can make informed decisions that will benefit our city and community now and in the future.

The City Design & Urban Renewal team aims to create a great urban environment, promoting heritage protection, ecological excellence, sustainable transport, and good urban design throughout the city, which will result in a well-connected, vibrant and liveable city.

Building Consents

The core functions of our Building Consents team comprise of processing building consent applications, inspecting building work on site, and issuing code compliance certificates at the completion of building work.

Additionally to the core functions, we also inspect swimming pool barriers, audit Building Warrants of Fitness, investigate complaints, carry out enforcement action when required, and provide advice and information to the public on building-related issues.

Resource Consents

The Resource Consents team is responsible for the assessment and determination of proposed developments or activities, and monitoring compliance with relevant legislated requirements and/or Notices of Decision.

The work undertaken by resource consenting is legislated under the RMA and at times under the Local Government Act 2002 and the Hazardous Substances and New Organisms Act 1996.

Resource consenting provides pre-application advice to the public, undertakes the assessment of applications lodged under the RMA or the LGA, determines notification requirements (where applicable), and makes decisions on applications.

Additional tasks related to the consenting process include compliance monitoring, which takes place when a complaint is received for possible offences under the RMA.

Regulatory Solutions

Regulatory Solutions are responsible for licensing, monitoring and inspecting a range of services that are provided largely by local businesses and which have the potential to cause harm to the public. Our work is determined by legislation such as the LGA, Sale and Supply of Alcohol Act 2012, Health Act 1956, and the Food Act 2014, as well as related regulations and Council-set by-laws.

The sectors we regulate include food premises, camping grounds, hairdressers, funeral directors, offensive trades, and liquor licensing services.

In addition, Council is responsible for investigating notifiable diseases, investigating and monitoring nuisance to the community, providing a noise control service, and monitoring and enforcing freedom camping. Regulatory Solutions undertakes the regulatory functions of the Dog Control Act 1996 on behalf of Animal Control.

Regulatory Solutions provides advice, education, and assistance to individuals and businesses to help them comply. We also take enforcement action where required to ensure the safety and well-being of the public.

Animal Control

Animal Control is responsible for the implementation and enforcement of the Dog Control Act 1996 and Council by-laws relating

*We provide
the following
to the city of
Napier*



City Development



Regulatory
Solutions



Animal Control



Resource
Consents



Building
Consents



Parking

to this Act. A large proportion of the work of the Animal Control team is responding to public safety issues and taking necessary action to keep people and dogs safe following an incident. To prevent these incidents from occurring, the Animal Control team proactively patrol reserves and beaches, parks, and playgrounds to ensure compliance with the Act and Napier City's Dog Control Policy.

Educating people is a big part of what the team do to promote a culture of responsible dog ownership in Napier. A dog pound is operated by Council and acts as a safe holding place for dogs.

Those dogs that are suitable to be rehomed are held at the pound until their new home can be found. Animal Control operates the animal shelter caring for any impounded dogs, and cares for an average of 500 dogs per year.

The team also maintain the Park Island and Taradale dog agility parks and the dog shower at Park Island, and keep the poo-bag dispensers around our city topped up.

Parking

Parking has a major influence on the function, look, and feel of an inner city. We provide parking so that goods can be delivered and workers, customers, clients, and inner-city residents can readily access the CBD. There is always a balance between meeting the demand for parking convenience (the desire for lots of parks right next to the shops, businesses, and places of work that people want to get to) and the need to create a compact, intimate CBD that cultivates business, social, and cultural interaction.

Council achieves this balance by providing a range of parking options to suit the various ways people wish to engage with the CBD:

- On-street parking
- Off-street parking
- Leased parking
- Mobility parking, and
- Alternative transport parking, eg, motorcycle, bikes, and electric vehicles.

All Council-controlled parking areas are patrolled regularly to ensure people are complying with the parking rules set by the Napier City Council Parking Control Bylaw.



COMMUNITY OUTCOMES

The City Strategy activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
City Development	   		2	2	1	2	2
Building Consents	 		2				1
Resource Consents	   		2	2	1		2
Regulatory Solutions	  		2	1			2
Animal Control			2	1		2	2
Parking	 		1	2	2		2

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing



YEAR IN REVIEW

City Development

Napier District Plan

Good progress on the review of the District Plan has been made this year, with the Draft being released for public comment in August 2021. The timing of reform of the RMA, alongside recently released government direction on providing for growth, and the desire for effective engagement with the recently settled Mana Ahuriri Trust meant that the notification date of the Proposed District Plan was pushed out, and additional work began in relation to greenfield growth areas and intensification (detailed below). The notification date for the Proposed District Plan is now May 2023.

Structure Planning

Following the endorsement of the Napier Spatial Picture, Council has been considering how our greenfield areas (undeveloped land) and intensification areas (already developed, but space for denser housing) can be developed in the future. Future development needs to account for the presence of hazards, the capacity of infrastructure to accommodate more homes, the presence of significant features (eg, heritage, sites of significance to Māori), and how close these areas are located to important services such as schools, public transport, and healthcare. This work will inform changes that need to be made to the District Plan to provide for this growth, as well as how it will be funded through the Long Term Plan and contributions from developers.

Napier Inner Harbour Development Plan

The Napier Inner Harbour Development Plan, adopted by Council on July 14 2022, provides priorities for asset renewal within the Inner Harbour, while identifying opportunities to “value-add” through the creation of new or improved public amenities. The Inner Harbour Asset Condition Assessment identified which harbour assets, such as wharves and revetments, were in need of repair or replacement, and provided some priorities on these. The Plan provides guidance to Council on which projects to prioritise in the Long Term Plan, the scope of these projects, and the likely cost. Planning and design work is to commence in the second half of 2022.

Ahuriri Regional Park

Council is planning to transform the Council-owned Lagoon Farm north of Prebensen Drive into a park serving multiple ecological, stormwater management, cultural and recreational purposes. This year has seen

the establishment of a Joint Committee to provide governance oversight over this project, comprising representation from Napier City Council, Hawke's Bay Regional Council and Mana Ahuriri Trust.

Climate Change

Council employed a new Climate Change Analyst this year to provide some focus on our response to the threats of climate change, so that, as an organisation and a community, we are able to adapt to the effects of climate change, and make changes that reduce our carbon emissions. Council recently adopted a climate position statement, which establishes Council's commitment to action, and will provide a framework for an action plan.

City Design & Urban Renewal

The City Design & Urban Renewal Team was established this year to specifically focus on urban regeneration and strategic priorities for urban precincts within the city. This team will identify transformative projects in the urban renewal space as well as opportunities for city vibrancy, social transformation through urban design, and enhancing communities through the art of placemaking.

Economic Development

Napier's Economic Development focus this year was twofold; addressing the housing shortage and securing the freight corridor to the port.

Regarding housing, the rationale is that business and talent attraction to the region is hindered by infrastructure and the ability to grow sustainably. Council secured \$12.4m from the Government's Infrastructure Acceleration Fund to invest in stormwater alleviation measures in Maraenui and Te Awa. This will allow for the safer intensification of home building in Maraenui, which will in turn relieve some of the housing pressure, with 400 new homes planned in the next six years.

We recognise the importance of the economic link between the port and the expressway, given Hawke's Bay's reliance on primary industry. Council is implementing its Inner Harbour plan, part of which is to renew old infrastructure at the Iron Pot intersection in Ahuriri. We also successfully applied for \$700,000 from central Government's Tourism Infrastructure Fund and will match this funding to develop the Ahuriri waterfront to provide a toilets and shelter for a permanent mooring for an ocean-going waka. The planned work will also improve stormwater quality, provide protected viewing spots for nesting kororā (little penguins) and install educational signage.

Council continues to encourage small business growth by supporting business start up ventures, alongside the Hawke's Bay Business Hub, the Chamber of Commerce, HTK, Rebel Business School and The Icehouse. Additionally we work closely with the local business associations and stakeholders to increase vibrancy, support events and encourage growth.

Building Consents

Building consent activity has remained high during the year despite Covid related issues impacting on the construction industry as a whole. The main achievement for the team has been keeping on top of processing timeframes and inspection waiting times throughout a challenging year. Despite higher than normal staff turnover in a very competitive market, and higher than normal absenteeism due to illness, delivering timely services has been a source of pride for the team and has contributed positively to the economic well-being of the community.

Resource Consents

There has been a significant increase in resource consenting activity this year with consents processed by Council up by 30% from the previous year, proving that development remains strong in Napier. All applications were processed within the legislated timeframe. With process improvements, the Resource Consenting team have significantly reduced average processing time for Resource Consents from 23 to 17 working days. Reform to the RMA is imminent and officers are assessing information as it is released to understand the implications of changes.

Regulatory Solutions

Council continued to work closely with premises following the COVID-19 restrictions, providing advice and support to businesses experiencing changing environments to ensure public safety was maintained. Liquor Licensing applications received and Food Act 2014 Audits were up from the previous year.

Freedom camping vehicles decreased this year, which can be attributed to the Covid travel restrictions. The Westshore Beach Reserve freedom camping site was temporarily closed. Council will assess what work, if any, is required to continue to operate this site in a way that is safe and sustainable. Council's approach to freedom camping, including the future of the Westshore site, will need to take into account any legislative changes resulting from the Government's freedom camping review.

Animal Control



Public safety, education and dog registration compliance has remained a focus for Animal Control. Activity involving roaming, barking and dogs reported lost decreased.

Parking

Existing parking meters reached their end-of-life, so a city-wide upgrade was implemented. The technology offered by the new Metrolite Touchscreen Pay by Plate meters offers extra payment options for our community, and an increased ability to monitor the effects of parking demand and make adjustments where needed. The new signage and meters have allowed us to reduce clutter on our footpaths, making them more attractive.



SIGNIFICANT INITIATIVES

Significant initiative per the 2021 Long Term Plan	Status	Comments
Notification of new Draft Napier District Plan for community consultation.	In progress 	Notification planned for May 2023. Delayed due to the uncertainty over the RMA reforms and changes to the National Policy Statement on Urban Development, and in light of the recent Mana Ahuriri Treaty settlement.
Review of the Heretaunga Plains Urban Development Strategy (HPUDS)	On hold 	Napier is working with Hastings District Council and Hawke's Bay Regional Council on the Future Development Strategy (FDS). This is in response to the National Policy Statement on Urban Development. The FDS will determine where and when future growth will occur within the region and will essentially replace HPUDS.
Community consultation on the masterplan for the "Civic Precinct", which includes the Napier Library	Achieved 	The Library and Civic Area Plan was adopted by Council in 2021.
Develop masterplan in conjunction with Hawke's Bay Regional Council to facilitate a regional park around the Ahuriri Estuary.	In progress 	The Ahuriri Hapu Treaty of Waitangi settlement in early 2022 enabled a joint committee to be formed, to provide governance of this project. Developing a masterplan is the next stage of the project.
Finalise the masterplan for the Humber Street estuary edge (part of the Ahuriri Estuary and Coastal Edge Masterplan)	In progress 	Pandora Road traffic realignment design is complete and construction commenced August 2022. Reserve expansion forms part of this physical works contract.
Review of: <ul style="list-style-type: none"> - Introductory Bylaw - Fire Control Bylaw - Public Places Bylaw - Public Places Liquor Control Bylaw - Tattooists and Skin Piercers Bylaw - Trading in Public Places Bylaw 	Achieved 	Bylaw review process was undertaken in consultation with the public and new Bylaws were adopted by Council in December 2021.
Review of the Dog Control Bylaw	Achieved 	The reviewed Bylaw was adopted by Council in August 2022.
Initial planning stages for a new/ redeveloped Impounding Facility	In progress 	After a review for requirements it has been decided the current facility can be repurposed to meet the requirements and this will be more cost effective approach. Design and quantity surveying is currently underway. Once finalised, the work will be tendered and the construction commenced. The design includes a new customer service area and interview rooms, improved security, and animal handling facilities, and an additional kennel facility to house up to 30 dogs. A new more secure entrance and customer parking will also be provided.
Review of the Parking Control Bylaw	Achieved 	Bylaw review process was undertaken in consultation with the public and a new Bylaw was adopted by Council in December 2021.
Planning to convert a piece of land purchased in 2020/21 into car parking	On hold 	Due to Covid and various other consequential effects on car parking in the CBD we have put this project on hold.
Upgrade parking meters with new equipment	Achieved 	New Metrolite Pay by Plate meters were installed city-wide in May and June 2022.

 Achieved  In Progress  Partially achieved  On hold

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
City Development	Provide the Policy Planning and Strategic functions for Napier City	District Plan reviewed to align with Napier Spatial Plan document and the Infrastructure Strategy
		Review HPUDS strategy
	Provide the strategic economic development function for Napier City	Publication of data to measure success of council objectives and inform future decision making
Building consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process building consent applications within the statutory time frame of 20 working days
		Process code compliance certificates within the statutory time frame of 20 working days
		Audit buildings requiring building warrants of fitness annually
		Percentage of residential swimming pools inspected annually to ensure that all barriers are inspected at least once every 3 years
Resource Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Maintain Building Consent Authority (BCA) accreditation
		Process non-notified resource consents (excluding Controlled Activities) and all subdivision consents to approval stage, within the statutory time frames of 20 working days
		Process Controlled Activity Resource Consents (excluding subdivision) within 10 working days
		Process notified Resource Consents within the statutory time frames of 130 working days
		Process limited notified Resource Consents within 100 working days
		Land information Memorandums to be processed within the statutory limit of 10 working days
		All formal complaints are investigated and responded within 3 days of receipt by Council

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
Not yet notified	Draft District Plan is publicly notified	Development still in progress	◆	Notification planned for May 2023. Delayed due to the uncertainty over the RMA reforms, changes to the National Policy Statement of Urban Development, and in light of the recent Mana Ahuriri Treaty settlement.
Not yet completed	Completion of the housing assessment capacity for Napier	New measure	◆	Business assessment capacity had not been finalised as at 30 June 2022.
Achieved	Publication of the data dashboard	New measure	◆	
98% (1262 out of 1290)	100%	99%	◆	
100% (862 out of 862)	100%	99%	◆	
23% (208 out of 895)	20%	36%	◆	
100%	33%	100%	◆	The target of inspected 1/3 of all registered swimming pools was far exceeded. There are 1620 registered swimming pools in Napier. To meet the legislative requirement of inspecting them all at least once every 3 years (33% annually) we needed to inspect 533 pools each year. However, 795 inspections were conducted, meaning the target was far exceeded.
Maintained	Maintained	Maintained	◆	
100% (278 out of 278)	100%	99% (222 out of 225)	◆	
100% (10 out of 10)	100%	100% (13 out of 13)	◆	
100% (0 out of 0)	100%	100% (0 out of 0)	◆	
100% (0 out of 0)	100%	100% (1 out of 1)	◆	
100% (357 out of 357)	100%	100% (286 out of 286)	◆	
100% (9 out of 9)	100%	100% (10 out of 10)	◆	

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Regulatory Solutions	Council monitors and enforces legislative compliance to protect its citizens and their safety	Percentage of residents satisfied with Council management and enforcement activity of Noise Control in the NRB Public Opinion Survey.
		Percentage of Noise Control complaints referred to the contractor which have an Officer onsite and action commenced to resolve the complaint within 30 minutes of the call being received
		Percentage of residents satisfied with Council management and enforcement of freedom camping in the Residents' Satisfaction Survey
		Percentage of Food Act Verification audits completed in accordance with the scheduled times in the Food Act 2014
		Percentage of liquor licenced premises are inspected annually for compliance with their licenced conditions
Animal Control	Implement and enforce the requirements of the Dog Control Act 1996	Percentage of very high and high risk liquor licenced premises inspected at least annually
		Percentage of residents satisfied with Council management and enforcement activity of Animal Control in the Residents' satisfaction Survey
Parking	Provide and manage parking facilities for the city	All requests for services are investigated and responded to within 21 days
		Percentage of residents satisfied with Parking in the Inner City in the Residents' Satisfaction Survey
		Percentage of residents satisfied with Parking in the Suburbs in the Resident's Satisfaction Survey
		Percentage of CBD parking occupancy rate
		Percentage of Taradale parking occupancy rate

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
58%	80%	64%	◆	There are a range of factors that may have contributed to a lower satisfaction rating, including higher uptake of working from home (and perhaps more sensitive to neighbourhood noise during the day) and increased levels of building activity (including infill housing). It is difficult to conduct decibel testing when loud noises are intermittent, and this may be frustrating for neighbours who expect swift, formal action to be taken.
89%	80%	88%	◆	
52%	50%	New measure	◆	
90% 260 out of 268	100%	96% (256 out of 266) scheduled for audit)	◆	The loss of one of our Environmental Health Officers meant that not all audits could be completed in 2021/22. Premises that were higher risk or had previous low compliance were prioritised.
53.53% 121 out of 226 premises	50% of licensed premises per annum	33% (75 out of 226 premises)	◆	
12.5% 1 out of 8 premises	100%	100% (13 inspections over 6 premises)	◆	Due to a number of resourcing challenges this year only 1 high risk venue was inspected and a 3 further inspections completed just outside the reporting year. 1 venue has ceased operating. The remaining 3 venues will be inspected as a priority.
65%	75%	65%	◆	Concerns about the age of Council's Dog Control Bylaw have been raised by members of the public. Council has just reviewed its Dog Control Bylaw (adopted in August 2022).
100%	100%	100%	◆	
46%	60%	43%	◆	In comparison to the previous year we had +3% increase which could be a result of reconfiguration of 116 car spaces from P120 to all day parking. With the recent installation of the new Pay by Plate meters, Council will be able capture real live parking data that will add value to the Parking Strategy.
50%	65%	51%	◆	It is difficult for Council to identify the specific problems with residential areas, particularly as they may be different and conflicting for different residents. Through registered complaints, Council will continue to respond to customers parking concerns.
Data not collected	50 - 85%	69%	◆	Parking occupancy surveys are usually undertaken by students in the second week of December each year. However, the survey for 2021 was not undertaken as the transition to Pay By Plate meters will mean occupancy data will be collected differently through the new system. Students were also unavailable due to re-scheduling of exams because of Covid. We are currently assessing options for retrieving data through our new system and will have this in place for December 2022.
Data not collected	50 - 85%	61%	◆	Parking occupancy surveys are usually undertaken by students in the second week of December each year. However, the survey for 2021 was not undertaken as the transition to Pay By Plate meters will mean occupancy data will be collected differently through the new system. Students were also unavailable due to re-scheduling of exams because of Covid. We are currently assessing options for retrieving data through our new system and will have this in place for December 2022.

CAPITAL EXPENDITURE

for City Strategy

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
Animal Control			
Agility Tracks	-	20	4
Animal Control Minor Capital Items	-	2	-
Complex Shelter & Office	10	30	23
New Impounding Facility	-	100	-
Napier Assist Āwhina Tāngata			
Street Management (CCTVs)	114	-	-
Parking			
Additional CBD Parking	-	400	-6
Parking Equipment Replacement	-	25	21
Parking Minor Capital Items	5	15	2
Parking Security Upgrade	1,227	500	-
	1,356	1,092	44



FUNDING IMPACT STATEMENT

for City Strategy

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,887	5,010	4,253
Targeted rates	289	295	275
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,156	5,353	5,017
Internal charges and overhead recoveries	94	200	224
Local authorities fuel tax, fines, infringement fees, and other receipts	535	1,503	1,085
Total operating funding (A)	11,961	12,361	10,854
Applications of operating funding			
Payments to staff and suppliers	8,122	8,477	6,426
Finance costs	-	-	-
Internal charges and overheads applied	4,573	4,984	3,815
Other operating funding applications	6	10	-
Total applications of operating funding (B)	12,701	13,471	10,241
Surplus/(deficit) of operating funding (A - B)	(740)	(1,110)	613
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	114	100	-
Gross proceeds from sale of assets	2	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	116	100	-
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	164	-
- to improve the level of service	114	583	540
- to replace existing assets	1,242	345	52
Increase (decrease) in reserves	(1,980)	(2,102)	21
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	(624)	(1,010)	613
Surplus/(deficit) of capital funding (C - D)	740	1,110	(613)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from Above

Group depreciation and amortisation	284	381	450
-------------------------------------	-----	-----	-----

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

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

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

* For capital budget variances refer to activity key issues.

Water Supply

SCOPE

Council provides a water supply system for the supply of safe, potable water as well as for firefighting purposes. A safe and cost-effective drinking water supply is a key factor in sustaining the physical health of a community. Our system draws water directly from the Heretaunga Plains aquifer through seven Council-managed bores. The network utilises nine booster pump stations, and approximately 482 km of water mains to supply fresh water to over 93% of Napier’s population. We utilise 11 large storage reservoirs at high points across the city to provide both backup water supply and adequate pressure to users.

The assets that form the water supply activity include:

- Water sources and bores
- Booster pump stations
- Treatment plants, and
- Reticulation mains and pressure valves.

The overarching vision is to maintain and improve public health for our community and visitors. We will do this with modern water infrastructure that can reliably supply safe water to customers, now and in the future. We plan, operate, and maintain the network to ensure public health and safety, provide reliable pressure and flow, minimise our impact on the environment, and respond quickly should things go wrong.

COMMUNITY OUTCOMES

The Water Supply activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community’s needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
----------	-------------	-----------------------------	--	---	---	--	-----------------------------------

Water supply	  	1	2	2		2	2
--------------	---	---	---	---	--	---	---

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing



YEAR IN REVIEW

There are continuing challenges in the engineering industry in general. These have included but are not limited to constraints on material/supplier delays, limited staff and rising costs.

Compliance with Drinking Water Standards

The water supply in Napier is fully compliant with the Drinking Water Standards for New Zealand and relevant parts of the Health Act 1956 in respect of financial year 2021/22. The new drinking water regulator, Taumata Arowai, took over from the Hawke's Bay District Health Board Drinking Water Assessors on 15 November 2021.

Water Safety Plan Update

Council has produced a new Water Safety Plan (version 5.0) under the updated framework released by the Ministry of Health after the Havelock North outbreak. A Water Safety Plan is essential to the good management of a drinking-water supply.

Drinking Water Leak Detection

NCC has a three year programme for leak detection in our water network. In 2021/22 (year two of the three year programme), we have investigated the following suburbs:

Pandora
Onekawa
Pirimai
Marewa
Maraenui
Napier South/CBD
Te Awa, and
Awatoto.

35 leaks were detected in these suburbs with an estimated loss of 13 litres per second. 99% of this water loss was soaking straight into ground and not visible. Major leaks were repaired and this has reduced the 13 litres/second loss by around 50%.

SCADA (Supervisory Control and Data Acquisition)

Our Three Waters SCADA system is central to the control and monitoring of all water supply bores, reservoirs and pump stations. This includes our two soon-to-be-operative new bores in Awatoto (the A2 & A3 bores and associated treatment plants).

In 2021/22 we have been improving the SCADA system by installing and commissioning new servers and new Ultra High Frequency digital base stations. These improvements are ongoing and will enable us to collect real-time information about reservoir levels, water usage and pump flow rates, which will help us maintain our network and prioritise improvements.

Drinking Water Reservoir Inspections

We've started using submersible drones to inspect all of our drinking water storage reservoirs. These inspections inform us of the condition of the reservoirs, with a focus on water quality and structural condition. The Enfield, Thompson, Taradale, Haliwell, Tironui, Otatara and Bayview reservoirs have been inspected to date.

We provide
the following
to the city of
Napier



7

Operative ground
water bores



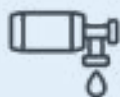
11

Service reservoirs
situated on 8 sites



93%

of Napier's population
served by
reticulation system



8

Booster Pump
Stations



482

km of water mains

Three Waters Reform

In 2021, Council signed a Memorandum of Understanding with the Government and received \$12.51 million to deliver projects as part of the reform programme for Three Waters.

This funding was prioritised towards 15 separate projects to address some key issues with our water network. Key projects are discussed in turn below:

- **Low manganese water sources**
Some bores within our existing supply have high manganese content, which can react with the chlorine added to our supply and cause discoloured water. In 2021, we completed an investigation into the potential for new bores that would supply water with lower manganese. By using a portion of the \$12.5M Three Waters funding (along with funding from our own annual budget) we drilled two new bores in Awatoto ("A3 bore") and Taradale ("T8 bore"). We installed treatment plants for these bores and brought them online in October 2022.
- **Fire flow network upgrades to meet levels of service**
Council developed a water network model, which identified that key pipes need to be replaced to enable us to meet firefighting capacity standards. Onehunga Rd and Hill Rd in Bayview were deemed priority sites and pipe upgrades have been completed.
- **Te Awa Structure Plan**
Council developed a Three Waters Te Awa Structure Plan which enables growth and addresses affordability issues. Works undertaken include installation of water supply, wastewater and stormwater pipes to service the area.
- **New asset management and data systems**
Our asset management and Geographical Information Systems (GIS) were nearing end of life, and starting to get outdated. We've designed a new system that uses the latest software, and are working towards go-live at the time of writing.
- **Iwi engagement**
With ongoing changes to the Three Waters space, engagement with mana whenua and tangata whenua is essential to enhancing the mauri of water. We are working with Ngāti Pārau and Te Taiwhenua o Te Whanganui ā Orotu to develop a cultural values assessment, and plan for future engagement which respects current capacity and capability.





SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2022/23:

Significant initiative per the 2021 Long Term Plan	Status	Comments
Begin drilling for the new Taradale bore.	Achieved	The "T8" bore has been installed and tested.
Installations of the new bore at Awatoto.	Achieved	The "A3" bore has been installed and tested.
Design the two new water treatment plants for the new Taradale and Awatoto borefields.	In progress	The concept design for the treatment process is progressing.
Preliminary work to develop the design for the reservoir site on Mataruahou (to replace the Enfield Reservoir).	In progress	Land has been purchased, stakeholder & concept design is progressing.
Upgrades to sections of existing water mains in Bay View to provide adequate water pressure to meet standards for fire protection.	Achieved	These upgrades have been completed and are operational.
Build in more access points to the network for cleaning.	In progress	Work is ongoing.

● Achieved
 ● In Progress
 ● Partially achieved
 ● On hold

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Water Supply	Safeguard Public Health	Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria) (Mandatory measure 1)
		Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria) (Mandatory measure 1)
	Management of Environmental Impacts	The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance (Mandatory measure 2)
		Average annual consumption of drinking water per day per resident (Mandatory measure 5)
		Median response times from time notification received: attendance time for urgent call-outs (Mandatory)
		Median response times from time notification received: resolution time for urgent call-outs (Mandatory)
		Median response times from time notification received: attendance for non-urgent call-outs (Mandatory)
		Median response times from time notification received: resolution time for non-urgent call-outs (Mandatory)
	Customer Satisfaction	Total number of complaints per 1,000 connections relating to drinking water clarity
		Total number of complaints per 1,000 connections relating to drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow and continuity of supply
		Percentage of residents satisfied with Water Supply in the Residents' Survey
	Investigation of options for chlorine free network	Complete the "Chlorine Free Review" report by 2021 and consult with the community on the implementation of the findings

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

¹ Council received qualified audit opinions for the 2020/21 and 2021/22 audits relating to performance measures regarding response times for water supply, stormwater and wastewater. The reported results were not verifiable for attendance or resolution times due to the following reasons:

- Data entry errors meant the response times were not always accurately recorded in Council systems. Issues identified in the 2020/21 audit were to be remedied through the implementation of checking procedures to certify the accuracy of data entry on a regular basis, and that correct records are maintained. Checking procedures will be implemented in February 2023.
- Categorisation errors meant the request for service was not always recorded in the appropriate place for reporting against the mandatory measures. Often this was caused by multiple issues within the one request for service, or the category not being updated after service personnel had confirmed the issue. This was also subject to qualification in 2020/21, and Council undertook to implement the following:

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
Achieved	Achieved	Achieved	◆	
Achieved	Achieved	Achieved	◆	
15.2%	≤ 22%	16%	◆	
366 litres/ resident/day 952 litres/ connection/ day	<490 litres/ resident/day	1,069 litres/ connection/ day	◆	Due to water conservation measures and a wet summer our consumption was down from last year. Note that previous Annual Reports mistakenly reported the usage per connection rather than per resident. This has now been resolved, and both figures have been provided for 2021/22 for ease of comparison. The 2020/21 result was also mistakenly reported as 411 litres/resident/day due to a miscalculation. It has been corrected in the column to the left.
28 minutes ¹	≤ 90 minutes	30 minutes	◆	
1.1 hours ¹	≤ 6 hours	1.27 hours	◆	
5.6 hours ¹	≤ 8 hours	3.62 hours	◆	
18.8 hours ¹	≤ 72 hours	11.95 hours	◆	
18	Downwards trend	New measure, no previous result	◆	
21.5	≤ 2	31.52 (verified) 21.05 ² (estimated)	◆	Target not met due to ongoing dirty water issues. Capital and operational projects are underway to address this problem.
28%	89%	26%	◆	Satisfaction measure shows a 2% improvement on the 2021 results. Rating largely reflects dissatisfaction with water taste and colour since the addition of chlorine, which reacts with the natural manganese in Napier's source water. Capital and operational projects are underway to reduce the instances of dirty water.
Achieved	Achieved	New measure	◆	

- internal training for all staff entering or responding to service requests, so they are aware of the definitions provided by the Department of Internal Affairs for mandatory measures
- reviewing our categories to ensure they are adequate and simplified for reporting purposes, and
- checking procedures to certify the accuracy of categorisations on a regular basis.

These improvements have been started but not yet comprehensively implemented across the organisation. This work will be completed by June 2023.

² Note that this result was subject to a qualification in 2020/21 and therefore is not directly comparable. Not all calls were able to be coded and not all complaints were able to be accurately captured for the full financial year. These issues have been resolved for the 2021/22 financial year."

CAPITAL EXPENDITURE for Water Supply

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
3 Waters Reform	8,880	-	972
Awatoto Industrial & Phillips Road Bore	83	1,000	11
Borefield No.1 Rising Main	-	-	90
De-Chlorinated Station - Anderson Park	-	-	63
District Modelling Projects	-	50	-
District Monitoring Project	64	-	1,008
FW2 Fireflow Network Upgrades	-	-	100
Hospital Hill Falling Trunk Main	191	-	37
Improve Bores	-	-	56
Infrastructure from Parklands Residential Development	122	111	122
Mataruahou (Napier Hill) Reservoir	117	400	11,445
Mataruahou (Napier Hill) Rising & Falling Trunk Mains	-	500	-
Network access points	-	-	32
New bores in Awatoto	-	500	646
New Reservoir Westen Hills	38	500	-
New Taradale Bore Field	-	500	-
New Water Treatment Plant	-	1,000	68
Pipe Renewals	378	500	496
Pump Stations Renewals	244	425	48
Reservoir inlets and outlets improvements	-	-	28
Taradale Falling Trunk Main	-	-	5
Te Awa Structure Plan	716	774	164
Upgrade Water Supply Control System	176	-	90
Water Bore Renewals	-	400	-
Water Control System Minor Works	-	-	5
Water Meter Renewals	-	-	18
Water Network Improvements	16	550	-
Water Reservoir Improvements	35	320	-
Water Supply Minor Capital Items	195	5	168
Water Treatment Improvements	13	2,650	-
Water Treatment Renewals	30	175	-
Total as per Funding Impact Statement	11,298	10,360	15,671
Gifted/Vested Assets	807	110	81
Total Water Supply Capital Programme	12,105	10,470	15,752

FUNDING IMPACT STATEMENT

for Water Supply

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(2,037)	(1,699)	(1,229)
Targeted rates	7,372	7,337	5,604
Subsidies and grants for operating purposes	952	-	-
Fees and charges	72	35	576
Internal charges and overhead recoveries	-	136	57
Local authorities fuel tax, fines, infringement fees, and other receipts	21	13	12
Total operating funding (A)	6,380	5,822	5,020
Applications of operating funding			
Payments to staff and suppliers	4,899	3,872	2,723
Finance costs	-	-	-
Internal charges and overheads applied	1,366	1,518	1,247
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,265	5,390	3,970
Surplus/(deficit) of operating funding (A - B)	115	432	1,050
Sources of capital funding			
Subsidies and grants for capital expenditure	6,898	-	-
Development and financial contributions	581	1,741	282
Increase (decrease) in debt	1,152	7,149	2,767
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,631	8,890	3,049
Application of capital funding			
Capital expenditure:			
- to meet additional demand	2,770	2,870	731
- to improve the level of service	6,951	5,590	3,706
- to replace existing assets	1,577	1,900	287
Increase (decrease) in reserves	(2,552)	(1,038)	(625)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	8,746	9,322	4,099
Surplus/(deficit) of capital funding (C - D)	(115)	(432)	(1,050)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from above

Group depreciation and amortisation	3,357	3,270	2,223
-------------------------------------	-------	-------	-------

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

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

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

* For capital budget variances refer to activity key issues.



Wastewater

SCOPE

Council provides and maintains a safe, effective, and efficient domestic sewage collection, treatment, and disposal system to help maintain community health. In addition, we provide for a separate industrial sewage collection and disposal system for selected trade waste customers. Our wastewater network serves 24,800 properties: roughly 97% of the city.

The network consists of:

- 390 km of wastewater mains
- 49 wastewater pumping stations
- a treatment facility located at Awatoto (with a Biological Trickling Filter plant and a Milliscreen plant), and
- a 1.5 km long marine outfall.

COMMUNITY OUTCOMES

The Wastewater activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
----------	-------------	-----------------------------	--	---	---	--	-----------------------------------

Wastewater



1

2

2

2

2

Key: 1 = Primary focus 2 = contributes to = Social Wellbeing = Cultural Wellbeing = Economic Wellbeing = Environmental Wellbeing



YEAR IN REVIEW

Delays in supply lines and shortages of materials, along with limited staff, have been a constraint for the wastewater activity, resulting in an underspend of capital budget.

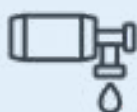
In 2021, Council secured a panel of eight specialist providers to provide technical, engineering and specialist support services, and supplement our internal capacity to deliver Three Waters projects. The beginning of this panel model has been improving the progress of projects.

Network Improvements

In 2021/22, we've progressed the following initiatives to improve our network:

- Continuation of upgrades to the Three Waters communication systems. This increases the quantity and quality of data coming back from pump stations to officers, and has involved:
 - o Installing new SCADA servers, which allow us to monitor equipment like motors, pumps, and valves at the Wastewater Treatment Plant remotely.
 - o Installing new ultra high frequency base stations to increase SCADA coverage
 - o Upgrading to Bluetooth enabled locks to improve security at sites, remove the need for physical keys (sites can be unlocked with smartphones), and track entry and exit in real time.
- Continued CCTV inspections of pipes within our network, and actioned root and gravel removal where necessary.
- Upgraded wastewater infrastructure in parallel with roading works, such as taking the opportunity to upgrade pipes under the new roundabout on Pandora/Thames Roads.
- Lined 430m of the wastewater main under Wycliffe Street with PVC. Essentially, this has created a new, tough pipe inside the existing damaged one, promoting a better flow and sealing off cracks.
- Repairing pipeline collapses on Kennedy and Hyderabad Roads, and Latham Street (temporary repairs on the latter two, with permanent repairs progressing now).
- Completing the design for the replacement of the Faulknor Street wastewater pipeline.

