



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*

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# EXTRAORDINARY MEETING OF COUNCIL

## Open Agenda

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Meeting Date:	Tuesday 4 June 2019
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Time:	9.00am
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Venue:	Large Exhibition Hall Napier Conference Centre Napier War Memorial Centre Marine Parade Napier
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Council Members	Acting Mayor White (In the Chair), Councillors Boag, Brosnan, Dallimore, Hague, Jeffery, McGrath, Price, Tapine, Taylor, Wise and Wright
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Officer Responsible	Chief Executive
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Administrator	Governance Team
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**Next Council Meeting**  
**Tuesday 9 July 2019**

# ORDER OF BUSINESS

## Apologies

Mayor Dalton

## Conflicts of interest

## Announcements by the Acting Mayor

## Announcements by the management

# FUNDING APPLICATIONS

## Speakers

Time	Name	Organisation
9.05am	Peter Dunkerley	HB Knowledge Bank
9.15am	Genevieve Bennett	Biodiversity Hawke's Bay
9.25am	Mark Aspden	Sport HB
9.35am	Deborah Burnside	Jervoistown Residents

# DELIBERATIONS

## Agenda items

- 1 Amendments to Funding Policies and Fees and Charges.....3
- 2 Submissions on the Annual Plan 2019/20 Consultation Document .....59

# AGENDA ITEMS

## 1. AMENDMENTS TO FUNDING POLICIES AND FEES AND CHARGES

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	750774
<i>Reporting Officer/s &amp; Unit:</i>	Jane McLoughlin, Corporate Planner Caroline Thomson, Chief Financial Officer

### 1.1 Purpose of Report

To present to Council submissions received on proposed amendments to funding policies and changes to fees and charges for consideration.

#### Officer's Recommendation

That Council:

- a. Adopt the amended Revenue and Financing Policy as attached in Attachment A, noting,
  - i. that the proposed targeted rate for Whakarire Ave has been removed from the amended policy.
- b. Adopt the amended Rates Remission Policy as attached in Attachment B.
- c. Adopt the amended Fees and Charges for 2019/20 as attached in Attachment E.

#### Acting Mayor's Recommendation

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

### 1.2 Background Summary

On 2 April 2019, Council adopted the amended Revenue and Financing Policy, and Rates Remission Policy to be consulted on with Napier residents.

As outlined at the 2 April Council meeting, any change to Council's Revenue and Financing Policy and Rates Remission Policy require Council to follow the principles of consultation as outlined in section 82 of the Local Government Act 2002. Any consultation to these policies is separate to, but can be undertaken in conjunction with, consultation on the annual plan.

In parallel with the consultation on the annual plan, officers consulted on the proposed Revenue and Financing Policy and Rates Remission Policy. The consultation was done in parallel to the consultation on the Annual Plan, between 8 April to 13 May.

Individual submissions are provided in the attachments to this report.

## **Rates Remission Policy - Community feedback**

### Summary of feedback

Council received 9 submissions. Submitters were asked whether they agreed/disagreed with the proposed changes to the policy and they were provided with an opportunity to write a comment. Of the 9 submitters,

**89% - agreed** with proposed changes to the policy

11% - disagreed with proposed changes to the policy.

Of the 2 submitters that clicked they disagreed with the proposed changes to the Rates Remission Policy, both submitters commented on topics not directly-related to the Rates Remission Policy – e.g. on wanting a chlorine-free water network in Napier and, 1 submitter commented on not agreeing to the rates increase.

Of the 8 submitters that clicked they agreed with the proposed changes, 4 submitters provided comments including:

- Proposed changes seem sensible (1 submitter)
- For transparency, there should be public reporting on the level of remissions each year. (1 submitter)
- Rates rebate scheme should be more clearly advertised and residents should be able to apply online. (1 submitter)
- Ratepayers living on cross lease sections should not pay a full amount of rates each. (1 submitter)

For individual submissions refer to Attachment C.

### Management information and comment

On advertising the rates rebate, Council will make further information available through a range of methods to ensure that those that need this rebate the most are aware that it is available.

On application of rates to cross-lease sections, Council notes that rates are determined by the services that are received either directly or as a uniform annual general charge. From Council reviews, multiple properties on a cross-lease require the same level of service as those that are not on a cross-lease.

### Council recommendation

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

## **Revenue and Financing Policy – Community feedback**

### Summary of feedback

Council received nine submissions. Submitters were asked whether they agreed/disagreed with the proposed changes to the policy and they were provided with an opportunity to write a comment. Of the nine submitters,

11% - agreed with proposed changes to the policy



**89% - disagreed** with proposed changes to the policy.

Four out of the nine submitters, are residents of Whakarire Ave and submitted on the proposed targeted rate for the Whakarire Revetment. All of these residents wrote that they disagree with the proposed changes to the Revenue and Financing Policy. For ease for decision-makers, all the feedback from residents from Whakarire Ave, whether through the annual plan, or revenue and financing policy consultation, has been attached to the annual plan consultation report, and a recommendation for consideration by Council.

Council are reminded that they are to make any recommendations to the Revenue and Financing Policy prior to adopting the annual plan.

The proposed targeted rate for Whakarire Revetment has been removed from the Revenue and Financing Policy attached to this report.

The remaining five submitters who are not residents of Whakarire Ave, commented on the following:

- Funding sources for Whakarire Revetment (2 submitters)
- Agree with targeted rates, but disagree with increasing general rates for animal control (1 submitter).

For individual submissions refer to Attachment D.

#### Management information and comment

The Whakarire Revetment is funded from the Harbour Board Land Endowment Reserve. The cost of the Whakarire Revetment that was included as an inflated cost in Long Term Plan 2018-28 (i.e. \$1.7m). Costs are not anticipated to get to \$3.7m as noted by one of the submitters.

#### Council recommendation

That Council adopt the proposed amendments to the Revenue and Financing Policy and remove the proposed targeted rate for Whakarire Ave residents from the Policy.

### **Fees and Charges**

No submissions were received that touched on the proposed changes to fees and charges.

In addition to the proposed changes to fees and charges as outlined in the 15 March and 2 April Council meetings, a couple of additional fees have been raised by officers to ensure that cost recovery targets provided for in the Revenue and Finance Policy are met.

The new fees include: Bayskate and Taradale Community Hall.

#### *Taradale Community Hall*

The Taradale Community Hall has been recently refurbished, it currently has no charge for venue hire. To ensure consistency across Council facilities, Officers have assessed the appropriate charges for the facility based on factors such as: size of hall/room, and facilities on offer. Proposed charges are:

<b>1 July 2019 to 30 June 2020</b>	<b>Taradale Community Rooms</b>
	<b>Fee (incl GST)</b>
<b>Group 1 - Profit-Making Organisations and Family Gatherings</b>	
Hourly charge	\$24.50
Morning or Afternoon	\$67.50
Evening	\$100.00
Whole Day	\$140.00
<b>Group 2 - Community, Hobby &amp; Sports Groups</b>	
Hourly charge	\$20.00
Morning or Afternoon	\$55.00
Evening	\$75.00
Whole Day	\$100.00

### *Bayskate*

Officers have been reviewing the business revenue streams of BaySkate and as a result have some proposed changes to the fees structure.

The commercial reality of providing this service means that revenue needs to be a constant focus in order to meet targets set in the Revenue and Financing Policy.

The proposed increases to facility hire and annual membership have been benchmarked against industry pricing for similar recreation facilities in New Zealand (e.g. Kilbirnie recreation centre).

The proposed increase for community services card holders is to incentivise customers towards an annual membership.

Key changes proposed for 2019/20 are:

	Current incl GST	Proposed Fees incl GST
<b>Bay Skate</b>		
<b>Admission</b>		
Bay Skate members and affiliated club members	\$4.00	\$4.00
Non-members	\$6.00	\$6.00
Senior Citizens / Community Services Card holders	\$4.00	\$5.00
Child (3 or under)	No Charge	No Charge
Spectators	No Charge	No Charge
<b>Membership</b>		
Bay Skate annual membership	\$25.00	\$40.00
<b>Equipment Hire</b>		
Scooter	\$10.00	\$10.00
Inline Skates	\$10.00	\$10.00
Skateboard	\$10.00	\$10.00
Roller skates	\$10.00	\$10.00
Aggressive skate	\$10.00	\$10.00
Beach path hire	\$10.00 per hour	\$10.00 per hour
Protective equipment	Free with equipment hire	Free with equipment hire
Helmet	Free with equipment hire	Free with equipment hire
<b>Venue Hire</b>		
<b>Rink Only</b>		
Rink only - Affiliated Club (per hour)	\$10.00	\$30.00
<b>Events (Grandstand and Rink Use)</b>		
Community Group (per hour)	\$50.00	\$50.00
Corporate (per hour)	\$200.00	\$200.00

### 1.3 Issues

N/A

### 1.4 Significance and Engagement

Targeted engagement occurred with residents of Whakarire Ave. For further information, refer to the Annual Plan report on this matter.

### 1.5 Implications

#### Financial

Under Council's Revenue and Financing Policy, community facilities must recover between 0-19% of its costs from fees and charges. The introduction of the new fees and charges for Taradale Community Rooms will align with the recovery model under the Revenue and Financing Policy.

BaySkate is required to meet its recovery targets set under the Revenue and Financing Policy which is 40-59%. The proposed introduction of fees and charges will enable to the policy requirements to be met.

#### Social & Policy

Officers are currently reviewing its overall membership structure and once full financial implications are known, will be brought back to Council for consideration.

#### Risk

N/A

### 1.6 Options

The options available to Council are as follows:

- Approve the amended policies, and fees and charges.
- Make further amendments to the policies and fees and charges based on public submissions.

### 1.7 Development of Preferred Option

Option A, approve the amended policies, and fees and charges for 2019/20.

### 1.8 Attachments

- A Revenue and Financing Policy [↓](#)
- B Rates Remission Policy [↓](#)
- C Rates Remission Policy - Individual Submissions [↓](#)
- D Revenue and Financing Policy - Individual Submissions [↓](#)
- E Fees and Charges for 19/20 (*Under Separate Cover*) [⇒](#)



Revenue and Financing Policy			
Approved by	Council		
Department	Finance		
Original Approval Date	29 June 2018	Review Approval Date	June 2019
Next Review Deadline	30 June 2021	Document ID	
Relevant Legislation	Local Government Act 2002		
NCC Documents Referenced	NCC Long Term Plan 2018-2028		

## Purpose

The Revenue and Financing policy is adopted under Section 102(1) of the Local Government Act and must show how the local authority has, in relation to the sources of funding identified in the policy, complied with Section 101(3).

## Policy Background

Napier City Council (the Council) has reviewed the proposed funding for each activity to determine the funding policy for each. In accordance with the Local Government Act 2002 (LGA), Council has considered each activity with regard to the following:

- Community outcomes to which an activity contributes;
- the distribution of the benefits between the community as a whole, identifiable parts of the community and individuals; and
- the period over which those benefits are expected to occur; and
- the extent to which actions or inactions of individuals or groups contribute to the activity; and
- costs and benefits of funding the activity distinctly from other activities.

The summary table in section 4.1 lists Council activities and the significant funding mechanisms to be used for funding the operating costs of each activity. Sources used were determined after careful consideration of the four items above. The primary funding sources available to Council are General Rates, Targeted Rates, Fees and Charges (including rents and lease receipts) and Other Revenue. Other Revenue includes grants, donations, subsidies, petrol tax and other miscellaneous income items.

In addition to the types of revenue noted above Council also receives interest from its investments. Interest generated from defined funds held or collected, where Council has determined that interest will be added, are credited to the fund at year end and applied to the purposes of the fund. Any remaining interest income is used to reduce the requirement for General Rates.

The scale used in the summary table in 4.1 shows the expected level of the revenue as a percentage of operating costs for the activity. The ranges are in 20% increments up to 100%.

## Funding of Operating Expenditure

### Fees and Charges

Fees and Charges, in the summary table 4.1, include all licence and enforcement. Fees and Charges applied to the community generally, rather than by individual agreement, are set in the Schedule of Fees and charges adopted by Council as part of its Long Term or Annual Plan process. These fees and charges are available on Council's website or from Council's Customer Service Centre. Examples include swimming pool entrance fees, parking fines, building inspection fees and dog licence fees. Examples of individual charges made by agreement, but not publicly notified in the Schedule of Fees and Charges include property leases and property rentals. Items excluded from this classification are all rates and interest income along with financial contributions, capital contributions and grants, subsidies and donations applied to funding of assets rather than funding of operating costs.

Fees and charges are applied where there is a benefit to an individual from the delivery of goods and or services and this can be charged in a cost efficient manner. If it is possible to efficiently impose a charge, the Council does so, on the basis of either recovering the full cost of the service, the marginal cost added by users, or at a level that the market will pay.

Market rate is generally the upper limit used for determining fees or charges. Market rate as the upper limit applies where Council believes imposition of fees or charges at a rate above market will generally reduce usage of the activity or facility and lead to the imposition of a greater cost on ratepayers. In selecting market rate the Council has made a judgement that the community values the existence of the facility and would rather fund it from rates than for it to close.

The following specific types of revenue are included in fees and charges:

#### Licence Fees

Licence fees are charged where applicable and may be set by Council or by regulation. Use of licence fee revenue collected may also be directed to a specific purpose by legal statute.

#### Enforcement Fees

Enforcement fees are charged where applicable. Their purpose is to promote compliance rather than to raise revenue; consequently, revenue collected may be insufficient to meet the full costs of the enforcement activity. The level of enforcement fee may also be restricted by statute or the courts. Use of enforcement fee revenue collected may also be directed to a specific purpose by legal statute.

#### Rental and Lease Income

Rental and lease income is attributed to the activity with primary responsibility for the asset generating the rental or lease income. This revenue generally offsets costs of maintaining the asset and costs generally within the activity area receiving the revenue. However in the case of leasehold land subject to the Hawke's Bay Endowment Land Empowering Act 2002, ground rental revenue is credited to a special fund within equity being the HBHB Endowment Income Account. In accordance with the Act this income is used to fund the net cost of the Napier Inner Harbour and certain foreshore reserves and other permitted activities. The land subject to the Act was vested in Council in 1989 from the Hawke's Bay Harbour Board at the same time that Council assumed liability for the Napier Inner Harbour and former Harbour Board foreshore reserves.

#### Dividend Income

Council receives a minor amount of dividend revenue from time to time. Where applicable, this is applied to offset the cost of the activity related to the dividend income. Where dividend income relates to Council operations in general, this is applied to the same purposes as general rates.

**Other Income****Grants, Subsidies and Donations**

Revenue from these sources is actively sought to offset both operating and capital costs.

**Petrol Tax**

This is the local government share of the petrol tax levied by central government. It is used to contribute to the costs of road maintenance.

**Waste Levy Income**

This is the Council share of waste levy fees collected by the Ministry for the Environment. Income is received from the Waste Levy Fund and must be applied to waste minimisation activities.

**General Rates**

General Rates are levied through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value. General Rates are used to fund services where Council believes there is a public benefit even though it may not be to the whole community. Council funds 'public good' for which there is no practical or economically effective method for identifying and charging individual users or where benefits are wider than just the specific users. General Rates fund a range of services which are used by individual ratepayers to varying extents. General rates are charged differentially based on the different categories explained under General rates in the Rating Policy section.

