



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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ORDINARY MEETING OF COUNCIL

Open Agenda

Meeting Date:	Thursday 8 April 2021
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Time:	1.00pm
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Venue:	Council Chambers Hawke's Bay Regional Council 159 Dalton Street Napier
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Council Members	Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright
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Officer Responsible	Chief Executive
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Administrator	Governance Team
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ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Public forum

Announcements by the Mayor including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

Announcements by the management

Agenda items

1	Consultation - Revenue & Financing Policy	3
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AGENDA ITEMS

1. CONSULTATION - REVENUE & FINANCING POLICY

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1298330
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services

1.1 Purpose of Report

To review and update the policy by amending operational and capital funding sources for Council housing.

Officer's Recommendation

That Council:

- a. Note the Revenue & Financing Policy will now allow for loan funding of operating costs for approved Council activities.
- b. Approve the inclusion of loan funding for operational expenditure and General Rates funding for capital expenditure for Council housing activities.
- c. Approve the draft Revenue and Financing Policy for consultation
- d. Approve the consultation plan for the Revenue & Financing Policy.

1.2 Background Summary

The Revenue & Financing Policy was adopted on 11 February 2021. During the development of the Long Term Plan and with rates pressures, Council requested a consideration of loan funding of operating costs. Council policy to date was firm that operating costs could not be loan funded. The update to the policy allows more flexibility on a case-by-case basis to loan fund where appropriate and approved by Council. This approach could be considered where costs may only be incurred for a number of years and are not ongoing (e.g. lease costs), where costs are transitioning from capex to opex (e.g. software as a service) and where decisions of Council on an activity have yet to be finalised (e.g. review of Council activities for the 2021-2031 Long Term Plan has identified a shortfall in funding for housing).

1.3 Issues

Council is required to fund its activities in the Long Term Plan as provided for in the Revenue and Finance Policy.

Housing

As part of the development of the Long Term Plan and costs associated with the Housing activity of Council, the revenue from rents received was not sufficient to cover the increased costs associated with Healthy Homes compliance, building upgrades and maintenance. The purpose of the Housing activity is to provide affordable housing

particularly for those in retirement and on low incomes. A review of the Housing activity is currently underway that explores options for the delivery and provision of the service going forward in an affordable way. Consultation will be undertaken with the community later this year that looks at options and its ongoing sustainability.

To address the funding shortfall (approximately \$2m per annum) in the short term until a decision is made, it is proposed that loans be included as an additional source of funding for operational expenditure.

It is proposed that General Rates and loans be made available as an additional source of funding for capital expenditure for the Housing activity.

The proposed amendments are presented in *italics*:

Activity	Funding sources	
	Operational	Capital
Housing	Primary source <ul style="list-style-type: none"> Fees & charges 100% (rentals) Other sources General Rates <i>Loans</i> 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges (rentals) Loans Grants Reserves <i>General Rates</i>

1.4 Significance and Engagement

Public consultation will be required and undertaken as a separate consultation in parallel with the Long Term Plan 2021-2031. For the purposes of the development of the Long Term Plan, loan funding of the above issues have been included in the plan.

1.5 Implications

Financial

The proposed amendments will allow housing costs to be funded through borrowings. Where loans are used to fund capital expenditure, the proposed amendments will allow for loan repayments to be paid from General Rates.

Social & Policy

The amendment to the Revenue & Financing Policy provides for loan funding of operating costs.

Risk

For Council the risk lies in short-term funding issues not being addressed over the longer term. In that scenario, a portion of operational cost would continue to rely on debt as a funding source and is not considered financially prudent. Council must ensure that any debt funding is contained within its income to debt benchmark.

1.6 Options

The options available to Council are as follows:

- Accept the proposed amendments.
- Accept selected amendments / make amendments.
- Accept none of the proposed amendments.

1.7 Development of Preferred Option

- Accept the proposed amendments

The preferred option has been developed in conjunction with work conducted on the Long Term Plan 2021-2031 and has included the proposed changes to the funding for the housing activity until such time that further separate consultation has been undertaken with the community.