We provide
the following
to the city of
Napier



51

Pump stations



390

Km Wastewater
mains



biological trickling
filter treatment
plant (Awatoto)



1,500m

long marine
outfall pipe



93%

Napier's population
served by
reticulation system

Pump Stations

We have also progressing the following work on our pump stations:

- Completing a \$1.4M replacement of the pump station at the Airport. This replaces an existing pump station that was at the end of life. The new station will:
 - o reduce the risk of wastewater overflows into the adjacent wetlands
 - o reduce the risk of ground/surface water getting into the wastewater network
 - o increase the flow capacity of the pump station, and
 - o provide emergency storage.
- Replacing the pumps at the Munroe Street pump station.

Wastewater Treatment Plant and Marine Outfall

We've committed to improving the storage capacity at the Wastewater Treatment Plant. This storage will be used during period of extreme rainfall and will also provide an option for storing wastewater when repairs are needed on the main treatment plant. The design for these ponds is 90% complete, and the perimeter fence around the site is under construction. We're also conducting groundwater monitoring to support our application for a resource consent for this work.

Our wastewater outfall in Awatoto is aging; we identified two new leaks in 2021/22. One has

recently been repaired and solutions to repair the second are currently being developed. A major valve connecting Latham Street to the Wastewater Treatment Plant was replaced this year, with the operation requiring around 25 personnel working through the night to replace the valve which is 600mm in diameter. This critical valve replacement will enable further projects to be undertaken, including an air valve replacement and flowmeter installation on the Latham Street Pump Station rising main.

Tradewaste

Our reviewed Tradewaste Bylaw took effect on 1 August 2022 after significant work. The Bylaw will improve the quality of discharges into the wastewater network by increasing the number of organisations whose waste is classified as tradewaste, and providing a fairer system for tradewaste charges and monitoring. Ultimately it will improve Napier's wastewater discharge to the sea, reduce overflows, blockages and reduce cleaning in the network, particularly removal of fat deposits.

We've also completed the design and tendering for the installation of flowmeters on tradewaste discharges in Pandora. Construction is in progress at the time of writing. This will support the intent of the Bylaw, and provide for accurate flow measurement of discharges.

The pipeline that connects Pandora to the Wastewater Treatment Plant (also known as the "Pandora Industrial Main") has been blocked with debris for several years. Trials have been undertaken to find the best option to clear the pipe, and a contractor started work using the best methodology in June 2022. Approximately 10% of the pipeline has been cleaned to date. This will be a multi-year project.





SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2021/22:

Significant initiative per the 2021 Long Term Plan	Status	Comments
Begin construction on additional storage at the Wastewater Treatment Plant.	In progress	Design 90% complete, finalising ground water investigation for consenting. Fence around the outside of the proposed storage under construction.
Select an option for addressing issues with the Pandora Industrial Main and progress to tender for cleaning of the main.	Achieved	Cleaning method and contractor selected and work is underway. Work expected to take over a year. Approximately 10% of the pipeline cleaned as at 30 June 2022.
Completion of construction of wastewater infrastructure to unlock further development opportunities in Te Awa.	In progress	The extension of the wastewater network in Te Awa is approximately 95% complete. This is a multi-year project that has been impacted by COVID-19 delays.
Construction of a new wastewater pump station near the Hawke's Bay Airport, along with decommissioning of the old station.	Achieved	The replacement airport pump station has been completed and bought online.
Continuing drone inspections of wastewater outfall following repairs to leaks in early 2021.	In progress (ongoing initiative)	Since 2021, approximately two monthly drone inspections have been completed. The identification of new leaks in mid-2022 have led to drone inspections taking place at approximately weekly intervals, as weather and sea conditions allow.

● Achieved
 ● In Progress
 ● Partially achieved
 ● On hold

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Wastewater	Public Health and Sanitation: We operate, maintain, and size the network to minimise the occurrence of raw wastewater overflows into habitable areas	Number of dry weather wastewater overflows
	Minimise Environmental Impacts: By treating wastewater to the legally required standard before discharging into the environment	Compliance with resource consents for discharge from the wastewater system as measured by the number of abatement notices received in relation to wastewater resource consents (Mandatory)
		Compliance with resource consents for discharge from the wastewater system as measured by the number of infringement notices received in relation to wastewater resource consents (Mandatory)
		Compliance with resource consents for discharge from the wastewater system as measured by the number of enforcement orders received in relation to wastewater resource consents (Mandatory)
		Compliance with resource consents for discharge from the wastewater system as measured by the number of convictions received in relation to wastewater resource consents (Mandatory)
	Customer Responsiveness and Satisfaction: We respond to and restore loss of service and address complaints and will deliver a consistently high level of customer satisfaction	Median response times to sewerage overflows: attendance time from notification to staff on site (Mandatory)
		Median response times to sewerage overflows: resolution time from notification to resolution of the issue (Mandatory)
		Customer satisfaction with wastewater in the Residents' Satisfaction Survey
		Total number of complaints per 1,000 connections relating to sewage odour, sewerage system faults, sewerage system blockages, and response to issues with Napier's sewerage system (Mandatory)
		Blockages resulting in overflows into the Ahuriri Estuary

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

¹ Council received qualified audit opinions for the 2020/21 and 2021/22 audits relating to performance measures regarding response times for water supply, stormwater and wastewater. The reported results were not verifiable for attendance or resolution times due to the following reasons:

- Data entry errors meant the response times were not always accurately recorded in Council systems. Issues identified in the 2020/21 audit were to be remedied through the implementation of checking procedures to certify the accuracy of data entry on a regular basis, and that correct records are maintained. Checking procedures will be implemented in February 2023.
- Categorisation errors meant the request for service was not always recorded in the appropriate place for reporting against the mandatory measures. Often this was caused by multiple issues within the one request for service, or the category not being updated after service personnel had confirmed the issue. This was also subject to qualification in 2020/21, and Council undertook to implement the following:

	Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
	2.26	≤0.12 per 1,000 connections	0.69	◆	A majority of the 56 dry weather overflows were due to pipe breakages resulting from tree roots. Budget has been sought for a CCTV inspection programme to identify and fix similar faults in the future to avoid overflow scenarios.
	0	0	1	◆	
	0	0	0	◆	
	0	0	0	◆	
	0	0	0	◆	
	1.5 hours ¹	≤2 hours	1.25 hours	◆	
	2.9 hours ¹	≤8 hours	2.28 hours	◆	
	59%	70%	New measure	◆	Likely public concern about system capacity, overflows and leaks in the wastewater outfall. Three Waters reform and climate change have also been featuring more in traditional and social media.
	10.48	≤36	17.48 (verified) 11.67 (estimated) ²	◆	
	5	0	New measure	◆	5 recorded: Mersey St (industrial), Wyatt St 15 February, and 3 on Waitangi Day following significant rain (Wycliffe St, Taradale Rd and Hyderabad Road)

- internal training for all staff entering or responding to service requests, so they are aware of the definitions provided by the Department of Internal Affairs for mandatory measures
- reviewing our categories to ensure they are adequate and simplified for reporting purposes, and
- checking procedures to certify the accuracy of categorisations on a regular basis.

These improvements have been started but not yet comprehensively implemented across the organisation. This work will be completed by June 2023.

²Note that this result was subject to a qualification in 2020/21 and therefore is not directly comparable. Not all calls were able to be coded and not all complaints were able to be accurately captured for the full financial year. These issues have been resolved for the 2021/22 financial year."

CAPITAL EXPENDITURE for Wastewater

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
3 Waters Reform	555	-	269
Flow meter replacements	-	20	-
Flow metering	49	250	37
Harold Holt wastewater upgrades	264	-	21
Infrastructure from Parklands Residential Development	288	202	288
Pandora Industrial Main	240	500	42
SCADA Upgrade	512	-	260
Wastewater Pipe Renewal	1,034	650	359
Wastewater Pump Station Renewal	2,513	605	232
Te Awa Structure Plan - Wastewater	542	300	352
Tradewaste New Projects	89	373	-
Treatment Plant Renewal	154	400	152
Wastewater Growth Projects	21	500	-
Wastewater Minor Capital Items	79	-	80
Wastewater Network Improvements	7	50	-
Wastewater Outfall Renewals	85	-	1,512
Wastewater Pump Station Improvements	77	885	-
Wastewater Treatment Plant Upgrade	630	-	190
Wastewater Treatment Renewals	69	1,000	-
Total as per Funding Impact Statement	7,208	5,735	3,794
Gifted/Vested Assets	1,214	199	138
Total Wastewater Capital Programme	8,422	5,934	3,932

FUNDING IMPACT STATEMENT

for Wastewater

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(3,435)	(2,580)	(2,152)
Targeted rates	9,937	9,854	8,666
Subsidies and grants for operating purposes	559	-	-
Fees and charges	563	657	576
Internal charges and overhead recoveries	-	146	41
Local authorities fuel tax, fines, infringement fees, and other receipts	3	-	-
Total operating funding (A)	7,627	8,077	7,131
Applications of operating funding			
Payments to staff and suppliers	3,680	4,110	3,170
Finance costs	-	-	-
Internal charges and overheads applied	1,526	1,378	1,380
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,206	5,488	4,550
Surplus/(deficit) of operating funding (A - B)	2,421	2,589	2,581
Sources of capital funding			
Subsidies and grants for capital expenditure	709	-	-
Development and financial contributions	379	2,173	196
Increase (decrease) in debt	1,513	3,588	600
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,601	5,761	796
Application of capital funding			
Capital expenditure:			
- to meet additional demand	927	1,037	1,044
- to improve the level of service	1,932	2,083	303
- to replace existing assets	4,349	2,615	2,031
Increase (decrease) in reserves	(2,186)	2,615	(1)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	5,022	8,350	3,377
Surplus/(deficit) of capital funding (C - D)	(2,421)	(2,589)	(2,581)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from above

Group depreciation and amortisation	6,124	5,904	4,676
-------------------------------------	-------	-------	-------

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

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

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

* For capital budget variances refer to activity key issues.



Stormwater

SCOPE

The Stormwater activity is responsible for safely collecting, treating, and disposing of the city's stormwater. One of the core goals of the city's stormwater system is to minimise the effects of flooding, a service which has been at the forefront of our community's minds since the November 2020 flood event. Our stormwater system consists of open drains, large underground pipes, and pump stations which carry rainwater out into the ocean. About three quarters of the city is now reliant on pumped systems for stormwater drainage.

The stormwater network asset comprises 241 kms of pipe network, 10 pump stations, and two detention dams. Together, stormwater assets have a replacement value of \$341 million as at 30 June 2020.

We have a statutory responsibility to ensure stormwater is managed through ownership and management of our own drainage network. Our network minimises the health risk to the community through safe collection, treatment, and disposal of stormwater. Through controlled disposal and by enhancing the quality with various programmes and monitoring interventions we also minimise the pollution which drains into receiving environments.

COMMUNITY OUTCOMES

The Stormwater activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Stormwater	  	1	2	2	2	2	

Key: 1 = Primary focus 2 = contributes to

 = Social Wellbeing

 = Cultural Wellbeing

 = Economic Wellbeing

 = Environmental Wellbeing

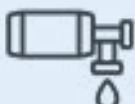
YEAR IN REVIEW

We provide
the following
to the city of
Napier



241

Km Stormwater
mains



10

Pump stations



5,337

manholes



47

Km of open
drains



2

Detention
dams

We have several multi-year projects underway for the Stormwater activity, with design work beginning 2021/22 for two key projects: the replacement of the Herrick Street Culvert, and the flood management work in Maraenui which will provide network capacity for an additional 400 new homes.

In 2020/21, Council was successful in securing an additional \$12.4M funding through the national Infrastructure Acceleration Fund for the upgrades to Maraenui's stormwater infrastructure. This funding will be directed towards a package of improvements to stormwater pipes, drains and pumps with a total value of just under \$23.5M, which will enable safer intensification of houses within Maraenui. The balance of the project has already been funded through Council's latest Long Term Plan.

Work has continued this year to understand and remedy operational issues within the network. We have been using CCTV cameras to inspect the condition of our pipes, and have carried out successful removal of intruding tree roots and gravel. In one particular instance, a pipe in Onekawa had half of its diameter blocked with concrete grout, which was causing localised commercial flooding around Austin/Lipton Street. This has now been cleared. We have also been progressing minor stormwater improvements on Cameron Terrace on Mataruahou.

During the 2020 November flood event, some stormwater pumps owned and operated by Council ran out of diesel or were affected by power outages (although this was not at peak flow times and did not exacerbate flooding upstream). Power Generators have been ordered to provide alternative power supplies to stormwater pump stations.

Several stormwater projects have been completed to capitalise on works already happening on our roading and footpath network. We have upgraded stormwater infrastructure under the new roundabout at the intersection of Pandora and Thames Roads in Ahuriri. Work to extend the network to Kenny/Eriksen Roads is underway, including the construction of a culvert in the existing Cowshed drain. This will allow for future residential growth in Te Awa.

We are progressing a series of initiatives to improve stormwater quality, detailed as follows:

- Installation of "Witches Hats", which are filters placed into roading sumps to collect solids (such as litter) washed from roads during rain. An initial trial of 16 "hats" saw approximately 51kg of sediment and litter captured and diverted from the receiving waterway,
- The purchase of software to support monitoring activity for our stormwater resource consents, including automating data analysis from laboratories, and making our reporting processes more efficient,
- Monitoring 27km of our waterways for dry-weather discharges from stormwater outfalls (dry-weather discharges can suggest illegal wastewater discharge, failing infrastructure, or both). Those outfalls that did show evidence of dry-weather discharges have now been prioritised for CCTV and smoke testing investigation to cease potential pollution,

- Monitoring 19 roadside stormwater sumps across the Pandora and Onekawa industrial zones for sediment, hydrocarbon and heavy metal capture rates. This monitoring will allow targeted road contaminant reduction for protection of the city waterway network,
- A "Cultural Impact Assessment" has been completed, focusing on the impact of the Thames-Tyne waterway discharge on Te Whanganui-a-Orotū,
- An Ecotoxicological Risk Assessment has been drafted for the Thames-Tyne waterway network to inform viable remediation options that will reduce ongoing pollution of Te Whanganui-a-Orotū,
- NCC agreed to support a project led by the Cawthron Institute and the Japan National Institute for Environmental Studies, focusing on investigating emerging contaminants in stormwater to inform future national environmental standards. The Thames-Tyne waterway network in Pandora is the focus network for the New Zealand-based study.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2022/23:

Significant initiative per the 2021 Long Term Plan	Status	Comments
Determine design to improve the pipes and drainage in the area of the Thames and Tyne waterways.	In progress	Covid-19 has related in delays in completing the business case for Thames-Tyne waterway remediation work. Final options are expected second quarter of 2022/23.
Complete the Ahuriri Stormwater Masterplan Study.	In progress	The last monitoring round of this three year study is due to take place in October 2022. A data analyst was been engaged undertake statistical significance analyses in June 2022.
Replacing the generators at the Purimu, Dalton Street, and Sale Street stormwater pump stations.	In progress	Generators purchased with expected delivery in January 2023
Ensure electrical panels in the Sale Street and Latham Street pump stations are well above floor level and protected from potential future flooding events.	In progress	Consultant has been engaged to identify options and find a solution.
Purchase of land in Te Awa to cater to growing stormwater drainage needs.	In progress	Land purchase subject to the developer's programme of works.
<p> ● Achieved ● In Progress ● Partially achieved ● On hold </p>		



PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Stormwater	The Stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Number of flooding events that occur per year (Mandatory measure 1)
		For each flooding event, the number of habitable floors affected per 1,000 properties (Mandatory measure 2)
		Median response time to attending a flood event (notification to personnel being on site) (Mandatory measure 3)
	Stormwater is collected and disposed of in a manner that protects public and environmental health	Compliance with resource consents for discharge from the stormwater system as measured by the number of abatement notices (Mandatory)
		Compliance with resource consents for discharge from the stormwater system as measured by the number of infringement notices (Mandatory)
		Compliance with resource consents for discharge from the stormwater system as measured by the number of enforcement orders (Mandatory)
	Residents are satisfied with Council's Stormwater service	Compliance with resource consents for discharge from the stormwater system as measured by the number of convictions received in relation to stormwater resource consents (Mandatory)
		Number of complaints received about performance of stormwater system (per 1,000 properties connected) (Mandatory measure 5)
		Percentage of residents satisfied with Stormwater in Residents' Satisfaction Survey
	Stormwater is collected and disposed of in a manner that protects public and environmental health	Number of education programmes delivered to improve stormwater quality

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

¹ Council received qualified audit opinions for the 2020/21 and 2021/22 audits relating to performance measures regarding response times for water supply, stormwater and wastewater. The reported results were not verifiable for attendance or resolution times due to the following reasons:

- Data entry errors meant the response times were not always accurately recorded in Council systems. Issues identified in the 2020/21 audit were to be remedied through the implementation of checking procedures to certify the accuracy of data entry on a regular basis, and that correct records are maintained. Checking procedures will be implemented in February 2023.
- Categorisation errors meant the request for service was not always recorded in the appropriate place for reporting against the mandatory measures. Often this was caused by multiple issues within the one request for service, or the category not being updated after service personnel had confirmed the issue. This was also subject to qualification in 2020/21, and Council undertook to implement the following:

	Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
	0	≤1	1	◆	
	0	≤1	6.15	◆	
	0 ¹	≤2 Hrs	69.04 hours	◆	
	1	0	0	◆	Abatement notice served on 23 August 2021 after an overflow event at the Hardinge Road Pump Station. All measures implemented as required.
	2	0	0	◆	Two infringement notices served on 23 August 2021 and 7 September 2021 after an overflow event on 12 August 2021 at the Hardinge Road Pump Station.
	0	0	0	◆	
	0	0	0	◆	
	4.56	≤5	9.40 (verified) 4.34 (estimate) ²	◆	
	39%	89%	42%	◆	Heightened public concern about stormwater, particularly about system capacity, has been evident following the rainfall event of November 2020 and subsequent weather events such as heavy rain on Waitangi Weekend in 2022.
	1	>1	New Measure	◆	Placards and media campaign

- internal training for all staff entering or responding to service requests, so they are aware of the definitions provided by the Department of Internal Affairs for mandatory measures
- reviewing our categories to ensure they are adequate and simplified for reporting purposes, and
- checking procedures to certify the accuracy of categorisations on a regular basis.

These improvements have been started but not yet comprehensively implemented across the organisation. This work will be completed by June 2023.

²Note that this result was subject to a qualification in 2020/21 and therefore is not directly comparable. Not all calls were able to be coded and not all complaints were able to be accurately captured for the full financial year. These issues have been resolved for the 2021/22 financial year."

CAPITAL EXPENDITURE

for Stormwater

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
3 Waters Reform	198	-	210
Ahuriri Estuary Projects	8	140	-
Ahuriri Master Plan Project 3 - improve Direct Outfalls	-	-	12
Ahuriri Master Plan Stormwater Study	109	100	78
Ahuriri Master Plan Project 11 - Pandora Catchment Improvement	-	-	82
Bay View Pump Station	-	-	4
CBD Stormwater Upgrade	-	-	35
Construction of a Hydraulic Model and Upgrades	-	-	94
Drain Improvements	48	30	12
Extend Outfalls Marine Parade	-	-	1
Flood Alleviation Projects	82	500	-
Infrastructure from Parklands Residential Development	343	226	342
New Pump Station and Pumping Main for Marewa Catchment	-	-	5
Open Waterway Improvements	10	566	-
SCADA Minor Replacements	22	25	5
SCADA Upgrade Project	213	-	65
Stormwater Growth Projects	5	5,518	-
Stormwater Minor Capital Items	63	-	143
Stormwater Pump Replacements	100	180	-
Stormwater Pump Station Electrical Replacements	-	-	15
Stormwater Pump Station Improvements	306	1,700	-
Stormwater Pump Station Renewal	6	160	-
Stormwater Renewals	97	85	-
Taradale Stormwater Diversion	-	-	1
Te Awa Structure Plan	1,503	-	531
Tennyson St Outfall Improvements	-	-	28
Thames/Tynes Pipe and Drain Upgrades	-	-	9
Upgrade Dalton Street Pump Station	-	0	5
Upgrade Existing Onehunga Pump Station	-	-	23
Upgrading Stormwater Catchments	59	-	131
Total as per Funding Impact Statement	3,172	9,230	1,831
Gifted/Vested Assets	765	222	241
Total Stormwater Capital Programme	3,937	9,452	2,072

FUNDING IMPACT STATEMENT

for Stormwater

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	726	-	3,895
Targeted rates	4,213	4,182	-
Subsidies and grants for operating purposes	501	-	-
Fees and charges	-	-	-
Internal charges and overhead recoveries	-	185	83
Local authorities fuel tax, fines, infringement fees, and other receipts	109	50	52
Total operating funding (A)	5,549	4,417	4,030
Applications of operating funding			
Payments to staff and suppliers	2,458	1,231	1,275
Finance costs	-	-	-
Internal charges and overheads applied	1,626	1,490	1,222
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,084	2,721	2,497
Surplus/(deficit) of operating funding (A - B)	1,465	1,696	1,533
Sources of capital funding			
Subsidies and grants for capital expenditure	518	-	-
Development and financial contributions	1,013	2,048	567
Increase (decrease) in debt	1,538	7,200	4,040
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,069	9,248	4,607
Application of capital funding			
Capital expenditure:			
- to meet additional demand	1,520	6,032	-
- to improve the level of service	1,276	2,516	6,060
- to replace existing assets	376	682	146
Increase (decrease) in reserves	1,362	1,714	(66)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	4,534	10,944	6,140
Surplus/(deficit) of capital funding (C - D)	(1,465)	(1,696)	(1,533)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from above

Group depreciation and amortisation	4,185	4,204	2,736
-------------------------------------	-------	-------	-------

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

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

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

* For capital budget variances refer to activity key issues.



Transportation

SCOPE

Napier City's Transportation team are responsible for managing all land-based transportation activities funded in part or in full by NCC to meet community outcomes. Further to these community outcomes, there are four key strategic priorities being targeted nationally for the transportation network across the country through the Government Policy Statement. These are:

- Safety
- Better travel options
- Improving freight connections, and
- Climate change.

Napier City Council provides for freight and passenger transport with 366 kilometres of sealed roads, along with all associated





structures, drainage, road furniture, street lighting, and traffic safety services. The majority of the network is urban with rural roads serving the foothills to the west and the primary production areas to the south. In both instances the rural network connects to the Hastings District Council network.





Council also provides for cycling and walking modes of transport through a well-integrated network of cycleways and footpaths.

Transportation is a significant and essential activity for Napier City contributing to the economic, social, cultural, and environmental well-being of the community. Transportation corridors are a key element of the local environment supporting the community and economy. It is essential that transportation continues to be delivered to an appropriate standard to achieve national, regional, and NCC's strategic objectives and desired outcomes.

COMMUNITY OUTCOMES

The Transportation activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Transportation	   			1	2		2

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

YEAR IN REVIEW

Thames Street and Pandora Road Roundabout

The upgrade of the intersection of Thames Street and Pandora Road has been identified for some time to improve flow between the Pandora industrial area and Napier Port. Construction of a new roundabout with renewal and upgrade of some underground services was completed this year. The project was made possible following the uplifting of the State Highway designation on Pandora Road and is the first of several projects along this corridor.

West Quay Streetscape

Council completed the first stage of the West Quay Streetscape project, delivered under Waka Kotahi's Innovating Streets programme. The programme offered an enhanced funding assistance to Councils utilising innovative methods for increasing safety for vulnerable users and enhancing modal choice. The West Quay project improved pedestrian and cycle connections, through an area of high conflict, working closely with business and property owners to ensure their operational needs were still met. The upgrade earned Council an 'Agent for Change' award.

Speed Bylaw 2022

Council undertook a comprehensive review of speed limits within the City, the first since 2012. All speed limits were considered, utilising a combination of national guidance, Waka Kotahi data derived recommendations and local network and engineering knowledge. Development of the new bylaw included two city wide consultation phases: one pre-engagement phase which shared Council's intentions and requested additional roads for consideration; and the second, formal bylaw submission phase.

Of particular note is the introduction of 30km/h variable speed limits around most urban schools, which will reduce speed limits at school start and finish times to protect our most vulnerable road users. Unfortunately, supply issues prevented us from being able to install the variable speed limit signs by the time the bylaw came into effect, but most were installed before year-end.

Traffic Calming

Traffic calming and minor safety projects in Marewa, Ahuriri, Maraenui, Westshore, Taradale, Mataruahou and the CBD have been completed or substantially commenced during the year. These interventions range from altered traffic priorities at intersections to construction works comprising raised tables, kerb build-outs, landscaping, new roundabouts and speed cushions. These projects have shown great results in reducing traffic speeds and conflicts in high risk areas and providing safer crossing places and facilities for pedestrians and other vulnerable users.

We provide
the following
to the city of
Napier



310

Km of urban roads
and footpaths



61

Km of rural
roads



49

Km of cycleways



480

Km of kerb and
channel



61

Culverts larger
than 900mm in
diameter



9,616

Street lights



5,441

Sumps and
manholes



We provide
the following to
the city of Napier



3,400
Amenity lights



6,885
Street signs



10
Pedestrian bridges



15,822
Traffic islands



24
Bus shelters



5,902
Street trees



9,555m
Safety barriers and
railings



8
Vehicle bridges

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2022/23:

Significant initiative per the 2021 Long Term Plan	Status	Comments
Review the designs to upgrade Kennedy Road at the Marewa shops after initial cost estimates came out significantly higher than budget. The upgrade of Kennedy Road is intended to improve safety for all users, including pedestrians and cyclists.	On hold ●	The reviewed designs, which reduced the scope of the project, did not bring the estimated project costs to a level which was considered appropriate for the intended project outputs. Further revisions are underway in order to identify elements which could be delivered incrementally.
Construct cycling connections along Kennedy Road between George's Drive and the central business district.	On hold ●	Designs for this project are complete, however adequate funding was not available in the 2021/22 financial year due to other commitments.
Undertake detailed design of the upgrade of Puketitiri Road (between Fryer Road and Quarry Ridge) to prepare for construction in 2022/23.	In progress ●	Geotechnical investigations, resource consent planning, detailed engineering design and land requirements have been progressed through the year. Estimated construction costs are above Council's budget and need to be considered further.
Construction of a roundabout at the Kenny Road/Eriksen Road intersection and approaches, including new cycleways and pathways.	In progress ●	This project is not yet complete, as the project scope was broadened to encompass work on the approach roads. The roundabout is mostly complete at the time of writing.
Improvements to the pathways and crossing points on Ellison & Chambers Streets, to improve safety for cyclists, pedestrians and vehicles.	In progress ●	This project was substantially completed at year-end. The final elements will be completed in the first quarter of 2022/23.
Repairs after slip damage to roads and footpaths following the November 2020 rainfall event.	In progress ●	Designs and consents for a number of the repair projects were completed through the year, with one retaining wall construction being completed. Several other projects are ready to be tendered and started in the first quarter of 2022/23.

● Achieved ● In Progress ● Partially achieved ● On hold

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Transportation	Design and construct safety improvements to minimise the number of injury crashes	The change from the previous calendar year in the number of fatalities a serious injury crashes on the local road network, expressed as a number (Performance Measure 1)
	Provide well maintained roads	The average quality of ride on a sealed local road network, measured by smooth travel exposure (DIA Performance Measure 2)
		Average roughness
		Peak roughness
		Number of instances where road access is lost
	Provide well- maintained footpaths and cycleways (DIA Performance Measure 4)	Percentage of footpaths and cycleways rated 4 or 5 (rating 1 best to 5 worst based on independent survey)
		Percentage of residents being satisfied (very satisfied or fairly satisfied) with footpaths in the Napier City Council Residents' Satisfaction Survey
		Percentage of residents being satisfied (very satisfied or fairly satisfied) with cycleways in the Napier City Council Residents' Satisfaction Survey
		Percentage of residents satisfied (very satisfied and fairly satisfied) with roads in the Napier City Council Residents' Satisfaction Survey
	Maintain a high level of customer service	Percentage of customer service requests responded to within 5 working days (DIA Mandatory Measure 5)
	Provide adequate renewal of road surfacing	Percentage of the sealed local road network that is resurfaced (DIA Mandatory Measure 3)
Performance Indicators: ◆ - Achieved ◆ - Within 10% ◆ - Not achieved, greater than 10%		

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
+10 on previous year	-1 on previous year	+1 on previous year	♦	2021/22 - 0 fatal crashes, 22 serious injury crashes 2020/21 - 3 Fatal crashes, 9 serious injury crashes
93%	>85%	92%	♦	
98 surface irregularities above 15.2mm per kilometre (urban roads) 78 surface irregularities above 15.2mm per kilometre (rural roads)	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measure by high speed surveying	New measure	♦	
158	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (ie, the roughest roads)	New measure	♦	Peak Roughness (95th percentile) on Arterial and Primary Collector roads is 118 and 121 respectively; and 152, 180 and 199 for Secondary Collector, Access and Low Volume roads respectively. 76% of the kilometres travelled in Napier are driven on Arterial and Primary Collector roads, so this is where maintenance investment is given the highest priority.
0	<2 (arterial), <8 (total)	New measure	♦	
No result available	1%	1.53%	♦	Council relies on an external contractor to conduct condition surveying. The surveying was delayed due to adverse weather. Results are not available at the time of auditing this report.
57%	85%	67%	♦	We are analysing the complaints received by Council directly and using this data for our capital and maintenance programmes going forward.
80%	85%	New measure	♦	
49%	85%	60%	♦	A number of road safety projects have been installed around the city to reduce vehicle speed. Decisions are peer-reviewed by Waka Kotahi before being implemented, but have been the subject of some public frustration.
100%	90%	100%	♦	
2.8%	5%	1.7%	♦	Carriageway reseals are programmed according to asset and network need. Council and Waka Kotahi are satisfied that the programme reflects investment being made at the appropriate time.

CAPITAL EXPENDITURE for Transportation

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
Ahuriri Masterplan - Pandora Road Upgrade	288	960	-
Associated Improvements	33	100	3
CBD Development	119	-	-
Ground stabilisation and retaining wall	381	-	92
Intersection Improvement Projects	718	300	438
Intersection Safety Improvement Projects	529	200	914
Local Area Traffic Management Projects	419	330	-
Marine Parade Safety Improvements	-	-	466
Minor Capital Items	101	-	90
New Cycle and Walking Tracks	1,737	-	1,867
Parklands Residential Development	706	767	-
School Zone Safety work	324	300	-
Te Awa Structure Plan	2,160	250	943
Transportation Renewals	3,669	4,059	4,432
Urban Corridor Improvement Projects	237	420	362
Urban Growth Northwest Development	-	100	-
West Quay One Way	162	-	346
Total as per Funding Impact Statement	11,583	7,786	9,953
Gifted/Vested Assets	742	408	12
Total Transportation Capital Programme	12,325	8,194	9,965

FUNDING IMPACT STATEMENT

for Transportation

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,381	9,171	9,987
Targeted rates	159	150	149
Subsidies and grants for operating purposes	2,490	2,126	1,816
Fees and charges	236	142	115
Internal charges and overhead recoveries	64	1,020	411
Local authorities fuel tax, fines, infringement fees, and other receipts	508	460	415
Total operating funding (A)	12,838	13,069	12,893
Applications of operating funding			
Payments to staff and suppliers	8,227	7,213	7,142
Finance costs	-	-	-
Internal charges and overheads applied	1,351	1,520	1,599
Other operating funding applications	(3)	-	-
Total applications of operating funding (B)	9,575	8,733	8,741
Surplus/(deficit) of operating funding (A - B)	3,263	4,336	4,153
Sources of capital funding			
Subsidies and grants for capital expenditure	4,725	2,641	3,545
Development and financial contributions	3,150	514	1,985
Increase (decrease) in debt	2,724	1,820	4,176
Gross proceeds from sale of assets	7	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	10,606	4,975	9,706
Application of capital funding			
Capital expenditure:			
- to meet additional demand	3,098	1,240	3,273
- to improve the level of service	4,800	2,437	3,466
- to replace existing assets	3,685	4,109	7,082
Increase (decrease) in reserves	2,286	1,525	37
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	13,869	9,311	13,858
Surplus/(deficit) of capital funding (C - D)	(3,263)	(4,336)	(4,152)
Funding balance ((A-B) + (C-D))	-	-	-
Note: Excluded from above			
Group depreciation and amortisation	7,252	7,996	6,544

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

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

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

* For capital budget variances refer to activity key issues.



Other Infrastructure

SCOPE

Waste Minimisation

Council provides a domestic refuse collection service for both residential and commercial properties within Napier. We effectively and efficiently remove waste from households in Napier and convey it for authorised and appropriate disposal.

We dispose of waste in a few different ways: either we pick it up from a kerbside wheelie bin or litter bin and take it straight to landfill or we take bulk waste dropped off at the Redclyffe Transfer Station to landfill.

Council also provides a domestic recycling collection service for residential properties within Napier. We effectively and efficiently remove recyclable products from households in Napier and convey them to reuse markets.

We collect recyclables in a few different ways: either we pick it up from a kerbside receptacle where it is sorted into different product streams at the kerb before being conveyed in bulk to reuse markets or we take bulk recycling dropped off at the Redclyffe Transfer Station and sort it to be repurposed.

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

We also focus on advocating for, and educating about, ways to reduce the amount of waste our city produces. Reducing waste is close to the hearts and minds of the people in our community and solutions have to be relatively easy and widely acceptable. A reduction of waste being sent to landfill is not only good for

the environment but would mean that Council doesn't have to invest as much in expanding and maintaining landfills in the future.

Central government is making several significant changes to the way we manage waste across the country. Currently, a levy of \$10 is paid for every tonne of rubbish which goes to municipal landfills. The government is increasing this levy to \$60 per tonne and applying it to all types of landfills except for cleanfills and farm dumps. This is a great way to get our community thinking about other ways to reduce and reuse their rubbish, but it will mean that the cost of waste disposal will increase quite significantly. The government is also looking into options for standardising kerbside recycling across the country to avoid confusion and decrease contamination in recycling.

The most significant assets held by this activity are the Redclyffe Transfer Station (which is aging) and several closed landfills which remain in place within the city while slowly degrading.