**Targeted Rates**

Targeted Rates are also used to fund community services. A targeted rate is used specifically for the cost incurred. Generally these are operating costs but may also be used to recover capital costs incurred on behalf of a specific community sector. Targeted Rates are charged to the households or commercial users who have access to or benefit from the service provided. Napier City Council applies a number of targeted rates. Some targeted rates are applied differentially (different rates for different groups of ratepayers) however most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

Two examples are:

- Refuse rate - a standard charge to all properties based on the number of collections per week.
- Promotion rate CBD - a charge, based on land value, levied on identified properties within the Napier CBD, and used to fund the Napier City Business Inc. organisation.

Council's Rating Policy contains detailed information on Targeted Rates.

**Borrowing**

Borrowing is not used to fund operating expenses. Borrowing is used as a tool to smooth cash requirements for capital acquisitions and replacements - see Funding of Capital Expenses below.

**Depreciation Funding Policy**

Council always aims to operate with a balanced budget however it has identified some assets where it believes that it may not be prudent to fully fund the depreciation expense. Council has adopted the following depreciation funding policy:

Except for the two categories of assets specified below, depreciation will be funded fully from operating revenues each year.

**Exceptions:**

- a. Community assets considered to be of a non-critical / essential nature.
- b. Assets identified in this category include; Rodney Green Centennial Events Centre, McLean Park, Napier Municipal Theatre, Napier Conference Centre and community halls.



Tourism assets (Napier i-SITE Visitor Centre, Par2 MiniGolf, National Aquarium of NZ) and MTG Hawke's Bay.

- c. Council will manage these assets as part of the Building Asset Management Plans and to financially provide for the assets so they may be maintained on an on-going basis at a level that meets the community's requirements. Any decision to replace the assets will be made at the time in consultation with the community. A mixture of loans, reserves and community funding could fund the cost of replacement.
- d. Road assets are continually maintained and renewed, and over 50% of this cost is received as a subsidy from New Zealand Transport Agency (NZTA). Council funds the portion of the depreciation to be funded after allowance for the expected subsidy to be received.
- e. Council may elect not to fund all or part of the depreciation expenditure on specific assets in those circumstances where it is not financially prudent to do so. In accordance with section 100 of the Local Government Act 2002, the Council considers that it is not financially prudent to fund depreciation in the following circumstances:
  - Where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party; or
  - Where the Council has elected not to replace the asset at the end of its useful life; or
  - Where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.

#### ***Use of Depreciation Funds:***

Depreciation funds are used for capital expenditure and the repayment of debt.

### **Funding of Capital Expenditure**

Rates are used to fund an ongoing replacement programme (renewals) up to the level of the annual depreciation expense and may be used to fund a portion of capital acquisitions. This is balanced against both the affordability for current ratepayers and the period over which the community is likely to receive the use or benefits of an asset.

#### **Development and Financial Contributions**

These contributions are charges against new developments within the city. They are applied to the funding of infrastructure required due to city growth. Infrastructure includes Transportation, Stormwater, Wastewater, Water Supply, Sportsgrounds, Reserves and Libraries. Growth drives a significant portion of our capital work requirement in order that service levels are maintained to the growing community. As the cost of growth is driven by development the Council considers that it is equitable that a development should make a contribution to these costs. Charges under these policies are used to fund the portion of capital expenditure that relates to growth. In determining the requirement for contribution any increase in level of service or renewal of asset is identified and funded from other sources. A change to the Development and Financial Contributions policy will occur in 2021.

#### **Borrowing**

Borrowing is used as a method of funding some capital projects. The Council views debt as a smoothing mechanism to achieve equity between time periods. However, Council does not have an unlimited capacity to borrow and the community does not have an unlimited capacity to service those loans into the future. The Council adopts a prudent approach to debt and its capital programme to ensure that the burden of debt and the associated interest cost does not place an impossible burden on the community. In doing so Council is conscious of its debt limits included in the Financial Strategy.



**Proceeds from Asset Sales**

These proceeds may be used to fund capital works, through internal loans, or to repay debt to external parties. The main planned asset sales programme over the period of this plan is the ongoing freeholding of HBHB Endowment Land Residential leases. However, as outlined in the Financial Strategy, Council also intends to review assets for potential sale to reduce debt, replace with higher yielding investments or fund key projects.

**User Charges**

User charges are not generally available to fund capital expenditure however some activities generate a surplus that is able to be used to fund capital expenditure. Examples include the Kennedy Park and Parking activities.

**Reserves (Special Funds)**

Council maintains a number of special funds that are available to fund capital projects when a project meets the specific criteria for the reserve.

**Grants, Subsidies, Donations and other income**

Council relies on significant subsidies for capital works in its transportation activity. Other activities are able to access grants, subsidies and donations from time to time and Council looks to obtain external funding to support new community projects wherever possible.

**Funding by Activity****Operating Expenditure - Significant Sources of Activity Funding**

Low: 0 - 19%, Low - Med: 20 - 39%, Medium: 40 - 59%, Med - High: 60 - 79%,  
High: 80 - 100%

Activity Group	Activity	General Rates	Targeted Rates	Fees and Charges	Grants, Subsidies & Other
Democracy and Governance	Democracy and Governance	High			
Transportation	Transportation	High	Low	Low	Low
Stormwater	Stormwater	High		Low	low
Wastewater	Wastewater		High	Low	
Water Supply	Water Supply		High	Low	Low
Other Infrastructure	Waste Minimisation	Low	Low - Med	Low - Med	Low - Med
	Cemeteries	Med - High		Low - Med	Low
	Public Toilets	High		Low	
City Strategy	City Development	High	Low	Low	Low
	Resource Consents	Medium		Medium	
	Regulatory Solutions	Med - High		Low - Med	
	Building Consents	Low - Med	Low	Med - High	

Activity Group	Activity	General Rates	Targeted Rates	Fees and Charges	Grants, Subsidies & Other
	Animal Control	Low-Med		Med - High	Low
	Parking			High	
Community and Visitor Experiences	Community Strategies	High		Low	Low
	Community Facilities	High		Low	
	Napier Aquatic Centre	Med - High		Low - Med	Low
	Marine Pde Pools	Med - High		Low - Med	
	Bay Skate	Medium		Medium	
	McLean Park			High	
	Events and Marketing	High		Low	Low
	Housing			High	Low-Med
	Libraries	High		Low	
	MTG Hawke's Bay	Medium		Low - Med	Low
	Napier Municipal Theatre	Low - Med		Med - High	
	Napier i-SITE Visitor Information Centre	Low - Med		Med - High	
	Par2 MiniGolf			High	
	National Aquarium of NZ	Low		High	Low
	Napier Conference Centre	Low		High	
	Kennedy Park Resort			High	
	Sportsgrounds	High		Low	
	Reserves	High		Low	Low
Property Assets	Property Holdings			High	
	Inner Harbour	Low		Low - Med	Med - High
	Lagoon Farm			High	Low
	Parklands Residential Development				High

## Capital Expenditure - Significant Sources of Funding

Activity Group	Activity	General Rates	Financial & Development Contributions	Loans	Fees & Charges	Reserves (Special Funds)	Other (Subsidies, Donations, Asset Sales)
Democracy and Governance	Democracy and Governance	Yes					
Transportation	Transportation	Yes	Yes	Yes		Yes	Yes
Stormwater	Stormwater	Yes	Yes	Yes		Yes	
Wastewater	Wastewater	Yes	Yes	Yes		Yes	
Water Supply	Water Supply	Yes	Yes	Yes		Yes	
Other Infrastructure	Waste Minimisation	Yes		Yes		Yes	Yes
	Cemeteries	Yes		Yes		Yes	
	Public Toilets	Yes				Yes	
City Strategy	City Development	Yes					
	Resource Consents	Yes					
	Regulatory Solutions	Yes					
	Building Consents	Yes					
	Animal Control				Yes	Yes	
	Parking				Yes	Yes	
Community and Visitor Experiences	Community Strategies	Yes					
	Community Facilities	Yes		Yes		Yes	
	Napier Aquatic Centre	Yes		Yes		Yes	Yes
	Marine Parade Pools	Yes					
	Bay Skate	Yes					
	McLean Park	Yes		Yes		Yes	Yes
	Events and Marketing	Yes					
	Housing			Yes		Yes	Yes
	Libraries	Yes	Yes	Yes		Yes	Yes

Activity Group	Activity	General Rates	Financial & Development Contributions	Loans	Fees & Charges	Reserves (Special Funds)	Other (Subsidies, Donations, Asset Sales)
	MTG Hawke's Bay	Yes		Yes		Yes	Yes
	Napier Municipal Theatre	Yes				Yes	Yes
	Napier i-SITE Visitor Information Centre	Yes		Yes			
	Par2 MiniGolf	Yes		Yes	Yes		
	National Aquarium of NZ	Yes		Yes		Yes	Yes
	Napier Conference Centre	Yes				Yes	Yes
	Kennedy Park Resort	Yes		Yes	Yes		
	Sportsgrounds	Yes		Yes		Yes	Yes
	Reserves	Yes	Yes	Yes		Yes	Yes
Property Assets	Property Holdings	Yes		Yes		Yes	Yes
	Inner Harbour				Yes	Yes	
	Lagoon Farm					Yes	
	Parklands Residential Development					Yes	Yes

**Rationale for Activity Funding**

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
<b>DEMOCRACY AND GOVERNANCE</b>					
Democracy and Governance	Engagement: Council works with and for the community	Benefits flow to the entire community through the provision of the democratic and consultative system for decision making	Costs are applied on an annual basis as the primary benefit of operating expenditure is achieved in the year the expenditure is incurred	There are no negative effects to be addressed by this activity	Individual benefits are unable to be quantified so General Rates is the appropriate funding source. As the whole community benefits from this activity it is Council's view that General Rates is the most appropriate funding source.
<b>TRANSPORTATION</b>					
Transportation	Excellence in infrastructure and public services for now and in the future (primary) A safe and healthy City that supports community well-being (secondary)	Benefits flow to the community, private individuals, businesses and visitors through the provision of a safe and effective transportation network for both transportation and pedestrian traffic in and around the City.	Operating costs are applied on an annual basis. The primary benefit of operating expenditure is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets. Significant road assets have life ages	A transportation network is a key requirement for any community to function effectively. Consequently there are no exacerbator pays characteristics of this activity.	Users of the transportation network are the primary beneficiaries of this activity. Subsidy received from NZTA is for the benefit of the users of the network in general. In addition, funding is provided by Petrol Tax Distributions and contributions to city walk and cycleways through Grants and Donations. Targeted rates are applied to CBD and suburban retailers for funding off-street parking requirements. It is appropriate that the remaining costs are met from General Rates.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
			ranging from 15 to 120 years.		
<b>STORMWATER</b>					
Stormwater	Excellence in infrastructure and public services for now and in the future (primary) A sustainable City (secondary)	Beneficiaries are land owners, property owners, general public, visitors and stakeholders of national infrastructural assets.	Operating costs are applied on an annual basis. The primary benefit of operating expenditure is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets. Stormwater assets have life ages ranging from 15 to 100 years.	This activity is required to protect the community from a naturally occurring event (e.g. rainfall), rather than from effects created by the action or inaction of one or more groups of people. Individuals within the community can exacerbate the cost to the community. These issues are addressed through management routines.	Actual benefits received by individual property owners are difficult to determine and it is not cost efficient to apply individual charges. On the grounds of fairness and equity, and from a practical point of view, costs related to this output will be met by the wider Napier community funded by General Rates.
<b>WASTEWATER</b>					
Sewerage	Excellence in infrastructure and public services for now and in the future (primary)	Direct beneficiaries are occupants and industrial/commercial entities whose residence/premises are	Operating costs are applied on an annual basis and the primary benefit of operating expenditure is	This activity provides the disposal of wastewater for the members of the community connected	Actual benefits received by individual property owners are difficult to determine and it is not cost efficient to apply individual charges. On the grounds of fairness and equity, and from a practical

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
	A safe and healthy City that supports community well-being (secondary)	connected to the sewerage system. Indirect beneficiaries are occupants and industrial/ commercial entities that can be easily connected to the system, developers who can extend and connect to the system. The wider Napier community benefit through the safe disposal of effluent.	achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets. Wastewater assets have life ages ranging from 15 to 100 years.	to the sewerage system. Individuals within the community can exacerbate the cost to the community. These issues are addressed through management routines.	point of view, it has been decided that the costs related to this output including depreciation but excluding trade waste should be met by the wider Napier community by a Targeted Rate where connection to the system is available. The Targeted Rate rating system was chosen by Council as all households have equal access to the system and no one household benefits significantly more than any other.  Direct charging of trade waste charges is applicable for industrial premises which discharge quantities of trade waste in excess of the minimum laid down in the Trade Waste By-Laws.
<b>WATER SUPPLY</b>					
Water Supply	Excellence in infrastructure and public services for now and in the future (primary) A safe and healthy City that supports community well-being (secondary)	Beneficiaries are domestic water users, commercial water users and the community at large for fire fighting requirements.	Operating costs are applied on an annual basis and the primary benefit of operating expenditure is achieved in the year expenditure is incurred. Benefits of capital expenditure are	There are no negative effects arising from this activity.	Benefits received by property owners could be achieved through direct user charging. The community preference is for the cost of water supply including depreciation to be achieved through the rating system with a Water Rate on each separately used or inhabited part of a rating unit connected to the system (all domestic users have equal access to the system). A half rate applies to all rating



Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
			achieved over the expected life of the activity assets. Water Supply assets have life ages ranging from 15 to 200 years.		units not connected but located within 100 meters of the system. Direct charging of commercial and of Bay View domestic use is achieved through Water by Meter Charges. Meter fees recover actual use after the first 300m3 per annum for commercial water users in the Napier system and Bay View domestic users. Beneficiaries of fire protection costs are the wider community therefore direct charging for this service is not applicable. The Fire Protection Rate based on capital value applies to all properties connected or able to be connected to the water supply system. The rate is differentially applied to reflect the need for higher carrying capacity to commercial and industrial properties.
<b>OTHER INFRASTRUCTURE</b>					
Waste Minimisation	A sustainable City	Direct beneficiaries are the users of the refuse and recycling collections, the transfer station and Omarunui Landfill.	Operating Costs benefits arise in the year costs are incurred. Benefits of capital expenditure are achieved over the	Negative effects being addressed by this activity are the effective disposal of waste produced by the whole community.	It would not be practical to administer fees and charges for refuse and recycling collection on the basis of actual usage so funding is based on access to service. A Targeted Rate based on the cost of service provision of refuse collection



Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
		Benefits flow to the community as a whole from a clean and tidy environment and through responsible waste minimisation.	expected life of the activity assets.		and/or kerbside recycling collection is applied to all serviced properties. User Fees and Charges are not practical for litter control services and there are no identifiable beneficiaries so funding is by General Rates.  The direct beneficiaries of the Transfer Station and Omarunui Landfill are readily identifiable so funding is by Fees and Charges that recover the full operating and capital costs.  Note: Subject to the final decisions of the Waste Management and Minimisation Plan consultation.
Cemeteries	A sustainable City	Burial and ash interment spaces provide direct benefits are to the family and friends of the deceased. Genealogists/historians benefit directly from records information. Indirect beneficiaries are business suppliers. The community as a whole benefit from safe	Costs are applied on an annual basis as the primary benefit of operating expenditure is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets.	There are no negative effects arising from this activity.	Some components of this activity are discrete activities that can be applied on an individual basis. Fees and Charges are applied to these components. Where Fees and Charges are not applicable or not cost efficient to implement, the activity cost, being considered a public good, is funded from General Rates as the appropriate funding tool. The Fees and Charges are set at a level that is comparable to neighbouring Councils.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
		interment facilities, keeping of genealogical information and the well maintained open spaces.			
Resource Consents	A safe and healthy City that supports community well-being (primary) A sustainable City (secondary)	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined in the Council's District Plan. Management and application of the Resource Management Act (RMA).	Although benefits of this activity will continue to accrue over future years through the consistent application and development of policies in the District Plan and the management of the RMA, the primary benefit is achieved in the year the expenditure is incurred so costs are allocated to the year that these are incurred. Capital costs are minor as these are	The need for these services arise from the actions taken by both individuals and businesses which necessitate the need to ensure compliance with laws enacted to protect the health and safety of both users and the community at large and the environment for future generations.	Where direct benefits can be attributed to individuals and businesses the costs will be recovered by Fees and Charges within an affordable level. The community as a whole benefits from this activity so any remaining balance will be recovered from General Rates.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
			largely administrative equipment costs.		
Regulatory Solutions	A safe and healthy City that supports community well-being	Benefits flow to the community and private individuals through enhanced public and community safety, environmental protection and protection of public health.	Benefits flow to the community and private individuals through enhanced public and community safety, environmental protection and the protection of public health.	The need for these services results from the action or inaction of both individuals and businesses to comply with laws enacted to protect the health and safety of both users and the community at large.	Where direct benefits can be attributed to individuals and businesses the costs will be recovered by Fees and Charges within an affordable level. The community as a whole benefits from this activity so any remaining balance will be recovered from General Rates.
Building Consents	A safe and healthy City that supports community well-being	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined by the Council and management and application of the Building Act, Regulations and Codes of Practice.	Benefits flow to the community and private individuals and business through effective and consistent application of the policies defined by the Council and management and application of the Building Act, Regulations and Codes of Practice.	The need for these services results from the action of both individuals and businesses to ensure compliance with laws enacted to protect the health and safety of both users and the community at large.	Costs of this activity are related to the control and management of the built environmental and their effects. Direct benefit can be attributed to individuals and businesses. These will be recovered by Fees and Charges. Any remaining balance will be recovered from General Rates.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
Animal Control	A safe and healthy City that supports community well-being	Benefits flow to the community and private individuals through enhanced public and community safety. Wellbeing is enhanced by the presence of animals in the community.	Although benefits for these activities may continue to accrue over future years through consistent programmes and application the primary benefit is allocated to the year that the costs are incurred.	The need for these services results from the action or inaction of individuals to comply with animal control and welfare laws enacted to protect the health and safety of the community at large and/or the welfare of animals in the community.	Costs relating to dog registration and associated activities are funded from Fees and Charges through annual registration fees and other fees for impounding and other enforcement activities.  Recipients of other Animal Control Functions such as feral cats and stock control and general community benefits are not easily identified. Consequently, the appropriate funding mechanism for these costs is General Rates.
Parking	Excellence in infrastructure and public services for now and in the future (primary) A vibrant, innovative City for everyone (secondary)	Direct beneficiaries are the users of parking spaces with indirect benefits flowing to businesses in shopping areas.  Benefits of community safety flow to the community as a whole through adequate provision of public parking.	Benefits of this activity accrue over future years through consistent programmes of land purchase and development. The primary benefit of regulatory activity occurs in the year the expenditure is incurred.  Capital items other than land have an	Commuter, general business activity and visitor vehicle activity create the need for parking to be provided. The need for enforcement services results from the action or inaction of both individuals and businesses to comply with parking and road safety laws.	Parking operating is funded from either by Targeted Rates on businesses where free parking is provided or a direct charge to users where paid parking is provided.  The exception is abandoned vehicles where owners are not always able to be charged.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
			expected life of 10 to 50 years.		
<b>COMMUNITY AND VISITOR EXPERIENCES</b>					
Community Strategies	A safe and healthy City that supports community well-being (primary) Engagement: Council works with and for the community (secondary)	Direct benefits are to community and government organisations and individuals receiving information, resources and advice. Direct benefit is received by youth and youth service providers. Benefits flow to the community as a whole through safer community initiatives.	The primary benefit from annual facility operating costs is the year in which costs are incurred.	There are no negative effects arising from this activity.	In general, individual benefits are not easily quantified and benefits are to the community as a whole so General Rates are the appropriate funding source. Where possible grants are sought to fund specific projects.
Community Facilities	A safe and healthy City that supports community well-being	Benefits are to community organisations and private individuals who use the facilities for social, leisure and cultural needs at an affordable level.	The primary benefit from annual facility operating costs is the year in which costs are incurred. Hall facilities have an expected service life of 50 years.	There are no negative effects arising from this activity.	Fees and Charges are applicable and cost effective for this activity as users have exclusive use of the facility. However, on the basis of community benefit fees are set in the low - medium range and the balance is funded from General Rates.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
Napier Aquatic Centre	A safe and healthy City that supports community well-being	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from improved health and fitness.	The primary benefit from annual facility operating costs is the year in which costs are incurred. Pool facilities have an expected service life of 10 to 50 years.	There are no negative effects arising from this activity.	Fees and Charges are the appropriate funding method for this activity to an affordable level. Funding required above this level will be met from General Rates due to the benefit the community as a whole derives from availability of the activity.
Marine Parade Pools	A safe and healthy City that supports community well-being	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from improved health and fitness.	The primary benefit from annual facility operating costs is the year in which costs are incurred. Pool facilities have an expected service life of 10 to 50 years.	There are no negative effects arising from this activity.	The Marine Parade Pools are treated separately from the Aquatic Centre as the facility is operated by a management agreement with a third party. The facility does not always generate sufficient funds to fund all asset maintenance and renewal. Any shortfall will be met by General Rates.
Bay Skate	A safe and healthy City that supports community well-being	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from the provision of a safe and accessible recreation facility.	The primary benefit from annual facility operating costs is the year in which costs are incurred.	There are no negative effects arising from this activity.	Fees and Charges are the appropriate funding method for this activity to an affordable level. Funding required above this level will be met from General Rates.



Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
McLean Park (this activity does not include the building assets)	A safe and healthy City that supports community well-being (primary) A vibrant, innovative City for everyone (secondary)	Direct benefits are to the users of the facilities. Indirect benefits flow to the community as a whole from the provision of a safe and accessible recreation facility. Indirect benefits flow to the local economy from sporting events.	The primary benefit from annual facility operating costs is the year in which costs are incurred.	There are no negative effects arising from this activity.	There is community good from the provision of this facility and associated events. Residual costs not covered Fees and Charges are met by General Rates.
Events and Marketing	A vibrant, innovative City for everyone	Direct benefits are to the event organisers and participants. Indirect benefits flow to the local economy and community as a whole.	The benefit from these activities is in the year the costs are incurred.	There are no negative effects arising from this activity.	The purpose of this activity is for the benefit of the community as a whole so funding is from General Rates. Initial funding from special funds has been used to minimise rates increases. Income is received from jointly organised events.
Housing	Excellence in infrastructure and public services for now and in the future	Direct beneficiaries and the tenants.	The benefits from this activity arise in the year costs are incurred.	The need for this service arises from the shortage of housing opportunities for some members of the community. There are no negative	Operating costs of this activity are funded by Fees and Charges.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
				effects arising from this activity..	
Libraries	A sustainable City (primary) A vibrant, innovative City for everyone (secondary)	Direct beneficiaries are the users of and visitors to the facilities and services. There is an indirect flow on benefit to the community as a whole through better well-being.	The primary benefit from annual facility operating costs is the year in which costs are incurred. Library stocks have an expected life of 4 to 15 years.	There are no negative effects arising from this activity.	Direct beneficiaries are identifiable but it is not appropriate or affordable to charge users the actual cost of operating the activity. Public expectation is that core library services are free and the LGA does not allow Council to charge residents a membership fee. Libraries fees and charges are applied to noncore services e.g., best seller collection, costs of lost or damaged items. Some grants and donations are received. Most costs are funded from General Rates.
MTG Hawke's Bay	A sustainable City (primary) A vibrant, innovative City for everyone (secondary)	Direct beneficiaries are the visitors to the facility. The MTG Hawke's Bay services include education programmes. There is an indirect flow on benefit to the community as a whole through access to historic material and	The primary benefit is achieved in the year expenditure is incurred. Benefits of capital items are expected to extend from 5 to 50 years.	There are no negative effects arising from this activity.	Through HB Museums Trust, Napier City Council and Hastings District Council provide funding for the management and care of the regional collection. Napier City Council's share of the regional collection costs is funded from General Rates. The MTG receives grants and donations in particular for the education programmes. The Fees and Charges for the operation of the theatre and retail



Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
		education programmes. The MTG archived collection is held in trust by the Hawke's Bay Museums Trust for the Hawke's Bay community.			shop are set at level that aims to cover costs. The balance of costs of non-collection activities are funded from General Rates due to the benefits to the community at large.
Napier Municipal Theatre	A vibrant, innovative City for everyone (primary) A sustainable City (secondary)	Direct beneficiaries are the users of the facility. There is an indirect community benefit through the protection and preservation of the Art Deco style of the theatre.	The primary benefit is achieved in the year expenditure is incurred. Life expectancy of the building is greater than 50 years.	There are no negative effects arising from this activity.	Full cost recovery by way of fees and charges for the Municipal Theatre would be prohibitive to users. The building itself contributes to the Art Deco heritage of Napier. As the facilities and services of this activity are available to and benefit the community as a whole, General Rates is the appropriate funding mechanism for the net costs.
Napier i-SITE Visitor Information Centre	A vibrant, innovative City for everyone	Benefits are received by the individual users and the business suppliers of services.	The primary benefit is achieved in the year expenditure is incurred.	There are no negative effects arising from this activity.	Operating costs are recoverable as part of the re-sale price for goods and services. Costs not recovered by Fees and Charges to be met by General Rates due to the benefits derived by the community at large.
Par2 MiniGolf	A vibrant, innovative City for everyone	Direct benefits are to the users of the facility.	The benefit is achieved in the year	There are no negative effects arising from this activity.	Fees and Charges are set at commercial rates to fund the operating and capital requirements of this facility. Recoveries

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
			expenditure is incurred.		above cost of operations are returned to General Rates.
National Aquarium of NZ	A vibrant, innovative City for everyone (primary) A sustainable City (secondary)	Direct benefits are to the users of the facility. The education function of the Aquarium benefits the school children concerned. Indirect benefits flow to local businesses, particularly those associated with the tourism industry. The community as a whole benefits from a more vibrant economy resulting from the wide range of qua	The primary benefit is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets.	There are no negative effects arising from this activity.	Fees and Charges are set a pricing structure consistent with other attractions. Council have resolved to fund costs of operations not recovered by Fees and Charges 100% from General Rates.
Napier Conference Centre (located in the War Memorial Centre)	A vibrant, innovative City for everyone	Direct benefits are to the users of the facility and services. Indirect benefits flow to local businesses, particularly those associated with the tourism industry. The community as a whole	The primary benefit is achieved in the year expenditure is incurred.	There are no negative effects arising from this activity.	Fees and Charges, set at commercial rates, are the appropriate funding mechanism for this activity. Costs not recovered from Fees and Charges to be met by General Rates in recognition of the public good aspect of this facility.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
		benefits from a more vibrant economy.			
Kennedy Park Resort	A vibrant, innovative City for everyone	Direct benefits are to the users of the facility. Indirect benefits flow to local businesses and the community as a whole benefits from a more vibrant economy.	The primary benefit is achieved in the year the expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the activity assets. Activity assets have life ages ranging from 5 to 50 years.	There are no negative effects arising from this activity.	This facility is user pays. Fees and Charges are set at commercial rates and generate an annual surplus which is applied to General Rates. Surpluses returned to General Rates over a period of years are used to renew and replace capital items along with loan funds serviced from operating surpluses.
Sportsgrounds	A safe and healthy City that supports community well-being (primary) A sustainable City (secondary)	Direct benefits are to the users of the recreation facilities as participants and spectators of sports events. Indirect benefits flow to the community as a whole from the provision of a safe and accessible recreation facilities.	The primary benefit of operating expenditure is achieved in the year expenditure is incurred. Sportsgrounds have an expected service life of 50 years.	There are no negative effects arising from this activity.	Fees and Charges are applicable where users have the exclusive use of grounds and facilities. General use is considered a public and is funded from General Rates.

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
Reserves	A sustainable City (primary) A safe and healthy City that supports community well-being (secondary)	Direct benefits are to the infrequent exclusive users of reserves. Indirect benefits flow to the community as a whole from the provision of safe and accessible parks and reserves facilities.	The primary benefit of operating expenditure is achieved in the year expenditure is incurred. Benefits of capital expenditure are achieved over the expected life of the assets.	There are no negative effects arising from this activity.	Fees and Charges are applicable where users have the exclusive use of grounds and facilities. General use is considered a public and is funded from General Rates.
Property Holdings	Excellence in infrastructure and public services for now and in the future	Direct benefit is to the leaseholders and the users of Council buildings.	The primary benefit is achieved in the year the expenditure is incurred.	There are no negative effects arising from this activity.	Restrictions on use of funds applies to the income from leases as defined in the Hawke's Bay Endowment Land Empowering Act 2002. Funds from these leases and Council's commercial property portfolio are held in a special fund and used to support the costs of operating the Inner Harbour activity and foreshore reserves operating costs Net income from leases, rentals and licences received from other properties is held in Reserves.
Inner Harbour	Excellence in infrastructure and public services for now and in the future	Direct benefits are to berth-holders, boat owners and recreational water	Generally benefits arise in the year costs are incurred although the benefits from dredging accrue over	There are no negative effects arising from this activity.	Fees and Charges are charged at levels comparable to other facilities and are the appropriate source of funding for berthage and use of the boat ramp up to market

Activity	Contribution of Activity to Community Outcomes	Who Benefits	Period of Benefit	What Actions Create the Need	Separate Funding and Rationale
		users and the community in general	3 to 4 years, and maintenance and renewal of facilities over future years.		level. The remainder will be met from the HB Harbour Board Land Income Account.
Lagoon Farm	Excellence in infrastructure and public services for now and in the future (primary) A sustainable City (secondary)	Benefits are received by the City as a whole through the use of part of the farm as a ponding area during extreme weather.	The primary benefit is achieved in the year the expenditure is incurred.	There are no negative effects arising from this activity.	The operation of the Lagoon Farm funded from Fees and Charges with any shortfall met from General Rates.
Parklands Residential Development	Excellence in infrastructure and public services for now and in the future	Direct benefit is to the purchasers of sections created. Indirect benefits flow to the community through the provision of residential land for growth and development.	The benefit is in the year of section creation.	There are no negative effects arising from this activity.	Direct charging by tender process is applicable as residential lots are developed for resale. This activity provides a source of funding for other Council capital projects.

## Consideration of Section 101(3) B

The purpose of this consideration is to evaluate the overall impact of using all the funding tools available. Having identified the funding tools, Council has considered the effects of the different types of rates, the levels of fees including development and financial contributions and the use of funding policies<sup>1</sup> together with the impacts of debt on the community. In the developing these policies Council has considered the overall impact on the community and the long-term objectives of the city.

The requirement for this consideration is set out in section 101(3) of the Local Government Act, where the funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of the overall impact of any allocation of liability for revenue needs on the community.

As a result of this consideration, Council utilises the rating tools provided by the Local Government (Rating) Act 2002 to give effect to what it considers to be a fair and equitable allocation of rate funding across residential and non-residential properties in Napier City. This allocation is described in the following section entitled 'Rating Policy'.