Cemeteries

Cemeteries are important and special places in a community, they provide a functional purpose for burials and ash interments, and a place to remember loved ones who have passed, as well as provide historical and cultural connections to the communities they serve. They also contribute to the amenity and open space function of Council's wider parks and reserves network.

Napier City Council operates and maintains six cemeteries within the city, the oldest being 'Old Napier Cemetery' with its first burial in 1851 and the newest being Western Hills which opened in 1985. In total, the cemeteries comprise an area of approximately 35 hectares.

There are no crematorium facilities in Napier and there is no legislative requirement for a

We provide
the following
to the city of
Napier



4

tons of waste
diverted from
landfill



48

Public Toilets



6

Cemeteries



local authority to provide such facilities. However, Napier City Council is a governance partner in the Hawke's Bay Crematorium which is provided and administered by Hastings District Council pursuant to the Hawke's Bay Crematorium Act 1944. This Act sets out its governance structure including the responsibilities of the contributing local authorities.

Public Toilets

Napier City Council provides, maintains, and develops public toilet facilities to meet the needs and demands of the community and visitors to our city. Currently, the city has 48 operational public toilets.

Public toilets are provided in key areas generally related to tourism, recreation, and shopping activities. Facilities are cleaned and inspected at least daily with the emphasis on hygiene, safety, and discouragement and removal of graffiti.

COMMUNITY OUTCOMES

The Other Infrastructure activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Waste Minimisation	   		1	2		2	2
Cemeteries	  		1			2	2
Public Toilets	 		1	2		2	2

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

YEAR IN REVIEW

Waste Minimisation

In the 2020/2021 financial year, Napier disposed of nearly 10.5 tons of rubbish from the Redclyffe Refuse Transfer Station. With the start a new services contract which commenced on 1st July 2021, this amount was reduced to just under 6.25 tons in 2021/2022, meaning just over 4 tons of divertible material was prevented from going to landfill this year.

Our kerbside services continue to operate successfully, servicing over 25,000 properties in the city. Over 3,500 of those properties have signed up for the 'Less Waste Incentive'. This scheme offers a 15% reduction in the waste targeted rate for those households who present their wheelie bin at the kerb fortnightly rather than weekly.

During the past financial year, we have introduced an additional wheelie bin and/or set of recycling crates for those residents who have ongoing medical conditions and are receiving at home treatment. Treatments such as dialysis often produce waste and recycling in excess of kerbside allowances and Council is pleased to assist these residents with additional receptacles free of charge.

Waste minimisation and education initiatives delivered by the team include:

- a review of the Waste Aware programme,

- extremely popular composting workshops with the opportunity for attendees to purchase compost bins, worm farms or bokashi bins at a reduced charge from the Environment Centre, and
- the creation of Your Sustainable Trust Workshops in schools across Napier and Hastings.

As a result of this and in collaboration with regional waste officers, we have created the Green Team across schools in the wider HB region. Teachers will be able to come together quarterly to share initiatives from their own school and to seek advice from subject matter experts.

During quarter four of 2021/22, the Ministry for the Environment has consulted on a review of kerbside services and other waste reduction initiatives. Council made a submission and are looking forward to seeing the findings and recommendations from the review.

Cemeteries

Following a design and tendering process, the construction of Western Hills Cemetery Stage 2 extension started in 2022. This extension has increased capacity by 998 new plots and added new vehicle access and parking.

The second stage of bulk tree removal at Whareangi Cemetery took place over the summer and autumn of 2021/22. This tree removal saw a large stand of aging and potentially dangerous pine trees felled and sold, and replaced with 4,635 native shrubs and trees.

Further works were also progressed with the staged removal of the aging tree stock on and around the Park Island Cemetery and Western Hills Cemetery. Replanting of these areas in native trees and plants has also continued this year.

Operational costs continue to rise with the expansion of the asset, as well as the increased costs of labour, fuel and plant required to manage the 35ha of cemetery to a high standard the users expect.

Public Toilets

The repair and renewal of the Marewa Shopping Centre Toilet block was completed in 2021 following a car crash damaging one end of the building. As part of the repair work Council used this opportunity to give the entire facility a renewal which has been well received by the users.

In 2022 works commenced on the install of the new Le Quesne Road Foreshore Reserve toilet block following a prolonged period of engagement. At year end the toilet building shell was in position onsite and services installed for an estimated opening late winter 2022.

In addition to the toilet renewals, funding was also allocated for new toilet facilities at the Park Island Northern Hub, next to the recently constructed MacRae Field. This will service visitors to the park and sportsground users. The toilet block will be installed and commissioned late winter 2022.

A Public Toilet Strategy was also commissioned in 2022 to provide Council officers guidance on where additional toilet facilities are required and help to prioritise the renewal program. This strategy is also looking at levels of services and changes in operation to improve user satisfaction. This report is anticipated to be completed in late 2022.

Vandalism in toilet blocks continues to be an issue, requiring Council to close and lock toilets outside of standard public use times. Spend on both vandalism and graffiti removal has exceeded budgets.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2021/22:

Significant initiative per the 2021 LTP	Status	Comments
Investigate options to reduce the amount of "class 5" plastic going to landfill.	Achieved	Plastics 5s are now accepted at kerbside as part of the city's residential collection. It is also possible to recycle plastics 5s at Redclyffe Refuse Transfer Station.
Progress the resource consent application for the development of Valleys B & C at Omarunui landfill	Achieved	Consent granted in December 2021.
Stage 2 of the extension at the Western Hills Cemetery	In progress	Construction Underway (30%) – bulk earthworks stage.
Review Cemeteries Bylaw	Partially achieved	Council undertook a basic review of the Bylaw in December 2021, alongside a number of other Bylaws, to ensure legislative compliance. A full and focused review will still be required in the next two to three years.
Completion of the rebuild of the Marewa Shopping Centre toilets	Achieved	Rebuild and refurbishment completed in spring of 2021.

● Achieved ● In Progress ● Partially achieved ● On hold

PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure
Waste Minimisation	A weekly kerbside refuse collection service is provided to city residents	Weeks per year that the refuse service is available to the residents of Napier
		Percentage of residents satisfied with the refuse collection in the Residents' Satisfaction Survey
		Weeks per year that the recycling service is available to the residents of Napier
	Provision of recycling drop-off facility	Days per year where drop-off services are available to the public
	Availability of the user-pays refuse transfer station and associated services	Days per year where transfer station services are available to the public
		Compliance with resource consents related to the transfer station and closed landfills
	Availability of and attendance at waste minimisation education	Students/customers attending education sessions for the Waste Aware Programme or other education in person
	Litter control, graffiti, and vandalism	Percentage of residents satisfied with control of litter and graffiti in the Residents' Satisfaction Survey
	Council promotes waste minimisation activities	Waste to landfill per capita
Cemeteries	Cemeteries' records are well maintained and accessible	An online cemeteries records system is available 90% of the time
	Cemeteries are well maintained and provide a quiet and aesthetically pleasing environment for users	Satisfaction with cemeteries as measured by the Residents' Satisfaction Survey
Public Toilets	Public conveniences are clean, hygienic, and safe	Percentage of customers who are satisfied with public toilets in the Residents' Satisfaction Survey

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

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
52 weeks	52 weeks	52 weeks	◆	
74%	90%	81%	◆	Satisfaction levels may reflect the fact that the new wheelie bin service is still bedding in, and with the increased cost of dropping waste at the Transfer Station given increases in the nation Waste Disposal Levy.
52 weeks	52 weeks	52 weeks	◆	
351	362	New measure	◆	Transfer Station closures due to COVID-19 lockdowns.
351	362	New measure	◆	Transfer Station closures due to COVID-19 lockdowns.
100%	100%	100%	◆	
0	>750 attendees	0	◆	Due to COVID-19 restrictions, the Waste Aware programme has not been possible. This programme is under review and will be implemented in 2022/23
61%	90%	70%	◆	Napier City has experienced an increase in antisocial behaviour, including vandalism, over the past year. Initiatives are underway to address concerns, including the launch of Napier Assist Āwhina Tāngata.
249.9kg per capita per annum	≤300kg per capita per annum	296kg per capita per annum	◆	
98%	90%	98%	◆	
78%	90%	New measure	◆	Specific reasons for lower than targeted satisfaction is unclear, but a full and focused review of Council's Cemeteries Bylaw in the next few years will give the opportunity for targeted engagement to understand problem areas.
57%	88%	67%	◆	Vandalism and rough sleeper activity has increased significantly since last year, resulting in some toilets needing to be locked up earlier and some 24-hour toilets being locked up overnight. Incidences of graffiti have also been increasing, meaning that toilets may have to be locked while fresh paint dries on the walls.

CAPITAL EXPENDITURE for Other Infrastructure

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
Cemeteries			
Cemetery Concept Plan Implementation	74	60	22
Cemetery Minor Capital Items	9	10	11
Cemetery Planting	40	25	11
Cemetery Renewals	55	110	6
Napier Cemetery Development	-	100	-
Western Hill Extension - Stage 2	29	350	-
Public Toilets			
Renewals	148	-	76
Waste Minimisation			
Omarunui Development Plant	417	242	52
Omarunui Development Valley D	778	667	725
Omarunui Development Valleys B&C	315	1,215	119
Public Toilets Minor Capital Items	13	-	-
Solid Waste Renewals	120	93	96
Waste Minimisation Minor Capital Items	11	-	8
Wheelie Bin Purchases	-	-	1,047
	2,009	2,872	2,173

FUNDING IMPACT STATEMENT

for Other Infrastructure

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,829	2,755	2,719
Targeted rates	4,793	4,569	2,438
Subsidies and grants for operating purposes	344	240	215
Fees and charges	2,570	2,897	2,032
Internal charges and overhead recoveries	-	-	21
Local authorities fuel tax, fines, infringement fees, and other receipts	4,910	5,584	2,414
Total operating funding (A)	14,446	16,045	9,838
Applications of operating funding			
Payments to staff and suppliers	12,859	13,887	6,703
Finance costs	-	-	-
Internal charges and overheads applied	1,163	1,182	934
Other operating funding applications	1	1	1
Total applications of operating funding (B)	14,023	15,070	7,637
Surplus/(deficit) of operating funding (A - B)	423	975	2,201
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	99	420	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	99	420	-
Application of capital funding			
Capital expenditure:			
- to meet additional demand	50	356	-
- to improve the level of service	66	54	63
- to replace existing assets	1,893	2,462	2,101
Increase (decrease) in reserves	(1,487)	(1,477)	37
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	522	1,395	2,201
Surplus/(deficit) of capital funding (C - D)	(423)	(975)	(2,201)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from above

Group depreciation and amortisation	1,118	1,022	872
-------------------------------------	-------	-------	-----

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

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

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

* For capital budget variances refer to activity key issues.



Community and Visitor Experiences

SCOPE

Activities in the Community and Visitor Experiences Group include:

- Kennedy Park Resort
- Napier Conferences & Events
- Napier i-SITE Visitor Centre
- Par2 Mini Golf
- National Aquarium of New Zealand
- Napier Libraries
- Napier Municipal Theatre
- MTG Hawke's Bay
- The Faraday Museum of Technology
- McLean Park
- Reserves
- Sportsgrounds
- Napier Aquatic Centre
- Marine Parade Pools
- Bay Skate
- Retirement and Rental Housing
- Community Facilities (Halls)
- Community Strategies
- Engagement, and
- Events and Marketing.

Kennedy Park Resort

Kennedy Park is one of the busiest and most revisited holiday parks in New Zealand, providing over 28,000 room nights to visitors each year. In total, it is possible for 1,400 people to be accommodated on site including those in tents and caravans.

Kennedy Park facilities are located in Storkey Street in Marewa. Kennedy Park offers a wide range of affordable accommodation types and associated facilities catering to various markets. Services provided include booking and enquiry services, guest information and assistance, maintenance of grounds and buildings, and administration.

Napier Conferences & Events

Napier Conferences & Events provides high-quality, full-service conferences and events to domestic and international clients from a number of venues throughout Napier City. The activity operates out of the Napier War Memorial Centre, which is located on the northern end of Napier's Marine Parade, with views from Mahia Peninsular to Cape Kidnappers. It is the only purpose-built conference facility in Hawke's Bay.

Conference facilities are offered as part of Council's strategy to encourage visitors to the city and generate economic activity which is put towards investing in more efficient and effective infrastructure and public services.

Napier i-SITE Visitor Centre

Napier i-SITE Visitor Centre is an information hub that connects locals and visitors to Napier to places to stay and eat, attractions, and things to do while in the city.

The i-SITE facility is located on Marine Parade, a short walking distance from the CBD and iconic Napier sites. It houses a space to meet and chat to specialist consultants, an area dedicated to information and brochures about local businesses and tourism operators, and a gift shop.

To provide efficiencies associated with scale, Napier City needs to provide visitors with reasons to stay longer, do more, spend more, tell their friends and family, and come again. These visits generate economic activity which can be invested in the city's infrastructure and public services.

Par2 MiniGolf

Par2 MiniGolf facilities are located centrally on Napier's Marine Parade in the heart of the tourist zone beside the Napier i-SITE. Mini golf activity has been occurring on site for more than 50 years and today Par2 MiniGolf boasts two 18-hole courses and a clubhouse.

Council provides tourism facilities as part of its strategy for the economic development of Napier. Par2 MiniGolf plays an important part in the overall marketing of the city and is a family-friendly activity which is an anchor attraction to the now redeveloped Marine Parade.

National Aquarium of New Zealand

National Aquarium of New Zealand aims to provide fun, engaging experiences with close proximity to wildlife, inspiring awe and wonder about the natural world in our visitors.

Situated on Marine Parade, the aquarium is home to a range of native and exotic wildlife and includes a range of exhibits, the largest being a 1.5 million-litre oceanarium.

The aquarium provides an all-weather, exciting, interesting tourism facility for a wide range of audiences including families, domestic, and international tourists alike. We link with local community members and a range of stakeholders to help them tell their stories through our exhibits and welcome feedback to ensure we continually strive for improvement.

Mātauranga Māori and Te Ao Māori are integral to the story of the taonga in our care and are essential to include in the information and experiences we share with our visitors both digitally as well as in our physical facility.

We engage in activities such as the Zoo Aquarium Association's captive breeding programme for North Island brown kiwi and rehabilitation work for little penguins. We also aim to inform and motivate visitors and our community to take action, acting as kaitiaki, for positive outcomes for nature.

By encouraging tourism to Napier and Hawke's Bay, the aquarium helps to generate additional spend in our community

Napier Libraries

We provide easy access to informational, recreational, and educational materials, and a stimulating and pleasant library environment free of charge to the entire community.

Library services are provided to the community from two locations, Napier City and Taradale, with a variety of collections in multi-media formats and online services. The libraries support a total membership of approximately 23,000, of which some 4,500 members are resident in Hastings District (June 2019). Collection items held, as of 30 June 2019, total approximately 166,000.

Our libraries are all about empowering people to explore new ideas and build social connections within their communities. They are a place to learn and relax, and a place to feel safe and spend time without expectation of spending money.

Napier Municipal Theatre

The Napier Municipal Theatre is a leading theatre in Hawke's Bay for performances, shows, concerts, functions, and events.

Seating up to 988 patrons, the theatre has been operational on its current site in Tennyson Street since 1912. The building was destroyed in the 1931 earthquake and was rebuilt by 1938. The New Zealand Heritage List/Rārangī Kōrero declares the Municipal Theatre as a historic place. The Napier Art Deco Trust has also declared the building as a place of Art Deco significance.

The Municipal Theatre recognises and promotes an iconic building that celebrates Art Deco architecture while offering stage facilities for local, national, and international hire. This allows/provides our residents and visitors the opportunity to experience a range of theatrical, cultural, and artistic events.

MTG Hawke's Bay

MTG Hawke's Bay is the regional and premier arts and culture facility for the Hawke's Bay region. The MTG houses and cares for the region's collection under a management agreement with the Hawke's Bay Museums Trust. The museum presents and shares these collections through a series of exhibitions throughout the year including long-term galleries (1931 Earthquake display and Taonga Māori exhibition) alongside temporary exhibitions. The quality of MTG Hawke's Bay displays and activities are recognised through industry awards.

With three distinct eras of building, 1930s, 1977, and 2013, MTG Hawke's Bay is a complex building with multiple uses and activities. The Century Theatre provides the only medium-sized (330 seat) theatre in Napier, while a small retail shop and two foyer spaces generate additional revenue for the facility.

Museums and galleries help ground people in their history and provide places to learn and be inspired - showcasing culture to the community and visitors to the area. We also provide a place for people to interact and engage in a culturally safe environment as well as a tourism attraction for visitors to the city.

We care for one of the largest collections of Māori taonga in a regional facility and actively contribute to cultural understanding and connectedness through telling our stories in exhibitions developed in collaboration with Ngāti Kahungunu and the community.

The Faraday Museum of Technology

The Faraday Museum of Technology (formerly known as "The Faraday Centre") in Napier is Hawke's Bay's Museum of Technology. It cares for and displays a collection of historical technology enabling locals and visitors to discover the scientific, social, and cultural heritage that makes Napier and Hawke's Bay unique.

The Museum is housed in the historic Napier Powerhouse, built in 1911. A small team of staff and volunteers are responsible for the care of this historic building and over 20,000 objects in the collection owned by the Hawke's Bay Museums Trust.

The Museum attracts a diverse audience to share our technological heritage and ingenuity with, while providing a safe space for the community to meet and connect. As kaitiaki, Council are responsible for caring for the collection we have in our possession and sharing knowledge and the past with those who visit our museum.

McLean Park

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

Having a sporting venue with a capacity close to 20,000 means that Napier can compete with the likes of Auckland, Wellington, and Christchurch as a host for major sporting events. Attracting this kind of event to the city brings in revenue for local retailers, businesses, and tourism operators, which helps our city thrive.

Reserves

The Reserves Activity controls, manages, and maintains a range of parks, reserves, and public gardens of various sizes, designations, and purposes to cater to a wide range of community uses. We deliver well-maintained grounds and gardens ranging in location from coastal foreshore to formal botanical gardens. We also manage the day-to-day maintenance and operation of play equipment located throughout the city. The total land area of our reserves covers 405 hectares.

Our portfolio of reserves exists to enhance the quality of life of Napier's citizens by providing high quality passive and active recreational facilities throughout the city. As well as providing recreational areas for our community to meet and play, we support a large number of tourism events and local events which boost our local economy.

Sportsgrounds

The Sportsgrounds Activity is responsible for 213.4 hectares of sportsgrounds including a premier sportsground, Bluewater Stadium, and 14 general sportsgrounds. The even distribution of sportsgrounds around the city means that local communities have the opportunity to support and engage with local sport on their doorstep, with benefits including community spirit and pride.

We provide this activity to meet the recreational and sporting needs of our community. These services enhance the general health and wellbeing of the community where private enterprise may not be viable. In turn, we aim to provide safe and accessible recreational facilities to enhance the social and cultural wellbeing of our community

Napier Aquatic Centre

The Napier Aquatic Centre provides the following opportunities for Napier's community:

- Health and fitness – lane swimming, water-walking, aqua fitness, small group

training, relaxation;

- Sport development – club swimming, aquatic sports training and competition;
- Leisure and play – family water play, hydroslide, outdoor splash pad, and
- Physical literacy – swimming lessons, holiday programmes.

Recognising the role that water can play to improve the health and wellbeing of our community, the purpose of the Napier Aquatic Centre is to develop skills, improve wellbeing, build confidence, and grow connections.

Marine Parade Pools

Council provides an outdoor complex with four heated outdoor pools and five spa pools. The facility also features a gym, small group fitness room, and café. An external contractor manages the day-to-day running of the facility.

The Napier City Council considers it important that it provides this service to bring about positive outcomes for the health and wellbeing of the community.

Bay Skate

Bay Skate is a multi-use, world-class roller sports park on Napier's Marine Parade. It caters for skateboarding, roller derby, BMX, scootering, inline hockey, roller skating, artistic skating and rollerblading.

Bay Skate is located on Marine Parade with the grandstand building comprising an entrance foyer, retail area, office, storage, and a leased area occupied by "Lick This" ice cream parlour. The outside rollersport facility comprises three zones: a rink, a wooden ramp area, and the all-new concrete bowl area, a world-class professionally designed and built series of concrete plaza-streetstyle configurations.

Retirement and Rental Housing

NCC has 377 units in 12 villages. The majority of our housing is for low-income older persons (60 years and over). There are 72 units available for low-income renters. We deliver asset and tenancy management services with in-house resources. Low-income tenants receive basic tenancy management services. The retirement villages have tenancy co-ordinators who carry out regular welfare checks on tenants as well as providing tenancy management services.

Community Facilities (Halls)

Council provides a range of community facilities that meet the recreational and social needs of the community. They are spaces where people connect, learn, socialise, and participate. There are four community halls, four community centres, and one sports centre. The halls are available for hire with discounted rates for community groups.

Use of the community centres varies, but generally community groups lease the facilities and halls are either managed directly by Council or through a third party group or trust.

Community Strategies

The Community Strategies activity encompasses the following main activities:

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

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

Engagement

NCC is responsible for making decisions about our city. Outcomes from these decisions affect our residents in different ways. It is important for people who are likely to be affected to know what could happen and to have an opportunity to tell us what they think. The Engagement Activity is the key link between Council and our community and responsible for initiating those conversations in lots of different ways, depending on the context.

Some examples of ways in which we engage the community include:

- Social media
- Newsletters, newspapers, posters, radio
- Forums, public meetings, roadshows, and
- Surveys, consultation documents, formal hearings.

Events and Marketing

















































Napier City Council's Events Manager works across new and existing events to assist them to grow, develop, and become sustainable. The Marketing Team provides the promotional support for a variety of events, supports all communications and consultations with the local community, and provides wider tourism support for our visitor experience facilities.

NCC plays an important role in encouraging social inclusiveness and accessibility for our diverse community. Supporting events in the local area allows us to display our unique heritage, entice visitors to stay in the area, and contribute to the local economy.

By maintaining a number of communications channels and ensuring that information about what NCC is doing (and why) is easily accessible to local people, we keep ourselves accountable and empower our community to input into our decision making.

COMMUNITY OUTCOMES

The Community and Visitor Experiences activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Kennedy Park Resort	 		2		1		
Napier Conferences & Events	 		2		1		
Napier i-SITE Visitor Centre	 		2		1		
Par2 Mini Golf	 				1		
National Aquarium of New Zealand	   			2	1	2	
Napier Libraries	 		2	1	2	2	2
Napier Municipal Theatre	  				2	1	
MTG Hawke's Bay	 		2	2	2	1	2
The Faraday Museum of Technology	 			2		1	
McLean Park	 		2		1	2	
Reserves	  		2	1		2	
Sportsgrounds	  		2	1	2	2	
Napier Aquatic Centre	 		2	1	2		2
Marine Parade Pools	 		2		1		
Bay Skate	 			1	2		2
Retirement and Rental Housing	  		2	1			2
Community Facilities (Halls)	 		1	2	2		2
Community Strategies	 			1	2		2
Engagement	  						2
Events and Marketing	  				1		2

PAGE 88

Key: 1 = Primary Focus 2 = contributes to



= Social Wellbeing



= Cultural Wellbeing



= Economic Wellbeing



= Environmental Wellbeing



YEAR IN REVIEW

Kennedy Park Resort

2021/22 was a challenging year with the first half subject to ongoing effects of COVID-19 lockdowns and new variants. The bookings we usually see from corporates, school groups, and for sporting events such as tournament week reduced significantly, and had notable impact on our business over our “shoulder season” (July–October).

Kennedy Park Resort was activated as a self-isolation quarantine (SIQ) facility from October 2021, which meant 12 rooms were reserved by the Hawke’s Bay District Health Board for locals who could not isolate safely at home. We notified guests that SIQ arrangements was in place until further notice, which unfortunately resulted in 220 reservations cancelled over our summer season at a value of \$121,000. This amount was compensated by the Hawke’s Bay District Health Board, however this was another blow to the Resort’s reputation after the cancellations made to accommodate families after the November 2020 flood event. From 20 December 2021, Kennedy Park opted in to complying with CVC rules, which meant that all visitors were required to produce a COVID-19 Vaccine Certificate. This framework incurred 61 further cancellations. CVC requirements were removed on 5 April 2022.

Ultimately we could not make up for the lost business during the latter half of the financial year, but some of this business has fortunately been pushed into 2022/23. Occupancy for our villas, motels, cabins and self-contained units was at 47% for 2021/22 (down from 74% in 2020/21), and overall occupancy (including powered and tent sites) was at 23% this year (down from 36% in 2020/21).

Kennedy Park continued its focus on key targeted marketing and sponsorship through reputable events and online audiences, with some new additions including:

- An accommodation partnership with Athletics New Zealand for volunteers/officials
- Taylor Hawks Basketball: accommodation sponsor and preferred provider for visiting teams

- An accommodation partnership with the Napier City Rovers
- Weightlifting NZ: platform sponsor for the North Island Championships
- Hawke’s Bay Marathon naming sponsor for the “kids’ run”, and
- Accommodation partner and category sponsor for the New Zealand Events Association.

Refurbishment of five motel rooms and deluxe ensuite will commence late 2022 to bring these rooms up to the standard of other, already refurbished, motel rooms. Exterior re-cladding of all villas also commenced in July 2022 to refresh and ensure weather tightness.

Napier Conferences & Events

2021/22 proved to be a more challenging year than most for Napier Conferences & Events with the continued impacts of COVID-19 affecting industry confidence and event budgets across the board. Revenue was much lower than anticipated, with approximately 293 hires throughout 2021/2022 (compared with 362 for 2018/19, before the pandemic).

Coming out of the August 2022 lockdown set the tone for an extremely quiet business events season across the region and country. Quarter four (April–June) saw the resurgence of client bookings – conferences bookings are on the rise and future bookings are looking very healthy. With the move away from the COVID-19 Protection Framework, industry players are anxious to get back to business and face-to-face with partners and suppliers – which has resulted in a great fourth quarter.

Napier Conferences & Events invested in a virtual reality package through a local supplier. This gives us the opportunity to showcase the venue at major trade shows and conferences. We now offer a full site tour of the venue from anywhere around New Zealand. This state of the art package was a great hit when it was launched at the Business Events Industry Aotearoa meeting in Christchurch in June 2022.

Napier i-SITE Visitor Centre

The 2021/22 year was again a challenging time with the ongoing effects of COVID-19. The prolonged lockdown in Auckland significantly reduced visitor numbers in the first quarter, and the continued closure of the international and maritime borders affected the visitor numbers for the entire year. With the lifting of domestic lockdowns and the opening of the international border, domestic and Australian visitors are slowly returning.

The i-SITE has seen an increase in accommodation bookings for school sports teams and have had increased enquiries for event accommodation. Tour bookings continue to be well under previous levels.

Some remedial work has been carried out on the i-SITE building. While this was underway, the i-SITE building was closed and two pop-up i-SITEs were opened in the MTG foyer and the Par2 MiniGolf building to enable services to be available to visitors.

Par2 Mini Golf

Par2 MiniGolf has had a good year, with player numbers up 16% compared to the 2019/20 financial year (but down slightly on the 2020/21 year).

There has been a good number of group bookings and return games continue to be popular, particularly given the games are outside

while there is a heightened awareness of social distancing.

Some weather tightness remedial work was successfully completed on the building in 2021/22.

National Aquarium of New Zealand

National Aquarium of New Zealand (NANZ) visitation continued to exceed expectations for the year, despite new waves of COVID-19 variants and nervousness about being out and about. International travel restrictions continued until the first steps to reopen started from 11.59pm on 13 March 2022.

The 2021/22 financial year included a second period of lockdown which meant removal of the key Auckland domestic market for NANZ, in addition to facility closure. As alert levels changed and the new COVID Protection Framework was introduced, NANZ needed to navigate mandatory mask wearing, QR sign-ins, social distancing, and proof-of-vaccination requirements.

Despite these challenges, this year's revenue and visitation still reached 81.4% and 73.1% respectively of the more "normal" levels experienced in 2018/19. The year was bolstered by the remaining Ministry of Business, Innovation and Employment's Strategic Tourism Asset Protection Programme funding of \$200,000 being made available.





A number of exciting campaigns and events at NANZ were delivered that included:

- July school holiday campaign for Matariki in partnership with Te Wānanga o Aotearoa
- Launch of an online retail store in September 2021, helping secure additional retail revenue during periods of lower visitation
- New virtual education programming developed to help schools and students cope with the restrictions and lockdown periods. During this time, 3,683 students took part in one of the free or paid for virtual education programmes
- October's Penguin of the Year campaign with three-time runner up Mo finally taking out the 2021 title
- October school holidays campaign Hermy's Habitat Hunt saw a hermit crab go on an adventure house-hunting for a new shell at the National Aquarium
- The summer campaign Sensory Quest encouraged visitors to experience the aquarium through a colourful hands-on journey engaging them in sensory experiences
- The Unseen art and science collaborative artwork by artist Gabby O'Connor between Seaweed (11 March) and World Ocean Day (8 June) included the April school holiday period where visitors had the opportunity to create ropework that contributed to the overall piece. During Seaweed, educators engaged 2,159 children in schools in the Seaweed Roadshow 2022 outreach workshops (offsite) and contributed to the Unseen artwork and learned about the work of Hawke's Bay scientists
- New Terrapin "close encounters" were launched in April 2022
- A partnership with Biodiversity Hawke's Bay in May delivered 31 awesome activities to get families out in the Beautiful Bay in May campaign
- An aquarium-wide Blue Tick Scavenger Hunt in partnership with the Marine

Stewardship Council was delivered in June with 1,000 goody bags distributed to participants who completed the hunt.

The Aquarium maintained its Gold Qualmark award for our tourism business under the Sustainable Tourism Business criteria which recognises those businesses that are focused on protecting what makes New Zealand unique and special. Particular improvements in sustainability practices are demonstrated by more sustainable product choices in the café, continuing building renewals such as EcoSoft® carpet renewals (made from recycled plastic bottles), and LED lighting.

Aging infrastructure continues to challenge the team, though capital works are in progress to maintain and renew as needed. Vital repairs and improvements to the seawater pump and other life support systems to increase efficiency, reduce risk and improve health and safety access were started in 2020/21 and will continue into 2022/23. We are also investigating other infrastructure needs in order to efficiently budget and plan for works in the next Long Term Plan period (2024-34).

COVID continues to present some challenges with contractor availability, supply chain issues and rising costs, but the support from the NCC's Building Asset Management Team and Programme Delivery team is exemplary in helping the NANZ team meet desired outcomes.

Napier Libraries

It has been another challenging year for the libraries service, with the ongoing effects of COVID-19. We've worked hard to enable access, while working within mask, vaccine, and social distancing guidelines.

We have set up a new contactless delivery service to cater to those customers who are unable to come into the library, as well as providing online children's stories and activities for those times when we were unable to hold events on-site. Our 3-month loan periods and our "Grab n Go" service have been popular, and we have introduced a new auto-renewal service.

Publishing continues to be affected by COVID-19 lockdowns around the world, with shipping delays causing extensive delays in book stock arriving. This has led to a temporary increase in the purchase of digital content and digitising some of our collection to enable greater access.

The libraries were successful in obtaining funding from the National Library Partnership Fund last year, which enabled us to recruit two additional staff members for a period of 18 months. The focus of these roles was to support digital literacy, job seeker support, and library usage from Māori communities. This year we were successful in obtaining an additional three months funding to continue this work.

Examples of specific initiatives include:

- Delivering subsidised modems in our Skinny Jump programme,
- Supporting successful Ngā Kaipānui Pounamu and Ngā Kaipānui Taiohi reading programmes,
- Delivering digital workshops on smartphones, internet banking and more,
- Establishing a home delivery service,
- Purchasing a library van which will enable us to get out and about into the community,
- Delivering successful Tinkercad workshops (3D modelling) and Green Screen adventures,
- Setting up the StoryWalk® Project, where tamariki, whānau and friends are able to read, get active and take in the beauty of Napier all at the same time, in a COVID-smart way.

In the second half of the year, we have been excited to see Story Time, Baby Bounce, and all our other programmes and groups back on-site and enjoying our libraries.

Napier Municipal Theatre

The Theatre had a particularly challenging year due to the impact COVID-19 border closures had on touring shows, as well as the Protection Framework capacity limitations imposed on indoor venues. Capacity limits at “Red” level made it uneconomical for promoters and event organisers to deliver shows.

Early in the year we successfully held several children’s performances, as well as three local dance schools staged their annual recitals. The Royal New Zealand Ballet were able to perform *Firebird* with *Paquita* in August but had to cancel their November tour of *Midsummer Night’s Dream* and the June tour of *Swan Lake*.

The uncertainty of COVID-19 impacted on events in early 2022 with school productions as well as touring product once again being postponed or cancelled. This was not unique to Napier, and

industry associations EVANZ and ETNZ provided incredibly valuable forums to support and share knowledge with events industry colleagues around the country.

Due to having no performances during the Red Traffic Light System the Theatre staff were re-deployed to other departments in the Council. Technicians completed maintenance work at Kennedy Park Resort and the ticketing team assisted Council’s finance department.

New Zealand promoters are beginning to make inquiries for dates later in the year and for 2023. Their financial losses due to cancellation of shows/tours over the past 18 months has likely impacted on their confidence to tour product until they are confident restrictions won’t impact on audiences again. Supporting them to bring shows to Napier enables our community to experience a variety of live theatre, contributing to their overall wellbeing.

MTG Hawke’s Bay

MTG reopened, following urgent remedial work on the sprinkler system, on 24 July 2021. The doors closed again for lockdown on 18 August 2021, reopening under government COVID restrictions on 1 September 2021. The closures and COVID restrictions significantly impacted visitor numbers. Transition to orange on 13 April 2022 has had a marked positive impact on visitation, venue hire and event bookings.

Despite COVID-19 mandates and the negative impact on visitation, venue hire and event bookings, we were able to find the right balance between operating efficiencies, and still achieving cinema and “Friends of MTG” membership revenue targets.

The museum consistently works to provide a genuine sense of ownership for and with the regional community. Examples from 2021/22 include our engagement with Ngāti Kahungunu kaumatua and kuia in the development of Kuru Taonga: Voices of Kahungunu, working with Ngāti Kahungunu artists on current and future art projects, and collaborating with other teams in Council to deliver the Ngā Whetu o Matariki programme.

A key highlight for the year was the development of a new taonga Māori exhibition, Kuru Taonga: Voices of Kahungunu, which sees iwi telling their own stories.

The number of movies shown in the Century Theatre has increased through: adding the French Film Festival; bringing opera on film back; and revitalising the MTG Movie Club.

MTG was successfully awarded a new education contract with the Ministry of Education. With a new curriculum focused on Aotearoa New Zealand histories, our team have developed new programmes with a local lens including: Matariki; New Zealand wars; musket wars; and Kuru Taonga. COVID restrictions negatively impacted student numbers throughout the year, but these new programmes are proving very popular with schools and, following the changes down alert levels, bookings have significantly increased.