The policy is included as part of the Revenue and Financing Policy and states Council's policy in relation to the use of rating tools including targeted rates, general rates and the basis for setting general rate differentials and uniform annual general charges.

As outlined below the allocation of general rates is determined every three years based on assessment of benefits arising from each of the General Rate funded activities to residential and non-residential properties respectively.

## Rating Policy

The rating system provides for the net funding requirement (after taking into account all other income sources including fees and charges) of the Council's programmes as outlined in the Long Term Plan or Annual Plan.

Rates are set and assessed in compliance with the statutory provisions of the Local Government (Rating) Act 2002.

Apart from Targeted Rates for property based services, rates are allocated to specific properties based on:

Land values (capital values for the Fire Protection Rate) as supplied under contract (present contractor being Quotable Value Limited). Napier City was revalued in 2017, and these values will apply from 2018/19 to 2020/21, and A Uniform Annual General Charge (UAGC) set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding Water Supply and Sewage Disposal, to recover about 20% of total rates.

Council applies the following rates.

## General Rates

**Uniform Annual General Charge** - as indicated above charged to each separately used or inhabited portion of a property.

**General Rate** - Based on land values and differentially applied. Recovers the balance of the rating requirement not received from any other rate.

### Differentials – General Rate

The following categories explain the differentials applied to the Napier City General Rate:-

#### Residential Properties (70% of General Rate)

Group 1 City Residential

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<sup>1</sup> The funding policies are: Liability Management Policy; Investment Policy; Rates Remission Policy; Rates Postponement Policy; Policy on the Remission and Postponement of Rates on Māori Freehold Land; and Development and Financial Contributions Policy



All costs apportioned to residential properties, less the share apportioned to Bay View, are used to calculate the rates for City Residential properties. For the purpose of setting differentials the City Residential rate is set at 100% and other differentials are set as a %age relative to the City Residential rate.

#### Group 6 Bay View Residential

Group 6 includes all properties in Bay View as defined on Council maps. An allocation of costs to Bay view drives to calculation of the share of rates charged to bay View properties and this is converted to a differential percentage relative to city residential properties.

#### **Non- Residential Properties (30% of General rate)**

##### Group 2 Commercial/Industrial

All properties within the Napier City territorial boundary, excluding those in groups 5 and 6, which are used predominantly for commercial or industrial purposes are included in differential category two. This group is the main non-residential category. The rates, and relative differential, are calculated by taking the 30% non-residential share of the general rate requirement, less rates apportioned to groups 3, 4 and 5, and apportioning this requirement amongst the properties in this group based on property value.

##### Group 3 Miscellaneous

The miscellaneous category includes all lodge rooms, halls, homes for the elderly, private hospitals, public utilities, pensioner flats, schools, kindergartens and playcentres, sports clubs, no profit-making organisations and vacant substandard sections together with any land used by public schools and other miscellaneous crown properties which are rateable. This category is charged at the same rate as residential properties.

##### Group 4 Rural – Ex City

All rural properties, which are situated in an area not provided with normal city services, and which is not capable of development because of lack of city services, excluding those properties in differential group 4. These properties are charged based on an assessment of costs applicable to rural properties.

##### Group 5 Rural – Other

All properties previously in the Hawke's Bay county area, except those that are in Group 6 or those that have been reclassified into other differential groups. These properties are charged based on an assessment of costs applicable to rural properties.

The allocation of General Rates between residential and non-residential properties is reviewed triennially to coincide with the revaluation of Napier City. The allocation is determined by assessing the benefits from each of the General Rate funded activities to residential and non-residential properties respectively.

The last review was undertaken during 2017/18 to apply from 2018/19. The review determined that an overall allocation of 70% of total general rates, including the UAGC, should be collected from residential properties and 30% from non-residential properties.

Following is a summary of the Assessed Benefits Allocations, resulting from the last review.

**Assessed Benefits Allocation of General Rates Funded Activities**

Activity	Rate Funded Cost 2017/18	Allocation %		Cost Allocation \$	
		Residential	Non Residential	Residential	Non Residential
Democracy and Governance	3,320,100	74	26	2,456,874	863,226
Sportsgrounds	2,870,600	75	25	2,152,950	717,650
McLean Park	489,000	75	25	366,750	122,250
Napier Aquatic Centre	1,658,800	95	5	1,575,860	82,940
Marine Parade Pools	192,700	70	30	134,890	57,810
Par2 MiniGolf	-115,700	70	30	-80,990	-34,710
Bay Skate	135,500	70	30	94,850	40,650
Reserves	3,410,100	90	10	3,069,090	341,010
Inner Harbour	264,600	77	23	203,742	60,858
Libraries	3,369,500	90	10	3,032,550	336,950
Napier Conference Centre (located at the War Memorial Centre)	-158,200	40	60	-63,280	-94,920
Municipal Theatre	301,800	80	20	241,440	60,360
MTG Hawke's Bay	2,130,100	70	30	1,491,070	639,030
Community Strategies	1,000,100	90	10	900,090	100,010
Grants	730,800	90	10	657,720	73,080
Housing	63,500	95	5	60,325	3,175
Community Facilities (Halls)	284,000	90	10	255,600	28,400
Cemeteries	472,000	95	5	448,400	23,600
Public Toilets	902,400	88	12	794,112	108,288
Emergency Management	524,200	69	31	361,698	162,502
City & Business Promotion	890,300	40	60	356,120	534,180
City Promotion Grants	68,500	10	90	6,850	61,650





Activity	Rate Funded Cost 2017/18	Allocation %		Cost Allocation \$	
		Residential	Non Residential	Residential	Non Residential
Public Toilets	902,400	88	12	794,112	108,288
Emergency Management	524,200	69	31	361,698	162,502
City & Business Promotion	890,300	40	60	356,120	534,180
City Promotion Grants	68,500	10	90	6,850	61,650
Events Promotion & Marketing	783,100	40	60	313,240	469,860
National Aquarium of NZ	538,900	20	80	107,780	431,120
Napier i-SITE Visitor Centre	253,600	30	70	76,080	177,520
Kennedy Park Resort	-1,038,300	30	70	-311,490	-726,810
Property Holdings	-797,500	74	26	-590,150	-207,350
City Development	1,220,800	20	80	244,160	976,640
Regulatory Consents	603,300	66	34	398,178	205,122
Building Consents	509,900	88	12	448,712	61,188
Environmental Health	435,100	84	16	365,484	69,616
Animal Control	216,600	95	5	205,770	10,830
Transportation	11,286,300	50	50	5,643,150	5,643,150
Waste Minimisation	694,100	82	18	569,162	124,938
Stormwater	4,095,000	80	20	3,276,000	819,000
<b>Total</b>	<b>41,605,600</b>			<b>29,262,787</b>	<b>12,342,813</b>
				<b>70%</b>	<b>30%</b>

**Basis of Allocation****KEY:**

R = Residential, in Napier City and Bay View

NR = Non Residential, including rural properties and properties in Meeanee and Jervois town

**Democracy & Governance**

Based on the total rateable capital value of each of the property categories.

**Sportsgrounds**

The non-residential portion was assessed on the commercial benefits of sportsgrounds, in particular Park Island.

The balance was allocated as residential.

**McLean Park**

The non-residential portion was assessed on the commercial benefits of McLean Park (including Rodney Green Centennial Events Centre).

The balance was allocated as residential.

**Napier Aquatic Centre**

The non-residential portion is based on use by non-residential users, including users from outside Napier.

**Marine Parade Pools**

The non-residential portion is based on use by non-residential users, including users from outside Napier and the assessed commercial benefits of the Marine Parade Pools.

**Par2 MiniGolf**

The non-residential portion is based on use by non-residential users, including users from outside Napier and the assessed commercial benefits of Par2 MiniGolf.

**Bay Skate**

The non-residential portion is based on use by non-residential users, including users from outside Napier and the assessed commercial benefits of Bay Skate.

**Reserves**

The non-residential portion was assessed on:

- a visitor promotion component on expenditure on foreshore reserves and major greenbelt reserves; and
- a visitor promotion component, particularly on expenditure for the City's high profile public gardens.

The balance was allocated as residential.

**Inner Harbour**

12.5% of cost reflects benefits to direct commercial users such as fishing companies and other fishing industry servicing companies. Remaining costs reflect general benefits to the community and are allocated on the number of rateable properties (88% R, 12% NR).

**Libraries**

Non-residential portion assessed on a share of general benefit to the community (5%) and to a share of membership (5%). The balance is allocated as residential.

**Napier Conference Centre (located in the War Memorial Centre)**

The majority of use is by corporate/commercial businesses. A smaller percentage of use relates to ratepayer residential purposes such as weddings.

**Napier Municipal Theatre**

The majority of usage benefits the local and regional community through residents attending theatrical events, etc. The remainder relates to commercial hire and the benefits of this to non-residential beneficiaries.

**MTG Hawke's Bay**

Residential based on the benefits to residential ratepayers through cultural enrichment from an important community/public facility. The balance is allocated as non-residential to reflect the tourism economic impact.

**Community Strategies**

Based on an assessed allocation of the services provided to the categories of beneficiaries.

**Grants**

Based on an assessed allocation of community related benefit.

**Housing**

Services provided by the Housing activity are primarily of benefit to residential. The maintenance and operation of the complexes provides a small commercial benefit.

**Community Facilities (Halls)**

Based on the current usage

**Cemeteries**

Based on the number of residential and rural properties.

**Public Toilets**

Based on the number of rateable properties.

**Emergency Management**

Based primarily on the value of improvement to properties, but adjusted to recognise the priority of restoring the business and commercial activities of the City following an emergency.

**City and Business Promotion**

Based on an assessed allocation of the services provided.

**City and Promotion Grants**

Based on an assessment of the beneficiaries of the grants.

**Events and Marketing**

Based on an assessed allocation of the services provided.

**National Aquarium of NZ**

The majority of people visiting are from outside of Napier, with benefits to the commercial tourism support sector. The Napier residential community benefits from visits and various functions.

**Napier i-SITE Visitor Centre**

Based on usage. Local residents source local and national information especially for visiting friends and relatives. Commercial activity and accommodation operators use the Centre to advertise their products and receive bookings.

**Kennedy Park Resort**

Residential benefits include accommodation for friends and family, quality of life/tourism benefits and employment opportunities. Non-residential benefits include commercial opportunities for local goods and service providers and commercial sector benefits from tourism activity generally.

**Property Holdings**

Based on the total rateable land value of each of the property categories.

**City Development**

Based on the proportion of the District Plan related to the various categories of properties.

**Regulatory Consents**

Based on the average number of subdivision, non-notified and notified consents issued over the last three years for the various categories of properties.

**Building Consents**

Based on the average volume of building consents for the last three years.

**Regulatory Solutions**

Based on actual time and effort and materials on each type of activity, and the following assessment of benefit by function:

- General Licences 30% R 70% NR
- Liquor Licensing 10% R 90% NR
- General Activities 100% R
- Monitoring 90% R 10% NR

**Animal Control**

Based on the number of residential and rural properties.

**Transportation**

Allocation for traffic related costs (76% of roading expenditure) based on network analysis of the number and reasons for trips.

Allocation for amenity related costs (24% of roading expenditure) based on the number of rateable properties.

**Waste Minimisation**

Based on the number of rateable properties, with a multiplier of two for commercial/ industrial properties to allow for litter generation.

**Stormwater**

Based on a combination of:

- costs for maintenance and reticulation allocated between urban and rural areas on an actual expenditure basis - urban areas reallocated to residential and non-residential for disposal costs based on run off determined from land area and run off coefficient obtained from the building code; and
- infrastructural asset renewal costs fully allocated to urban areas, with allocation between residential and non-residential based on run off (see above).

Apportionment of other costs based on number of rateable properties.

**Targeted Rates****Water Rates****Fire Protection Rate**

- Recovers 13.24% of the net costs of the water supply systems before deduction of water by meter income.
- Applied differentially in recognition that the carrying capacity of water required in the reticulation system to protect commercial and industrial properties is greater than that required for residential properties. The rates is based on the capital value of properties based property type and location and further differentiated between properties that are connected and are not connected to the water supply system. Properties in the CBD pay 4 times the base differential and suburban shopping centres, hotels and motels and industrial properties outside of the CBD pay 2 times the base differential. When a property is not connected the differential is discounted to be 50% of the differential that would apply if a property was connected.

**City Water Rate and Bay View Water Rate**

- Recovers the balance of the total net cost of the City and Bay View water supply systems.
- Charged as a uniform amount per separately used or inhabited property (SUIP) on a differential basis as follows
  - Connected properties pay 100% of the assessed annual charge
  - Properties non-connected but within 100m of the network pay 50% of the assessed annual charge.

**Water by Meter Charges**

- Based on actual water use after the first 300m<sup>3</sup> per annum and applies to all non-domestic water users in the Napier Water Supply Area, and metered domestic supplies in Bay View and other metered properties outside the Napier Water Supply Area.

**Refuse Collection and Disposal Rate**

Recovers the net cost of the Refuse activity, excluding costs related to litter control and the kerbside recycling collection service

**Kerbside Recycling Rate**

Recovers the net cost of the kerbside recycling collection service.

**Sewerage Rate**

Recovers the net cost of the Wastewater Activity.

- Charged as a uniform amount per separately used or inhabited property (SUIP) on a differential basis as follows
  - Connected properties pay 100% of the assessed annual charge
  - Properties non connected but within 30m of the network pay 50% of the assessed annual charge.

**Bay View Sewerage Connection Rate**

Recovers loan servicing costs on loans raised to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

**Off Street Car Parking Rates**

**CBD Off Street Car Parking Rate** - to provide additional off street car parking in the Central Business District where properties are in an area with a parking dispensation. This is charged on a differential basis where properties within the 100% parking dispensation area pay 100% and those in the 50% parking dispensation area pay 50%.

**Taradale Off Street Car Parking Rate** - to provide additional off street car parking in the Taradale Suburban Commercial area.

**Suburban Shopping Centre off Street Car Parking Rate** - to provide additional off street car parking at each of these areas served by Council supplied off street car parking, and to maintain the existing off street car parking areas.

**CBD Promotion Rate**

Recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc. The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

**Taradale Promotion Rate**

Recovers the full cost of the Taradale Marketing Association's promotional activities.

**Swimming Pool Safety Rate**

Recovers the cost of residential pool inspections and related costs to ensure owners meet the legal requirements of the Building Act 2004 and Building (Pools) Amendment Act 2016.

Full details of the rating system are included in the Funding Impact Statement.

**Policy Review**

The review timeframe of this policy will be no longer than every three years.



**Document History**

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



Rates Remission Policy			
Approved by	Council		
Department	Finance		
Original Approval Date	30 June 2015	Review Approval Date	June 2019
Next Review Deadline	30 June 2021	Document ID	
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002		
NCC Documents Referenced	Published in the Long Term Plan 2018-2028 which was reviewed between March/Apr 2018 and adopted on 29-06-18 Reviewed and amended as part of 2019/20 Annual Plan		

## Purpose

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

## Policy

### 1. Remission of Penalties

#### Objective

The objective of this part of the Rates Remission Policy is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

#### Conditions and Criteria

Penalties incurred will be automatically remitted where Council has made an error which results in a penalty being applied.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. This will apply in the case of death, illness, or accident of a family member, at about the times rates are due.

Remission of the penalty will be considered if the ratepayer forgets to make payment, claims a rates invoice was not received, is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Remission of a penalty will be considered where sale has taken place very close to due date, resulting in confusion over liability, and the notice of sale has been promptly filed, or where the solicitor who acted in the sale for the owner acted promptly but made a mistake (e.g. inadvertently provided the wrong name and address) and the owner cannot be contacted. Each case shall be treated on its merits.

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

## **2. Remission for Residential Land in Commercial or Industrial Areas**

### **Objective**

To ensure that owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

### **Conditions and Criteria**

To qualify for remission under this part of the policy the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the City of Napier District Plan, copies of which are available from the Council office.
- Be listed as a 'residential' property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council office.

Rates will be automatically remitted annually for those properties which had Special Rateable Values applied under Section 24 of the Rating Valuations Act 1998 up to 30 June 2003, and for which evidence from Council's Valuation Service Provider indicates that, with effect from the 2002 revaluation of Napier City, the land value has been penalised by its zoning. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this part of the policy must make an application in writing addressed to the Chief Financial Officer.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

Where an application is approved, the Council will direct its Valuation Service Provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the district. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the Valuation Service Provider's decision is final as there are no statutory right of objection or appeal for values done in this way.

## **3. Remission for Land Subject to Special Preservation Conditions**

### **Objective**

To preserve and encourage the protection of land and improvements which are the subject of special preservation conditions.

### **Conditions and Criteria**

Rates remission under this Section of the policy relates to land that is subject to:

- A heritage covenant under the Historic Places Act 1993; or
- A heritage order under the Resource Management Act 1991; or
- An open space covenant under the Queen Elizabeth the Second National Trust Act 1977; or
- A protected private land agreement or conservation covenant under the Reserves Act 1977; or
- Any other covenant or agreement entered into by the owner of the land with a public body for the preservation of existing features of land, or of buildings, where the conditions of the

covenant or agreement are registered against the title to the land and are binding on subsequent owners of land.

Ratepayers who own rating units meeting this criteria may qualify for remission under this part of the policy.

Rates will automatically be remitted annually for those properties which had Special Rateable Values applied under Section 27 of the Rating Valuations Act up to 30 June 2003, and which meet the above criteria. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this part of the policy must apply in writing to the Council office, and must provide supporting documentary evidence of the special preservation conditions, e.g. copy of the Covenant, Order or other legal mechanism.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year.

Applications for remission under this part of the policy will be approved by the Council. The Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Where an application is approved, the Council will direct its Valuation Service Provider to inspect the rating unit and provide a special valuation. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the Valuation Service Provider's decision is final as there is no statutory right of objection or appeal for values done in this way.

The equivalent special rateable value will be determined by the Valuation Service Provider on the assumption that:

- The actual use to which the land is being put at the date of valuation will be continued; and
- Any improvements on the land will be continued and maintained or replaced in order to enable the land to continue to be so used.

It will be assessed taking into account any restriction on the use that may be made of the land imposed by the mandatory preservation of any existing tenements, hereditaments, trees, buildings, other improvements, and features.

#### **4. Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount on Rating Units Owned by the Same Owner**

##### **Objective**

To provide for relief from UAGC and Targeted Rates of a fixed amount per rating unit or separately used or inhabited parts of a rating unit, where two or more rating units are owned by the same person or persons, and are

part of a subdivision plan which has been deposited for separate lots, or separate legal titles exist; or

- but the rating units may not necessarily be used jointly as a single unit, and each rating unit does not benefit separately from the services related to the UAGC and Targeted Rates.

##### **Conditions and Criteria**

Remission of UAGC and Targeted Rates of a fixed amount applies in the following situations:

- Unsold subdivided land, where as a result of the High Court decision of 20 November 2000 'Neil Construction and others vs. North Shore City Council and others', each separate lot or

title is treated as a separate rating unit, and such land is implied to be not used as a single unit.

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

## **5. Remission for Water Rates (by meter)**

### **Objective**

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

### **Conditions and Criteria**

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

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

### **Objective**

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

### **Conditions and Criteria**

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

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

## **7. Remission for Special Circumstances**

### **Objective**

To enable Council to provide rates remission for special and unforeseen circumstances, where it considers relief by way of rates remission is justified in the circumstances.

### **Conditions and Criteria**

Applications for rates remission must be made in writing by the applicant.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of remission will be decided by Council on a case by case basis. The applicant will be advised in writing of the outcome of the application.

## Policy Review

The review timeframe of this policy will be no longer than every three years.

## Document History

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

**Rates Remission Policy, 2019 – Individual Submissions received**

<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
1	Emma Hargreaves	Yes	N/A
2	Susan Neera	No	I do not agree to a rates increase and I want chlorine-free water.
3	Jed Graham	Yes	N/A
4	Gary Curtis	Yes	N/A
5	Heidi Beck	No	<p>I am extremely disappointed that the council is still chlorinating our pristine water. Why is so incomprehensible for council members to understand that chlorine kills germs and that our gut functions due to a healthy balance of gut bacteria. Your chlorine is disrupting our digestive tract and our immune system causing various health problems for many people. I am absolutely against permanent unnecessary chlorination. You have continued to scare monger the public with potential diarrhea outbreaks as in HVN. Napier water is from a different source!!!!!!!!!!!!</p> <p>Instead of increasing our rates to toxify us, use the money to upgrade our water supply system, do something about the farming industry polluting the waterways and make it a priority to give us clean and HEALTHY water. Christchurch can do, other countries have eliminated chlorine etc. Talk to the people of Napier and I have not heard a single person who is happy with the councils handling of this situation.</p> <p>I will not vote at the next election for anyone who is not making clean water a priority. Don't underestimate how many are of the same opinion.</p>
6	Jude Paton	Yes	Seems sensible
7	Terry Woods	Yes	It would be helpful if future proposed changes could have reasons for each proposed change included with the consultation. I'd like to see some public reporting done on the level of remissions each year,





			including a breakdown on the reasons why it was done. This would provide transparency to keep our council completely honest.
8	Leslie Dollery	Yes	The rates rebate scheme, and particularly the closing date, is not well-advertised. While it may be widely known to people who are always eligible such as super annuitants and long-term beneficiaries, I doubt it is known to many people whose circumstances change as a result of the breakdown of a relationship or job loss. I have had difficulty finding information on the website and I do not get a newspaper. There is a small section on the back of the rates bill but there is no date given. Last year I missed the rebate as I was given the wrong date by a friend and I was devastated as \$600 is a substantial amount of money for a low-income earner. It should also be possible to complete the paperwork online without any need to go in to council.
9	Patricia Hastings	Yes	For ratepayers living on cross lease sections should not pay the full amount of rates each. For example: 3 adjoining flats on a 758m2 section, land value \$180,000. General rate is \$873.52 × 3 flats = \$2620.56. Full Rates charged per flat is \$1929.31. Multiply by 3 = \$5787.3. Um !! Similar to loan shark behaviour in my opinion. Most people living in these flats are at the lower end of income and yes they can apply for a subsidy but it's still a struggle. Who is responsible for this gross overcharging and who is it that a formal complaint should be addressed to. Regards. Pat Hastings.

**Revenue and Financing Policy, 2019 – Individual Submissions**

<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
1	Phil Norman	No	No indication has been given on how the contribution by property owners of 3% of total cost has been arrived at. As they are the rate payers who benefit most from the revetment 3% seems to be an inadequate contribution.
2	Gary Curtis	No	Agree with targeted rates – disagree with increasing general rates for animal control.
3	Stephen Moretta	Yes	Still concerned about water supply, what is the danger to tap water without chlorine as taste is disgusting. Over time can the upgrade of pipes and aquifer make the water good enough to drink from the tap eventually.
4	Dennis and Pip Glenn  (Whakarire Ave resident)	No	<p>10 May 2019</p> <p>Napier City Council Private bag 6010 Napier 4142</p> <p>ANNUAL PLAN 2019/20 SUBMISSIONS WHAKARIRE REVETMENT</p> <p>1. Dennis and Pip Glenn and the DG and PJ Glenn Family Trust (the Glenn's), owners of 15 Whakarire Ave. We are in receipt of your letter 3 April 2019 containing proposals for the Whakarire Revetment and the targeted rate. We are also in receipt of your letter of 17 April 2019 which varied the proposal in relation to stormwater.</p> <p>2. A resource consent was granted for the Whakarire Revetment following the removal of the Glenn's', and a number of other Whakarire Avenue residents, objection. The removal of that objection was based on a dialogue with Napier City Council (NCC). That involved assurances made by NCC to the Glenn's that they would be regularly and actively consulted regarding the further steps and stages in the Whakarire Revetment. They were told that existing vegetation would be retained where possible. At no stage did NCC indicate to them that residents</p>

<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
			<p>would be asked to fund the Revetment. At no stage did NCC indicate to them that stormwater discharge from the properties would be either redirected from the reserve to the roadside kerb or would be directed to a swale and large culvert directly in front of their property.</p> <p>3. NCC's letters of 3 and 17 April 2019 set out the proposal for the Revetment and the targeted rates. The Glenn's were not consulted regarding the conditions that NCC now seeks to impose as part of the Revetment. Further NCC is seeking to impose considerable burdens/impacts that were not mentioned in the consultation leading up to the resource consent. These include:</p> <p>(1) The requirement of residents to partially fund the Revetment through targeted rating; and</p> <p>(2) The requirement to redirect stormwater discharge from the reserve to the roadside kerb or alternatively to a swale and large culvert directly in front of their property; and</p> <p>(3) The requirement to remove vegetation.</p> <p>4. It follows that the Glenn's are opposed to the Revetment and to the targeted rating because NCC is imposing conditions which it had not disclosed in the process leading up to the resource consent. Further Council has breached its obligation to consult with the Whakarire Avenue residents.</p> <p>5. In addition to issues regarding consultation and misrepresentation the Glenn's oppose the revetment for the further reasons set out below:</p> <p>(1) They do not believe the Revetment will be of benefit to their property. In fact it is now clear that it will adversely impact their property ;</p> <p>(2) They do not accept that there is an issue with public access. The area is well used by a public, school and other groups;</p> <p>(3) They have concerns regarding the protection of properties when plants and barriers are removed, and work is being done in the Revetment. Council have provided no assurance that proper measures will be in place to protect</p>

<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
			<p>the properties during the construction phase.</p> <p>(4) They do not understand why the NCC are pushing for the Revetment? Why would NCC want to spend this sort of money when there is limited support from the affected residents? Who is driving the Revetment and why?</p> <p>Yours sincerely Dennis and Pip Glenn 15 Whakarire Ave Westshore Napier</p>
5	Richard Karn	No	<p>I have ticked NO because I oppose the way this is being done. I do not oppose the concept of a targeted rate.</p> <p>The financial summary for this project provided in the Agenda paper, tabled for discussion at the NCC Finance Committee meeting on 16 October 2018, states that the revetment will be funded by a 25 year Term Loan, at an average interest rate of 7%.</p> <p>This means the \$1.7M estimated build cost of revetment, balloons out to \$3.7M when the interest charges are added.</p> <p>On 2 May 2019, the CFO, Mrs. Thompson, informed me the loan will be raised from Council reserve funds.</p> <p>The Council reserve funds are ultimately owned by Napier ratepayers.</p> <p>Therefore Napier ratepayers are being charged interest on their own money, loaned from their own reserve funds, for a project that the ratepayers will be paying for in their future rate bills.</p> <p>This is unjustified and dishonest.</p> <p>If the revetment project can be funded from Council reserve funds, only the build cost should be charged to ratepayers.</p> <p>As far as the 3% private benefit contribution goes for the revetment, I don't have an issue with this, as long as it is 3% of the build cost, not 3% of some</p>

<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
			artificially inflated, interest bearing "Whole of Life" cost.
6	Davidson Family Trust (Barry and Janet Davidson - Trustees  (Whakarire Ave resident)	No	The Davidson Family Trust objects to the existing Whakarire Revetment Plan because of the following points; (1) It attempts to duplicate already existing safe road and dual pathways to the land point. (2) It fails to fully protect properties from sea level rising. (3) It places an undetermined cost on Whakarire Avenue residents for questionable value to them. (4) It does not address landscaping issues including prevention of proximity and public access to owners properties ie;fencing along their boundaries or a guarantee of planting as a fencing alternative. (5) It increases security risk on the affected dwellings with indecisive regard for safety, screening and shelter.
7	Nicole McKinley	No	N/A
8	Raewyn and Max Goodall  (Whakarire Ave resident)	No	We would like to put on record our opinion on the impending construction of a revetment wall in front of our property and subsequent concrete pathway which could lead to extra amenities being added.  Having purchased the section from NCC, we have been a resident at 19 Whakarire Avenue for nearly 29 years. After many discussions and meetings about what may and eventually "has not happened" regarding a wall, there is now a push for this wall to happen. There has been no regular consultation and it now appears to have changed again without consultation. Our neighbours at #17 end up with a big culvert in front of their property which we think

<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
			<p>will affect our property as well.</p> <p>Forward more to recent times – after the rocks were added to the groyne – the erosion has in fact reversed.</p> <p>We presently have lots happening in the small pool. There are groups of children who come and learn to kayak when the tide is in. There are always people fishing off the rocks. There are families who come down with children to swim in the pool as it's not too deep. And there are a lot of children who come down to search amongst the rocks for crabs etc. There are plenty of people who manage to get access.</p> <p>Creating a concrete path would entice a security problem for us. We have already been burgled with the access coming from the beach side of our property. The increased volume of users would add to our vulnerability.</p> <p>We are also against paying anything towards this revetment as it is firstly to protect NCC property and we don't wish to set a new funding precedence for the area.</p> <p>Our suggestion is ... why not just add to or adjust the existing groyne and put in a piled wooden path. It works very well with the Ahuriri lagoon and near the airport. It would still allow the activities to happen and it would also suit the coastal surrounds – NOT some concrete walkway.</p>



<i>Submission Number</i>	<i>Name</i>	<i>Do you agree with the changes</i>	<i>Any other comments</i>
			<p>This, in turn, would allow us to keep maintaining the council-owned land in front of our property as we have done for nearly 29 years other residents a lot longer.</p> <p>Regards Raewyn and Max Goodall</p>
9	Dorothy Townshend (Whakarire Ave)	No	Changes to a targeted rate and associated plans to reserve land between revetment and private property are strongly opposed for reasons detailed in letter sent to Wayne Jack by counsel today.

## 2. SUBMISSIONS ON THE ANNUAL PLAN 2019/20 CONSULTATION DOCUMENT

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	751752
<i>Reporting Officer/s &amp; Unit:</i>	<p>Adele Henderson, Director Corporate Services</p> <p>Jon Kingsford, Director Infrastructure Services</p> <p>Richard Munneke, Director City Strategy</p> <p>Antoinette Campbell, Director Community Services</p> <p>Natasha Carswell, Manager Community Strategies</p> <p>Caroline Thomson, Chief Financial Officer</p> <p>Catherine Bayly, Manager Asset Strategy</p> <p>Jane McLoughlin, Corporate Planner</p>

### 2.1 Purpose of Report

To present the submissions received on the Annual Plan 2019/20 Consultation Document for Council's consideration.

#### Officer's Recommendation

That Council:

- a. Adopt the following officer recommendations, including any changes and/or additional recommendations arising from the deliberations and consideration of all submissions to the Annual Plan 2019/20 Consultation Document:

#### i. Waste Management:

That Council proceed with the part pay option, that is,

1. using reserves of \$1.3 mil to absorb the increased cost of the kerbside recycling service over the next three financial years, 2019/20, 2020/21 and 2021/22.
2. For 2019/20, seven hundred thousand dollars (\$700,000) will be used from the capital reserve, and the remainder of the increased cost of \$683,000 will be paid from rates.