The Joint Working Group (comprising Hastings District and Napier City Councils, Hawke's Bay Museums Trust and Ngāti Kahungunu) continues to make steady progress on the development of an access and storage facility for the regional artefact collection, for which the Trust is kaitiaki. Fundraising continues with \$3.6 million pledged for the development in 2022/23 (\$1.8 million from Hastings and Napier Councils respectively) and \$5.47 million secured from Lotteries New Zealand. Work is also underway on an application to the Regional Culture Heritage Fund. Architectural design continues to be progressed with the project in the detailed design stage at the time of writing.

The Faraday Museum of Technology

The 2021/22 year was a challenging time for the Faraday Museum with the ongoing effects of COVID-19. With regions locked down, and the closure of borders, this greatly impacted the visitor numbers into the museum. School visits were placed on hold, and the uncertainty

of restrictions saw event planning deprioritised, which led to revenue loss.

COVID -19 impacted staff and volunteers, who for health and safety reasons could not work in a facility open to the public. This has left a huge hole in our staffing the Faraday, as it is very hard to recruit volunteers.

During the year staff have continued to develop relationships with local promoters and community groups. We've focussed on growing our social media presence and have been gaining traction with a wider number of schools. A key highlight this year was focussing on generating revenue by holding events that bring locals into the museum. Events such as the Matariki games night and Fairy Fun @ the Faraday saw 75% of attendees made up of first-time visitors to the museum.

We have taken the opportunity presented by some quieter days to work on to making the Faraday a brighter and more vibrant museum space. This has included using funding from Unison to commission artist Christie Wright to paint murals on the exterior of the museum to increase street presence and add visual interest.

McLean Park

McLean Park hosted 14 major events over the year, with most events being Hawke's Bay Magpies or Central District Stags National Competition Games. One international cricket game took place with the Black Caps v Netherlands in March 2022, which was unfortunately rained out.

This year had its real challenges with COVID-19



impacting a lot of season schedules. Due to the COVID-19 restrictions, two New Zealand Cricket series were cancelled and many events were postponed, including the planned April 2022 Six60 concert. Super Rugby was moved to a bubble, ending any chances of a Super Rugby experience this year for the Hawke's Bay community.

In November 2020, the significant Napier flooding event closed the Rodney Green Centennial Events Centre. Unfortunately COVID-19 created delay after delay in remedial work, including a complete re-flooring. The hall did part open in May 2022 for community sports groups to use the new sports floor. This alleviated some of the impact on our community users, whose sport was significantly affected or cancelled altogether after the flood. The hall was fully completed and reopened in August 2022.

Reserves

The Roberts Terrace playground renewal was completed in January 2022 and was very well received by the community. The project saw the installation of a new playground, picnic area and basketball court.

Community engagement for the Essex Street Reserve Playground renewal was also undertaken and a new playground design was prepared and tender awarded for construction. This playground will include two picnic areas and a basketball hoop. Works are underway at the time of writing.

This year Council has formed a relationship with Basketball NZ and Basketball Hawke's Bay to form a program called 'Hoops in Parks'. This follows on from the successful program in local schools and in Hastings District parks. The program so far has seen two new high end basketball hoops donated to two parks in Napier, with additional hoops to come in 2022/23.

Ongoing track and walkway improvements have been taking place in our reserves over the year. Work continued on Mataruahou (Bluff Hill) and Māori Karetoki Whare (formerly known as Sturms Gulley) to replace the aged and deteriorating tracks, and improvement works were also carried out in Dolbel Reserve by the Dolbel Planting Group (Taradale Rotary) volunteers. A new footpath around the northern edge of Ahuriri Park was also installed to provide a walkway link for the neighboring residents and community.

The GH Swan Memorial on Marine Parade had the bust (brass statue) removed as part of a complete refurbishment of the memorial. These works are underway and will continue into spring 2022.

The Maraenui Splash Pad project has seen a number of delays push construction out. At the time of writing, improvements and landscaping works to the car park had been completed and the construction of the picnic area and splash pad was well underway.

The Napier Rotary Pathway Trust also donated a sizable sum of \$660,000 to see the completion of a walkway between Kent Terrace Reserve, through Dolbel Reserve, and up to Otatara Pā. This forms part of their continued work to provide public walkways across the Taradale Hills, known as Maggie's Way.

Council have also facilitated and supported a number of community planting days. Work led by the Pirimai Residents Association, Rotary Clubs of Napier, Dolbel Planting Group (Taradale Rotary) and Napier Central School has seen thousands of native trees planted around the city's parks and reserves.

We have drafted our Open Space Strategy and Napier Play Strategy and plan to have these endorsed/finalised in the 2022/23 financial year. These key pieces of strategy will help set clear direction for the management and forward planning for our open spaces and playgrounds.





As well as these strategies, we have initiated pre-engagement to review the cities Reserve Management Plans (RMP). The City Wide RMP has been opened to the community for input and targeted engagement has been undertaken for the Maraenui Park RMP. Work will continue in the new financial year to progress these plans to “draft” form for consultation, and pre-engagement will commence for the Taradale Park RMP.

One of the key constraints to completing a number of projects has been supply chain issues, especially with overseas playground equipment. There has also been a number of delays due to contractors being impacted by COVID-19. Ongoing vandalism, tagging, and illegal vehicles on reserves have also continued to be an issue in 2021/22.

Sportsgrounds

Over the summer months, Council commissioned the renewal of drainage system and turf renovation of the Napier City Rovers home field at Park Island. This work vastly improved the drainage and playability of this premier field for regional and national football competition. The number one cricket pitch at Taradale Park was also renovated and re-levelled to make the playing surface safer and more playable for both winter and summer codes.

The new rugby field at the Park Island Northern Hub, opposite the Hawke’s Bay Rugby Union building, was formally named the MacRae Field. This field naming was in recognition of Mr Ian MacRae, a former All Black who has given a lifetime of outstanding service to the game of rugby in Napier and New Zealand. New LED lighting was also installed and commissioned at the new MacRae Field providing one of the best lit fields in the region.

We also had the number one soccer field at Petane formally named the O’Neill Field. This was named after Mr Terry O’Neill, a stalwart of the Eskview United Football Club, and founder

of the junior club in the 1970’s. Mr O’Neill has been nominated for and received a number of accolades as a coach, both locally and nationally, including, Hawke’s Bay’s Volunteer Coach of the Year award winner in 2006.

The Council-supported expansion of the Pettigrew Green Area in Riverside Park has made massive steps towards completion this year, with the Regional Indoor Sports and Events Centre Trust now undertaking the internal fit out and external car park and landscaping works.

The generous contribution of new picnic tables and a shelter at Taradale Park from Taradale Rotary Club is worthy of note. New sunshades have also been installed at Marewa Park ready for the coming summer.

Due to continued impacts of COVID 19 and lockdowns through August 2021 there was reduced formal use of our sports fields over this period. However moving into summer and into 2022 field usage returned to normal levels.

We are now legally required to have “Backflow Preventers” on our water supply points for our sportsgrounds. Installed this year, these devices ensure water does not feed back into the town supply, improving water security and safety. An unintended consequence of these devices is reduced pressure and flow which is having a significant impact on our ability to effectively water our sports fields. Solutions are being investigated and the plan is to implement practical fixes in 2022/23.

Napier Aquatic Centre

Over the 2021/22 financial year two important pieces of work were completed for the new aquatic development. The first was the completion of an engineering risk review into geotechnical and contaminated land aspects of the proposed Onekawa aquatic centre site, completed by Tonkin & Taylor. This engineering risk review then informed the development of comparative costings between the options at Onekawa and the Prebensen/Tamatea Drive

option. Due to the existing geotechnical and contamination issues present at the Onekawa site, these reports showed a cost differential between the two sites (for the same facility) of \$38 million, and a difference of over 2 years in time to completion.

Towards the end of the financial year, Council directed officers to explore options to reduce costs (including new design options for both locations) and report back as part of developing an updated procurement pathway. Officers will present a timeline to construction, including a recommended procurement pathway and suggested consultation milestones to the new Council after the October 2022 election.

In parallel with this work on Napier's future aquatic facility, in 2021/22 Council approved an investment of \$4M in 2022/23 to remediate the existing centre to ensure that provision is safe and reliable for the remaining life of the asset. An additional \$80,000 per annum has also been allocated to boost operational maintenance.

Operationally, COVID-19 continued to have a significant impact on the centre's ability to deliver services, with restrictions in place for over seven months of the year. Since these restrictions have been eased, visitor numbers have built steadily over the remainder of the year, ending close to pre-COVID levels. Learn to swim numbers are also recovering well. As with many businesses, maintaining sufficient staffing levels to operate safely has been an ongoing challenge that the team has been able to successfully navigate.

The AquaMax HIIT (high intensity interval training) Squad has continued to perform well, with a good level of attendance for each 8 week training block, particularly given the challenges presented by COVID-19. The SuperSwim initiative (\$1 entry for seniors) continues to be a success in eliminating affordability as one of the key barriers for physical activity participation among the Napier's seniors.

Marine Parade Pools

Marine Parade Pools (Ocean Spa) is a council owned facility that is operated by a third party management company. Operationally the centre has performed well and catered for a healthy number of visitors and members, while also managing the ongoing impact of Covid-19 and seasonal illnesses on staffing levels.

The facility is nearing 20 years old and is due a refresh. Projects to replace the sauna and steam room and upgrade to the changing rooms have made good progress, with the sauna and steam room scheduled to be completed prior to Christmas 2022.

Bay Skate

Bay Skate has had another very strong year across all performance measures. Given the ongoing impact of COVID-19, visitor numbers have significantly exceeded the target for the year. This, and the continued growth of programmes and retail, returned a greater revenue than anticipated for the year. The annual events calendar continues to develop with events large and small, including another successful hosting of the NZ Scooter Nationals in January during continued COVID-19 restrictions.

Asset-wise, a plaza section of obstacles and ramps was completed, and work advanced well for the construction of rink boards to be completed during the 2022/23 financial year. Programmes such as "learn to skate" and "girls skate free night" were established or further developed.

Retirement and Rental Housing

The detailed Strategic Housing review was completed and findings were presented to Council. Consultation was completed on the options for the future of the housing portfolio, and we received 286 submissions which included feedback from just over 20% of our current tenants. There was strong support for Council to keep all or most of the housing. Council decided to keep all of the housing and fund the growing costs through a combination of rents and rates, requiring increases to both.

Changes to the Residential Tenancies Act took effect at the beginning of the year. This has presented additional complexity to our tenancy management and increased the need for additional resourcing.

The Healthy Homes roll-out saw heat pumps and rangehoods being installed into units village-by-village. We chose to start the project with plenty of time before the legislative requirements take effect to ensure we could get adequate supply of units before shortages occurred.

Now that the Council has opted to keep its housing, significant renewal projects have commenced with all old windows being replaced in one of the villages and numerous projects being planned for the coming years.

Community Facilities (Halls)

Use of the community facilities started to increase as COVID-19 gathering restrictions eased. Community use remains high with over 80% of bookings from community groups or for community purposes.

Apart from an internal refurbishment of Taradale Town Hall, renewal work was minimal. The Taradale Plunket rooms remain closed and there



is no firm date to start the strengthening work required to reopen the facility. Napier's Art Deco Trust has been granted approval to undertake the work required on the Memorial Square Community Rooms with a view to taking on a majority of the lease after works are complete (with access to the community also envisaged).

The Base in Maraenui became home to a pop-up activity hub for tamariki for the summer and autumn but has now returned to a bookable facility for local community groups to run their hui.

The community facility project, Te Pihinga, has been on hold for months while Kāinga Ora complete its processes in order to transfer the land required to Council. The Sale and Purchase agreement has been drafted and it is anticipated to be signed early 2022/23. This will allow the next stages of the project to proceed, including further engagement to inform the detailed design and to identify a suitable operating model.

Community Strategies

Community safety came in to sharp focus following a few high profile incidences in our community leaving our residents feeling unsettled. We responded by working closely with Police to improve our community's perception of safety and developed place-based plans with a focus on strengthening community connections and increasing visibility of safety activities.

This year saw the Neighbourhood Support Service brought in-house. This service has strong

alignment with our other safety and community work and having it located in the team will allow for better collaboration through joint projects and services.

A coastal risks assessment of Marine Parade Beach couldn't have come at a better time, with another tragic drowning in December of 2021. We are assessing the recommendations of the report, but in the meantime have increased the warning signs and we are partnering with Surf Lifesaving NZ to pilot access to rescue devices along the beach. We will continue with our radio campaign this summer to warn locals and visitors of the dangers.

We achieved reaccreditation for our Safer Napier programme. The programme is assessed every five years by a panel of domestic and international assessors.

Having developed a number of strategies over the previous year, we developed implementation plans with our Advisory Groups. We received recognition for the Napier Disability Strategy with a visit from the Minister for Disability Issues. A review of mobility parking is just about complete; this review will help us ensure there are the right number of parks in the right places around our city.

Napier's Youth Council has gone from strength to strength this year, initiating many for-youth-by-youth activities. The focus for them has been to raise their profile, celebrating youth talent and capability and participating in democratic processes. The Youth Council has also made submissions to a number of Council matters and has presented to Council several times.



Engagement

With the COVID-19 restrictions the year before, it became necessary to implement online engagement and consultation avenues. Facebook Live became very effective, with higher levels of engagement than the more traditional public meeting formats. This continued beyond the COVID-19 gathering restrictions and has now become a standard tool used in many consultation processes alongside other mechanisms.

A key priority for the Council was to increase the visibility of the work it was doing in the Three Waters space. Implementation of the Communications and Engagement Strategy for water continued from the year before, with a raft of engagement activities and profile raising actions undertaken across many water projects. From community murals on water infrastructure to open days at facilities, we saw a high level of interest from the community in all things water. A number of formal consultations were undertaken, mainly relating to a range of bylaws that were up for review.

We completed early engagement at the beginning stages of several key projects including the Library and Civic Development. This work helped shape the next stages of the projects and kept the community informed of progress.

A range of forums, advisory groups and steering groups are facilitated through the team and we work alongside community groups with their mahi. This work helps guide our strategy development and implementation and our key priorities for our work programme. Our on the ground community development engagement helps inform our grants investment along with data, statistics and analysis.

Events and Marketing

Strategy development has been a core focus for communications and marketing efforts in the last six months, reviewing objectives, approach and channels to ensure outputs are better aligned

with community outcomes. Implementation of this has already resulted in greater engagement across our channels and more positive feedback and commenting.

Highlights / key areas of focus and achievements from the last 12 months have included:

- Supporting the COVID vaccination drive and communicating important COVID restriction messaging,
- Be Kind Campaign – a community wellness campaign designed to combat aggressive behaviour in the community during long periods of COVID restrictions,
- Promotion of a comprehensive schedule of community consultation campaigns,
- Consistent promotion of key capital projects, particularly in the water space,
- Campaigns to support local businesses struggling on the back of ongoing COVID restrictions.

Some highlights for the event industry in the last 12 months have included the Sotheby's Hawke's Bay Marathon, New Zealand Track and Field Championships and a number of Matariki celebration events across the city.





The event industry however has been greatly impacted by COVID-19 restrictions which has resulted in the postponement or cancellation of some key events for Napier in the last 12 months. The likes of the Christmas Parade, New Year's Eve Event, international cricket matches and Night Fiestas have all been casualties of this tumultuous period. The Art Deco Festival was scaled back in size to include private only events. The Six60 concert, a huge win for Napier, was been postponed until November 2022. From a budget perspective, in order to ensure our events industry bounces back from this time, we have still paid suppliers for cancelled events.

SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2021/22:

Significant initiative per the 2020/21 Long Term Plan	Status	Comments
Refurbishment of motel units at Kennedy Park Resort	In progress	This work will continue into 2022/23.
Refurbishment of Deluxe Ensuite rooms at Kennedy Park Resort	On hold	This project has been delayed given the District Health Board occupied these rooms as SIQ facilities from October 2021 until July 2022. This work will now take place in 2022/23.
Reinstate the Napier War Memorial at the Napier War Memorial Centre	In progress	Detailed design completed and tender awarded in 2021/22. Construction to begin in 2022/23.
Finalise a section 17A review of it Napier i-SITE to inform the strategic direction on the asset and business activity (noting the development of an i-SITE New Zealand "Future Network Strategy")	Achieved	The section 17A service delivery review and recommendations have been completed and formally approved by Council. Approval has been given to develop a business case for a Tier 1 Visitor Information Centre for consideration in the 2024 Long Term Plan. Building options for accommodating a Tier 1 Centre (remediate, redevelop or new build) will also be investigated for consideration in the 2024 Long Term Plan.
A range of options for the National Aquarium's future to be considered, before preferred options to be presented to the community for consultation in early 2022	On hold	This work has been delayed until 2022/23.
Consultation on a masterplan for Napier City "Civic Precinct" including library	Achieved	Community consultation on the Library and Civic Area Plan took place in October 2021. The plan was formally adopted by Council on 9 December 2021.
Fundraising and design for the regional taonga and artefact storage building in Hastings	In progress	Building purchased in 2019/20. \$3.6 million pledged (\$1.8 million from Hastings and Napier Councils) and \$5.47 million secured from Lotteries. The project is currently in the detailed design stage.
Explore alternative governance/management models for the MTG Hawke's Bay and present options to elected members	In progress	Joint Working Group engaged an external consultant to review governance options and recommend a process for reaching a preferred option.
Development of a five-year strategic plan for the MTG Hawke's Bay	On hold	On hold pending the outcome of the review of governance models outlined above.
Secure Council decisions on the recommendations arising out of the Faraday Museum business case, which was finalised in April 2021, and begin implementation.	In progress	One of the recommendations of the business case was for Council to purchase the building that houses the museum. Officers are currently looking into the implications and costs of a potential purchase, including commissioning work to understand earthquake strengthening requirements. The business case and further information around the potential for purchase will be brought to the new Council in early 2023.
Installation of a new digital screen for McLean Park	On hold	Installation has been delayed because of COVID-19 impacts on supply and freight timeframes. Screen has been sourced from overseas and will be installed in the first half of 2023.
Implement the Open Space Strategy including development of Reserve Management Plans.	In progress	Open Space Strategy drafted and at point of endorsement, RMP engagement underway (City Wide and Maraenui Park).
Further targeted engagement on the proposed construction of the revetment at Whakarire Avenue.	In progress	Engagement ongoing as project passes specific hold points.

● Achieved ● In Progress ● Partially achieved ● On hold

Significant initiative per the 2020/21 Long Term Plan	Status	Comments
Review of Parks and Reserves Bylaw	Partially achieved 	Council undertook a basic review of the Bylaw (alongside a number of other Bylaws) to ensure legislative compliance. A full and focused review will still be needed in the next three to five years.
Essex St Reserve playground update	In progress 	Delayed due to supply chain issues with play equipment - still under construction at the time of writing.
Construction of the extension to the existing Maggie's Way pathway.	In progress 	Dolbel to Maggie's Way link under construction (45% completed).
Finalise and adopt the Aquatic Strategic Framework	Achieved 	
Complete the contamination investigation for the Onekawa site	Achieved 	
Consider the outcome of the Onekawa site report and seek feedback from the community on options for redevelopment	On hold 	Council requested officers undertake further work to reduce indicative costs of the redevelopment before engaging with the community about the options.
Explore and settle on a preferred operating model for Marine Parade Pools	Achieved 	Delivery model approved by council in July 2022, whereby management of Ocean Spa will be brought in-house.
\$162,000 set aside to complete the ramp section of BaySkate (the area of the park designed for more advanced riders)	Achieved 	
Consult with the community, and reach a final decision about the future and financial sustainability of our community housing portfolio.	Achieved 	Council made the decision to keep all of its housing with costs to be split between tenants (rent) and ratepayers (rates). Further consultation on the rates component will be undertaken through the Annual Plan 2023/24 consultation.
Heating installation for outstanding units to meet Healthy Homes standards.	In progress 	Council is required to meet the national standards by 2024. The project is well on track to be completed by the end of the 2022 calendar year.
Finalisation of a feasibility study for Te Pihinga Community Facility, along with development of detailed design and operating model	Partially achieved 	The feasibility study was updated to include Council's request to seek a comparative environment to assess the facility against. Funding for the detailed design and operating model was recast to 2022/23 given delays in the transfer of the land needed for the project.
Development of an implementation plan for Council's Disability Strategy	Achieved 	Implementation of 2021/22 priority actions is underway.
Development of an implementation plan for Council's Positive Aging Strategy	In progress 	An Advisory Group has formed and are currently identifying actions for the implementation plan.
Review Significance and Engagement policy	On hold 	A desktop review is complete. The project was put on hold due to competing priorities. The proposed policy will be provided to the newly elected Council and consulted on alongside the Long Term Plan in 2024.
Development of a framework for Community Plans	In progress 	Development of a framework in progress, but delayed with the turnover of key staff. To be progressed in 2022/23.

 Achieved
  In Progress
  Partially achieved
  On hold

PERFORMANCE RESULTS

Activity	Level of service	Performance measures
Kennedy Park	To provide a range of high quality accommodation and related visitor experiences	Maintain Qualmark 5 star Gold Holiday Park rating
		Maintain Qualmark 4+ star Gold Motel rating
		Services provided are value for money in the accommodation sector
		Maintain high level of occupancy (visitor nights)
		Maintain high level of occupancy (room nights)
	To provide a sustainable business	Average length of stay for visitors
Napier Conferences & Events	Council provides a quality conference and events facility which enables events and services to be hosted, contributing to the economic wellbeing of the city	Maintain Qualmark 4+ star Silver rating
		Number of local, national, and international hires
Napier i-SITE Visitor Centre	Council provides an i-SITE facility for visitors and locals to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services	Maintain Qualmark Silver rating
		Visitor numbers per annum
Par2 MiniGolf	Council provides a Mini Golf facility as a visitor attraction and for local community use, which provides high customer satisfaction and a sustainable business	Maintain Qualmark Silver rating
		Visitor numbers per annum
		Return on assets

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
Maintained	Maintain	Maintained	◆	
Maintained	Maintain	Maintained	◆	
61,344	68,500 visitor nights booked per annum	95,558	◆	COVID-19 impacts, including lockdowns and restrictions for usual visitors like businesses and schools, resulted in a lower than predicted number of nights booked.
22,360	27,100 room nights booked per annum	34,335	◆	COVID-19 impacts, including lockdowns and restrictions for usual visitors like businesses and schools, resulted in a lower than predicted number of nights booked.
2.97 nights in built	1.9 nights in built	New measure	◆	
Maintained	Maintain	Maintained	◆	
293	300	87	◆	Hirage slightly below target due to ongoing impacts of COVID-19.
Maintained	Maintain	Maintained	◆	
40,156	≥150,000	74,569	◆	Visitor numbers down due to COVID-19 alert level restrictions and ongoing border closures.
Maintained	Maintain	Maintained	◆	
49,091	≥45,000	56,302	◆	
15.12%	16%	39.84%	◆	Performance was impacted due to the effects of COVID-19 and lockdowns.

PERFORMANCE MEASURES

Activity	Level of service	Performance measures
National Aquarium of New Zealand	Provide an aquarium for visitors and local citizens for recreation and education	Number of admissions Maintain Qualmark Gold endorsed rating ZAA (Zoo Aquarium Association) Accreditation
Libraries	Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social, and educational needs	Percentage of library members who are active borrowers (in 24-month period - card use only) Percentage of residents satisfied with library service in the Residents' Satisfaction Survey (excluding don't knows) Percentage of collection that is actively used Number of internet sessions Number of programme sessions delivered for all ages per year
Napier Municipal Theatre	Council provides a quality performing arts venue experience for visitor and local use	Maintain Qualmark Silver rating No. of shows/performances

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment - what's behind the results?
105,813	≥145,000	139,615	♦	COVID-19 impacts, including lockdowns and border closures impacted on visitor numbers.
Maintained	Maintain	Maintained	♦	
Maintained	Maintain accreditation	New measure	♦	
49%	35%	50%	♦	
59%	88%	New measure	♦	The Napier Library is still in a temporary home within the MTG Hawke's Bay. The current premises are compact in comparison to the previous facility, and is a reduced collection on display. This result likely hints at frustration with this temporary arrangement.
66%	75%	70%	♦	
18,434	180,000	New Measure	♦	This figure is for our new APNK system only – it does not include our additional Wi-Fi internet access figures. Our new APNK system was not fully in place for the entire year at both locations. This is a different reporting mechanism than in previous years. We have additional Wi-Fi public access system for which we have been unable to retrieve metrics from our supplier.
163	400 sessions	433	♦	Performance was impacted due to the effects of COVID-19 and lockdowns.
Maintained	Maintain	Maintained	♦	
22	60	New measure	♦	COVID-19 restrictions impacted on shows being able to perform.








PERFORMANCE MEASURES

Activity	Level of service	Performance measures
MTG Hawke's Bay	Napier City Council provides a quality museum, theatre, and art gallery experience for local and visitor use	Visitor numbers per year
		Percentage of residents satisfied with MTG Hawke's Bay in the Residents' Satisfaction Survey
Faraday Centre	Council provides a quality technology museum that is accessible to the community	Visitor numbers per annum
McLean Park	Provides a sport and recreation facility catering for a range of activities	Number of major events hosted
Reserves	Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use	Percentage of park users satisfied with parks and reserves in the Residents' Satisfaction Survey
	Playgrounds are safe, challenging, and enjoyable for both users and caregivers	All playgrounds are inspected fortnightly
	Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use	Reduction in the number of service requests for remedial action in parks and reserves
Sportsgrounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community	Sport and recreation parks per 1,000 residents district wide (NZ Recreation Association guidelines require 3ha per 1,000 people)
	Sporting surfaces and facilities are well maintained and suitable for use	Percentage of those surveyed who are satisfied with sportsgrounds in the Residents' Satisfaction Survey
	Sports facilities support the event industry within the city	Events held on the sportsgrounds per annum

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
123,233	200,000 per annum	141,578	♦	MTG was closed until 23 July 2021 for urgent remedial work on the building's sprinkler systems. Visitor numbers also affected by COVID-19.
56%	60%	51%	♦	
13,864	15,000	New Measure	♦	Slightly fewer visitor numbers than anticipated given COVID-19 lockdowns.
14	11	16	♦	
83%	96%	New measure	♦	While lower than the target, this result is still above the NZ Benchmark for 2021/22. Current work on our Reserve Management Plans offers an opportunity to build public feedback into our forward planning.
93.3%	100%	98%	♦	
373	Downwards trend	New measure	♦	While this is a new measure for 2021/22, the (un-audited) number of requests for 2020/21 was 235, meaning a downwards trend has not been achieved. With a growing asset and no corresponding increase in operational funding, levels of service are either being maintained at a static level, or slightly decreasing. This makes a decreasing trend in the number of service requests hard to achieve. The Parks and Reserves and Depot teams will review service requests to identify common themes such as seasonal grass growth and target operational improvements for 2022/23.
3.3ha per 1,000 people	>3ha per 1,000 people	3.4ha per 1,000 people	♦	
83%	89%	88%	♦	
66	>50	54	♦	

PERFORMANCE MEASURES

Activity	Level of service	Performance measures
Napier Aquatic Centre	Provide aquatic facilities that focus on accessibility and safety	<p>Number of users using the centre each year</p> <p>Water testing results are always within the safe parameters according to the New Zealand Standard for Pool Water Quality NZS 5826:2010</p> <p>Maintain Poolsafe accreditation standard</p> <p>Maintain nationally accredited QSS (Quality Swim School) standard</p>
Marine Parade Pools	The Marine Parade Pools complex is a safe recreational facility for the community	Water testing results are always within the safe parameters according to the New Zealand Standard for Pool Water Quality NZS 5826:2010
Bay Skate	Provide a facility to cater for a range of roller sports activities	<p>Visitor numbers per year (entry passes sold)</p> <p>Deliver between 8 and 12 events per year</p>

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
68,184	175,000	136,581		Visitor numbers lower than targeted due to the impact of COVID-19.
96.8%	100%	New Measure		Lower than targeted results due to two outages and two accidents.
No result available – accreditation assessment delayed for the 2021/22 year.	Maintain accreditation	New Measure		No result available – accreditation assessment delayed for the 2021/22 year.
Maintained	Maintain accreditation	Maintained		
100%	100%	New Measure		
32,839	26,500	26,211		
6	Between 8 and 12	New Measure		Due to the lockdown and the facility number restrictions under level 2 we were not able to host our full calendar of events.

PERFORMANCE MEASURES

Activity	Level of service	Performance measures
Housing	Provide affordable and safe housing that meets the needs of tenants	Percentage of tenants satisfied with service
		Number of unit inspections (each unit inspected once per year)
	Maximise the occupancy and use of housing and village halls	Occupancy rate - retirement
		Occupancy rate - rental
Community Facilities (Halls)	Provide affordable indoor facilities that meet the social, leisure, and cultural needs of the community	Percentage of community hireage for halls directly managed by Council
		Percentage of customers satisfied with halls directly managed by Council
Community Strategies	Develop effective strategies, policies, and initiatives that support community wellbeing	Number of local community events per year
	Provide quality advice, information, and support to community groups and agencies, and help build a strong community and voluntary sector	Number of community training and network meetings facilitated each year
		Percentage of attendees satisfied with community training and network meetings
	Promote safety in response to issues and priorities in the community	Percentage of residents who perceive they are safe or very safe in Napier (source: Biannual Social Monitor Survey)
Events & Marketing	Council works with strategically targeted new and existing events to assist them to grow, develop, and become sustainable	Economic impact of events funded under the Council events strategy
	We keep people informed, make it easy for people to interact, engage, and transact with Council. We listen and act on the needs of the people	Satisfaction with Council communication in the Annual Residents' Satisfaction Survey
Engagement	Provide high quality information to the public to empower communities to participate in the decision-making process	The percentage of residents satisfied with the amount of public consultation undertaken in the Residents' Satisfaction Survey

	Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
	92.5%	85%	92%	◆	
	100%	304 retirement 72 rental	99%	◆	
	99%	90%	99%	◆	
	98%	90%	100%	◆	
	87%	85%	88%	◆	
	98%	95%	97%	◆	
	47	50	46	◆	
	28	20	25	◆	
	98%	96%	100%	◆	
	56%	75%	73%	◆	Safety perceptions are low, but have improved slightly from the levels recorded in the Community Safety Survey in March 2021. The crime rate has increased slightly compared to the previous year.
	\$9.4M	\$12 million	New Measure	◆	Cancelled events due to COVID-19 meant less benefits for the region.
	58%	Above the 2021 set level in the NZ Benchmarking Survey (46%)	New Measure	◆	
	53%	75%	New measure	◆	2021/22 has seen some high profile and controversial consultation items such as the discussion around Māori wards. With the start of the new triennium, and review of Council's Significance and Engagement Policy due, we have the opportunity to revisit our consultation settings to ensure they're fit for purpose.

CAPITAL EXPENDITURE

for Community and Visitor Experiences

	Actual 2021/22 \$000	AP 2021/22 \$000	Actual 2020/21 \$000
Bay Skate			
Bay Skate Renewals	18	19	73
Park Improvements	7	3	6
Skate Ramps	61	162	61
Community Facilities			
Te Pihinga Community Centre	473	-	57
Minor Capital Allowance	62	60	15
Halls Renewals	4	69	162
Housing			
Healthy Homes Heat pumps	866	1,940	89
Henry Charles Hall Internal Refurbishment	-	80	-
Minor Capital Projects	226	110	18
Rental Housing Renewals	159	260	7
Retirement Housing Renewals	4	927	43
Kennedy Park Resort			
Kennedy Park Renewals	25	94	41
Kennedy Park Building Renewals	23	184	90
Main Ablution Block	34	-	1,218
Minor Capital Items	82	679	29
Marine Parade Pools			
Marine Parade Pools Renewals	7	25	10
Marine Parade Pools Upgrade	115	310	7
Replacement Boiler	-	60	-
MTG Hawke's Bay			
Century Theatre Tech Investigation and Upgrade	-	300	-
Earthquake Gallery	-	80	-
MTG Building Renewals	-	20	75
MTG Minor Capital	53	120	46
MTG Renewals	12	60	34
MTG Sprinkler Project	-	400	-
Storage for MTG - property purchase	-	1,800	-

	Actual 2021/22 \$000	AP 2021/22 \$000	Actual 2020/21 \$000
Napier Aquatic Centre			
Minor Capital	-	125	-
Napier Aquatic Centre Renewals	66	194	106
Reception and Office Redevelopment	-	120	-
Napier Conferences & Events			
AV Equipment Upgrades	20	26	-
Conference Centre Building Renewals	3	175	14
Minor Capital	23	60	38
Napier Conferences & Events Renewals	-	60	39
War Memorial	236	-	66
Napier i-SITE Visitor Centre			
Building Renewals	-	59	-
Minor Capital	-	25	23
Napier Libraries			
Library Building Renewals	-	16	-
Library Renewals	-	10	58
Library Stock	461	360	279
Minor Capital Items	-	201	2
Napier Library Rebuild	387	469	330
Taradale Library Minor Work	45	80	13
Napier Municipal Theatre			
Municipal Theatre Renewals	80	380	277
Municipal Theatre Building Renewals	-	39	-
Replace Sound System	-	-	52
Minor Capital Items	53	55	51
National Aquarium of New Zealand			
Aquarium Renewals	462	1,665	297
Building Renewals	-	257	-
Minor Capital	23	45	44
Par2 MiniGolf			
Par2 Minor Capital	-	16	-

CAPITAL EXPENDITURE

for Community and Visitor Experiences

	Actual 2021/22 \$000	AP 2021/22 \$000	Actual 2020/21 \$000
Reserves			
Ahuriri Estuary Projects	20	1,000	-
Allen Berry Future Development	13	100	-
Maraenui Splash Pad and Park Development - Shopping Reserve	112	100	-
Marine Parade Renewals	76	390	115
Minor Capital Items	4	-	6
Parklands Residential Development	-	52	-
Passive Recreation Reserves	-	-	53
Planting	89	110	123
Playground Renewals	379	200	20
Reserves Renewals	445	800	392
Spriggs Park Rotary BBQ Area	22	-	4
Urban Growth	76	400	223
Western Hill Pathway Development	157	-	98
Whakarire Ave Rock Revetment	70	-	35
Sportsgrounds			
Centennial Hall Flood Restoration	740	-	67
McLean Park Digital Screen	228	250	-
McLean Park Facility Renewals	158	670	21
Minor Capital	62	70	57
Park Island Northern Redevelopment	553	-	1,364
Playground Development	-	300	-
Sportsgrounds Renewals	252	440	83
The Faraday Centre			
Faraday Centre Building Upgrade	15	520	-
Minor Capital	33	-	31
Total as per Funding Impact Statement	7,594	17,611	6,462
Gifted/Vested Assets	-	248	193
Total Community and Visitor Experience Capital Programme	7,594	17,859	6,655

FUNDING IMPACT STATEMENT

for Community and Visitor Experiences

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	25,430	23,296	21,814
Targeted rates	-	-	-
Subsidies and grants for operating purposes	500	242	346
Fees and charges	8,774	13,010	13,132
Internal charges and overhead recoveries	1,216	1,788	1,252
Local authorities fuel tax, fines, infringement fees, and other receipts	3,374	3,133	3,436
Total operating funding (A)	39,294	41,469	39,980
Applications of operating funding			
Payments to staff and suppliers	29,789	31,229	26,182
Finance costs	-	-	-
Internal charges and overheads applied	9,394	9,880	10,028
Other operating funding applications	7	-	-
Total applications of operating funding (B)	39,190	41,109	36,210
Surplus/(deficit) of operating funding (A - B)	104	360	3,770
Sources of capital funding			
Subsidies and grants for capital expenditure	675	-	31,243
Development and financial contributions	920	615	590
Increase (decrease) in debt	3,109	14,768	25,530
Gross proceeds from sale of assets	150	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,854	15,383	57,363
Application of capital funding			
Capital expenditure:			
- to meet additional demand	186	891	52
- to improve the level of service	2,659	5,444	40,861
- to replace existing assets	4,753	11,276	31,529
Increase (decrease) in reserves	(2,640)	(1,868)	(11,308)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	4,958	15,743	61,133
Surplus/(deficit) of capital funding (C - D)	(104)	(360)	(3,770)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from Above

Group depreciation and amortisation	7,790	9,062	6,928
-------------------------------------	-------	-------	-------

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

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

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

* For capital budget variances refer to activity key issues.

Property Assets

SCOPE

Parklands Residential Development

Parklands Residential Development is a multi-stage residential development delivered by Napier City Council.

The subdivision has been spilt into four areas and encompasses 120 hectares of former Lagoon Farm land. Area 3 (235 lots) is expected to be completed at the end of 2023, and Area 4 (the final area comprising approximately 203 sections) is expected to be completed in 2027.

Residential development in Napier has historically been delivered via private developers, but after a series of planned developments had not proceeded, the city faced a critical shortage of available building lots. NCC saw the opportunity to become actively involved in making land available via the Lagoon Farm land. The development of Parklands also creates an income stream for NCC to assist with projects that will benefit the community as a whole and reduces the reliance on ratepayer funding.

Lagoon Farm

The Lagoon Farm Activity is a low-impact commercial farm operated on the former Ahuriri lagoon bed landholding south of the current estuary channel. The farm currently operates as a sheep farm with some paddocks leased out for hay cropping on a seasonal basis. The land is to be retained by NCC for potential future residential, commercial, or recreational development.

The farm comprises 289 hectares total area with 40 hectares used for roads, fencing, and storage areas.

This activity covers the costs of land retention and, wherever possible, provides a supplementary revenue stream for NCC to fund coastal amenities and maintenance. It also provides a number of other ancillary amenities to the general public and community of Hawke's Bay, for example recreational cycleway access into the estuary zone and a site for blokarting activities. Approximately one-quarter of the area of the farm adjacent to the lower Purimu Stream is low lying and provides ponding capacity for the Napier stormwater system during extreme weather events.

Inner Harbour

The Inner Harbour provides NCC-owned berthage facilities and the Nelson Quay Boat Ramp for both commercial fishing vessels and recreational vessels and craft including the Sailing Waka. The Inner Harbour also provides the location for the Napier Sailing Club and the Hawke's Bay Sports Fishing Club, both of which occupy Council-owned land on a lease basis.

The Inner Harbour provides a channel to the open sea, which the Council is required to dredge to ensure it remains navigable. The waters within the Inner Harbour are also used by a variety of other water-based users from the wider community, while some of the Council wharves and jetties are used by the public for recreational fishing.

Responsibility for managing the Inner Harbour transferred to the Napier City Council as an integral part of local government reorganisation in 1989.

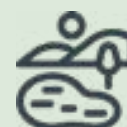
We provide
the following to
the city of Napier



Property and
Investment Assets



Inner Harbour



Lagoon Farm



Parklands
Residential
Development



Buildings Asset
Management



Property and Investment Assets

This activity is responsible for the management of leases and licences that have been established for parks, reserves, sportsgrounds, roads, commercial, industrial, and residential properties. The majority of leases within the Leasehold Land Portfolio are perpetually renewable.

Buildings Asset Management

Napier City Council owns approximately 350 buildings used to provide services to residents, visitors, and staff. These buildings have a total replacement value of over \$230M. The Building Asset Management Activity provides:


















- Buildings with Building Warrants of Fitness;
- Basic building maintenance programmes;

- Contract management of specialist providers to undertake Warrant of Fitness inspections and maintenance;
- Coordination of reactive maintenance;
- Building condition assessments to develop high level building renewal plans, and
- Professional building-related advice.

Council is required by several key pieces of legislation to ensure the buildings in its portfolio are safe and healthy. Not only that, buildings are important assets NCC can harness to support the health and wellbeing of the community. When looked after well, our buildings can minimise our impact on our environment and provide spaces for a wide range of community activities.

COMMUNITY OUTCOMES

The Property Assets activity group contributes to the following community outcomes and aspects of well-being:

Activity	Well-beings	Our water is clean and safe	Our services and infrastructure meet our community's needs	Our community is connected, safe, healthy and resilient	We are a city that thrives with its community	We treasure our culture, our heritage, our environment	Our community and Council are one
Parklands Residential Development	   				1		
Lagoon Farm	   		1			2	
Inner Harbour	   		1		2	2	
Property and Investment Assets	 		1				2
Buildings Asset Management	  		1				2

Key: 1 = Primary focus 2 = contributes to  = Social Wellbeing  = Cultural Wellbeing  = Economic Wellbeing  = Environmental Wellbeing

YEAR IN REVIEW

Property Holdings

Leases and Licences were administered in accordance with terms of the individual agreements and property purchases, disposals and land legalisations carried out in accordance with Council resolutions.

A review of the performance of Napier City Council's Investment Property Portfolio (leasehold land) was completed by consultants PwC in May 2022. In conjunction with this, a report was prepared presenting changes to Council's Investment Policy to receive and manage funds from the sale of any leasehold land through the inclusion of a Statement of Investment Policies and Objectives. These reports were presented to Audit and Risk, Prosperous Napier Committee, and adopted by Council in August 2022. As part of the resolutions, Council resolved to continue to allow the freeholding of non-strategic land on a case-by-case basis, in accordance with the Investment Property Portfolio Policy.

Inner Harbour

The Inner Harbour Development Plan was adopted by Council in June 2022 following revisions to the draft plan based on stakeholder feedback. The Plan provides guidance on future investment in renewal and capital improvement projects. Key projects identified in the Plan include the creation of a 'Waka Hub' on Nelson Quay and the Iron Pot, renewal and upgrade of Meeanee Quay piers and improvements to stormwater discharge points and kororā (little blue penguin) habitats.

Lagoon Farm

The farm has continued to operate as a low-impact commercial operation. There have been no health and safety incidents or lost time recorded for the farm operation. The farm continues to be managed well and has continued the practice of gaining the top price for lambs at auction during the year. An external environmental report on the farm operations identified no major issues for the farm operation.

Sheep continue to be the only livestock run on the farm as they have lower environmental impact and assist to reduce risk. The returns for both lambs and ewes have been strong over the year which has returned a small profit for the farm.

The hay contract in place was rolled over to the second year of a three year contract option. Hay production and pricing have produced good returns for the year.

Parklands Residential Development

Parklands stages 8-10 are 95% completed. There was a delay in the construction of stages 8-10 due to the availability of building materials and COVID-19 lockdowns. Lots in stages 8-10 will be sold during the 2022/23 financial year.

The design for stages 11-12 is completed. The concept design for Area 4 are completed with the main focus on improving the quantity and quality of stormwater run-off. In addition, there is a focus on using more sustainable materials which will reduce the carbon footprint of the development.

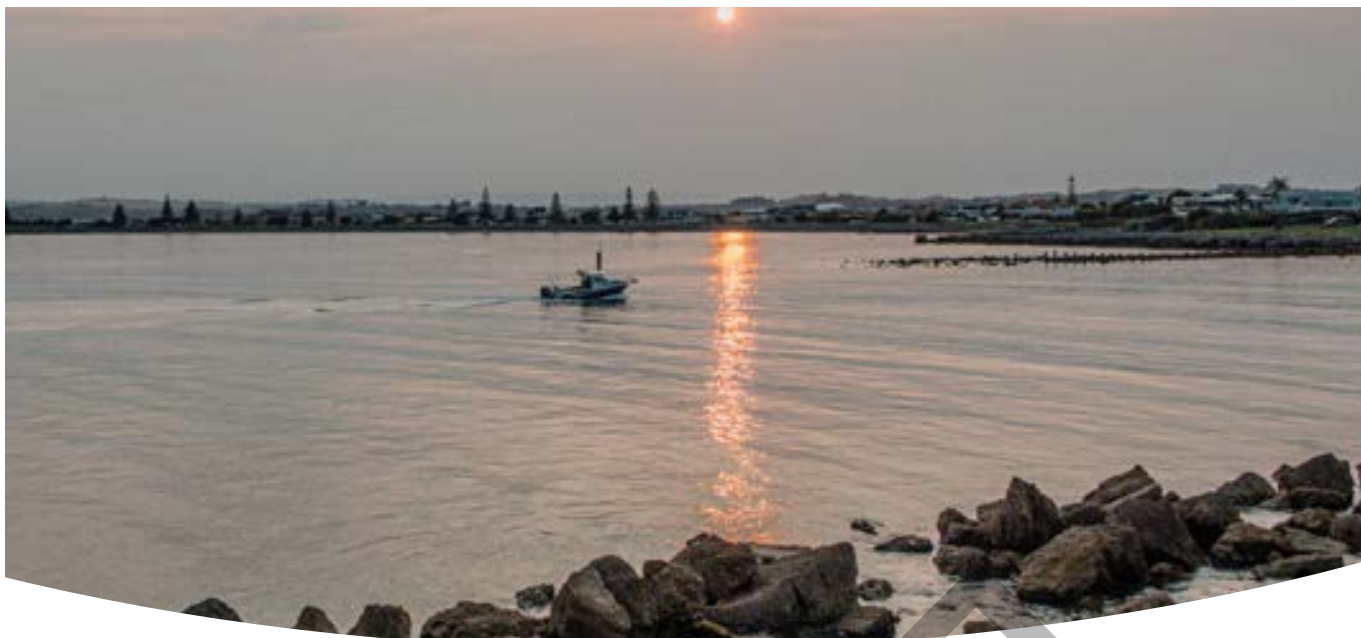
Buildings Asset Management

The Buildings Asset Management team grew in number from 3 to 4 with the additional role of Building Renewals & Projects Lead. The team continue to work across Council's buildings portfolio carrying out condition assessments to inform risk, planning and budgets for potential future capital and operational work.

Investigation work has found an increasing amount of deferred maintenance.








Procurement commenced for a provider to manage the Building Warrant of Fitness across the Council portfolio. This consolidates nine contracts for more efficient management, accurate reporting and better asset management information for fire and life safety systems. Tender award anticipated in quarter 1 of the 2022/23 year.









SIGNIFICANT INITIATIVES

The following table shows the status of significant initiatives planned for 2021/22:

Significant initiative per the 2020/21 Long Term Plan	Status	Comments
Review and identification of replacement property investments before any further applications to freehold leasehold land are considered.	In progress 	Review completed by consultants PwC in May 2022. Findings were presented to Council in August 2022.
Community consultation on the Inner Harbour Masterplan before adoption by Council.	Achieved 	The Inner Harbour Development Plan was adopted by Council in June 2022 following revisions to the draft plan based on stakeholder feedback. The Plan provides guidance on future investment in renewal and capital improvement projects.
Finalise construction of the replacement pontoons at the Nelson Quay boat ramp.	In progress 	This project was planned for completion in the 2021/22 financial year. The project has been tendered and a contract let. However, supply issues with some materials impacted the commencement of the project. It is intended that construction will occur through first and second quarters of 2022/23.
Parklands Residential Development: 70 new residential lots developed, and 68 sold.	On hold 	Delay in construction due to the availability of building material and COVID-19 lockdowns.
Review policy and progress of asbestos management in buildings.	On hold 	Delayed due to COVID (postponement of training and availability of staff).
Review of fire safety systems and compliance documentation.	Achieved 	Review found defects that require remedial work.
Development of a Seismic Strategy to inform risk management, planning and budgeting.	In progress 	Consultant engaged. Stage one completed. Project taking longer than originally anticipated due to COVID and other resource constraints.

 Achieved
  In Progress
  Partially achieved
  On hold

PERFORMANCE RESULTS

Activity	Level of service	Performance measures
Parklands Residential Development	Residential lots are created to provide an expanding residential development to meet the demand for the sections	Number of sections sold and developed
Lagoon Farm	Lagoon Farm ensures stewardship of Council's 289 hectare land holding on the Ahuriri Lagoon Bed	Farm revenue will cover the cost of retaining the land as measured by the operating budget and Napier City Council annual internal financial statements for year ended 30 June each year
Inner Harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels	Dredging is carried out as required so the channel is maintained to a minimum depth of 2.4 m at lowest tide (source: depth sound checks)
		Number of permanent berths
Buildings Asset Management	Council maintains and renews all Council buildings to ensure buildings remain safe, in good condition, and fit for purpose	Buildings with compliance schedules under the Building Act 2004 which have current Building Warrants of Fitness

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

Actual 2021/22	Target 2021/22	Actual 2020/21	Indicator	Comment – what's behind the results?
0	Developed: 70 Sold: 68	60	◆	Development of sections has been delayed due to the unavailability of components to complete the development.
Revenue exceeded expenditure	Revenue exceeds expenditure (prior to internal chargebacks)	New Measure	◆	
Achieved	Achieved	Achieved	◆	
98	98	98	◆	
100%	100%	New measure	◆	

CAPITAL EXPENDITURE for Property Assets

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
Inner Harbour			
Ahuriri Masterplan - Iron Pot Public Access	57	0	-
Property Holdings			
Assessment & Compliance Projects	22	200	869
Civic Buildings Upgrade	75	1,500	-
Pandora Pond Buildings	1	300	-
Property Holdings Minor Capital Items	66	-	187
Property Purchase	-	-	320
	221	2,000	1,376



FUNDING IMPACT STATEMENT

for Property Assets

	Actual 2021/22 \$000	LTP 2021/22 \$000	LTP 2020/21 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	135	(379)	(746)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	501	542	507
Internal charges and overhead recoveries	5,264	5,221	4,550
Local authorities fuel tax, fines, infringement fees, and other receipts	3,828	22,274	11,512
Total operating funding (A)	9,728	27,658	15,823
Applications of operating funding			
Payments to staff and suppliers	6,887	18,051	8,021
Finance costs	-	-	-
Internal charges and overheads applied	1,732	3,262	2,219
Other operating funding applications	120	2	2
Total applications of operating funding (B)	8,739	21,315	10,242
Surplus/(deficit) of operating funding (A - B)	989	6,343	5,581
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	111	2,000	-
Gross proceeds from sale of assets	1,643	150	150
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,754	2,150	150
Application of capital funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	47	750	1,566
- to replace existing assets	174	1,250	2,323
Increase (decrease) in reserves	2,522	6,493	1,842
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	2,743	8,493	5,731
Surplus/(deficit) of capital funding (C - D)	(989)	(6,343)	(5,581)
Funding balance ((A-B) + (C-D))	-	-	-

Note: Excluded from above

Group depreciation and amortisation	651	9,062	667
-------------------------------------	-----	-------	-----

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

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

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

* For capital budget variances refer to activity key issues.

THE FINANCIAL DETAIL

In this section

This section contains the financial statements of Napier City Council for the year ended 30 June 2022.

It provides the detail for how well we performed against our budgets and targets in the 2021 Long Term Plan and compared to our performance last year.

As well as our financial performance, it shows our financial position and cash flows for the year, and the accounting policies which have been applied.

DRAFT

Statement of
**Comprehensive Revenue
and Expenses**

Reserve Funds

Statement of
Financial Position

Borrowing Programme

Statement of
Changes in Equity

**Financial Prudence
Benchmarks**

Statement of
Cash Flows

Statement of
Compliance and Responsibility

**Funding Impact
Statement**

Independent
Auditor's Report

Statement of
Accounting Policies

**Council Controlled
Organisations**

**Notes to
the Financial Statements**

Glossary



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2022

	Note	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
Revenue				
Rates revenue	1	69,833	69,382	63,902
Finance revenue	2	790	-	630
Development and financial contributions		6,042	7,090	5,163
Subsidies and grants	3	18,971	5,249	12,116
Other revenue	4	38,483	59,099	58,790
Other gains	5	31,671	2,094	23,175
Total revenue		165,790	142,914	163,776
Expenditure				
Employee benefit expenses	6	43,744	43,309	39,954
Depreciation and amortisation	16	32,499	35,247	32,206
Finance Costs		-	339	-
Other expenses	7	53,518	62,770	64,215
Total expenditure		129,761	141,665	136,375
Operating surplus/(deficit) before tax		36,029	1,249	27,401
Share of associate surplus/(deficit)	21	2,405	(69)	273
Surplus/(deficit) before tax		38,434	1,180	27,674
Income tax expense	8	-	-	-
Surplus/(deficit) after tax		38,434	1,180	27,674
Other comprehensive revenue				
valuation gains/(losses) taken to equity	25	127,278	24,229	69,045
Fair value gains/(losses) through comprehensive revenue on investments	25	9	-	9
Total comprehensive revenue and expenses		165,721	25,409	96,728

The notes to the Financial Statements on pages 131 to 183 form part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
Assets				
Current assets				
Cash and cash equivalents	9	14,877	5,220	5,529
Debtors and other receivables	10	11,472	19,834	21,903
Prepayments		1,624	821	1,336
Inventories	11	9,080	11,904	2,643
Biological assets	12	293	249	281
Other financial assets	13	35,000	-	48,000
Non-current assets held for sale	19	667	-	667
Total current assets		73,013	38,028	80,359
Non-current assets				
Debtors and other receivables	10	-	-	310
Property, plant and equipment	14	1,981,986	1,897,051	1,841,395
Intangible assets	17	1,713	1,438	1,459
Inventories	11	12,313	17,147	13,794
Investment property	18	107,701	61,097	76,731
Investment in associates	21	12,684	8,880	8,820
Other financial assets	13	2,792	4,896	3,445
Total non-current assets		2,119,189	1,990,509	1,945,954
Total assets		2,192,202	2,028,537	2,026,313
Liabilities				
Current liabilities				
Trade payables and other accruals	22	19,490	17,444	19,112
Employee benefit liabilities	23	5,371	4,895	5,185
Total current liabilities		24,861	22,339	24,297
Non-current liabilities				
Employee benefit liabilities	23	753	797	783
Borrowings		-	74,960	-
Provisions	24	1,453	1,462	1,819
Total non-current liabilities		2,206	77,219	2,602
Total liabilities		27,067	99,558	26,899
Total net assets		2,165,135	1,928,979	1,999,414
Net assets / equity				
Accumulated revenue and expenses	25	877,995	812,013	838,895
Other reserves	25	1,287,140	1,116,966	1,160,519
Total net assets / equity		2,165,135	1,928,979	1,999,414

The notes to the Financial Statements on pages 131 to 183 form part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Actual 2021/22 \$000	AP 2021/22 \$000	Actual 2020/21 \$000
Total net equity balance at 1 July		1,999,414	1,903,570	1,902,686
Total comprehensive revenue for the period		165,721	25,409	96,728
Total net equity balance at 30 June	25	2,165,135	1,928,979	1,999,414
Total comprehensive revenue and expenses attributable to:				
Napier City Council		165,721	25,409	96,728
Total comprehensive revenue and expenses		165,721	25,409	96,728

The notes to the Financial Statements on pages 131 to 183 form part of and should be read in conjunction with these financial statements.



STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	Actual 2021/22 \$000	AP 2021/22 \$000	Actual 2020/21 \$000
Cash flows from operating activities				
Receipts from rates revenue		69,802	66,683	64,231
Interest received		669	-	848
Dividends received		1	-	1
Insurance claims received		184	-	321
Receipts from other revenue		60,761	60,599	62,441
Goods and services tax (net)		(725)	(1,406)	254
Payments to suppliers and employees		(96,020)	(114,029)	(103,580)
Interest paid		-	(339)	-
Net cash from operating activities	29	34,672	11,508	24,516
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment		1,824	250	6,198
Proceeds from the sale of investment properties		893	-	3,392
Proceeds from withdrawal of investments		124,953	-	83,127
Purchase of property, plant and equipment		(41,251)	(61,390)	(43,402)
Purchase of intangible assets		(744)	(515)	14
Acquisition of investments		(111,000)	(1,199)	(74,000)
Net cash from investing activities		(25,325)	(62,854)	(24,671)
Cash flows from financing activities				
Proceeds from borrowings		-	52,960	-
Net cash from financing activities		-	52,960	-
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		9,348	1,614	(155)
Cash, cash equivalents and bank overdrafts at 1 July		5,529	3,606	5,684
Cash, cash equivalents and bank overdrafts at 30 June		14,877	5,220	5,529

The notes to the Financial Statements on pages 131 to 183 form part of and should be read in conjunction with these financial statements.

FUNDING IMPACT STATEMENT

(WHOLE OF COUNCIL)

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000	AP 2020/21 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	43,071	42,995	43,277	43,373
Targeted rates	26,762	26,387	20,994	20,820
Subsidies and grants for operating purposes	5,446	2,608	4,736	2,787
Fees and charges	20,377	23,833	23,274	17,564
Interest and dividends from investments	791	-	631	216
Local authorities fuel tax, fines, infringement fees, and other receipts	14,577	34,078	34,852	28,870
Total operating funding (A)	111,024	129,901	127,764	113,630
Applications of operating funding				
Payments to staff and suppliers	97,106	106,066	103,165	93,446
Finance costs	-	339	-	275
Other operating funding applications	154	13	330	342
Total applications of operating funding (B)	97,260	106,418	103,495	94,063
Surplus/(deficit) of operating funding (A - B)	13,764	23,483	24,269	19,567
Sources of capital funding				
Subsidies and grants for capital expenditure	13,525	2,641	7,380	2,124
Development and financial contributions	6,042	7,090	5,163	3,391
Increase/(decrease) in debt	-	52,960	-	22,000
Gross proceeds from sale of assets	1,973	250	6,668	250
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	21,540	62,941	19,211	27,765
Application of capital funding				
Capital expenditure*				
- to meet additional demand	8,732	12,589	7,425	6,482
- to improve the level of service	17,846	20,535	11,203	31,014
- to replace existing assets	19,517	30,069	24,139	20,822
Increase (decrease) in reserves	(10,791)	23,231	713	(10,986)
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	35,304	86,424	43,480	47,332
Surplus/(deficit) of capital funding (C - D)	(13,764)	(23,483)	(24,269)	(19,567)
Funding balance ((A-B) + (C-D))	-	-	-	-

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

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

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

*For capital budget variances refer to activity key issues.



STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

The financial statements of the Council are for the year ended 30 June 2022. The financial statements were authorised by the Council for issue on 2 February 2023.

BASIS OF PREPARATION

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

Statement of Compliance

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

Functional and Presentation Currency

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

CHANGES IN ACCOUNTING POLICIES

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

Implementation of new and amended Accounting Standards

PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council began applying this standard for the year 1 July 2021 to 30 June 2022, and the amendment has not required further disclosures for Council in this year.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council began applying this standard for the year 1 July 2021 to 30 June 2022, and the application of PBE FRS 48 has not affected its statement of service performance.

STANDARDS ISSUED AND NOT YET EFFECTIVE, AND NOT EARLY ADOPTED**Financial Instruments**

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

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

The initial consideration of the impacts the

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

a) Classification and measurement

Currently the Council classifies its investment in listed and non-listed equity shares and listed debt instruments as available-for-sale (AFS) financial assets. For the equity shares currently classified as AFS, the Council expects to continue measuring them at fair value through other comprehensive revenue and expense.

Loans as well as receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Council has analysed the contractual cash flow characteristics of those instruments and concluded they meet the criteria for amortised cost measurement under PBE IPSAS 41. Therefore, reclassification for these instruments is not required.

b) Impairment

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

c) Loan guarantees

Currently the Council reports loan guarantees in accordance with PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets. PBE IPSAS 41 requires these to be measured differently,



STATEMENT OF ACCOUNTING POLICIES CONTINUED

taking into account the expected losses based on an assessment of the credit risk. This could result in a lower liability recorded for our loan guarantees, however the Council does not expect the application of this standard to result in a significant change to the total value of liabilities.

INVESTMENTS

Investment in Associates

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

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

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

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

Subsidiaries

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

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

Joint Arrangements

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

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

Joint Operation

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

FOREIGN CURRENCY TRANSLATION

Transactions and Balances

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

REVENUE RECOGNITION

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

Non-exchange Revenue

Rates Revenue

The following policies for rates have been applied:

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

Grants and Subsidies

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

Donated, Subsidised or Vested Assets

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

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

Parking and Traffic Infringement

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

Exchange Revenue**Licences and Permits**

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

Residential Developments

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

Development and Financial Contributions

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

Sales of Goods (Retail)

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

Sales of Services

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

Rental Revenue

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

Interest Revenue

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

Dividend Revenue

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

Building and Resource Consent Revenue

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

INCOME TAX

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted

STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

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

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

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

GOODS AND SERVICES TAX (GST)

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

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

The net amount of GST recoverable from, or payable

to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

LEASES

The Council is the Lessee

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

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

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



STATEMENT OF ACCOUNTING POLICIES CONTINUED

The Council is the Lessor

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

CASH AND CASH EQUIVALENTS

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

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

TRADE RECEIVABLES

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

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for

impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Revenue and Expenses.

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

INVENTORIES

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

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

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

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

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



STATEMENT OF ACCOUNTING POLICIES CONTINUED

Land held for development and future resale

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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

OTHER FINANCIAL ASSETS EXCLUDING DERIVATIVES

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

Purchases and sales of financial assets are recognised on trade date, the date on which the

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

Financial assets are classified into the categories below:

Loans and Receivables

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

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

Held to Maturity Investments

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

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

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

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category at initial recognition, or not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. When securities classified as available for

STATEMENT OF ACCOUNTING POLICIES CONTINUED

sale are sold or impaired, the accumulated fair value adjustments are included in the surplus or deficit as gains and losses from investment securities.

Fair Value Changes

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

Impairment of Financial Assets

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consist of:

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

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

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

Additions

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

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

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

Disposals

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

Revaluations

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Revenue and Expenses during the financial period in which they are incurred.

Depreciation

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

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

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

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

	Years
TRANSPORTATION	
Base Course	60–130
Surfacings	20–25
Concrete Pavers	80
Footpaths and Pathways/Walkways	15–80
Drainage	25–100
Bridges and Structures	20–100

Road Lighting	4–50
Traffic Services and Safety	10–25
WATER	
Reticulation	56–200
Reservoirs	100
Pump Stations	15–80
STORMWATER	
Reticulation	80–100
Pump Stations	15–80
WASTEWATER	
Reticulation	80–100
Pump Stations	15–80
Milliscreen	10–80
Outfall	60
OTHERS	
Grandstands, Community and Sports Halls	50
Sportsgrounds, Parks & Reserves Improvements	10–50
Buildings on Reserves	10–50
Pools	10–50
Inner Harbour	20–50

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

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

INVESTMENT PROPERTY

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

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

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

INTANGIBLE ASSETS

Trademarks and Licences

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

Computer Software

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

of the asset. For cash generating assets, value in use is determined using a present value of future cash flows valuation methodology.

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

TRADE AND OTHER PAYABLES

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

BORROWINGS

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

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

Borrowing Costs

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

PROVISIONS

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current

STATEMENT OF ACCOUNTING POLICIES CONTINUED

market assessments of the time value of money and the risks specific to the obligation. An increase in the provision due to the passage of time is recognised as an interest expense.

Financial Guarantee

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

Financial guarantees are subsequently measured at the higher of:

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

GRANT EXPENDITURE

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

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

EMPLOYEE BENEFITS

Wages and Salaries, Annual Leave and Sick Leave

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

the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave and Gratuities

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

Retirement Benefit Obligations

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

Defined Contribution Schemes

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

Bonus Plans

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

BIOLOGICAL ASSETS

Livestock

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

STATEMENT OF ACCOUNTING POLICIES CONTINUED

NET ASSETS / EQUITY

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

These are:

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

Restricted and Council Created Reserves

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

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

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

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

BUDGET FIGURES

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

COST ALLOCATION

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Landfill Aftercare Provision

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

Infrastructural Assets

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

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

If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under in estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expenses. To minimise this risk, the Council's infrastructural asset useful lives have been



determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections and deterioration and condition modelling are also carried out regularly as part of the Council asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations except for most above and below ground water, wastewater and stormwater assets where the independent valuer peer reviews Council's valuations. Some assets (such as pumps) are independently valued by independent valuer. See Note 14.

Critical Judgements in applying Napier City Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2022.

Classification of Property

The Council owns a number of leasehold land and rental properties. The receipt of market-based rentals from these properties is incidental to the holding of these properties. In the case of

residential leasehold properties, there are legal restrictions applying to how Council can manage these properties and in the case of rental properties, these are held as part of the Council's social housing policy or to secure the ability to undertake long term city development projects. As some of these properties are held for service delivery objectives, they have been accounted for as property, plant and equipment.

Local Government Reforms - Three Waters Service Delivery

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2022 in accordance with the accounting policies set out on pages 131 to 143. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 30 June 2022

1. Rates Revenue

	Actual 2021/22 \$000	Actual 2020/21 \$000
General rates	43,202	43,050
Rates penalties	383	227
Targeted rates attributable to activities		
Water (excluding metered water)	6,695	6,247
Metered water	677	724
Sewerage	9,937	8,982
Refuse and sanitation	4,793	4,604
Roading	159	155
Marketing	214	209
Swimming pool safety	75	73
Stormwater	4,213	-
Total revenue from rates	70,348	64,271
Rates remissions*	(515)	(369)
Rates revenue net of remissions	69,833	63,902

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

In accordance with the Local Government (Rating) Act 2002, rates are charged on all rateable properties including Council owned property. Under financial reporting standards the Council recognised rates of \$1,433,346 on Council properties as internal revenue so this has been offset in the above (2021: \$1,384,477).

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

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

2. Finance Income and Finance Costs

	Actual 2021/22 \$000	Actual 2020/21 \$000
Finance income		
Interest income		
Term deposits and call accounts	790	630
Total finance income	790	630
Finance costs		
Interest expense		
Interest on internal borrowings	1,269	2,087
Total interest expense	1,269	2,087
Internal interest expense	(1,269)	(2,087)
Total finance costs	-	-
Net finance income	790	630

3. Subsidies and Grants

	Actual 2021/22 \$000	Actual 2020/21 \$000
Waka Kotahi and other government grants	18,255	11,695
Other grants and donations	716	421
Total grants and donations	18,971	12,116

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2021: \$nil).

4. Other Revenue

	Actual 2021/22 \$000	Actual 2020/21 \$000
User charges	5,972	6,372
Regulatory revenue	4,868	4,536
Rental income from investment properties	1,816	1,914
Other rental income	4,698	4,570
Infringements and fines	483	589
Rendering of services	2,770	2,566
Retail and product sales	6,767	9,799
Omarunui Landfill Joint-Venture	4,866	4,720
Sales residential development	15	20,071
Other income	2,066	2,216
Petrol tax	449	451
Vested assets - other	3,528	664
Dividend income	1	1
Insurance recovery on plant and equipment	184	321
Total other revenue	38,483	58,790

5. Gains/(Losses)

	Actual 2021/22 \$000	Actual 2020/21 \$000
Non-financial instruments		
Gain/(loss) on revaluation of Library bookstock	(20)	(236)
Gain/(loss) on revaluation of investment properties	31,239	21,936
Gain/(loss) on sale of assets	801	2,285
Gain/(loss) on disposal of assets	(367)	(850)
Fair value gain/(loss) on livestock	18	40
Total gains/(losses)	31,671	23,175

6. Employee Benefit Expenses

	Actual 2021/22 \$000	Actual 2020/21 \$000
Salaries and wages	42,517	39,508
Employer contributions to multi-employer defined benefit plans	1,071	968
Increase/(decrease) in employee benefit liabilities	156	(522)
Total employee benefit expenses	43,744	39,954



7. Other Expenses

	Actual 2021/22 \$000	Actual 2020/21 \$000
Audit fee Audit NZ - financial statements	166	151
Audit fee Audit NZ - LTP audit	-	92
Audit fee Audit NZ - debenture trust deed	4	4
Audit fees Crowe Horwarth - internal audit	28	51
Donations	21	30
Bad and doubtful debts	154	(39)
Plant and equipment impairment	-	1,043
Cost of sales residential development	20	8,080
Rental expense on operating leases	1,554	1,517
Other operating expenses	51,571	53,286
Total other expenses	53,518	64,215

8. Tax

	Actual 2021/22 \$000	Actual 2020/21 \$000
Relationship between tax expense and accounting profit		
Surplus/(deficit) before tax	38,435	27,674
Tax at 28%	10,762	7,749
Non-taxable income	(10,762)	(7,749)
Tax expense	-	-

Additional disclosures

A net deferred tax asset has not been recognised in relation to unused tax losses of \$1,551,241 (2021: \$924,043).

9. Cash and Cash Equivalents

	Actual 2021/22 \$000	Actual 2020/21 \$000
Cash at bank and in hand	14,877	5,529
Short-term deposits maturing 3 months or less from date of acquisition	-	-
Total cash and cash equivalents	14,877	5,529

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

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

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Cash at bank and in hand	14,877	5,529
Short-term deposits maturing within 3 months	-	-
Total cash and cash equivalents	14,877	5,529

10. Debtors and Other Receivables

	Actual 2021/22 \$000	Actual 2020/21 \$000
Current portion		
Rates receivables	1,071	1,064
Parklands - unconditional contracts subdivision sales	-	10,530
NZTA subsidy claims	994	1,829
GST receivable	1,559	524
Other receivables	8,153	8,110
Less: provision for doubtful debts	(305)	(154)
Total current portion	11,472	21,903
Non-current portion		
Other receivables	-	310
Total non-current portion	-	310
Total debtors and other receivables	11,472	22,213
Debtors and other receivables comprise of:		
Receivables from non-exchange transactions - rates and grants	2,065	2,893
Receivables from exchange transactions - commercial sales	9,407	19,320
Total debtors and other receivables	11,472	22,213

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

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

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

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

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Current	8,863	18,720
Past due 31-60 days	169	1,675
Past due 61-90 days	33	103
Past due 91+ days	2,407	1,715
Total receivables	11,472	22,213

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

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Balance at 1 July	154	197
Additional provision made during the year	242	51
Provisions reversed during the year	(62)	(90)
Receivables written off during the year	(29)	(4)
Balance as at 30 June	305	154

11. Inventories

	Actual 2021/22 \$000	Actual 2020/21 \$000
Current portion		
Inventory held for distribution	271	235
Inventory held for resale	210	193
Parklands - land under development	1,436	728
Parklands - work in progress	7,163	1,487
Total current portion	9,080	2,643
Non-current portion		
Parklands - land under development	10,847	11,554
Parklands - work in progress	1,466	2,240
Total non-current portion	12,313	13,794

Inventory held for distribution and resale reduced by \$nil in 2022 (2021: \$2,000 reduction) as a result of stocktake adjustments.