#### ii. Disaster Relief Trust:

That Council proceed to establish the Trust.

#### iii. Whakarire Targeted Rate:

1. That Council agree to delay the project to provide the opportunity to re-engage with affected parties as to the necessity, final form and

funding options of the proposed revetment, and withdraw the proposed targeted rate component of the project from this annual plan.

2. That Council agree that the funding allocation for the Whakarire Ave Rock Revetment as outlined in the Long Term Plan (as \$1.737 mil for 2019/20), be moved to the 2020/21 financial year and inflated accordingly for LGCI price movements.
3. That Council note funding for the project will remain as a Loan- HBHB Endowment Land income, which is repaid through general rates, until such time that Council makes a formal decision on a targeted rate for Whakarire Ave residents.

**iv. Water projects:**

That Council proceed with bringing forward water related capital projects of \$7.8m, and

1. Council endorse the change of the funding source for all 3 Waters projects in the capital programme for 2019/20 which are currently funded by rates, to be funded by loans-rates to better reflect inter-generational equity of the investment (\$860k).
2. That Council work with the Ministry of Health to develop a community education campaign to inform the community of the risks of managing network water supplies, the need for chlorine and the potential health impacts of chlorination.

**v. Provincial Growth Fund:**

That Council note that officers will report back on the success of applications to the Provincial Growth Fund.

- b. Note the following commitments from the Council Projects Fund for 2019/20.

*Requests committed during the year*

1. Taradale Community Pool Trust \$50k
2. Enviroschools \$15k
3. Napier Community Advice Bureau \$30k

- c. Consider funding requests to the annual plan and provide direction to Council Officers.
- d. Direct officers to prepare the Annual Plan 2019/20 document in accordance with the recommendations above (a-c).
- e. Direct officers to advise the submitters of Council's decision in relation to their submission at the time of the adoption of the Annual Plan 2019/20 on 28 June 2019.

**Acting Mayor's Recommendation**

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

## 2.2 Background Summary

### Overview of the process to set the 2019/20 budget to date

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

The LTP is an intention's document, and sometimes plans change for a variety of reasons. Each year Council has to set an annual budget. To do that, Council must consider what (if any) changes need to occur from what was projected in the LTP for the financial year in question. Council officers then need to assess any proposed changes against the criteria of significance and materiality.

Council's must consult with the community on any significant and material changes from the Long Term Plan and the annual plan.

The process to develop council's annual budget for 2019/20 involved a series of workshops with Councillors to set direction on the budget. These seminars occurred on 18 December, 29 January, 31 January, 28 February, 5 March and 19 March. Councillors were provided with cost pressures and efficiencies that could be made, and set direction to stay within the financial caps as outlined in the Financial Strategy.

On 15 March and 2 April, Council was presented with those changes that officers deemed significant and material and were provided with an opportunity to direct what type of engagement occurred on each topic.

### Council's approach to engagement with the community

A consultation document was adopted by Council on 2 April which included a number of topics, some which asked for particular feedback on an option, and others which were informative, but provided the submitter with an opportunity to provide further comments.

Submitters were also provided with an opportunity to comment on any topic they would like.

Consultation matters were:

- implementation of enhanced kerbside recycling and rubbish collection services,
- water projects,
- Regional Disaster Relief Trust,
- the Whakarire Revetment, and
- applications to the Provincial Growth Fund.

The Consultation Document also signalled the timing changes to the capital works programme.

The Consultation Document formed the basis for community engagement and focused on the key proposed changes for 2019/20. More detailed information was also provided in supporting information.

The consultation period with Napier residents was between 8 April and 13 May. Attachment A provides a Consultation Report with more detailed information.

### Council's consideration of feedback from the community

The Council is required to consider all submissions to the Annual Plan 2019/20 and recommend:

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

The following approach has been used to ensure decision-makers are well informed about feedback received on the Annual Plan 2019/20:

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

### Overview of feedback received from the community

A total of 218 written submissions were received from Napier residents, of which, 14 were from an organisation or group. Four groups made a funding request. Seven submissions were received in hardcopy form. Of the submissions received, respondents had the choice on whether they responded to some or all of the consultation topics, which has resulted in some topics having higher number of comments.

There were 77 of attendees at 3 'Have your say' events. All attendees were also given the opportunity to provide a written submission. 'Have your say' events provided a qualitative source of feedback to consider alongside the quantitative analysis of written feedback.

Of the 218 submissions, the following table shows the overview of results:

<i>Consultation topic</i>	<i>Number of submissions</i>	<i>Community preference</i>	<i>Number of comments</i>
Waste management	103 submissions	<b>Part pay from now – 70%</b> Full pay from now – 30%	73 comments 79 comments on future of kerbside recycling service
Water Supply	193 submissions	<b>Disagree – 66%</b> Agree – 22% Neutral – 11%	168 comments

<i>Consultation topic</i>	<i>Number of submissions</i>	<i>Community preference</i>	<i>Number of comments</i>
Regional Disaster Relief Trust	113 submissions	<b>Set up – 56%</b> Neither option – 25% Don't set up – 19%	33 comments
Whakarire Revetment	107 submissions	<b>Neutral – 53%</b> Agree – 33% Disagree – 14%	40 comments
Provincial Growth Fund projects	105 submissions	<b>Agree – 55%</b> Neutral – 34% Disagree – 10%	34 comments
Other	56 submissions	N/A	56 comments

## Waste Management – consultation topic

The Council sought the views of Napier residents on 2 options for paying for the increased costs of a kerbside recycling service:

- a. Part pay from now
- b. Full pay from now

103 submissions were received on the topic of waste management, of which 73 submitters provided comments in support of their submission, and an additional 79 comments were received on the topic of future of kerbside recycling.

Overview:

**Part pay from now – 70%**

Full pay from now – 30%

### Summary of submitter's comments

The majority of submitters expressed support for part pay from now. Residents expressed particular concerns around environmental outcomes and opportunities for Council to focus on waste minimisation – to advocate that waste should be minimised, and that the management of waste and recycling services should also minimise waste. The table below shows a summary of comments received.

### Organisation submitters on this topic

Tu Tangata Maraenui Trust, Clean Earth, Hapi Ora Ltd, Grey Powers Napier and Districts, and the Care of Creation (Catholic parish) all submitted to the plan.

Theme of feedback	Key points
Waste minimisation	<p>Council should encourage waste minimisation, advocate for central government changes to promote waste minimisation, or make/advocate for regulations on waste minimisation (34 submitters)</p> <ul style="list-style-type: none"> <li>- for incentives/regulations or focus on waste minimisation, so that there is less waste overall (13 submitters).</li> <li>- Council to advocate for changes to central government policy on waste products in particular to regulate or incentivise producers or distributors of waste to produce less (8 submitters)</li> <li>- wheelie bins for rubbish collection should be smaller to encourage residents to put less rubbish out (7 submitters)</li> <li>- regulation of packaging distributors (6 submitters)</li> <li>- awareness programmes (1 submitter)</li> </ul>
Rates affordability	<p>The cost of kerbside recycling collection services is very expensive, particularly for low income/fixed income ratepayers (18 submitters)</p> <ul style="list-style-type: none"> <li>- options for reducing cost burden of the service on low users and those on fixed income (5 submissions)</li> <li>- should retain use of reserves for other things (4 submitters)</li> <li>- competitive tender required (2 submitters)</li> </ul>
Recycling outcome is important	<p>Important that waste being collected is actually recycled (10 submitters)</p>



Recycling options	Recycling options (20 submitters) <ul style="list-style-type: none"> <li>- Other recycling options including a treatment plan, reducing receptacles, local contractors to provide the service, not council (10 submitters)</li> <li>- Status quo kerbside recycling (7 submitters)</li> <li>- Service for green waste (3 submitters)</li> </ul>
Wheelie Bins	Wheelie Bins (17 submitters) <ul style="list-style-type: none"> <li>- wheelie bins for rubbish collection should be smaller to encourage residents to put less rubbish out (7 submitters)</li> <li>- wheelie bins for recycling seen as a positive (7 submitters)</li> <li>- wheelie bins seen as negative (3 submitters)</li> </ul>

79 submitters on Waste Management provided their thoughts on the future of kerbside recycling. The key themes were similar to that of Waste Management as outlined above, with more focus on central government policy leadership, Council support for awareness programmes, penalties for packaging distributions, and only doing recycling if it is economically viable. In addition, the idea of a recycling depot was mooted.

- Focus should be on waste minimisation (47 submitters)
  - o Penalties for packaging distributors (11 submitters)
  - o Ensuring good recycling outcomes (9 submitters)
  - o Advocating for central government policy leadership (8 submitters)
  - o Council to support awareness programmes (4 submitters)
- Rates affordability/viability (9 submitters)
  - o Recycling service expensive and should only be done if economically viable
- Other recycling options (14 submitters)
  - o Recycling depot (6 submitters)
  - o More recycling (4 submitters)
  - o Status quo (3 submitters).

#### Waste Management Information and comment from Council officers

In consideration of the feedback received from submitters, Officers provide the following comments:

##### *Waste minimisation*

During the Waste Minimisation and Management Plan engagement, the community told us that enabling waste minimisation was important to them.

##### *Overseas products*

While Council recognises that many products are imported without obstacles and a penalty system would make recycling much more prevalent, in reality New Zealand as a whole accepts many non-recyclable items from overseas. A nationwide change is required so we do not end up being a dumping ground for imported single use materials which cannot be recycled. At the moment, the consumer has the most power by not selecting a particular product.

Council do not have regulatory ability to stop non-recyclable plastics coming in to the city boundary and require producers to have only recyclable material. Even if it did, the

purchase price of items would become very expensive or items would not be on the shelf.

#### *Reducing plastics at source*

Council absolutely supports the statement that the production of plastics needs to be reduced at the source. The consumer has a lot of power in this equation by making the right choices and modifying habits, and this will send a clear signal to producers of those plastics and the organisations that sell residents items in plastics. We will ensure an awareness programme is provided to Napier residents. This has already started with the reduction in accepted plastics to the ones that actually have a good chance of being recycled.

We also work to engage with national decision makers to endeavour for this to happen, and this requires a national collaborative approach which can be driven by local Councils.

There are many ways to incentivise a reduction of non-recyclable products being disposed of. Consumers are very powerful in that if we all change our habits slightly and work together to reject packaging at the source or purchase items only in recyclable containers (or better still, no container at all) the message will quickly get back to the retailers, suppliers, and plastics manufacturers.

#### *Clarity over what can be recycled*

Council will also undertake a public education campaign where we outline what is and is not recyclable. Our recycling collector will be armed with pamphlets and stickers to guide residents if too many non-recyclables are placed out for collection. We are aware that recycling covers a lot but the best way to think about it is: recycle food-grade and janitorial (household cleaning) grade only, that is anything that has had food, drink or non-toxic household products in it like glass bottles, tin cans, or plastics 1 or 2. Ultimately, the campaign will highlight the power that every consumer has to not purchase non-recyclable items.

#### *The cost of recycling services/affordability*

While Council recognises that recycling is a service costly to ratepayers and Council, the proposed costs were included in the joint consultation between Napier and Hastings and for this reason have recommended the additional costs associated with the service be brought in over a three year period.

If Council did not offer recycling, then those items would be sent to the landfill and this too is also costly to run and operate. There is also a risk that if Council stopped providing a kerbside recycling service, it may be very difficult to incentivise some residents to recycle. So on balance, Council's position is that it is the responsible things to do to provide a kerbside recycling service as it mitigates against rising costs of landfills, and has a better environmental outcome for Napier.

When items are recycled, they are turned into new items. When items are landfilled, they take up precious space which cannot be regained. It is everyone's duty in Napier and Hastings to extend the life of our Omarunui Landfill as much as possible.

Council recognises that we have fixed-income households. Napier City continues to have one of the lowest rate's levels across New Zealand. The rates increase for the annual plan has been kept within the rates affordability benchmark as agreed in the Long-Term Plan 2018-28. Council's proposal to utilise reserves in the first year provides

a lower cost to the rate for 2019/20. For low income earners, a rates rebate is available if they meet the criteria.

Council also recognises that recycling is seen as a core function of Council and this was supported by the feedback received during the consultation with public on the Joint Waste Minimisation and Management Plan 2018, and in subsequent surveys of public feedback on recycling services, Napier residents have provided feedback that there is strong support for Council delivering a recycling service. Council also sees the provision of a kerbside recycling service as a key role in assisting to minimise waste to the landfill, it may be perceived as costly, but it is the responsible thing to do.

#### *Regulation changes*

Council has also experienced changes to regulations that cause the cost of some services to increase at a higher rate that cannot be contained. This has been a specific issue for the recycling industry. Council continues to focus on other areas where we can drive our costs down to help offset those that we are unable to do so. Council went through a process of identifying savings as part of the Annual Plan setting process.

#### *Service delivery*

The waste and recycling market is small and to attract interest in a contract it is important to be flexible. Council is too small a client to make demands on the market, especially for recycling. We know the bigger contractors are after efficiency and want to reduce manual handling.

The kerbside recycling collection contract is currently out for tender which seeks an outcome of collecting the best recycling yield through methods that are safe, reduce damage to property, satisfy most of the people of our city and provide good data provisions to enable us to measure and manage better. The receptacle of the recycling contractor's choice to enable these outcomes will be assessed for appropriateness as part of the evaluation. This risk for the people of Napier is that if Council prescribe the method and receptacle, there may not be a contractor who is willing to provide the service at all, to meet those requirements, hence the reason for the outcome-based tender approach.

For the current recycling tender, it is outcome based, seeking to achieve the best outcomes for the largest number of customers, rather than being prescriptive in how we ascertain how the service is delivered - the methodology will be provided by the tenderers who will advise the best means of dealing with difficult streets, such as those on the Hill. This service offering will depend on the overall cost of the service and the feasibility to deliver a tailored service. Council will be responsible for the best decision for the community as a whole.

Tenders are open to all contractors – large, small, local, and international as we have procurement rules to follow. This is an opportunity for all providers to submit a competitive quote to Council for the kerbside services, but also enables non-priced attributes to be proposed which in some cases are weighted against priced attributes.

Non-recyclable plastics are no longer being collected at the kerbside, however the costs of running the recycling business, driving the trucks past the kerbside, employing staff, repairs and maintenance and so forth are all still required to pick up the paper, cardboard, grade 1 and 2 plastics, glass bottles and jars and tin and aluminium cans.

It is not recommended that Council consider a discount structure for the kerbside recycling service, as this is complicated and the market viability is changeable.

### *Recycling outcome*

Status quo is not an option as the current cost for the recycling service is unsustainable as the costs have increased significantly, and the market has dictated health and safety requirements, for example, recycling in bags is not allowed due to the safety implications of residents putting broken glass in plastic bags causing injury to recycle workers. We are also mindful of complaints on the current service.

Hawke's Bay has a very good circular economy for cardboard and paper that is utilised for apple trays and tin and aluminium for recycling. Glass is colour sorted at the kerb to get the best colour recycling available in the New Zealand market.

Plastics 1 & 2 are recycled within New Zealand where possible, however plastics 3-7 are problematic worldwide. The quantity of recyclables not provided for in Council's service, being grade 3-7 plastics will surface as a result of the recent change in acceptance criteria. Most people have a reasonable amount of grade 5's, but not much of the other types.