No inventory is pledged as security for liabilities (2021: \$nil).

The Council is currently developing land for future sale, and of the costs to date (including the value of land transferred to inventory) \$12,312,507 is not expected to be recovered until after 30 June 2022 (2021: \$13,794,094). As at 30 June 2022 the development is measured at cost as the cost is lower than the net realisable value.



12. Biological Assets

	Actual 2021/22 \$000	Actual 2020/21 \$000
Biological assets changes in value		
Opening value 1 July	281	245
Change in value arising from changes in fair value	18	40
Increase in value due to natural increase/(decrease)	138	157
Increase in value due to purchases	188	204
Change in value due to sales	(332)	(365)
Closing value 30 June	293	281

Biological assets comprise 1,263 sheep (2021: 1,310) largely held for trading.

13. Other Financial Assets

	Actual 2021/22 \$000	Actual 2020/21 \$000
Current portion		
Short-term deposits with maturities of 4-12 months	35,000	48,000
Total current portion	35,000	48,000
Non-current portion		
Term deposits with maturities of over 12 months	-	-
Unlisted shares	296	288
Omarunui Landfill*	2,496	3,157
Total non-current portion	2,792	3,445

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

Unlisted Shares - Valuation

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

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

*Refer to note 20 for further details.

13. Other Financial Assets

Fair Value Hierarchy Disclosures

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

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

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

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

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

	Total	Quoted Market Price	Observable Inputs	Significant Non- Observable Inputs
30 June 2022	\$000	\$000	\$000	\$000
Financial assets				
Shares	296	296	-	-
Term deposits	35,000	35,000	-	-
Omarunui Landfill	2,496	-	2,496	-
30 June 2021				
Financial assets				
Shares	288	288	-	-
Term deposits	48,000	48,000	-	-
Omarunui Landfill	3,157	-	3,157	-

14. Property, Plant and Equipment

Valuation of Property, Plant and Equipment

As at 30 June 2022 Council's Property, Plant and Equipment are valued as follows:

Library Collections

Carried at fair value less depreciation. Valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library in May 2002 for general collections and replacement cost for the Heritage Collection. The Library valuation is performed by Jessica Pearless, Director, Paragon Matter Art Services and performed on an annual basis. The valuation was performed as at 30 June 2022.

Land under Roads

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

Land and Buildings

Carried at fair value less depreciation for buildings only. Land and Buildings are valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2021 using fair value based on market valuations. Land and buildings are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, the asset classes are revalued.

Infrastructural Road Assets

Carried at fair value less depreciation. Infrastructural road assets are valued annually by Stantec at depreciated replacement cost using the RAMM valuation system. Road assets were revalued at 30 June 2022.

Water, Wastewater and Stormwater Below and Above Ground Assets

Carried at fair value less depreciation. Water, Wastewater and Stormwater below ground assets are valued at depreciated replacement cost by Council's engineers and independently reviewed by WSP NZ as at 30 June 2020. Above ground assets have been valued by M Wyatt of AECOM Ltd and M. Penrose of Telfer Young (HB) Ltd at 30 June 2020. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. As at 30 June 2022, Council completed fair value assessments on these assets. These assessments showed that there was significant uncertainty over the asset values and whether the expected increase in fair value would be material. Late in 2022 it was recommended that Council complete a full revaluation of all water assets as at 30 June 2022 (one year earlier than normally required). Council has not prepared an early revaluation due to time and resource constraints, and the significant financial cost to undertake this exercise.

It is for this reason that the Independent Auditor's Report contains a statement regarding the valuation of these assets.

Restricted Assets

Carried at fair value less depreciation. These were valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of Telfer Young (HB) Ltd as at 30 June 2022 using depreciated replacement cost method. Restricted assets are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Plant and Equipment

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

Omarunui Landfill

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

Impairment

No impairment losses have been recorded for 30 June 2022. In 2021, impairment losses of \$1.043M were recognised for plant and equipment damage due to flooding that occurred in November 2020 and damage to the buildings on reserves from a car accident in July 2020.

Estimating the fair value of land and buildings

The most recent valuation of land and buildings was performed by an independent registered valuer, M. Penrose, ANZIV, SNZPI, AAMINZ, of Telfer Young (HB) Ltd. The valuation is effective as at 30 June 2021.

Significant Assumptions and Special Assumptions made within this valuation are:

- The valuations are made on a plus Goods and Services Tax basis, if applicable
- The fair values represent the total of the market values before allowance for any selling costs and are assessed on a "highest and best use" basis.

Land

Land is valued at fair value using market-based evidence on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve of endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement. Restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions relevant to depreciated replacement cost include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Quotable Value Limited cost information. The range of unit rates used is \$680 to \$8,347 per m².

- There are no significant asbestos issues associated with the buildings.
- There are no significant earthquake-prone buildings not already identified by Council. Buildings identified by Council as earthquake-prone are the Civic Building, Library Building, Taradale Plunket Rooms, and Henry Charles Village Hall (action underway). Council is still completing work to determine the cost to rectify these issues. The valuations for the Civic Building, Library and Taradale Plunket Rooms have included negative value to the buildings (deducted from land value) to reflect strengthening costs in excess of building value, while the value of Henry Charles Village Hall has been written down by the estimated cost to strengthen.
- Straight-line depreciation over the useful life of the asset has been applied in determining the depreciated replacement cost value. The range of useful lives used is 50 to 100 years.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence and the income approach or market approach. The income approach is predicated on the conversion of net actual or market income which either is or could be generated by an owner of the interest, to value. The market approach provides an indication of value by comparing the asset with identical or similar assets for which price information is available. Significant assumptions in the 30 June 2021 valuation include:

- Market rents range

Rental flats	\$295-\$535 per week
Commercial office	\$250 per m ²
Depot buildings	\$50--\$140 per m ²
- Capitalisation rates are market-based. Market yield (rates of return) range:

Rental flats	5.5%--7.6%
Commercial office	5.75%
Depot buildings	6.5%

A comparison of the carrying value of buildings valued using market-based evidence and buildings valued using depreciated replacement cost is as follows:

Market-based evidence	\$90,843,000
Depreciated replacement cost	\$26,824,800
Total carrying value of buildings	\$117,667,800

Estimating the fair value of roading

The most recent valuation of roading assets was performed by an independent registered valuer, Stantec New Zealand Ltd. The valuation is effective as at 30 June 2022.

Road infrastructure assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised during the valuation process, including:

- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts of Council and in the region for modern equivalent assets, from which unit rates are determined. For this valuation Stantec were provided new unit rates by Napier City Council which were based on actual construction costs and did not rely on adjustment factors. Unit rates have been applied to components of the network based on type and materials. The range of unit rates used for the significant categories are shown in the table below.
- Estimates of remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.
- If no construction date is available, the default construction date will be 50% of the Total Useful Life. Default dates are calculated as the first of January of the year that would make the asset halfway through its life. The estimated replacement cost of roading assets without a construction date is \$111.1m, which represents 21% of the total replacement cost for all assets.
- Straight-line depreciation over the assets useful life has been used in this valuation except where assets are deemed not to depreciate. The range of useful lives for significant categories is shown in the table below.
- All replacement rates, where appropriate, have included in the cost an amount for removal and disposal of the existing asset, an amount for site establishment, and an amount for the formation, supply, placement, shaping, etc. of materials.

Significant categories	Useful life range	Unit rate range
Formation	100 years	\$4.21 per m ²
Sealed pavement layers	50 years	\$11.64--\$24.54 per m ²
Sealed surfacing	10--80 years	\$7.63--204.07 per m ²
Drainage	60 years	\$28.04--\$17,294.09 per m
Footpaths	20--60 years	\$16.87--\$237.35 per m ²
Surface water channels	70 years	\$3.80--\$147.68 per m

2021/22	Cost / Valuation 1 July 2021 \$000	Accumulated Depreciation and Impairment 1 July 2021 \$000	Carrying Amount 1 July 2021 \$000	Vested Asset Additions \$000	Other Additions \$000	Disposals \$000	Reclassification from Assets Held for Sale \$000	Reversal Accumulated Depreciation Revaluation \$000
Council operational assets								
Land	130,769	-	130,769	-	-	(18)	-	-
Leasehold land	2,965	-	2,965	-	-	(750)	-	-
Buildings	117,668	-	117,668	-	379	(72)	-	-
Library books	1,782	(1)	1,781	-	237	-	-	-
Plant and equipment	52,244	(35,404)	16,840	-	5,075	(264)	-	-
Motor vehicles	5,567	(3,376)	2,191	-	495	(248)	-	-
Landfill post closure	225	(225)	-	-	-	-	-	-
Total operational assets	311,220	(39,006)	272,214	-	6,186	(1,352)	-	-
Council infrastructural assets								
Sewerage system treatment plant	35,171	(819)	34,352	-	106	(3)	-	-
Sewerage system other assets	157,832	(5,035)	152,797	1,215	1,528	(164)	-	-
Water system	137,924	(3,705)	134,219	806	2,081	(87)	-	-
Drainage network	213,938	(4,025)	209,913	765	546	(103)	-	-
Road network	278,104	(4)	278,100	742	9,748	-	-	-
Land under roads	420,921	-	420,921	-	-	(7)	-	-
Total infrastructural assets	1,243,890	(13,588)	1,230,302	3,528	14,009	(364)	-	-
Council restricted assets								
Sportsgrounds	239,228	(4,412)	234,816	-	1,457	-	-	6
Grandstands and halls	11,610	(1,306)	10,304	-	909	-	-	-
Buildings on reserves	48,001	(2,561)	45,440	-	187	(46)	-	3
Swimming pools	12,362	(801)	11,561	-	-	-	-	1
Inner harbour	18,008	(534)	17,474	-	-	-	-	-
Total restricted assets	329,209	(9,614)	319,595	-	2,554	(46)	-	12
Capital work in progress (see breakdown below)	19,284	-	19,284	-	27,373	-	-	-
Total property plant & equipment	1,903,603	(62,208)	1,841,395	3,528	50,121	(1,762)	-	19,

Capital work in progress	2021/22 \$000	2020/21 \$000
Buildings	2,125	878
Plant and equipment	1,601	524
Sewerage system other assets	7,142	2,110
Water system	4,440	4,074
Stormwater network	3,669	1,375
Three Waters reform programme	10,172	1,513
Road network	6,904	5,162
Sportsgrounds/reserves	4,905	3,483
Pool	-	16
Inner harbour	163	106
Software	-	43
Total capital work in progress	41,123	19,284

Reversal of accumulated depreciation on Disposals \$000	Transfers and Corrections \$000	Transfers and Corrections Depreciation \$000	Impairment \$000	Depreciation \$000	Revaluation Surplus \$000	Cost / Valuation 30 June 2022 \$000	Accumulated Depreciation and Impairment 30 June 2022 \$000	Carrying Amount 30 June 2022 \$000
-	-	-	-	-	-	130,751	-	130,751
-	-	-	-	-	-	2,215	-	2,215
-	-	-	-	(3,102)	-	117,975	(3,102)	114,873
-	-	-	-	(193)	(213)	1,806	(1)	1,805
222	-	-	-	(3,271)	-	57,055	(38,453)	18,602
201	-	-	-	(564)	-	5,814	(3,739)	2,075
-	-	-	-	-	-	225	(225)	-
423	-	-	-	(7,130)	(213)	315,841	(45,520)	270,321
-	-	-	-	(832)	-	35,274	(1,651)	33,623
13	-	-	-	(5,147)	-	160,411	(10,169)	150,242
1	-	-	-	(3,297)	-	140,724	(7,001)	133,723
7	-	-	-	(4,039)	-	215,146	(8,057)	207,089
-	-	-	-	(7,214)	(21,029)	267,565	(8)	267,557
-	-	-	-	-	-	420,914	-	420,914
21	-	-	-	(20,529)	(21,029)	1,240,034	(26,886)	1,213,148
-	-	-	-	(2,266)	90,132	330,818	(324)	330,494
-	-	-	-	(150)	2,787	15,306	(1,007)	14,299
5	-	-	-	(1,265)	8,007	56,149	(52)	56,097
-	-	-	-	(402)	873	13,235	-	13,235
-	-	-	-	(267)	25,260	43,268	-	43,268
5	-	-	-	(4,350)	127,059	458,776	(1,383)	457,393
-	(5,533)	-	-	-	-	41,124	-	41,124
449	(5,533)	-	-	(32,009)	105,817	2,055,775	(73,789)	1,981,986

The net carrying amount of plant and equipment held under finance leases is \$nil (2021: \$nil). In accordance with Council's Accounting Policies the revaluation loss for library books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.

Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.

14. Property Plant and Equipment

2020/21	Cost / Valuation 1 July 2020 \$000	Accumulated Depreciation and Impairment 1 July 2020 \$000	Carrying Amount 1 July 2020 \$000	Vested Asset Additions \$000	Other Additions \$000	Disposals \$000	Reclassification from Assets Held for Sale \$000	Reverse Accumulated Depreciation Revaluation \$000
Council operational assets								
Land	102,992	-	102,992	-	1,221	-	-	-
Leasehold land	3,375	-	3,375	-	-	(410)	-	-
Buildings	95,692	(2,581)	93,111	-	3,166	(459)	-	-
Library books	1,937	(15)	1,922	-	280	-	-	-
Plant and equipment	49,419	(32,857)	16,562	-	3,974	(1,017)	-	-
Motor vehicles	5,364	(3,241)	2,123	-	789	(586)	-	-
Landfill post closure	225	(225)	-	-	-	-	-	-
Total operational assets	259,004	(38,919)	220,085	-	9,430	(2,472)	-	5
Council infrastructural assets								
Sewerage system treatment plant	35,062	-	35,062	-	109	-	-	-
Sewerage system other assets	155,755	-	155,755	138	1,982	(43)	-	-
Water system	124,662	(430)	124,232	81	13,054	(32)	-	-
Drainage network	213,180	-	213,180	433	374	(49)	-	-
Road network	261,070	-	261,070	7	6,101	-	-	7
Land under roads	421,119	-	421,119	-	81	(279)	-	-
Total infrastructural assets	1,210,848	(430)	1,210,418	659	21,701	(403)	-	7
Council restricted assets								
Sportsgrounds	238,833	(2,227)	236,606	-	1,109	(7)	-	-
Grandstands and halls	10,728	(151)	10,577	-	175	-	-	-
Buildings on reserves	47,842	(1,259)	46,583	-	150	(55)	-	-
Swimming pools	12,342	(399)	11,943	-	20	-	-	-
Inner harbour	18,008	(267)	17,741	-	-	-	-	-
Total restricted assets	327,753	(4,303)	323,450	-	1,454	(62)	-	-
Capital work in progress (see breakdown below)	10,585	-	10,585	-	12,756	-	-	-
Total property plant and equipment	1,808,190	(43,652)	1,764,538	659	45,341	(2,937)	-	12
Capital work in progress								
	2020/21	2019/20						
	\$000	\$000						
Buildings	878	2,968						
Plant and equipment	524	67						
Sewerage system other assets	2,110	990						
Water system	4,074	2,420						
Drainage network	1,375	415						
Three Waters reform programme	1,513							
Road network	5,162	1,428						
Sportsgrounds	3,483	2,199						
Swimming pools	16	8						
Inner harbour	106	90						
Software	43							

Reversal of accumulated depreciation on Disposals \$000	Transfers and Corrections \$000	Transfers and Corrections Depreciation \$000	Impairment \$000	Depreciation \$000	Revaluation Surplus \$000	Cost / Valuation 30 June 2021 \$000	Accumulated Depreciation and Impairment 30 June 2021 \$000	Carrying Amount 30 June 2021 \$000
-	273	-	-	-	26,283	130,769	-	130,769
-	-	-	-	-	-	2,965	-	2,965
29	42	6	-	(2,608)	19,227	117,668	-	117,668
-	-	-	-	(185)	(435)	1,782	(1)	1,781
839	(138)	10	-	(3,397)	6	52,244	(35,404)	16,840
480	-	-	-	(615)	-	5,567	(3,376)	2,191
-	-	-	-	-	-	225	(225)	-
1,348	177	16	-	(6,805)	45,080	311,220	(39,006)	272,214
-	-	-	-	(819)	-	35,171	(819)	34,352
5	-	-	-	(5,040)	-	157,832	(5,035)	152,797
1	159	(12)	-	(3,264)	-	137,924	(3,705)	134,219
1	-	-	-	(4,026)	-	213,938	(4,025)	209,913
-	-	-	-	(7,544)	10,926	278,104	(4)	278,100
-	-	-	-	-	-	420,921	-	420,921
7	159	(12)	-	(20,693)	10,926	1,243,890	(13,588)	1,230,302
-	(707)	13	-	(2,198)	-	239,228	(4,412)	234,816
-	707	(13)	(1,006)	(136)	-	11,610	(1,306)	10,304
2	64	(4)	(37)	(1,263)	-	48,001	(2,561)	45,440
-	-	-	-	(402)	-	12,362	(801)	11,561
-	-	-	-	(267)	-	18,008	(534)	17,474
2	64	(4)	(1,043)	(4,266)	-	329,209	(9,614)	319,595
-	(4,057)	-	-	-	-	19,284	-	19,284
1,357	(3,657)	0	(1,043)	(31,764)	56,006	1,903,603	(62,208)	1,841,395

The net carrying amount of plant and equipment held under finance leases is \$Nil (2020: \$nil). In accordance with Accounting Policies the revaluation loss for Library Books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.

Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.

Impairment losses of \$1.046M (2020: \$nil) have been recognised for plant and equipment damage due to flooding that occurred in November 2020 and damage to the buildings on reserves from a car accident in July 2020. The recoverable amount of the plant and equipment was based on value in use using the restoration cost approach, which was determined by reference to the depreciated replacement cost of the asset less the costs to repair the damage. A total of \$576K in compensation has been received from an insurance claim for the damaged plant and equipment and buildings on reserves and has been recognised in the statement of comprehensive revenue and expense in the line item "Other revenue". The impairment loss has been recognised in the statement of comprehensive revenue and expense in the line item "Other expenses".

15. Replacement Cost of Core Infrastructural Assets

	Actual 2021/22 \$000	Actual 2020/21 \$000
Council infrastructural assets		
Sewerage system treatment plant	45,080	44,977
Sewerage system other assets	380,654	379,290
Water system	255,649	253,655
Drainage network	351,661	351,218
Roading network	543,945	486,840
Total infrastructural assets	1,576,989	1,515,980

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

16. Depreciation and Amortisation Expense by Group of Activity

	Actual 2021/22 \$000	Actual 2020/21 \$000
City Strategy	284	298
Community and Visitor Experiences	7,790	7,409
Other Infrastructure	1,118	1,058
Property Assets	651	549
Stormwater	4,185	4,151
Support Units	1,738	1,847
Transportation	7,252	7,582
Wastewater	6,124	5,986
Water Supply	3,357	3,326
Total directly attributable depreciation and amortisation by group of activity	32,499	32,206

17. Intangible Assets

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Computer Software		
Cost / valuation 1 July	4,496	4,132
Accumulated depreciation and impairment 1 July	(3,037)	(2,659)
Carrying Amount 1 July	1,459	1,473
Additions	744	431
Disposals	-	(67)
Amortisation	(490)	(445)
Reversal of accumulated amortisation	-	67
Cost / valuation 30 June	5,240	4,496
Accumulated depreciation and impairment 30 June	(3,527)	(3,037)
Carrying amount 30 June	1,713	1,459

18. Investment Property

	Actual 2021/22 \$000	Actual 2020/21 \$000
Balance at 1 July	76,731	58,052
Additions from acquisitions	-	-
Disposals	(269)	(2,857)
Reclassification	-	(400)
Fair value gains/(losses) on valuation	31,239	21,936
Balance at 30 June	107,701	76,731

Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by M. Penrose ANZIV, SNZPI, AAMINZ an independent valuer from Telfer Young (HB) Ltd. Telfer Young are experienced valuers with extensive market knowledge of the types of investment properties owned by the Council.

The fair value of investment properties has historically been determined using two valuation approaches: 1) Discounted cash flow methodology (DCF model); and 2) Direct sales comparison. The values as at 30 June 2022 were primarily based on direct sales comparison rather than the DCF model. The risk of re-emergence of COVID-19 continues to be an ongoing threat. Telfer Young's valuation report as at 30 June 2022 expressed that any increase in Alert levels resulting from re-emergence of COVID-19 could have a considerable effect on businesses, and in general terms Council's investment properties are unlikely to be significantly affected by the risks associated with COVID-19 and the risk rating is relatively low in comparison to other commercial properties.

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Rental income from investment property	1,816	1,914
Expenses from investment property generating income	-	1
Contractual obligations for capital expenditure	-	-

19. Non-current Assets Held for Sale

This relates to the following assets:

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

As at 30 June 2022, the carrying value of this asset is \$667,280 (2019/20: \$667,280) which is lower than fair value as per independent valuation 11 May 2020.

20. Joint Operation

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Current assets		
Non-current assets	7,134	6,914
Current liabilities	-	-
Non-current liabilities	1,174	1,307
Revenue	5,385	5,097
Revenue (NCC sales eliminated)	(516)	(377)
Expenses	3,591	3,141
Depreciation	642	567

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

There were no contingent liabilities relating to interests in joint ventures to which the Council was jointly and/or severally liable (2021: \$nil).

There were no contingent assets relating to interests in joint ventures to which the Council would benefit either jointly and/or severally (2021: \$nil).

There were no commitments relating to the Council's joint venture which the council was jointly and/or severally liable (2021: nil)

There were no capital or other commitments relating to interests in joint ventures to which the Council was jointly and/or severally liable (2021: \$nil).



21. Investments in Council Controlled Organisations

Investment in Associates

The Council has a 26% interest in Hawke's Bay Airport Limited and its reporting date is 30 June. The remaining interest is held by Hastings District Council (24%) and The Crown (50%).

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

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

Movements in the carrying amount of investments in associates

	Actual 2021/22 \$000	Actual 2020/21 \$000
Balance at 1 July	8,820	8,640
Prior year equity adjustment	2,104	-
Revaluation gains/(losses)	1,459	(93)
Share of total recognised revenues and expenses	301	273
Share of dividend	-	-
Balance at 30 June	12,684	8,820

Summarised financial information of associate entities

	Actual 2021/22 \$000	Actual 2020/21 \$000
Assets	83,578	64,645
Liabilities	34,791	30,723
Revenues	6,735	6,661
Surplus/(deficit)	801	555
Group's interest	26%	26%

Associated contingencies

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

Reporting

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

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

The Council has interests in one further Council Controlled Organisation (refer pages 200-202).

- Hawke's Bay Museum Trust with no investment (associate interest).

22. Trade payables and other accruals

	Actual 2021/22 \$000	Actual 2020/21 \$000
Trade payables and accrued expenses	15,784	10,301
Deposits and bonds	948	1,084
Accrued interest	-	-
Rates in advance	1,155	1,179
Revenue received in advance	1,603	6,548
Total trade payables and other accruals	19,490	19,112
Payables and other accruals comprise of:		
Payables from non-exchange transactions - rates	1,155	1,179
Payables from exchange transactions - commercial payables	18,335	17,933
Total trade payables and other accruals	19,490	19,112

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

23. Employee benefit liabilities

	Actual 2021/22 \$000	Actual 2020/21 \$000
Current portion		
Accrued pay	1,193	1,379
Annual leave	3,685	3,329
Retirement and long service leave	493	477
Total current portion	5,371	5,185
Non-current portion		
Retirement and long service leave	753	783
Total non-current portion	753	783
Total employee entitlement	6,124	5,968

24. Provisions

	Actual 2021/22 \$000	Actual 2020/21 \$000
Financial guarantees		
Balance at 1 July	212	278
Amounts used/unused amounts reversed	(133)	(66)
Balance at 30 June	79	212
Weathertightness provision		
Balance at 1 July	-	8,500
Additional provisions made	-	-
Amounts used	-	(8,500)
Balance at 30 June	-	-
Landfill aftercare provision		
Balance at 1 July	1,307	1,084
Additional provisions made	192	269
Amounts used/unused amounts reversed	(325)	(46)
Balance at 30 June	1,174	1,307
Tertiary education grant		
Balance at 1 July	300	400
Additional provisions made	-	-
Amounts used/unused amounts reversed	(100)	(100)
Balance at 30 June	200	300
Total	1,453	1,819

Provision for Financial Guarantees

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

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

Financial Guarantees

		Authorised 2021/22 (\$000)	Outstanding Amount 2021/22 (\$000)	Authorised 2020/21 (\$000)	Outstanding Amount 2020/21 (\$000)
Napier Sailing Club	Westpac	750	79	750	123
Omni Gymnastics Centre	Westpac	-	-	275	89
Total		750	79	1,025	212

Provision for Landfill Aftercare

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

24. Provisions continued

Capacity of the Site:

The landfill is divided into four valleys as below:	Total Capac- ity (million)	Useful Life of Valley	Remaining Useful Life
Valley A - opened in December 1998, closed 2006	2.6m3	17 years	closed
Valley D - opened in December 2006 and currently in operation	2.1m3	18 years	3.56 years
Valleys B & C - not yet in operation			

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

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

- The following major assumptions have been made in the calculation of the provision:
- Aftercare will be required for 30 years after the closure of each stage
 - The annual cost of aftercare for Valley A and D is \$36,000, and
 - The provision reported is for the Napier City Council’s share only (36.32%).

Provision for Tertiary Education Grant

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



25. Equity

	Actual 2021/22 \$000	Actual 2020/21 \$000
Retained earnings		
As at 1 July	838,895	810,568
Transfers to:		
Restricted reserves	(1,916)	(1,901)
Transfers from:		
Asset revaluation reserve	1,222	1,500
Restricted reserves	1,360	1,054
Surplus/(deficit) for the year	38,434	27,674
As at 30 June	877,995	838,895
Restricted reserves		
As at 1 July	3,836	2,989
Transfers to:		
Retained earnings	(1,360)	(1,054)
Transfers from:		
Retained earnings	1,916	1,901
As at 30 June	4,392	3,836
Restricted reserves consist of:		
Loan funds reserves	-	-
Trusts and bequests	318	311
Other restricted reserves	4,074	3,525
Total restricted reserves *	4,392	3,836
Asset revaluation reserves		
As at 1 July	1,156,851	1,089,306
Revaluation gains/(losses) property, plant and equipment	125,819	69,138
Revaluation gains/(losses) Hawke's Bay Airport Limited	1,459	(93)
Total valuation gains/(losses) as per Other Comprehensive Revenue	1,284,129	69,045
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(1,222)	(1,500)
As at 30 June	1,282,907	1,156,851

* For full details on the restricted reserves refer to pages 184-188.

25. Equity continued

	Actual 2021/22 \$000	Actual 2020/21 \$000
Asset revaluation reserves consist of:		
Operational assets		
Land	110,366	110,384
Leasehold land	1,981	2,690
Buildings	90,378	90,423
Plant and equipment	274	274
Infrastructural assets		
Sewerage Treatment Plant	11,708	11,708
Sewerage system	155,645	155,889
Water system	107,699	107,775
Drainage network	171,267	171,388
Roading network	263,927	277,746
Restricted assets		
Sportsgrounds	272,287	175,801
Grandstands and halls	7,926	4,691
Buildings on reserves	33,852	22,083
Swimming pools	9,575	7,499
Inner Harbour	41,779	15,716
Hawke's Bay Airport Authority	4,244	2,784
Total asset revaluation reserves	1,282,908	1,156,851
	-	-
Fair value through equity reserve		
As at 1 July	(168)	(177)
Valuation gains/(losses) on unlisted shares taken to equity	9	9
As at 30 June	(159)	(168)
Total other reserves	1,287,140	1,160,519
Total equity	2,165,135	1,999,414

26. Capital Management

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

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

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

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

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

Napier City Council has the following Council created reserves:

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

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

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

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

27. Capital Commitments and Operating Leases

Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	Actual 2021/22 \$000	Actual 2020/21 \$000
Infrastructural Assets		
Drainage	1,290	-
Roading network	2,916	5,148
Sewerage system	-	-
Water System	649	23
Restricted Assets		
Sportsgrounds	860	758
Operation Assets		
Plant and equipment	924	59
Buildings	839	109
Motor vehicles	-	83
Total capital commitments	7,478	6,180

Operating leases as lessee

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

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance sheet date is \$1,282,917 (2021: \$1,898,717). Leases can be renewed at the Council's option, with rents set by reference to current market. There are no restrictions placed on the Council by any of the leasing arrangements.

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

Non-cancellable operating leases as lessee

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Not later than one year	1,353	1,294
Later than one year and not later than five years	1,503	1,584
Later than five years	-	-
Total non-cancellable operating leases	2,856	2,878

During the year ended 30 June 2022, \$1,553,863 was recognised as an expense in the Statement of Comprehensive Revenue and Expenses (2021: \$1,517,318) and \$36,580 was capitalised in Property, Plant and Equipment in the Statement of Financial Position (2021: \$18,290) in respect of operating leases.

Operating leases as lessor

The Council has various sundry properties that are leased under operating leases. These consist of leases to community groups of Council owned buildings, leasing of commercial buildings held for strategic reasons and one commercial lease as part of a community facility. The remainder are commercial leases of land either held by Council for strategic reasons or where Council is a sublessor. There was no contingent rent recognised in the period (2021: \$nil). The future aggregate minimum lease payments to be collected by the Council under non-cancellable operating leases are as follows:

	Actual 2021/22 \$000	Actual 2020/21 \$000
Not later than one year	949	778
Later than one year and not later than five years	1,205	1,334
Later than five years	-	-
Total non-cancellable operating leases	2,154	2,112





28. Contingencies

	Actual 2021/22 \$000	Actual 2020/21 \$000
Contingent liabilities	-	-
Financial guarantees	671	813
Total contingent liabilities	671	813

Quantified Contingent Liabilities

Financial Guarantees

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

Unquantified Contingent Liabilities

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

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

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand.

LGFA has a current credit rating from Fitch Ratings of AA+ and Standard and Poor's of AAA. The foreign currency long term rating is AA by Fitch Ratings and AA+ by Standard and Poor's.

The Council is a guarantor of all of the LGFA's borrowings in the event of default. At 30 June 2022, the LGFA had borrowings totalling \$15.8 billion (2021: \$13.7 billion). In such an event, each guarantor would be liable to pay a proportion of the amount owing based on each guarantor's rates revenue. Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Other contingent liabilities

The Council is a participating employer in a Defined Benefit Plan Contributors Scheme which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employees ceased to participate in the scheme, the Council could be responsible for an increased share of the deficit. As at 31 March 2022, the scheme had a deficit of \$595k (2021: \$1.26m surplus)

Unquantified Contingent Assets

As at 30 June 2022 Council had a contingent asset in relation to a claim by Council against its professional indemnity insurer due to the insurers refusal to indemnify Council in relation to the non-weathertightness defects aspect of the Building Defects Claim.

29. Reconciliation of Net Surplus after Tax to Net Cash Flow from Operating Activities

	Actual 2020/21 \$000	Actual 2020/21 \$000
Surplus/(deficit) after tax	38,434	27,674
Add/(less) non-cash items		
Share of associate (surplus)/deficit	(2,405)	(273)
Share of joint venture	(1,794)	(1,956)
Depreciation and amortisation expense	32,499	32,206
Vested assets	(4,234)	(664)
(Gain)/loss on revaluation of library bookstock	20	236
(Gain)/loss on revaluation of investment properties	(31,239)	(21,936)
Fair value (gain)/loss on livestock	(18)	(40)
Other non-cash items	151	(43)
Add/(less) items classified as investing or financing activities:		
(Gain)/loss on sale or disposal of assets	(434)	(1,435)
Add/(less) movements in working capital items:		
Accounts receivable	10,591	(12,438)
Prepayments	(289)	(745)
Inventories	(4,955)	5,118
Biological assets	6	4
Accounts payable	3,495	2,528
Provisions	(366)	(8,443)
Revenue received in advance	(4,946)	5,246
Employee benefits	156	(523)
Net cash inflow/(outflow) from operating activities	34,672	24,516

30. Remuneration

Chief Executive/Interim Chief Executive

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

The Council appointed Dr Steph Rotarangi to the position of Chief Executive starting on 9 February 2021. Keith Marshall was in the role as Interim Chief Executive from 4 May 2020 until 9 February 2021.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive/Interim Chief Executive as per above, received:

	Actual 2021/22 \$000	Actual 2020/21 \$000
Chief Executive - Dr Steph Rotarangi		
Salary (9 February 2021 onwards)	361	137
Interim Chief Executive - Keith Marshall		
Salary (4 May 2020 to 8 February 2021)	-	255
Total Chief Executive remuneration	361	392

Elected Representatives

	Actual 2020/21 \$000	Actual 2020/21 \$000
Total remuneration		
Mayor		
Kirsten Wise	151	149
Councillors		
Annette Brosnan	86	84
Apiata Tapine	59	57
Graeme Taylor	64	61
Greg Mawson	55	53
Hayley Browne	44	54
Keith Price	63	61
Maxine Boag	63	61
Nigel Simpson	59	57
Richard McGrath	55	53
Ronda Chrystal	55	53
Sally Crown	59	57
Tania Wright	59	57
Total elected representatives remuneration	872	857

As part of the Mayor's remuneration package they have full personal use of the Council provided vehicle. The current mayoral vehicle is a 2021 Toyota Rav 4 Hybrid. The total taxable value of this vehicle was \$9,391 (2021: \$9,592).

31. Employee Staffing Levels and Remuneration

As at 30 June 2022 the number of employees employed by Napier City Council was 623 (2021: 667).

2021/22 Staffing Levels by Salary Band*

Annual Remuneration Band	Full Time Staff 2021/22	Other Staff Full Time Equivalent (FTE) 2021/22	Total FTEs	Total Number of Employees
Less than \$60,000	164	71	235	307
\$60,000-\$79,999	139	8	147	152
\$80,000-\$99,999	78	2	80	81
\$100,000-\$119,999	39	1	40	42
\$120,000-\$139,999	23	-	23	23
\$140,000-\$159,999	7	-	7	7
\$160,000-\$219,999	8	-	8	8
\$220,000-\$359,999	3	-	3	3
Total	461	82	543	623

2020/21 Staffing Levels by Salary Band*

Annual Remuneration Band	Full Time Staff 2019/20	Other Staff FTE 2019/20	Total FTEs	Total Number of Employees
Less than \$60,000	211	70	281	407
\$60,000-\$79,999	109	4	113	114
\$80,000-\$99,999	68	2	70	72
\$100,000-\$119,999	40	-	40	42
\$120,000-\$139,999	11	1	12	12
\$140,000-\$159,999	12	-	12	12
\$160,000-\$239,999	7	-	7	7
\$240,000-\$359,999	1	-	1	1
Total	459	77	536	667

For the purposes of this disclosure, full time staff are based on 40 hours per week. FTE staff include those personnel receiving salaries and wages and casual staff, and have been calculated on a FTE basis, as at 30 June 2022. The budget 2021/22 full time equivalent staff was 605 (2021: 597).

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

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

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

32. Severance Payments

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

For the year ended 30 June 2022, the Council made 2 (2021: 5) severance payments to employees at the values of \$61,397 and \$138,090 (2021: \$4,372, \$7,458, \$11,165, \$24,953 and \$29,038).

33. Events After the Balance Sheet Date

Three Waters Reform

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these reforms will mean that Napier City Council will no longer deliver three waters services or own the assets required to deliver these services. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water service entities.



34. Financial Instrument Risks Financial instrument categories

	Actual 2021/22 \$000	Actual 2020/21 \$000
Financial assets		
Loans and receivables		
Cash and cash equivalents	14,877	5,529
Debtors and other receivables	8,842	20,625
Other financial assets		
Term deposits	35,000	48,000
Omarunui Landfill	2,496	3,157
Total loans and receivables	61,215	77,311
Held to maturity		
Other financial assets		
Local authority stock	-	-
Corporate bonds	-	-
Total held to maturity	-	-
Fair value through equity		
Unlisted shares	296	288
Total fair value through equity	296	288
Financial liabilities		
Financial liabilities at amortised cost		
Creditors and other payables	16,732	11,386
Secured loans	-	-
Total financial liabilities at amortised cost	16,732	11,386

Financial Instrument Risks

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

Market Risk

Price risk

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

Currency risk

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

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

Fair value interest rate risk

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

Cash flow interest rate risk

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

Credit risk

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

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

Maximum exposure to credit risk

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Cash at bank and term deposits	49,877	53,529
Receivables	8,842	20,625
Community and related party loans	-	-
Local authority stock and government bonds	-	-
Derivative financial instrument assets	-	-
Financial guarantees	79	212
Total credit risk	58,798	74,366

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 28.

Financial Instrument Risks continues

Credit quality of financial assets

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Counterparties with credit ratings		
Cash at bank		
AA- (others)	14,877	5,529
Total cash at bank	14,877	5,529
Term deposits		
AA- (others)	29,000	41,000
A (Kiwibank)	6,000	7,000
Total term deposits	35,000	48,000

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

Name of registered bank	Name of credit rating agency and rating		
	Standard & Poors	Fitch	Moody's
ANZ Bank New Zealand Limited	AA-	A+	A1
ASB Bank Limited	AA-	A+	A1
Australia and New Zealand Banking Group Limited (B)	AA-	A+	Aa3
Bank of New Zealand	AA-	A+	A1
Kiwibank Limited	-*	AA	A1
Westpac Banking Corporation (B)	AA-	A+	Aa3
Westpac New Zealand Limited	AA-	A+	A1

*On 12 July 2021 Kiwibank announced the credit rating service from Standard & Poor's Global Ratings to Kiwibank Limited is ending. As a result Standard & Poor's ratings on Kiwibank have been withdrawn.

Financial Instrument Risks continues

Liquidity Risk

Management of Liquidity Risk

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

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

The Council has an overdraft facility of \$300,000 (2021: \$300,000), and there are no restrictions on the use of this facility. Gross overdraft facility in use at 30 June 2022 was \$0 (2021: \$nil). The Council holds negotiated off-setting arrangements with its bank for all its bank accounts and was \$14,905,590 in funds as at 30 June 2022 (2021: \$5,588,006).

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 28.

Contractual Maturity Analysis of Financial Liabilities

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

	Carrying Amount \$'000	Contractual Cash Flow \$'000	Less Than 1 Year \$'000	1-2 Years \$'000	2-5 Years \$'000	More Than 5 Years \$'000
2021/22						
Creditors and other payables	16,732	16,732	16,732	-	-	-
Secured loans	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-
Financial guarantees	79	79	79	-	-	-
Total	16,811	16,811	16,811	-	-	-
2020/21						
Creditors and other payables	11,386	11,386	11,386	-	-	-
Secured loans	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-
Financial guarantees	212	212	212	-	-	-
Total	11,598	11,598	11,598	-	-	-

Financial Instrument Risks (continued)

Contractual Maturity Analysis of Financial Assets

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

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
2021/22						
Cash and cash equivalents	14,877	14,877	14,877	-	-	-
Debtors and other receivables	8,842	8,842	8,842	-	-	-
Other financial assets						
Term deposits	35,000	35,481	35,481	-	-	-
Total	58,719	59,200	59,200	-	-	-
2020/21						
Cash and cash equivalents	5,529	5,529	5,529	-	-	-
Debtors and other receivables	20,625	20,625	20,625	-	-	-
Other financial assets						
Term deposits	48,000	48,272	48,272	-	-	-
Total	74,154	74,426	74,426	-	-	-

Sensitivity analysis

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

Interest rate risk

	2021/22				2020/21			
	-50 bps		150 bps		-50 bps		100 bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
Cash and cash equivalents	(74)	-	223	-	(28)	-	55	-
Other financial assets								
Term deposits	(175)	-	525	-	(240)	-	480	-
	(249)	-	748	-	(268)	-	535	-

Explanation of interest rate risk sensitivity

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

The sensitivity has been calculated based on a shift in interest rates of -50bps/+150bps (2021: -50bps/+100bps).

Term loans

At 30 June 2022 the Council had \$nil of floating rate debt (2021: \$nil). Therefore a movement in interest rates of plus 150 bps or minus 50 bps has no effect on interest expense.

35. Derivative Financial Instruments

As at 30 June 2022, the Council's current and non current investments and borrowings have all been negotiated at fixed interest rates for fixed terms.

Council's foreign exchange policy requires that all foreign denominated commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved. At 30 June 2022 Council's forward foreign exchange contracts totalled EUR€nil or NZ\$nil (2021: EUR€nil or NZ\$nil).

36. Related Party Transactions

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

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

Related party transactions with subsidiaries, associates, or joint operations

All transactions between Napier City Council and its subsidiaries, associates and joint operations are at arm's length.

The Council has significant influence over Hawke's Bay Museums Trust. The Council also has a 36.32% share in the Omarunui Landfill joint venture and has significant influence over Hawke's Bay Airport Limited due to its 26% ownership.

The Hawke's Bay Museums Trust is a council-controlled organisation as three of the five member Board are Napier City Council or Hastings District Council nominees. Hawke's Bay Museums Trust is classified as an associate entity for financial reporting purposes. Napier City Council provides operational and administrative support to the Trust, and due to the perceived influence we have provided further information on the related party transactions with the Trust below.

	Actual 2021/22 \$000	Actual 2020/21 \$000
Hawke's Bay Museums Trust		
Grants paid to the trust	586	588
Services provided to the trust	1,177	1,182
Other services provided to the trust	4	4



36. Related Party Transactions continues

Transactions with key management personnel

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

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

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2021: \$nil).

Key management personnel compensation

	FTE 2021/22	FTE 2020/21	Actual 2021/22 \$000	Actual 2020/21 \$000
Elected members	13	13	872	852
Executive management (includes Chief Executive and direct reports)	10	9	2,616	1,959

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

Executive management personnel compensation – the increase from prior year is partially attributed to an increase of one extra executive management team member as well as payments and leave paid out to executive management personnel who left during the year.

37. Major Budget Variances

Explanations for major variations from Council's 2021/22 Long Term Plan/Annual Plan are as follows:

Statement of Financial Performance

Revenue

Total revenue was \$22.9m greater than the Long Term Plan budget for the 2021/22 year. Significant items of variance are as follows.

- **Development and Financial Contributions** – These are \$1.0m below budget due to uncertainty in the expected development in the city at budgeting time.
- **Subsidies and Grants** – Subsidies and grants were \$13.7m greater than budget, mainly due to Department of Internal Affairs funding related to the Three Waters Reform.
- **Other Revenue** – Other revenue was \$20.6m lower than budget mainly due to:
 - Planned section sales in Parklands Residential Development being delayed until the 2022/23 financial year.
 - Tourism and community facilities being slower to return to pre-COVID revenues than expected.
- **Other Gains/(Losses)** – Other gains/(losses) were \$29.6m above budget. This is due to the revaluation of investment properties.

Expenditure

Total expenditure in 2021/22 was \$11.9M below budget. The most significant variances are as follows:

- **Other Operating Expenses** – Other expenses were \$9.3m lower than budget, mainly due to the delay in Parklands Residential Development which means the cost of sections will be recognised when they are sold in 2022/23.
- **Depreciation and Amortisation** – Depreciation is lower than budget by \$2.7m. This is due to lower than expected capital expenditure over the past two years, and high levels of work in progress which is not yet depreciating.

Statement of Financial Position

Current Assets

Overall, current assets are \$35m higher than budget. The significant variances are:

- Other financial assets are \$35m higher than budget due to less than budgeted capital spend.
- Cash and cash equivalents are \$9.7m higher than budget due to the timing of term deposits and the upcoming requirement for cash outgoings.
- Debtors and other receivables are \$8.4m lower than budget. This is mainly due to planned Parklands sales which did not go ahead in June 2022.

Non-Current Assets

Total non-current assets for 2021/22 are \$128.7m higher than budget.

- Property, plant and equipment is \$84.9m higher than budget due to the higher than expected increase in fair value of restricted assets.
- Investment property is \$46.6m higher than budget due to the higher than expected increase in fair value of investment property.

Current Liabilities

Current liabilities are \$2.5m higher than budget. The main variance is due to revenue received in advance related to grants for shovel ready projects which are still in progress.

Non-current Liabilities

Non-current liabilities are \$75m lower than budget. The main variance is in borrowings which were not required due to less than budgeted capital spend over the past two years.

Equity

Equity is \$236.2m above budget. This is mainly due to an increase in asset revaluation reserves due to revaluation of property, plant and equipment and investment property.

38. Legislative compliance

Section 98 of the Local Government Act 2002 requires the Napier City Council to prepare and adopt an annual report within four months after the end of each financial year. However, legislation was passed in July 2021 to extend the statutory reporting timeframes by up to two months in order to ensure that there is no reduction in the quality of the financial reporting and the audit of the annual report.

The Annual Report 2021/22 was adopted by resolution of the Napier City Council on 2 February 2023. The delay was a result of technical consideration on the carrying value of the water, waste water and storm water above and below ground assets, and completion of the audit after the decision was made not to revalue the assets. See note 14 for further disclosure on the carrying value of these assets.



RESERVE FUNDS

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2021 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
COUNCIL CREATED RESERVES						
Aquarium Expansion	Derived from grants and donations for the Aquarium Expansion Project	Aquarium	(23)	-	-	(23)
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	(66)	21	(8)	(53)
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All activities	1,953	13,979	(13,031)	2,901
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	(7)	217	(214)	(4)
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/ Walkways	Roading	(273)	4,282	(1,030)	2,979
Robson Collection Fund	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	13	-	-	13
Dog Control Fund	This fund is a requirement under the Dog Control Act 1996. All transactions related to the dog owner's share of the costs of Animal Control, both operating and capital, flow to this account. Amounts include dog related fees received and the operating and capital costs of the dog related activity of Animal Control.	Animal Control	4	828	(824)	8
General Reserve No.1	Derived from rates from the NZ Railway land in Munroe and Station Streets. The reserve is used to fund the provision of infrastructure (including debt servicing) for any development on this site.	Roading, Stormwater, Parking	-	-	-	-
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	(154)	29	(11)	(136)

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2021 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services. Note: Council is itself a developer (Parklands) and contributions are transferred as internal charges.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	10,843	5,872	(2,617)	14,098
Infrastructure Asset Renewal and Upgrade Funds	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	34,935	3,536	(5,828)	32,643
Plant and Equipment Renewals	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All activities	7,194	1,690	(1,387)	7,497
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	2	-	-	2
Pensioner Housing Upgrade Reserve	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Retirement and Rental Housing	353	-	-	353
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	3,875	267	(1,241)	2,901
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	6,245	-	(111)	6,134
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,218	-	106	1,324

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2021 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	(26)	116	90	180
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	10,821	15	(440)	10,396
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Roothing	53	2	55	110
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	4,054	100	-	4,154
McLean Park Property Reserve Account	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	402	266	(132)	536
Hawke's Bay Harbour Board Endowment Land Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	19,367	-	1,359	20,726
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	4,299	109	224	4,632
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs, including loan servicing, of the Transfer Station.	Solid Waste	4,537	5,299	(6,624)	3,212

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2021 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
Reserve Subdivision Land	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	27	1	1	29
Lagoon Farm account	Derived from the Lagoon Farm activity.	Lagoon Farm	232	620	(594)	258
Subdivision and Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All activities	7,189	-	(149)	7,040
Total Council Created Reserves			117,067	37,249	(32,406)	121,910
RESTRICTED RESERVES						
Endowment Land account	Derived from the sale of BCP Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	1,861	46	-	1,907
Wake's Bay Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Lagoon Farm, Property Holdings	1,664	1,856	(1,352)	2,168
Loan Reserve	Established to manage internal loan requirements.	Corporate	-	-	-	-
Total Restricted Reserves			3,525	1,902	(1,352)	4,075

RESERVE FUNDS CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2021 \$000	Deposits \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
BEQUESTS AND TRUST FUNDS						
Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families (Capital \$2500) ii) Provide assistance for prisoners released from Napier jail (Capital \$500) iii) Provide a fund for the assistance of distressed seamen and strangers (Capital \$1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls and Colenso High Schools (Capital \$1000).	Community Planning	29	1	-	30
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement and Rental Housing	173	4	-	177
Eskdale Cemetery Trust	This Trust fund, comprising a number of bequests totalling \$1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	25	2	-	27
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	6	-	-	6
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy ii) Coal Trust - provided wood and coal to the needy.	Community Planning	49	1	-	50
Morecroft Bequest	A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993. To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	15	-	-	15
Napier Christmas Cheer	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	15	7	(8)	14
Total Bequests and Trust Funds			312	15	(8)	319

BORROWING PROGRAMME

for the year ending 30 June 2022

	Actual 2021/22 \$000	LTP/AP 2021/22 \$000	Actual 2020/21 \$000
New loans			
- Rate funded	14,014	37,691	14,954
- Growth funded	-	-	-
- Non rate funded	-	-	-
Total new loans	14,014	37,691	14,954
Less repayments (net)	(3,318)	(3,699)	(11,767)
Movement in debt	10,696	33,992	3,187
Opening public debt	68,829	80,255	65,642
Gross Public debt	79,525	114,247	68,829
Internal funding	(79,525)	(39,287)	(68,829)
Net Public debt	-	74,960	-

Internal borrowing	Actual 2020/21 \$000	Borrowed 2021/22 \$000	Repaid 2021/22 \$000	Actual 2021/22 \$000	Interest paid \$000
Transportation	8,861	2,724	(420)	11,165	(221)
Stormwater	6,537	1,538	(466)	7,609	(163)
Wastewater	2,895	1,513	(185)	4,223	(72)
Water Supply	13,015	3,347	(393)	15,969	(325)
Other Infrastructure	-	-	-	-	-
City Strategy	2,277	-	(142)	2,135	(57)
Community and Visitor Experiences	20,222	4,781	(894)	24,109	(506)
Property Assets	2,447	111	(127)	2,431	(61)
Loan redemptions	12,574	1	(691)	11,884	(314)
Total Internal Borrowing	68,828	14,015	(3,318)	79,525	(1,719)

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

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

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

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

FINANCIAL PRUDENCE BENCHMARKS

For the year ending 30 June 2022

What is the purpose of this statement?

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

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

Rates affordability Benchmark

The Council meets the rates affordability benchmark if:

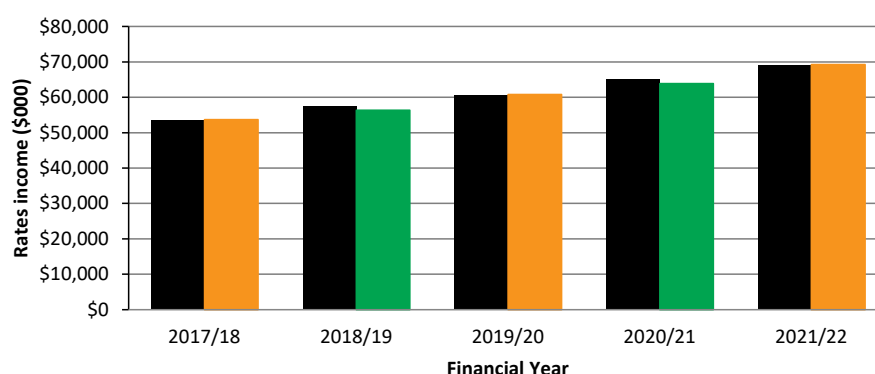
- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The quantified limits are:

LTP Year	Year in graph	Quantified limit	Water by meter/ rates remissions and penalties
2021-31	2021/22	8% in 2021/22 and thereafter no more than the Local Government Cost Index (LGCI) plus 6.5%, together with an allowance of 0.3% for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
2018-28	2020/21 2019/20 2018/19	LGCI plus 5%	Includes water by meter, rates remissions and rates penalties
2015-25	2017/18	LGCI plus 3%	Includes water by meter, rates remissions and rates penalties

In 2021/22 Council did not meet the quantified limit for rates income affordability due to the actual growth being higher than the 0.3% allowance in the quantified limit.



■ Quantified limit on rates income ■ Actual rates income (at or within limit) ■ Actual rates income (exceeds limit)

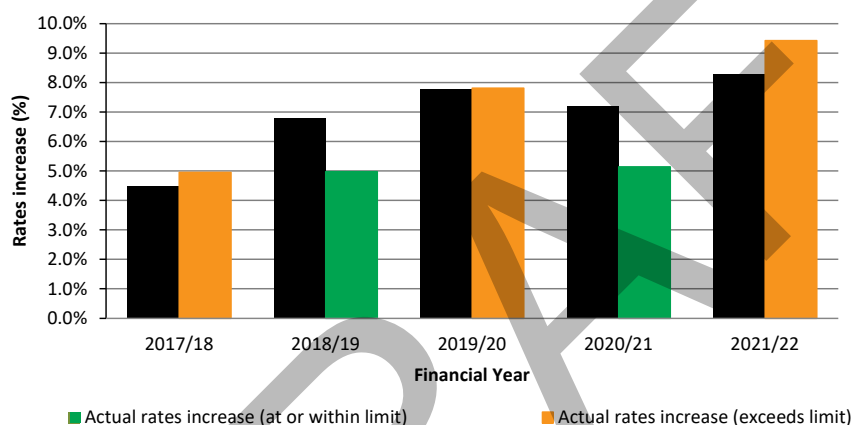
Rates (increases) affordability

The following graph compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan.

The quantified limits are:

LTP Year	Year in graph	Quantified limit	Water by meter/ rates remissions and penalties
2021-31	2021/22	8% in 2021/22 and thereafter no more than the Local Government Cost Index (LGCI) plus 6.5%, together with an allowance of 0.3% for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
2018-28	2020/21 2019/20 2018/19	LGCI plus 5%.	Includes water by meter, rates remissions and rates penalties
2015-25	2017/18	LGCI plus 3%.	Includes water by meter, rates remissions and rates penalties

In 2021/22 Council did not meet the quantified limit for rates increases affordability due to the impact of reducing rates increases in 2020/21 to provide residents relief during the COVID-19 pandemic, and the actual growth in the rating base being higher than the 0.3% allowance in the quantified limit.



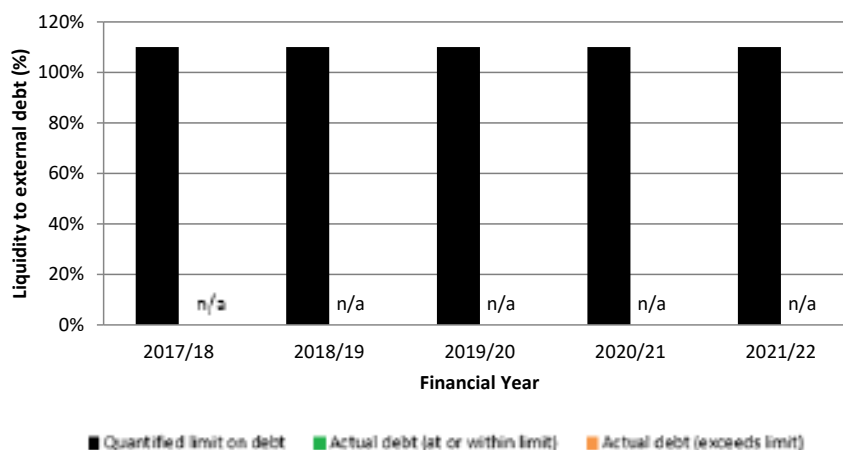
Debt affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limits described in the 2021-31 LTP are;

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

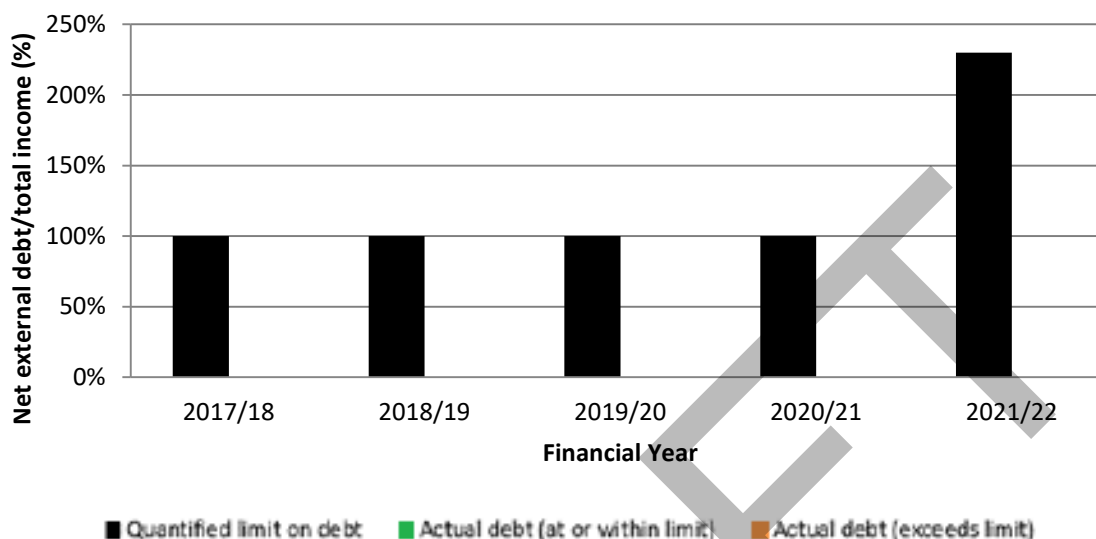
Liquidity to external debt

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



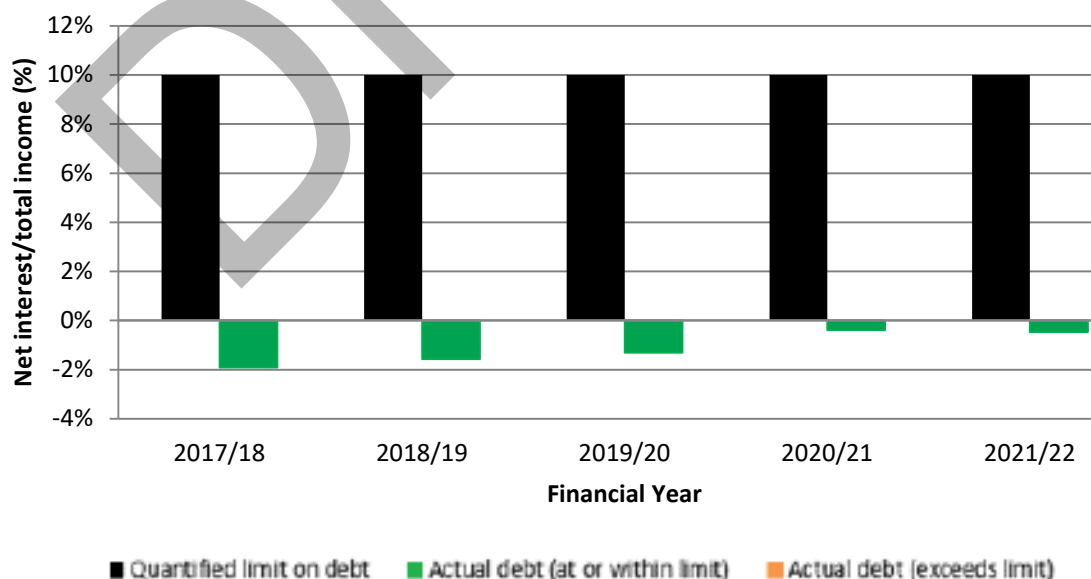
Net external interest as a percentage of income

The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit set for the 2021/22 year is net external debt as a percentage of total income will not exceed 230%. Previously this was set at 100% for the 2017/18, 2018/19, 2019/20 and 2020/21 years. Note, where the external debt is \$0 in a particular year, net debt is shown as \$0 as well.



Net interest expense to income

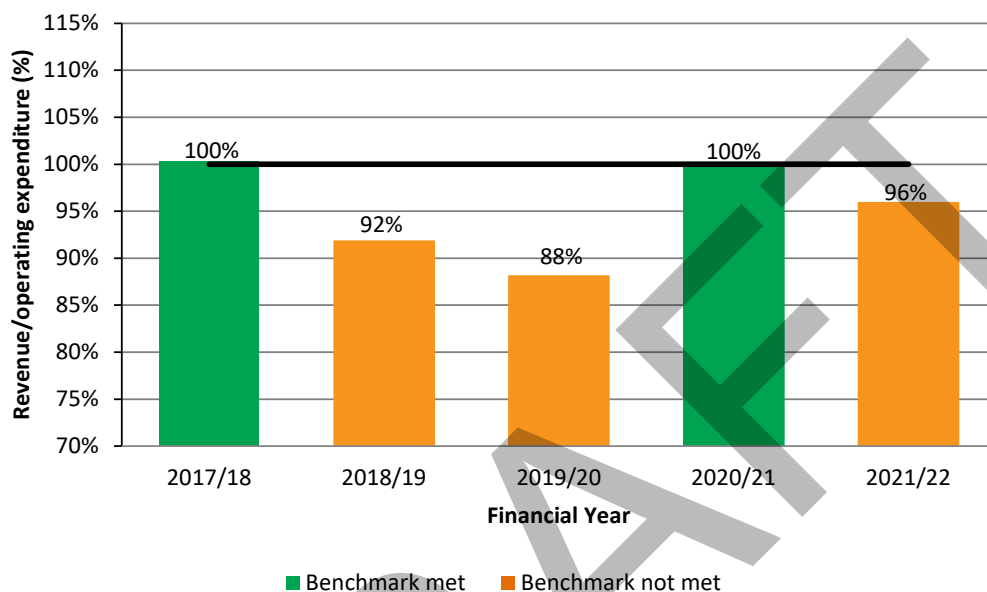
The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit is net interest expense on external debt to total income will not exceed 10%.



Balanced Budget Benchmark

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

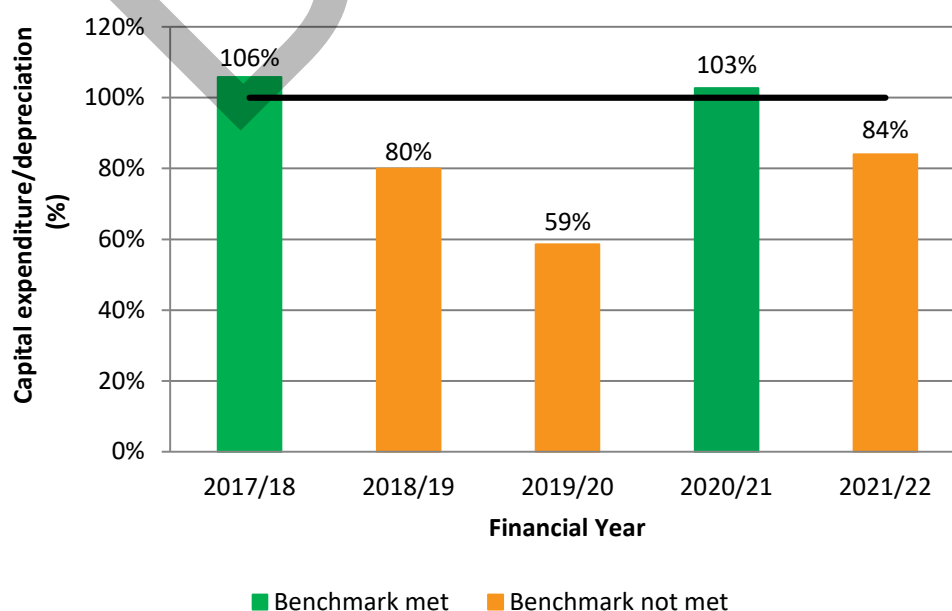
In 2021/22 Council did not meet the quantified limit for balanced budget benchmark due to a decrease in revenue from planned section sales in Parklands Residential Development and tourism and community facilities being slower to return to pre-COVID revenues. Although these decreases did come with lower expenditure in these areas, the decreases in expenditure were not large enough to fully offset the decreases in revenue.



Essential Services Benchmark

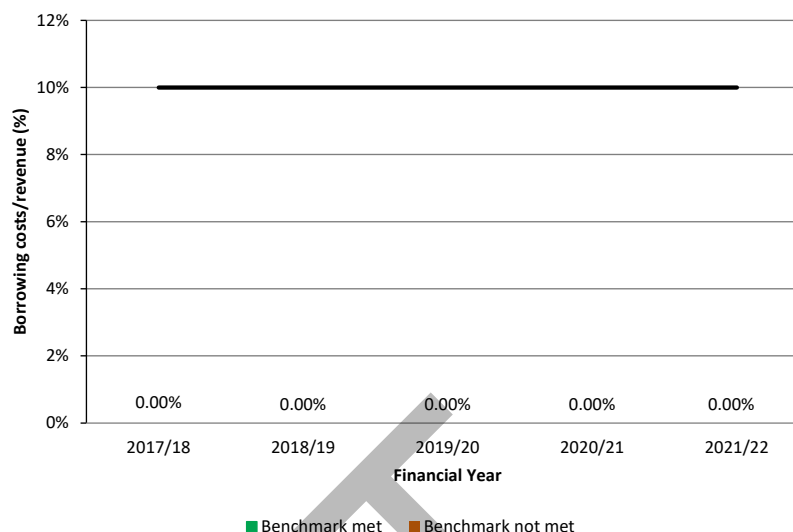
The following graph displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

In 2021/22 Council did not meet the quantified limit for the essential services benchmark due to less than budgeted capital spend.



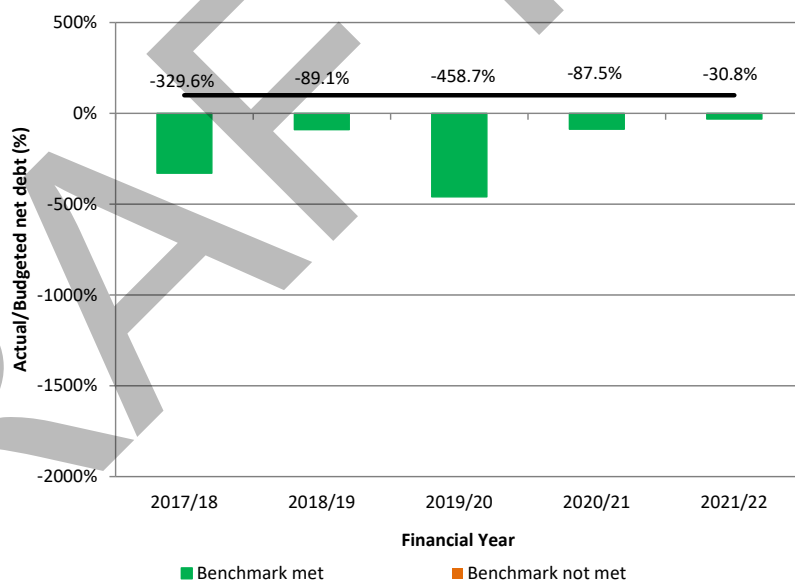
Debt Servicing Benchmark

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



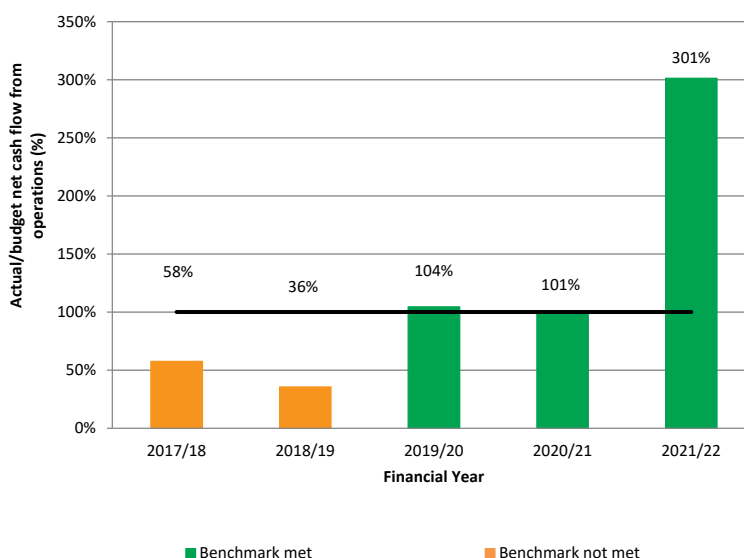
Debt Control Benchmark

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



Operations Control benchmark

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





STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Council and management of the Napier City Council confirm that all the statutory requirements in relation with the Annual Report have been complied in accordance with Clause 34 of Schedule 10 of the Local Government Act 2002, with the exception of the late adoption of the annual report as disclosed in Note 38.