Commercial kerbside recycling services exist, but are generally focussed on business customers. In this market a lot of changes with regards to acceptance and price-levels had already occurred.

Council have looked into delivering the kerbside recycling service itself however it is more cost-effective and efficient for a specialist contractor to provide a service that they specialise in and have the custom-built plant and equipment for.

### *Ever-changing markets*

Markets for recycling are changeable. Acceptance and prices can change very quickly and this forces recyclers to find new markets for their product all the time. By collecting the valuable recycling materials and keeping them clean and separated, the best markets can be maintained. Collecting particular items that have no market or value through the recycling service puts the viability of the entire service at risk. When the market changes, the service can change again, which means the acceptance criteria can either grow or shrink.

### *Refuse wheelie bins*

The original proposed size for wheelie bins for rubbish was 80L in the Joint Waste Minimisation and Management plan 2018. Due to the extra amount of plastics after the move to accept 1 and 2 only and concerns that 80L would not be enough from the industry (especially around the festive season), Council has reintroduced the idea of the 120 litres. This is roughly the same capacity as the 2 x 60 litre bags that customers can put at the kerbside currently.

Wheelie bins for waste collection will not suit everyone. In residential Napier it is unlikely that a contractor will be willing to collect bags of rubbish in the future due to health and safety concerns with bags. Council's responsibility is to provide a service fit for the majority of the community, the majority of the time.

As part of the introduction of the new system for refuse, a fortnightly option (i.e 60L per week) or a lift-count using new technology (i.e. less than 26 lifts per annum), resulting in discounted rates, are being investigated as well. This would help the smaller users and incentivise reduction of waste. It will however not be half of the full service cost as the truck will drive the whole route every week.

### *Organics Collection Service*

Council are not currently looking at a full city, kerbside organics collection as there are adequate alternative options available including very cost effective and flexible options provided by commercial collectors:

- Council provides a drop off service at the Transfer Station to enable compostable material to be disposed of.
- Hawke's Bay has a commercial composting facility in Awatoto which accepts both domestic and commercial compostable material seven days per week.
- Many residents compost at home, or have the commercial green-waste service mentioned before.

Council officers are intending to incentivise both composting at home and the uptake of a commercial green waste collection service to promote diversion of compostable material from the landfill.

### **Officer's recommendation**

That Council proceed with the part pay option, that is,

1. using reserves of \$1.3 mil to absorb the increased cost of the kerbside recycling service over the next three financial years, 2019/20, 2020/21 and 2021/22.
2. For 2019/20, seven hundred thousand dollars (\$700,000) will be used from the capital reserve, and the remainder of the increased cost of \$683,000 will be paid from rates.

Officers will be developing an awareness programme as part of the WMMP to assist consumers to understand their power of choice in selecting products to consume, and that this awareness programme is going to be rolled out.

Officers will write to the Minister of Local Government with residents' concerns that central government policy leadership is needed on the issue of minimising products into New Zealand that are not able to be recycled.

## **Water Projects – new and existing projects delivered earlier**

193 submissions were received on the topic of water, of which 168 submitters provided comments in support of their submission. This was the highest amount of submissions received on any of the consultation topics in the Annual Plan and reflects the high level of public interest in Napier's water network, in particular, that residents want a water network free from chlorine.

Overview:

**Disagree - 66%**

Agree – 22%

Neutral – 11%

### Key organisation responses

Care of Creation (Catholic parish), Awatoto Development and Grey power support the changes to the Annual Plan.

Hapi Ora Ltd and Guardians of the Aquifer disagree with the changes to the Annual Plan.

### Summary of submitter's comments

Of those that clicked they disagree with the changes, the majority added comment that they wish to see a chlorine-free water network returned to Napier City. The actual bringing forward of projects wasn't a topic that submitters referred to as something negative. So although majority said they disagree with the proposed water programme changes, this is due to the water programme retaining chlorination.

Theme of feedback	Key points
Chlorine-free water network in Napier City	<p>137 submitters stated their preference for chlorine-free water in Napier, with only 3 submitters stating a preference to continue chlorination. Key reasons for removal of chlorine included, submitters reported:</p> <ul style="list-style-type: none"> <li>- just don't like chlorine in the water (72 submitters)</li> <li>- experiencing health issues due to chlorine (56 submitters)</li> <li>- if other places can do it such as Christchurch, and Netherlands model, why can't we? (22 submitters)</li> <li>- question on why are we selling our unchlorinated water overseas, if it's good enough for them, why not us? (14 submitters).</li> <li>- not enjoying the taste of chlorine (11 submitters)</li> </ul>
Water policy	<p>Napier needs to set direction on water better (12 submitters):</p> <ul style="list-style-type: none"> <li>- Values water as a precious resource. (3 submitters)</li> <li>- Don't sell our water/give it away (3 submitters)</li> <li>- Incentivising water use e.g. stormwater/greywater (3 submitters)</li> <li>- Planning for city development (4 submitters)</li> <li>- Mitigating adverse affects to Ahuriri Estuary (2 submitters)</li> </ul>

#### Napier City Council's submission to itself

Given the proposed recalibrated programme for water, Officers then reviewed the funding sources in the LTP for 3 waters e.g. Water Supply, Stormwater and Wastewater. Officers have submitted on the Annual Plan 2019/20 to change the funding for the 3 Waters capital projects, which are currently funded by rates, to be changed to be funded by loans-rates to reflect the inter-generational equity of this work.

#### Information and comment from Council officers

##### *Chlorine-free water network*

Council is required to manage our supply risks through the development of a Water Safety Plan (WSP) as mandated by New Zealand's Drinking Water Standards. Chlorine is provided to manage the risks of contamination within our pipes and reservoirs and is included in our WSP which is approved and signed off by the Hawke's Bay District Health Board via their Drinking Water Assessor.

Council's priority is provision of safe drinking water. There are no guarantees that the water is and always will be of a high quality from our aquifer. Source water aside, the chlorine mainly addresses the risk of contamination within our network and is part of a multi-barrier approach specified in the New Zealand Drinking Water Standards and strongly advocated for following the Havelock North Water Inquiry.

The risk of contamination is not necessarily related to the condition of infrastructure. Brand new infrastructure would be subject to exactly the same risk, e.g. earthquake that causes infiltration to the network systems.

Chlorine has been proven to be the most effective treatment for water supply networks for two main reasons:

- It treats the water for pathogens (bugs).
- It disinfects the pipes and reservoirs.

The use of chlorine as both an effective treatment barrier and to provide residual disinfection is best practice worldwide and is cost-effective. Initial costs to look at a chlorine free network are proving to be uneconomic (5- 10 x the annual cost plus ten years of increased rates to change the network estimated at around \$150 m +).

Council is aware that Central Government is reviewing the regulations relating to Drinking Water. All indicators are that multi-barrier treatment processes and residual disinfection will be a mandatory requirement within the reticulation network. The Ministry of Health are looking at having a mandatory disinfection residual as part of the Central Government Drinking Water Standards, and chlorine meets this requirement.

#### *Dirty water*

Dirty water is caused by build-up of biofilm on the inside of pipes (this happens in all water networks, not just ours). Chlorine helps to break biofilm down, as does change in water flow in the network.

The network is still adjusting to having chlorine and changes to bores.

More cleaning of the network has been undertaken as a consequence, which has led to increased instances of dirty water as we are unable to flush individual service lines. Customers are made aware of potential operational works that might lead to dirty water and advised to run their taps to clear this.

#### *Why can't we have a chlorine-free network in Napier*

The use of chlorine as both an effective treatment barrier and to provide residual disinfection is best practice worldwide and is cost-effective. Officers have looked at our options and initial cost estimates to look at a chlorine free network are proving to be uneconomic (5-10 times the annual running cost plus ten years of increased rates to fund the capital projects required to change the network is estimated around \$150 m +).

#### *Chlorine and health*

Council do have sympathy for the very small minority of people in Napier that are unfortunate enough to be experiencing adverse effects as a result of chlorination. Chlorination mainly addresses the risk of contamination within our network and is part of a multi-barrier approach specified in the New Zealand Drinking Water Standards. Council have a Health and Safety responsibility not to put the elderly, young or sick at risk.

We will ask the Ministry of Health to address the larger concerns raised around chlorine derivatives and safety in water supplies, they are best placed to review the current research. Major health bodies such as the World Health Organisation indicate that the linkages are not clear. Testing in our network has shown that the majority of derivatives are at levels that are "undetectable".

#### *Chlorine is unpalatable*

Two de-chlorinated water stations are to be provided in Napier. The first will be available in Anderson Park from June this year.

If the chlorine taste is unpalatable, it is recommended to leave the water in a jug for a few hours or in the fridge overnight to allow the chlorine to dissipate. Alternatively a bench top water filter is an effective way to remove chlorine.



*Setting direction on Water*

Water demand management is an area that we are exploring at the moment and requirements can be included as part of our water management plan.

Council has no plans at present to require developers to include greywater reuse.

*Selling Water*

The Hawke's Bay Regional Council is responsible for issuing water takes from the Aquifer and Napier City Council has no control over this.

*Cruise Ships*

Cruise ships are supplied with water from Napier City's network via the Port. This connection is metered and the water is paid for. Not all of the ships fill up here and the overall water usage is very small.

**Officer's recommendation**

That Council proceed with the officer's recommendation to bring forward the water projects as outlined in the 2 April 2019 paper.

Council endorse the change of the funding source for all 3 Waters projects in the capital programme for 2019/20 which are currently funded by rates, to be funded by loans-rates to better reflect inter-generational equity of the investment.

That Council work with the Ministry of Health to develop a community education campaign to inform the community of the risks of managing network water supplies, the need for chlorine and the potential health impacts of chlorination.

## Establishment of the Disaster Relief Trust

113 submissions were received on the topic of setting up a Disaster Relief Trust, of which 33 submitters provided comments in support of their submission.

Overview:

**Set up – 56%**

Don't set up – 19%

Neither option - 25%.

### Key organisation responses

Tu Tangata Maraenui Trust and Grey Powers Napier and Districts submitted to this topic.

### Summary of submitter's comments

The majority of submitters expressed support for setting up the trust. Key themes from all submitters included:

- there is a need to set up a trust (9 submitters)
- suitability of governance arrangements questioned and ensuring that the funds are ring-fenced (8 submitters)
- the Trust is seen as another layer of bureaucracy which is unnecessary ( 6 submitters).

<i>Themes raised through submissions</i>	<i>Council's consideration of feedback</i>
There is a need to set up a trust	Council sees the need to establish a trust to receive and administer funds only when there is an emergency in Hawke's Bay. If an earthquake did take place, then others around the country may like to support the cause and this provides an avenue to do so.
Suitability of governance arrangements questioned including ensuring that the funds are ring-fenced	The reason for involving all Councils across Hawke's Bay in a regional trust is that an emergency may cover all areas e.g. earthquake. For that reason, and our requirements under the Local Government Act for setting up a council controlled organisation, all Councils must consult on its establishment.  Hawke's Bay Regional Council manages civil defence for the region and as such the costs that transferred to the Hawke's Bay Regional Council were removed from the Napier City Council activity with the exception of training and preparedness requirements. Napier City Council does not collect rates for the activity of civil defence.
Unnecessary layer of bureaucracy	The Trust is not expected to be an active Trust and therefore is not a drain on resources and only minor costs are anticipated to establish the Trust. It is an entity available in the event of an emergency.

### Officer's recommendation

That Council proceed with the officer's recommendation to set up a trust and advise the other Councils in Hawke's Bay of this decision.

## Provincial Growth Funding applications

105 submissions were received on the topic of Provincial Growth Fund, of which 34 submitters provided comments in support of their submission.

Overview:

**Agree – 55%**

Neutral – 34%

Disagree - 10%.

### Key organisation responses

Tu Tangata Maraenui Trust, Grey Powers Napier and Districts, and Napier Pilot City Trust submitted to this topic.

### Summary of submitter's comments

Of the 34 comments provided, the majority of submitters expressed they saw the Provincial Growth Fund as an opportunity for Napier. Key themes included:

- the fund is an opportunity for Napier (14 submitters)
- on the Aquarium (5 submitters):
  - o why is this level of spend on an Aquarium a priority when compared with issues such as social housing, pools, and water (3)
  - o is the expansion of the Aquarium in its current location wise given natural disasters and climate change (2)
- Council should ensure this opportunity keeps rates affordable and should ensure its plans are transparent around ratepayer contributions (4)
- Any applications should focus on residents, not tourists (3)
- The benefits of any applications should be applied equitably across residents (3).

### Information and comment from Council officers

The following table outlines Council's consideration of feedback received through submissions.

<i>Themes raised through submissions</i>	<i>Council's consideration of feedback</i>
Opportunity for Napier	Applications for feasibility studies have been submitted for various projects across the city. Council is waiting for the government announcement later this year to learn if Napier has been successful.  Council is taking the opportunity to secure funding for strategic projects which will untap Napier's economic potential and improve the lifestyle of its residents.
On the Aquarium	Education around sea level rise and other climate change impacts will be a core component of the expanded Aquarium and it is considered the current location is optimal for delivery of these messages for the next 30 years and beyond. The detailed business case is yet to be completed and further consultation with the community will follow.

Rates affordability and transparency	Applications to the Provincial Growth fund are non-rates funded.
Focus on residents	Applications for feasibility studies have been submitted for various projects across the city including Activate Maraenui, Inner Harbour Developments, and Westshore which have a large benefit to residents.
Equitable benefits	The application on Maraenui is focused on those particular residents of that area and ensuring that there is investment into Maraenui in addition to what is already outlined in the Long Term Plan.

**Officer's recommendation**

Council will continue to submit applications to the Provincial Growth Fund.

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

## Whakarire Revetment - funding

The funding of Whakarire Revetment was a consultation topic in the consultation document for the annual plan, and it was also the subject of targeted engagement with Whakarire Ave residents under the Revenue and Financing Policy due to the proposed introduction of a targeted rate which would incur cost to those residents. For more detail on the consultation process with residents refer to the Consultation Report in Attachment A, and for detail on residents' feedback, Attachment B refers.

In the annual plan consultation, 107 submissions were received, including feedback from 3 residents of Whakarire Ave, 40 comments were made.

Overview:

**Neutral - 53%**

Agree – 33%

Disagree – 14%

### Summary of submitter's comments

The majority of comments made considered that the owners should pay more due to the direct benefit to their properties of the revetment.

Key themes included:

- Owners should pay more as they are getting direct benefit for their properties (15 submitters)
- Not sure, don't know what a revetment is, don't know what this topic is all about (8 submitters)
- All ratepayers should pay (3 submitters)
- Type of rate (3 submitters)
- Coastal Hazards Funding – (3 submitters)
  - Council to approach Port of Napier as a significant contributor to erosion to contribute funding (1 submitter)
  - Precedent the proposed funding arrangements has for future coastal work and whether a 97/3% split is actually the right type of split (2 submitters)
  - How Council defines affordability, particularly when Whakarire Ave properties are amongst highest valuations in Napier City (1 submitter)
- Revetment itself (5 submitters)
  - Revetment won't work (2 submitters)
  - Residents wanting to be part of the design process (3 submitters)

### *Feedback from Whakarire Ave residents*

Residents provided feedback via the Revenue and Financing Policy consultation and the Annual Plan consultation. The following section summarises the feedback received through both consultation processes from those residents.

There are 12 properties on Whakarire Ave which face the sea in which the revetment is proposed. Of those 12 properties, 7 residents provided feedback and a further resident said they had provided feedback so Council officers followed up on this as no feedback had been received. 4 properties have not provided feedback.