Responsibility

The Napier City Council and its management accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Napier City Council and its management accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Napier City Council and its management, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Napier City Council.

Kirsten Wise

Mayor

2 February 2023

Richard Munneke

Acting Chief Executive

2 February 2023

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF NAPIER CITY COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Napier City Council (the City Council). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council's annual report meets the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.
 - the completeness of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.
- We refer to this information as "the disclosure requirements" in our report.

We completed our work on 21 December 2021. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

Unmodified opinion on the audited information, excluding the Activity Groups statement

In our opinion:

- the financial statements on pages 18 to 75:
 - present fairly, in all material respects:
 - the City Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 89 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as

compared to the information included in the City Council's annual plan;

- the statement about capital expenditure for each group of activities on pages 110, 118, 126, 134, 144, 160, 186, 188 and 196 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages 102, 111, 119, 127, 135, 145, 161, 189 and 197 presents fairly, in all material

information produced from the funds were included in the annual plan.

Activity Groups

In our opinion, except for the possible effects of the matters described in the "Basis for our opinion on the audited information" section of our report, the Activity Groups statement on pages 92 to 165 and 176 to 196:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014) on pages 83 to 88, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and,

where applicable, the City Council's long-term plan and annual plans.

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to:

- The number of complaints received in relation to its drinking water supply, wastewater system, and performance of the stormwater system (per 1,000 connections).
- The time taken to attend and resolve wastewater, water supply, and stormwater faults. We identified significant issues with these performance measures as described below. As a result of these issues, our work was limited and there was a risk that we could not report on the reported performance measures.

Total number of complaints received in relation to drinking water supply, Wastewater, and Stormwater

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including how to count complaints. Our audit testing found that the City Council has not been counting complaints in accordance with this guidance and the City Council's method of counting was likely to have understated the actual number of complaints received. Furthermore, complete records for all complaints made to the City Council were not available. Our opinion on these performance measures was also qualified for the 2020 performance year.

Attendance and resolution times – Water supply, Wastewater, and Stormwater

The City Council was unable to accurately report on fault response times for each of the three water services. The information produced by the system used to report on fault response times was not reliable because the attendance and resolution times for service requests recorded were not always accurate or classified in line with the definitions set out in the Rules.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under

those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

EMPHASIS OF MATTER – THE GOVERNMENT'S THREE WATERS REFORM PROGRAMME ANNOUNCEMENT

Without further modifying our opinion, we draw attention to note 33 on page 68, which outlines that subsequent to year-end, the Government announced that it will introduce legislation to reform the way that local authorities provide water services. The Government's responsibilities for service delivery will change as a result of these reforms, which may have an impact on the way that the City Council provides water services.

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of

in progress

the functions of the City Council or there is no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of reasonable users of the audited information.

For the budget, we have focused on the audited information and its presentation to checking that it is consistent with the City Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Activity Groups statement, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if we conclude that the disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. Events or conditions may arise after the date of our audit report that may cause the Council to cease to continue as a going concern.

in progress

structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 213, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have audited the City Council's 2021-2031 long-term plan and performed a limited assurance engagement related to the City Council's debenture trust deed. Those in

Other than
relation

in progress

Karen Young
Audit New Zealand

Karen Young

COUNCIL CONTROLLED ORGANISATIONS

This part of the Annual Report reports the performance of the Council Controlled Organisations as required in clause 28 of Schedule 10 of the LGA.

Hawke's Bay Airport Limited

Policies and Objectives Regarding Ownership and Control

Hawke's Bay Airport Limited (HBAL) is incorporated under the Companies Act and is owned by the Crown 50%, Hastings District Council 24% and Napier City Council 26%. The Company produces separate annual accounts. No payments were made by the Council to the Company during the financial year and there was no financial provision included in Council budgets. The Council share of the Company is included in its annual financial statements as an investment, valued using the equity method of accounting.

Council's policies and objectives have been met in full.

Nature and Scope of Activities

The HBAL's core business is to be an airport operator providing appropriate facilities for all airport users and the travelling public.

HBAL will pursue the following strategy:

- Redevelop and construct an efficient and fit for purpose terminal building and Airport Rescue Fire Service Building.
- Maintain operational capability with minimal disruption throughout the terminal development project.
- Rezone and freehold the Business Park land and minimise the land development costs.
- Continue to strengthen our relationships with all operators of air services and with all tenants and prospects.
- Improve the security culture and consciousness at the Airport.
- Improve the customer experience at the Airport for all travellers, meeters and greeters.
- Maintain active membership and contribution to the New Zealand Airports Association.
- Maintain effective engagement and relationships with key stakeholders and the wider stakeholder community.
- Form strategic alliances and collaborate with other airports.
- Investigate potential for joint venture partnerships to develop the airport land.

Performance Targets

The following is a Statement of Service Performance relating to the key objectives listed in the Company's Statement of Intent (SOI) for the year ending 30 June 2022 (as reflected in the Company's Annual Report for 2021/22).

		SOI 2021/22	Actual 2021/22	Status
Optimise Shareholder Value and Returns	Passenger numbers	526,865	393,618	◆
	Revenue	\$7,933,753	\$6,734,776	◆
	EBITDA	\$3,956,400	\$2,881,507	◆
	Net profit after tax	\$209,371	\$801,347	◆
	Return on equity - annualised	0.6%	1.64%	◆
	Gearing	43%	40%	◆
	Equity	52%	52%	◆

COUNCIL CONTROLLED ORGANIZATIONS CONTINUED

Activity and Outcome		Measure	Status
Operations	Operating and effective safety management system	Internal SMS Tracker updated monthly	◆
		To achieve zero lost time injuries	◆
	Practical completion of landside forecourt	Practical completion	◆
	Bi-annual Strategic Risk/Compliance Review	Review implemented	◆
	Review and refine Wildlife Management Plan	Second phase plan implemented	◆
Commercial	Complete roadmap to carbon neutrality	Achieve Level 3 Airport Carbon Accreditation	◆
	Research transport demand profile of existing/ potential airport users and complete ground transport strategy to inform precinct and product development. This should consider all modes of transport (public/private)	Implement research based product segmentation of carpark	◆
	Use transport strategy to inform preparation of five-year product development roadmap for carpark/ ground transport – this should consider capacity, segmentation, commercial, technology and sustainability outcomes as well as supporting capital expenditure/ operational expenditure requirements	Transport strategy roadmap endorsed by HBAL Board	◆
		Capital expenditure/operational expenditure built into financial forecasts	◆
	Grow in-terminal passenger spend rates by better meeting customer demand	Improved Airports Service Quality Questionnaire scores and Passenger Spend Rate (PSR) growth.	◆
		PSR growth of > 10%	◆
	Build stronger relationships/ understanding with all commercial partners	Minimum 2 meetings per year with each commercial partner	◆
	Develop a five-year advertising strategy against the objective of positioning the airport as a blue-chip advertising opportunity for local/national campaigns. Grow advertising revenues via the successful implementation of new digital assets via existing sales structure	Strategic review complete	◆
		Advertising revenue growth of >40%	◆
	Work with Napier City Council planners and local iwi to ensure HBAL interests are considered in district plan review	Successful regional collaboration	◆
		District plan outcomes support HBAL master plan objectives	◆

◆ - Meets or exceeds target

◆ - Within 10% of target

◆ - 10% or more below target

COUNCIL CONTROLLED ORGANIZATIONS CONTINUED

Activity & Outcome		Measure	Status
Property	Continue to refine commercial property strategic plan in alignment with Resource Management Act/ Sustainability Framework and market demand	Activation of HBAL property strategy	◆
		Precinct and market collateral in place	
	Holistic study of existing and future airport utilities (three waters, roading and electricity) undertaken and granular understanding of development milestones, trigger points and costs generated	Utilities/infrastructure capital expenditure in place	◆
	Stimulate property development opportunities	>1 major property development initiated	◆
	Advance renewable energy project	Resource consent lodged	◆
	Proactively engage with Hawke's Bay community, local and central government and other key stakeholders	Supportive environment for wider airport	◆
Partners	Partnership/collaboration with regional leaders around sustainability outcomes	Ensure airport presence/voice at regional forums	◆
	Undertake stakeholder and public consultation as part of Napier City Council district plan review	Community to work as one team	◆
	Continued collaboration with Mana Whenua	Regular meetings/ engagement/property partnerships	◆
	Galvanise regional collaboration to effectively develop, resource and deliver an airline route development strategy for Hawke's Bay	Develop Regional Air Services Strategy in partnership with HB Tourism and other stakeholders. Regional Economic Engagement Strategy complete	◆ ◆
People	Develop cross-functional team capability	Resources/expenses in line with financial forecast	◆
	Proactively engage with staff to ensure engagement and optimise wellbeing in the workplace	Staff engagement and culture survey completed. Wellbeing plan developed and implemented	◆
	Continue to build on success of ambassador programme	>85% of existing ambassadors complete two years of service	◆
	Invest in team development and training	Invest in team development and training	◆

◆ - Meets or exceeds target ◆ - Within 10% of target ◆ - 10% or more below target



Hawke's Bay Museums Trust

Policies and Objectives Regarding Ownership and Control

The Hawke's Bay Museums Trust (HBMT) is a Council Controlled Organisation as defined by Section 6 of the Local Government Act 2002.

The objectives of the Trust are:

- To hold and protect the regional collection for the people of Hawke's Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay
- To advance and promote cultural heritage and arts through the use of the collection
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council
- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way which maximises benefit to the collection.

Nature and Scope of Activities

The nature and scope of activities to be undertaken by Napier City Council are outlined below. These activities are achieved in accordance with agreed

best industry practice (Museum Industry Standards, MIS) and consistent with HBMT policies and procedures.

Protection

• Storage

- Pest control
- Storage media
- Shelving
- Air quality

• Security

- Alarm systems (burglary, fire)
- Alarm monitoring
- Access systems
- Insurance (loan Items, owed Items)

• Records management

- Vernon database
- Other records

Quality

- Conservation
- Accessioning
- De-accessioning

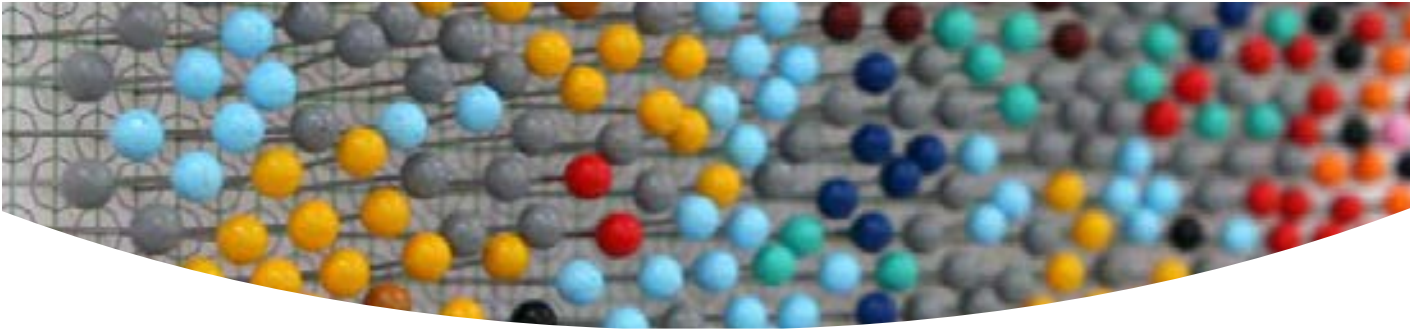
Access

- Exhibitions
- Research
- Archives

Development

- Fundraising
- Reserves management
- Relationship development

There has been no change between the intended and actual nature and scope of activities delivered.



Performance Targets

The key performance targets and performance results (as reflected in the Trust’s Annual Report for 2021/22) are:

Key Result Area	Performance Indicator	Target 2021/22	Actual 2021/22
Protection	Full insurance cover is provided for the collections	Yes	Yes
	Collections are stored in an acceptable environment	No items reported to have suffered deterioration due to the environment	One item damaged
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes
Access	HBMt collections are used for academic and personal research	1,500 enquiries	340 enquiries
	Collections are made available to the public through quality exhibitions	2/5 collection based exhibitions	Country Woman’s Institute Kuru Taonga Georgina Hetley Art Deco Nature Culture
Development	Bequests fund income is used in the manner determined by the donor	Yes	Yes
	Conservation funds income is used solely for collection care	Yes	Yes
	Joint HBMt/Te Rōpū Kaiawhina Taonga meeting held	1 per annum	Te Rōpū Kaiawhina Taonga disbanded

Omarunui Landfill Operation

The Omarunui Landfill site is the disposal point of refuse from Napier City and Hastings District. The site is a **Other Organisations with Council’s Significant Interest**

180 hectare farm located off Omarunui Road in the Hastings District.

The facility is jointly owned and operated by the two Councils under a Joint Committee Agreement, the ratio being Hastings District Council 63.68% and Napier City Council 36.32%.

The facility is operated as a part of this Council’s

solid waste infrastructure with the charges set at a level to cover all operating and capital costs.



GLOSSARY OF TERMS

Activity Groups

Council is legislatively required to group the activities it provides and declare certain information about those groups in its Long Term Plan, Annual Plan, and Annual Report. Water supply, wastewater, stormwater, and transportation are all mandatory Activity Groups.

Allocation of Overheads

Council has a number of cost centres of a corporate and support nature. These cost centres provide the technical and support services necessary for the function of Council's activities.

Costs of the support services are reallocated to activities either as overheads based on the services each activity receives, or they are recharged directly on a usage basis.

Annual Plan

The annual plan process focuses on year-to-year budgets. Councils prepare an annual plan in each of the two years between Long Term Plan reviews (see "Long Term Plan"), and set out in them what the council plans to do in the next 12 months to move towards achieving its goals. These plans are adopted before the start of the financial year in July, generally following a submission process.

Carrying Amount

The net amount at which an asset or liability is recognised in the balance sheet.

Community Outcomes

These goals were originally determined from an extensive consultation process with the community. They provide a long term perspective on the development of Napier City and provide the Napier City Council with a framework for contributing to these community aspirations through Council activities.

Derecognition

When an asset value is no longer recorded in the balance sheet it has been derecognised, eg, when an asset is sold it is no longer recorded on the balance sheet as from the date of the sale.

Derivative

A financial instrument that has the effect of transferring between two or more parties to the instrument one or more risks inherent in an underlying asset. The value of the derivative is determined by fluctuations in the underlying asset. The most common underlying assets include currencies, interest rates, shares, bonds, commodities and market indexes.

Financial and Development Contributions

The share of the cost of new developments and subdivisions met by developers.

Financial Statements

This shows in detail the financial reports and accounting policies for the Council. The financial statements provide information about the Council's assets, liabilities, income and expenditure. The auditor's report for 2021/22 is placed at the end of the financial statements.

General Rates

Rates other than targeted rates. These are the General Rate and the Uniform Annual General Charge. These fund a wide range of activities that are considered to be of general benefit to the community.

Impairment

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructural Asset Renewal

A statutory requirement to provide for maintenance of infrastructural assets in serviceable condition in perpetuity. The amount required is calculated from asset management plans, and "smoothed" to provide a relatively even flow of funds from year to year.

Infrastructural Assets

Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components. These include roads, and water, sewerage and stormwater systems.

Levels of Service

A measure of the quality and quantity of services delivered, determined by customer expectations, legislative requirements and affordability.

Long Term Plan

The Long Term Plan is the key planning tool for councils. The Long Term Plan must include information on activities, goods or services provided by Council, and specific funding and financial management policies and information.

Long Term Plans outline all things Council does and how they fit together. They show what will be done over the plan's 10 year period, why it's being done, and what it will cost.

Long Term Plans have to be reviewed every three years. Any year there is not a Long Term Plan review and we have significant projects that require public feedback, we will create an Annual Plan (see “Annual Plan”).

Non-targeted Rates

Rates other than targeted rates. These are General Rates and Uniform Annual General Charges, and fund a wide range of activities considered to be of general benefit to the community.

Residents' Survey

A wide-ranging customer satisfaction survey prepared for the Napier City Council by SIL Research. The survey is of public perceptions and interpretations of Council services and representation with comparisons to National and Peer Group averages.

Restricted Assets

Those assets which cannot be disposed of because of legal or other restrictions and that provide a benefit or service to the community. These include reserves vested under the

Reserves Act and endowments or other property held in trust for specific purposes.

Prospective Financial Statements

Refers to future-orientated financial statements.

Targeted Rate

A rate set under section 16 or 19 of the Local Government (Rating) Act 2002 to fund a specific function or service provided. It may be charged as a fixed dollar amount per rating unit, a fixed charge per factor, such as property value, or a differential charge per factor.



DRAFT



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri



ANNUAL REPORT SUMMARY 2021/2022



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Welcome from the Mayor



Kia ora koutou.

I am pleased to present to you the Napier City Council Annual Report for 2021/22.

Napier, along with the rest of the world, has navigated a complex journey as we've responded to challenges brought about by the pandemic and its effects. Our Annual Report is a chance to reflect on how we managed those challenges, and on our successes over the last financial year.

It is also an opportunity to assess where we have made headway on projects and where we still have some way to go. The impacts and ramifications of what we have been through as a community may take some time to fully ascertain. Although we are seeing a gradual regaining of the ground we had made preceding COVID, we know there are areas we need to continue to strengthen.

We have strengths as a community that will help see us through this phase of reenergising the city. We are an attractive destination for visitors and a desirable place for new residents to settle. We have thriving urban centres and an innovative, forward-focused business community. We live in close proximity to sites of ecological and environmental importance. Our city and its environs are easy to get around by foot or pedal-power. We have first-hand experience of the effects of climate change and we are adjusting our planning and activities to respond to them. In our past we have experienced challenges that have literally reshaped Napier, and our history is rich with examples of the type of thinking and actions that are required to navigate through challenging times.

Our road to recovery post-pandemic will be made smoother by all of these things. And because of them we are in a good position to grow through what we have experienced over the past few years.

Although, the outlook is positive, we also know there are hurdles we are yet to face. But we trust in our ability to navigate through them, and we know that, out the other side, we will be stronger because of them. Coming our way are significant reforms from central government that will affect the work councils do. Reform of three waters, the Resource Management Act, civil defence and emergency management, and local government as a whole will all impact us over the next few years.

Through challenging times, times of change and times of great opportunity what keeps us focused is our commitment to our community, and to their cultural, social, environmental and economic wellbeing. This Annual Report looks back over the many contributions we have made in these areas, as we – individuals and as an organisation – look forward to the many activities, initiatives and projects we will deliver in the year ahead.

Kirsten Wise
Mayor
Napier City Council
21 December 2022

Annual Report Summary – key initiatives and projects

Water

Water remained our number one priority for 2021/22, both in terms of investing in our infrastructure to resolve issues such as drinking water clarity and stormwater capacity, and in assessing and sharing information with central government ahead of the Three Waters reforms.

Bringing two new low-manganese bores in Awatoto and Taradale online was a highlight for the year. These bores, progressed in part with Three Waters funding from central government, are now supplying low-manganese water to Napier residents. This water is less likely to react to the chlorine we have to add to our water supply, and will result in less discolouration.

We've also completed several significant projects for wastewater and stormwater, including replacing the wastewater pump station at the Airport, fixing leaks in the Awatoto Outfall, and upgrading the stormwater infrastructure under the new roundabout on Pandora Road.

There has been a real focus on improving the tools and information which underpin good system stewardship for our water services. This includes leak detection using CCTV cameras in our hundreds of kilometers of pipes, improvements to our SCADA system (which allows us to monitor the performance of components like pumps and reservoirs remotely), and inspections of infrastructure using state-of-the-art technology like submersible drones to identify the need for repairs.

Momentum and milestones

This year, Council secured \$700,000 in government grants to help with the cost of visitor facilities for the proposed Iron Pot Waka Hub in Ahuriri. This new space will complement a planned new home for ocean-going waka Te Matau-a-Māui. 2021/22 also saw the adoption of an Inner Harbour Development Plan, which provides guidance on where we should invest in order to revitalise this culturally and historically significant area of Napier.

We were also successful in our application for \$12.35 million from Kāinga Ora's Infrastructure Acceleration Fund to upgrade stormwater pipes and pumps in Maraenui. Coupled with the money we already set aside in our Long Term Plan

for infrastructure improvements, this will unlock more land for housing in this area while ensuring the community is better protected from weather events.

Council owns and manages a portfolio of 377 homes, which are tenanted by retirees and those on low incomes. Rising maintenance costs mean we couldn't continue to provide this service under the current funding model without experiencing an operating shortfall in the years to come. In May 2022, Council considered several options, and decided to retain the portfolio and fund the forecasted shortfalls through a combination of increased rents for tenants, and increased rates for other Napier ratepayers. The proposed rates increases will be consulted on as part of our 2023/24 Annual Plan.

We also completed a service delivery review for the Napier i-SITE this year. Recommendations from the review have been formally approved by elected members, who have commissioned a business case to explore options for housing the i-SITE in the future (as the current building is aging), and to investigate becoming a 'Tier 1' centre within the new structure proposed by the i-SITE New Zealand Board.

In with the new

In December 2021, Council adopted the Library and Civic Area Plan. This plan set out a high level spatial plan for re-accommodating the Napier library, Council administration, a community hub and public open space on the Station Street site. The final stage of demolition of the old Civic Building is now underway. Construction on the new library and civic space is planned to begin in 2024.

The demolition and site levelling required to reinstate the memorial elements (Roll of Honour and Perpetual Flame) to the Napier War Memorial Centre was completed in 2022. Foundations are now being laid, and the project is due to be completed before ANZAC Day in 2023.

In 2021/22 we welcomed Napier Assist Āwhina Tangata to our city streets. The service was launched in June 2022 with a focus on the Napier CBD. Our six dedicated officers act as champions for Napier and de-escalate issues and reduce public exposure to antisocial behaviour.

Reforms to the local government sector

In the past financial year, central government has progressed four significant tranches of local government reform, which will have impacts on Council's responsibilities, operations and financial statements in future periods:

Three Waters Reform: The Government is reforming how Three Waters services are delivered across New Zealand. For more information, visit: <https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Local Government Reform: An independent panel is undertaking a fundamental review of the local government framework. The Panel is due to deliver a final report in June 2023. For more information, visit: <https://www.futureforlocalgovernment.govt.nz/>

Resource Management Reform: In 2020, an independent expert panel made 140 recommendations to the government for improvements to the resource management framework. A key recommendation was that the Resource Management Act 1991 be repealed and replaced. The government is now progressing with three new pieces of legislation to overhaul the sector. For more information, visit: <https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/resource-management-system-reform/>

Civil Defence and Emergency Management Review: The National Emergency Management Agency has established a review programme (known as the "Trifecta" programme) to improve New Zealand's disaster resilience. The work aims to build a modern, fit-for-purpose system. More information can be found at: <https://www.civildefence.govt.nz/cdem-sector/regulatory-framework-review-trifecta-programme/>

FINANCIAL STATEMENTS

Summary Statement of Comprehensive Revenue and Expenses For the year ended 30 June 2022

	Notes	Actual 2021/22 \$'000	LTP/AP 2021/22 \$'000	Actual 2020/21 \$'000
Total revenue	(i)	165,790	142,914	163,776
Total expenditure	(ii)	129,761	141,326	136,375
Finance costs		-	339	-
Share of associate surplus/(deficit)		2,405	(69)	273
Income tax expense		-	-	-
Surplus/(deficit) after tax		38,434	1,180	27,674
Valuation gains/(losses) taken to equity		127,278	24,229	69,045
Fair value gains/(losses) through comprehensive income on investments		9	-	9
Total comprehensive revenue and expenses		165,721	25,409	96,728

The major variances between actual and the annual plan budget were:

- (i) Total revenue greater than budget due to higher fair value gains on investment properties, subsidies and grants offset by lower other revenue from Parklands Residential Development section sales and tourism and community facilities.
- (ii) Total expenditure was lower than budget mainly due to no costs of goods sold for Parklands Residential Development

Summary Statement of Financial Position As at 30 June 2022

		Actual 2021/22 \$'000	LTP/AP 2021/22 \$'000	Actual 2020/21 \$'000
Total current assets	(i)	73,013	38,028	80,359
Total non-current assets	(ii)	2,119,189	1,990,509	1,945,954
Total assets		2,192,202	2,028,537	2,026,313
Total current liabilities		24,860	22,339	24,297
Total non-current liabilities	(i)	2,206	77,219	2,602
Total liabilities		27,066	99,558	26,899
Total net assets		2,165,136	1,928,979	1,999,414
Net assets / equity				
Accumulated revenue & expenses		877,996	812,013	838,895
Other reserves	(ii)	1,287,140	1,116,966	1,160,519
Total net assets / equity		2,165,136	1,928,979	1,999,414

The major variances between actual and the annual plan budget were:

- (i) Current assets (financial assets) are higher and non-current liabilities (borrowings) are lower than budget mainly due to lower than budgeted capital spend.

Summary Statement of Changes in Equity For the year ended 30 June 2022

	Notes	Actual 2021/22 \$'000	LTP/AP 2021/22 \$'000	Actual 2020/21 \$'000
Total net equity balance at 1 July		1,999,414	1,903,570	1,902,686
Total comprehensive revenue for the period		165,722	25,409	96,728
Total net equity balance at 30 June		2,165,136	1,928,979	1,999,414

Summary Statement of Cash Flows For the year ended 30 June 2022

	Actual 2021/22 \$'000	LTP/AP 2021/22 \$'000	Actual 2020/21 \$'000
Net cash from operating activities	34,672	11,508	24,516
Net cash used in investing activities	(25,325)	(62,854)	(24,671)
Net cash from financing activities	-	52,960	-
Net increase/(decrease) in cash, cash equivalents & bank overdrafts	9,348	1,614	(155)
Cash, cash equivalents & bank overdrafts at 1 July	5,529	3,606	5,684
Cash, cash equivalents & bank overdrafts at 30 June	14,877	5,220	5,529

Notes to the Financial Statements

The full set of financial statements were prepared in accordance with the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10. The full statements comply with generally accepted accounting practice in New Zealand (NZ GAAP) and Tier 1 Public Benefit Entity (PBE) Standards. They are presented in New Zealand dollars and prepared on a going concern basis.

This summary complies with PBE FRS 43: *Summary Financial Statements*. The specific disclosures have been extracted from the full financial reports that were adopted by Council on 02 February 2023 and received an

unmodified opinion on the audited information, excluding the Activity Groups statement. A qualified opinion was received on the Activity Groups statement with respect to the verification of the number of complaints for some services – refer customer satisfaction performance results on pages 116 and 117 (Stormwater); 124 and 125 (Wastewater); page 132 and 133 (Water Supply). Also included in the opinion and without further modifying the auditor's opinion, an Emphasis of Matter - Impact of 3 Waters Reform. The disclosures relating to the impact of the 3 Waters Reform on the Council, as set out on pages 9 and 68.

www.napier.govt.nz/documents-and-forms/reports/

Summary of Non-Financial Performance

The following section summarises Council's performance against measures set out in the 2021 Long Term Plan. 2021/22 is the first year of reporting against this plan.

Significant initiatives

Council had 76 significant initiatives/projects to be achieved over the course of 2021/22. Of those:

- 28 initiatives were achieved (37%)
- 33 initiatives remain in progress (43%)
- 3 initiatives were partially achieved (4%), and
- 12 initiatives are on hold/ delayed (16%).

Levels of service and customer experience measures

Council tracks performance against 142 separate measures set out in the 2021 Long Term Plan. These measures relate either to the services Council provides (level of service), or how satisfied customers are with their interactions with Council (customer experience). Council sets targets for each measure, and aims to meet or exceed that target. Some examples include a target for how many visitors will enter a facility each year, how quickly Council can respond to and fix requests for service, and how satisfied the community is with the different services we deliver.

Levels of service measures

For 2021/22, Council has achieved the following regarding levels of service (LOS) measures

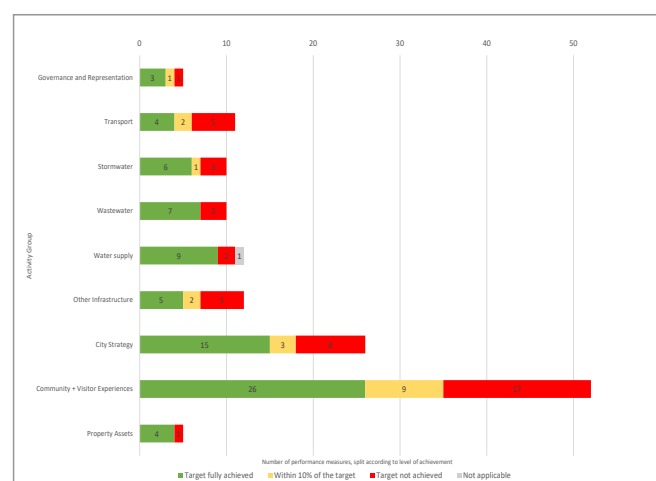
Activity Group	Number of measures	Target fully achieved	Within 10% of the target	Target not achieved
Governance and Representation	5	3 (60%)	1 (20%)	1 (20%)
Transport	8	4 (50%)	1 (12.5%)	3 (37.5%)
Stormwater	8	5 (63%)	1 (12.5%)	2 (25%)
Wastewater	8	6 (75%)	-	2 (25%)
Water supply	8	7 (88%)	-	1 (12.5%)
Other Infrastructure	9	5 (56%)	2 (22%)	2 (22%)
City Strategy	21	14 (66%)	2 (10%)	5 (24%)
Community + Visitor Experiences	42	23 (55%)	7 (17%)	12 (28%)
Property Assets	5	4 (80%)	-	1 (20%)

Customer experience measures (satisfaction/complaints)

For 2021/22, Council has achieved the following regarding customer experience measures:

Activity Group	Number of measures	Target fully achieved	Within 10% of the target	Target not achieved	N/A
Governance and Representation	-	-	-	-	-
Transport	3	-	1 (33%)	2 (67%)	-
Stormwater	2	-	-	2 (100%)	-
Wastewater	2	1 (50%)	-	1 (50%)	-
Water supply	3	-	-	2 (67%)	1 (33%)
Other Infrastructure	3	-	-	3 (100%)	-
City Strategy	5	1 (20%)	1 (20%)	3 (60%)	-
Community + Visitor Experiences	10	4 (40%)	2 (20%)	4 (40%)	-
Property Assets	-	-	-	-	-

The following graph depicts the proportion of targets met, almost met, or not met, across our Activity Groups:



AUDIT NEW ZEALAND
Māori Arotake Autearua



Independent Auditor's Report

To the readers of Napier City Council's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of Napier City Council (the City Council). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 2 February 2023. This is the date on which we give our report.

Opinion on the audited information

Qualified opinion on the financial statements and activity groups statement

In our opinion, except for the possible effects of the matters described in the *Basis for our opinion on the audited information* section of our report:

- the financial statements on pages xx to xx:
 - present fairly, in all material respects:
 - the City Council's financial position as at 30 June 2022;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the Activity Groups statement on pages xx to xx and xx to xx:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Unmodified opinion on the funding impact statements and statement about capital expenditure

In our opinion:

- the funding impact statement on page xx presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- the statement about capital expenditure for each group of activities on pages xx, xx, xx, xx, xx, xx, xx and xx presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages xx, xx, xx, xx, xx, xx, xx, xx and xx presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages xx to xx, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to the Government's three waters reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

Financial statements: Our work was limited over the carrying value of the Council's revalued property, plant and equipment

As stated in the statement of accounting policies on page xx and xx to the financial statements, the City Council measures certain classes of its property, plant and equipment assets at fair value. PBE IPSAS 17 *Property, Plant and Equipment* requires entities that measure assets at fair value to carry out revaluations with sufficient regularity to ensure that the revalued asset classes are not included at a value that is materially different to fair value.

We consider that based on an analysis of relevant indices and advice to the Council from independent expert valuers, there is evidence that there could be a collectively material change in the fair value of the water, wastewater and stormwater below and above ground assets and operational land and buildings. As the City Council have not carried out revaluations of these asset classes as at 30 June 2022, it is impracticable for us to determine the amount of any adjustment required.

Activity Groups Statement: Our work was limited over attendance and resolution times and complaints measures

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to:

- The time taken to attend and resolve wastewater, water supply, and stormwater faults.
- The number of complaints received in relation to its drinking water supply, wastewater system, and performance of the stormwater system (per 1,000 connections).

We identified significant issues with these performance measures as described below. As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures.

Attendance and resolution times – Water supply, Wastewater, and Stormwater

The City Council was unable to accurately report on fault response times for each of the three water services. The information produced by the system used to report on fault response times was not reliable because the attendance and resolution times for service requests recorded were not always accurate or classified in line with the definitions set out in the Rules. Our opinion on these performance measures was also qualified for the 2021 performance year.

Total number of complaints received – Water supply, Wastewater, and Stormwater

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including how to count complaints. Our audit testing found that the City Council had not been counting complaints for the 30 June 2021 year in accordance with this guidance and the City Council's method of counting was likely to have understated the actual number of complaints

received. Furthermore, complete records for all complaints made to the City Council were not available.

This issue has been resolved for the 30 June 2022 year. As the limitation on our work cannot be resolved for the 30 June 2021 year, the City Council's performance information reported for this performance measure for the 30 June 2022 year may not be directly comparable to the 30 June 2021 performance information.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Emphasis of matter – The Government's three waters reform programme

Without further modifying our opinion, we draw attention to note **xx** on page **xx**, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these reforms will mean that the City Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Activity Groups statement, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However,

future events or conditions may cause the City Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages xx to xx, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the City Council.

Karen Young
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

*Gear
towards
success*

*Success for
Councillors is
success
for staff*

*Focus together
on the Strategic
Direction and
not on the
small stuff*

Culture

- Enabling culture - focus for ELT
- Pride in the workplace
- Resourcing people & capability

Commercial discipline

- Get pay off the table - ensure budget is available for remuneration
- Investment Strategy including governance (holding company)
 - Leasehold land
 - Surplus land
 - Housing land / building
- Corporate plan

Climate change (resilience)

- Spatial Plan -
 - Climate Resilience
 - Netherlands model of flood inundation protection - resilience by 2050
 - District Plan
 - Swimming Pool - minimise effort on Onekawa, focus on point of difference
 - Ocean Spa
 - Rock pools = coastal protection
- Regional Park - stormwater detention priority
Maraenui stormwater infrastructure fund project

Urban renewal infrastructure

- Civic Building
- Iron Pot / Inner Harbour
- War Memorial
- Mataruahou reservoir
- City Vibrancy

Relationships

- Iwi
- Central Government (3 Waters, RMA Reform, Riverbend Road)
- Business / Developers, including Mana Ahuriri Holdings (KAMs, enabled regulatory environment)
- Community