Of the feedback received from residents,

86% - disagree

14% - neutral.

Key themes from residents:

- Oppose revetment (5 residents)
- Oppose funding split (5 residents)
- Oppose consultation of revetment regarding resource consent (4 submitters).

For more detailed information provided by residents, please see Attachment B which provides the actual submissions provided by residents.

#### Whakarire Revetment Information and comment from Council officers

The feedback from Napier residents has raised issues of who benefits, with several Napier residents raising that the residents of Whakarire Ave should pay more than what is currently proposed with the funding split, the implications for future coastal funding, and affordability of such a project.

However, feedback from those impacted residents who live along the properties at Whakarire Avenue are mainly against the proposed public/private benefit split.

Officers recommend that Council undertakes further investigation on the matters raised on the revetment and engage further with the residents to discuss their concerns, and then bring the matter back to Council.

Implications for the 2019/20 annual plan are, the revetment is no longer constructed in 2019/20, and the timing of this project is pushed out to 20/21. Funding was allocated for this project of \$1.7m funded for 2019/20 through an internal loan from the HBHB endowment income account, and therefore, there is no cost-saving or negative financial implications arising from this decision. There are likely to be additional costs to construction as a result of any project delay, so a LGCI adjustments should be made to the project to push this out a year.

Council after considering further information will be able to make a final decision on whether to proceed with the revetment. Any material change from the existing consultation could be included in the consultation on 2020/21 Annual Plan.

#### **Officer's recommendation**

That Council agree to delay the project to provide the opportunity to re-engage with affected parties as to the necessity, final form and funding options of the proposed revetment, and withdraw the proposed targeted rate component of the project from the 2019/20 annual plan.

That Council agree that the funding allocation for the Whakarire Ave Rock Revetment as outlined in the Long Term Plan (as 1.737 mil for 2019/20), be moved to the 2020/21 financial year.

That Council note that the project remains within the Long Term Plan, and the funding will remain as a Loan-HBHB Endowment Land income which is essentially general rates until such time that Council makes a formal decision on any particular funding component by way of a targeted rate on Whakarire Ave residents.

## Other

56 residents provided Council with feedback on their topic of choice.

### Summary of submitter's comments

Of these, key themes included:

- Community engagement (15 submitters)
  - o Great (2 submitters)
  - o Could be improved (12 submitters)
- Rates affordability (10 submitters)
- Social housing (8 submitters)
- Focus on ratepayers and essential services over tourism (7 submitters)
- In addition, other topics included – new subdivision connectivity, equitable services, stormwater, aquarium, Allen Berry reserve, Jervoistown, Maraenui, elderly, war memorial, pools, civic building, climate change.

### Information and comment from Council officers

There were many general comments, questions and feedback provided by the community under the open question section. The following covers of the questions or feedback sought:

<i>Themes raised through submissions</i>	<i>Council's consideration of feedback</i>
Botanic Gardens/Better ownership within the community for verges	We have supported several community gardens in Napier. There are also several groups and individuals who look after areas they are interested in. We recently held a 'Love your Neighbourhood' competition and one of the three prize winners wants to start up a community orchard on a piece of green space on roading reserve. We will be running this competition again next year.
Disability Access across Napier	The Napier Disability Strategy has been drafted. This Strategy has a focus area on improving access to Council facilities and services. Consultation has closed on the Strategy and is being collated, with a final Strategy coming to Council for adoption. It aims to make Napier - A city for everyone', promoting inclusiveness and access for all.
Council staff location – please return to old library building	The Civic building was declared surplus by Council through a resolution. Council are working through a business case to determine the most cost effective and efficient option for Council staff going forward including returning to the old library
Sub division and land use	The Napier District Plan review will provide the opportunity to assess subdivision and land use planning for a successful city. Proximity to amenities is one of the many considerations of land use planning. Council is currently conducting a Connectivity study which seeks to improve the provision of alternative modes of transport within the city. We note there is a resource consent application for a neighbourhood commercial development in Te Awa.
Community engagement	There was a question around the public minutes – these are now more comprehensive than they were previously and available on our Council website.

	<p>There was concern that we aren't listening to our community – we have increased the number of opportunities that our community have to speak to Council, which includes during the year, during community events and to Councillors directly. We continue to use multiple channels to make sure that we have a good reach for consultation. We acknowledge that not all decisions or recommendations come with a unanimous vote, however this is the democratic process.</p> <p>There was feedback that the information was submitted online and they did not have access – support is provided through our libraries for those that do not have access to their own computer.</p>
Public hearings	A submitter wanted us to reinstate hearings. There is a move away from these formal settings, as there is also feedback that our residents feel quite overwhelmed in those environments. For this reason, we held 3 successful "Have your Say" community events where Councillors, council officers and our residents were provided with the opportunity to talk about their matters directly with Councillors and the Acting Mayor. These meetings were recorded and actions noted and available in our report.
Jervoistown residents	Noted that they appreciated the support from Council, however were concerned with boy racers, trucks, speeding drivers, and an increase in burglaries and drone observations. They are seeking funding for CCTV cameras
Maraenui social housing required for community living in motels and over crowded whanau homes – seeking lobbying of government	Social Housing – Council officers are working with HNZ to implement the Activate Maraenui Plan subject to support from Central Government. In addition we are advocating for Central Government to support Councils to upgrade and expand stock and to provide support so Council housing can be sustainable.
Public safety	Napier is part of an international accreditation programme that promotes community safety. We work a range of government and community organisations, business and the community to improve community safety together. Council also funds a range of agencies, activities and projects that contribute to community safety.
Community housing	Council provides just under 400 units for community housing for those on a low income. Central Government provides social housing through Ministry of Social Development. Council also funds an outreach service who work with rough sleepers to connect them to housing and social services.
Social services	Council supports a range of community organisations and social services that assist those in need. We also regularly make submissions to government supporting and advocated for funding and services that meet our community's need, including a recent submission to the Mental Health Inquiry supporting more effective provision of mental health and addiction services in the community
Focus on essential services – not "show case" projects	Council provides a cross section of services for the entire community – our capital plan provides information on all our spend areas



Higher density, solar panels, water storage and sustainable communities	The District Plan review provides the planning framework which will allow for a variety of densities across Napier. Environmental excellence is also one of the Principles of the District Plan. This includes improving water quality of our stormwater to achieve a cleaner Estuary.
Library – whats happening?	A rigorous process is currently being undertaken on the selection of a site for the new library. A short listed number of sites are currently going through a due diligence process before coming back to council for a decision.
Dive pool – can we have one?	The new swimming pool will be indoors and the 25m by 25m pool will be deep enough to bomb safely (2m deep). No dive boards are planned for the new facility however use of inflatables for diving/bombing purposes will be considered.
Fixed income earners and rates increases	There are rates rebates available to those on low fixed incomes to financially assist in these cases – residents can call our customer service centre for more information
Rates increase above CPI – and fixed incomes	<p>Council recognise that there are many ratepayers on a fixed income and council officers continue to focus on being more efficient in the provision of its services. For those that are on low fixed incomes, they may be entitled to a rates rebate. Further information is available on our website and through our customer services. We will be pushing this information out further to the community.</p> <p>Unfortunately not all the cost that Council incurs are subject to a CPI movement which tend to relate to consumer goods only and does not include and construction costs that may move in a different manner to CPI.</p>
Real innovative business should be funded so our children have a future	Council is taking the opportunity to secure funding for strategic projects which will untap Napier's economic potential and improve the lifestyle of its residents.
Drug problem in Napier	Council partners with appropriate central government resources in support of those impacted by drugs where help is sought or controls are necessary
Sea level rise and climate change	Education around sea level rise and other climate change impacts will be a core component of the expanded Aquarium and it is considered the current location is optimal for delivery of these messages for the next 30 years and beyond. The detailed business case is yet to be completed and further consultation with the community will follow.
Maraenui development	A concept plan has been developed and officers are seeking government funding through the Provincial Growth Fund.
Overbridge across expressway at Prebensen Drive for walking/cycleway network. Would like safe crossing for new pool if possible	This would be a significant project requiring an estimated \$2-3 million dollar investment and consents. To date no investigation has been undertaken and we are unable to review the proposal in the available timeframes.
Marine Parade – trucks access	With regard to the new signals at the port, this is an NZTA controlled road and the signals were introduced in conjunction with Kiwirail following two incidents between trucks and rolling stock. This project was supported by Council due to the associated improvements for cycle and walking safety.

	<p>While Council would prefer to see lower numbers of trucks using Marine Parade, they do so as legal users of public road, and are fully entitled to travel on any road without a weight restriction. There are no proven regulatory measures for limiting truck use which could be applied in this instance. However, Council is continuing to upgrade the Marine Parade environment and to this end speed tables are to be constructed between Vautier Street and the Soundshell. This may further discourage some heavy vehicles from choosing this route above others.</p>
Intersection on Meeanee and Guppy needs reviewing for those turning into Guppy as can't see oncoming traffic	<p>Issues with this intersection are known and some improvements are programmed for the coming year.</p>
Have proper Treatment plant with settlement ponds	<p>We assume the treatment ponds relates to the Wastewater Treatment Plant. Ponds are one solution using very limited, superseded technology and regardless of how well constructed and maintained such ponds might be, they would always pose a risk as a source of polluting the aquifer below. The current stages of the Wastewater Treatment Plant that we have involve screening and settling, grit removal, biological treatment and cultural cleansing, followed by dilution by ocean water, all of which have been approved as methods of treatment by our environmental regulator as suitable. In the 2017-2018 Compliance Monitoring report we were fully compliant with every resource consent condition imposed by the regulator. In relation to stormwater treatment ponds, this is what is proposed in the Ahuriri Estuary &amp; Coastal Edge masterplan, the information gathering phase of which has already commenced. We have a team of staff and contractors that are smoke testing and using subsurface cameras to ascertain unauthorised and incorrect connections to wastewater or stormwater services. We have an Environmental Solutions Team which measure and monitor all of the Council's resource consents, engage with communities (particularly industry in relation to their discharges of contaminants to our stormwater network) and are progressively blocking unauthorised discharges and seeking control of contaminants at the source. Council convey water - this water is often polluted by poor processes or infrastructure on private sites which we continue to address. Council through the rewriting of the Stormwater Bylaw, the Engineering Code of Practices and the review of the District Plan rules which are all happening currently will address the current controls we have over such examples.</p>

### Funding requests/support

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

Name	Nature of Request	Amount Requested
Jervoistown residents	Support for the resolution of illegal dumping in the area	Not specified
Sports Hawkes Bay	Not specified	Not specified
Allen Berry Reserve	Not specified.	Not specified.
Biodiversity HB	Annual contribution to Endowment Fund and operational costs	Not specified
HB Knowledge Bank	To contribute to ongoing operational costs	Not specified

Council Project Fund previously committed funding against the Annual Plan 2019/20 allocation of funding.

Name	Request	Amount Requested	Comment from Council officers
Taradale Community Pool Trust	To provide funding to undertake necessary upgrade works associated with the Taradale School Pool – meeting with Council during the year	\$50k	Council Project Fund
Enviroschools	Year 2 of funding as committed in the Long Term Plan.	\$15k	Council Project Fund
Napier CAB	To assist with rent provision for the CBD	\$30k	Council Project Fund

The following table shows the balance of Council Project Fund for 2019/20:

Carry forward 18/19	\$19,800 (subject to approval)
Fund Allocation 2019/20	\$200,000
<b>Total Available Funds 2019/20</b>	<b>\$219,800</b>

Applications Pre-allocated 2019/20	
Taradale Community Pool Trust	\$50,000
Enviroschools (year 2 of 3)	\$15,000
Napier CAB	\$30,000
<b>Balance available 2019/20</b>	<b>\$124,800 (includes carry forward)</b>
<i>Applications received for 2019/20 awaiting recommendation after assessment</i>	
Basketball HB	\$30,000
Creative Arts Napier	\$30,000

The proposed increase for 2019/20 has been consulted on, so to manage the overall increase for 2019/20 requests for funding should be considered within the Community Grant fund or Council grant fund where possible for one off initiatives.

### 2.3 Issues

N/A

### 2.4 Significance and Engagement

Consultation was carried out between in accordance with Council's significance and engagement policy and the Local Government Act 2002 (section 76AA).

Targeted engagement was undertaken with affected residents of Whakarire Ave.

### 2.5 Implications

#### Financial

The LTP states the proposed rates increases over a ten year period. Changes to the Long Term Plan have been included in this Annual Plan 2019/20 and relate to cost increases associated with recycling and waste related costs. As a result the proposed increase in rates for 2019/20 has moved from 5.1% to 6.4%.

#### Rates affordability

Rates affordability is a theme that has come out of the consultation from the public, across all consultation items, particularly:

- rates increases disadvantages those on fixed incomes such as elderly more than it does higher income earners.
- rates increases are at a higher rate proportionally to wage increases and CPI.
- the affordability of the ongoing costs of the recycling service, and noting the increased cost to rubbish collection commencing in 20/21 which will be ongoing.
- are there mechanisms to assist those on fixed incomes to be able to afford the ongoing rates increases such as rates rebates, or different ways of applying charges to low users of waste/recycling services.

Council recognises that providing affordable and sustainable services to Napier residents is a key challenge. Council does note that in comparison to other Councils, Napier's rates remains low.

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

Officers have considered the funding of the 3 waters projects and inter-generational equity and recommended a change to loans.

### **Social & Policy**

The Annual Plan 2019/20 aligns with the Joint Waste Management and Minimisation Plan 2018.

### **Risk**

As outlined in the Council reports on 15 March and 2 April, the following risks were noted as part of the development of the Annual Plan 2019/20:

- Strong Construction market demand – pressure on capital programme
- Climate change – Central Government requirements
- Government Healthy Home requirements
- Living wage/Min Wage changes
- Wellbeing legislation
- Insurance market (costs escalating as market making a loss)
- Outstanding detailed seismic assessments on Council owned buildings
- Provincial Growth Funding – impact to current programme of work, pressure to get work completed before Central government elections
- Timing of sections sold for Parklands development
- Elections and new Council requirements
- Limited general reserves
- Year end provisions for leaky claims
- Rates increase in 2020/21 as a result of bringing forward water projects is 0.7%. Council would consider this increase during the preparation of the Annual Plan 2020/21.
- Implementing WMMP waste recommendations will result in an average rates increase of 1% for 2020/21.
- Provincial Growth Fund projects and ongoing costs
- Provincial Growth Fund projects and cap on Government support.

It is noted that the capital expenditure programme is significantly higher than previous years. To deliver the programme will require additional internal resources as well as the ability of the construction market to deliver these projects during a period of relatively high demand. This demand may impact on number of tenders received, project cost and timing of delivery.

## 2.6 Options

The options available to Council are as follows:

- a. Adopt the proposed resolutions to enable the development of the final Annual Plan.
- b. Amend the proposed resolutions to enable the development of the final Annual Plan.

## 2.7 Development of Preferred Option

Adopt the proposed Annual Plan resolutions to enable the development of the Annual Plan 2019/20.

## 2.8 Attachments

- A Consultation Report (*Under Separate Cover*) [⇒](#)
- B Individual Submissions - residents of Whakarire Ave (*Under Separate Cover*) [⇒](#)
- C Individual Submissions - Guardians of the Aquifer (*Under Separate Cover*) [⇒](#)
- D Individual Submissions - Annual Plan (*Under Separate Cover*)