1.8 Attachments

- A Proposed Revenue & Financing Policy [↓](#)
- B Consultation Plan [↓](#)

Doc ID 1301334



Revenue and Financing Policy			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date	29 June 2018	Review Approval Date	16 February 2021
Next Review Deadline	16 February 2024	Document ID	1296548
Relevant Legislation	Local Government Act 2002		
NCC Documents Referenced	N/A		

Purpose

The Revenue and Financing policy is adopted under Sections 102(1) & 103(1) of the Local Government Act 2002 and must contain Napier City Council's general policies on the funding of operating and capital expenditure and show how the local authority has, in relation to the sources of funding identified in the policy, complied with Section 101(3) which has two parts.

Policy Background

Napier City Council (Council) has reviewed the proposed sources of funding for operating and capital expenditure and has reviewed the 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; and
- the distribution of the benefits between the community as a whole, identifiable parts of the community and individuals; and
- the period in or 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.

Council has considered each activity to determine what it considers an appropriate funding source for both operating and capital expenditure (refer to the schedule in the appendix).

Then it has considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. It considered the following in determining the final funding source:

- The nature of Napier City as a whole including as a visitor and tourist destination; and
- the different costs of providing services and facilities and the associated benefits that the commercial (including accommodation providers) and industrial properties receive from those services; and

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- the impact of rates on residential properties, and in particular on the affordability of rates for low, average and fixed income households; and
- the complexity of the rating system and the desirability of improving administrative simplicity; and
- The appropriate use of the General Rate.

Council has concluded that the General Rate and storm water targeted rate on commercial and industrial should have an appropriate differential recognising the issues considered above.

Council has also considered the impact of fees and charges. Council uses the market rate (where permissible) as the upper limit used for determining fees or charges. Where Council believes the imposition of fees or charges at a rate above the market rate will reduce usage of the activity or facility and lead to the imposition of a greater cost on ratepayers it will modify the amount chargeable to the market rate. In selecting the 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 the facility to close.

Following consideration of the above the Council is proposing the use of the following funding tools

Council's policies on funding operating expenses and capital expenditure

General Rates

General Rates are used to fund both operating and capital expenditure. They fund the remaining costs of Council operations after all other sources of funding have been applied.

The General Rate has a significant component of public good or activities when the community benefits as a whole, and as the General Rate is a general taxing mechanism shifting the "differential factor" for each sector's share of the city's overall land value is the principal means that the Council has used to of achieving the desired overall rates impact on the wider community. It cannot achieve precise equity or allocation of costs to each type of property.

In determining differentials for General Rates, the intensity of development (i.e. building and surfaces) is considered a significant factor. With reference to observed property size and as the most common differential, Residential/Other was set as the base property type. Other differentials are set in reference against Residential/Other.

General Rates are assessed through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value.

Council has set the following land value differential categories:

- Residential/Other
- Commercial & Industrial
- Rural Residential
- Rural

The amount of the UAGC is set to ensure that the total (excluding water and wastewater rates) uniform (or fixed) rates will be between 20% to 25% of total rates that are to be collected.

Differential rating category definitions

Residential/Other properties

Any property that is not defined as Commercial & Industrial, Rural Residential or Rural.

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Commercial and Industrial

Any property that is in a commercial or industrial zone under the District Plan or used for any business activities, except properties categorised as rural or consented for residential use, will be rated as commercial and industrial properties.

Commercial and industrial activities include, but are not restricted solely to;

- Rural and other support activities such as transport, supplies, packhouses and wineries servicing multiple clients
- Professional offices, surgeries etc.
- All retail, wholesale merchandising activities
- All forms of manufacturing and processing
- Bars, restaurants, cafes and other service activities
- Storage facilities
- Hotels, motels, B & B's and other short-term accommodation providers
- Tourism operations
- Care facilities operated for profit

Rural Residential

Any rating unit that would otherwise be classified as Residential, but is not connected or able to be connected to both the city water system and the city sewerage system.

Rural

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities.

Targeted Rates for specific areas and/or activities

Targeted Rates are charged to fund both operating and capital expenditure. They are charged where Council considers it desirable to separate out the funding of an activity. They are charged to rating units including those units that are separately inhabited which have access to or are deemed to benefit from the service provided. Targeted rates are a funding mechanism that may be charged for activities deemed to have either a high public or a high private good to identified properties, an area of the city or the city as a whole.

Some targeted rates are applied differentially using either land or capital values, however most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

Lump sum contributions

Council does not normally use any lump sum contributions.

Fees and charges:

Fees and charges are used to fund both operating and capital expenditure.

They 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, then

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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. Fees & charges includes retail sales, ticketing, & corporate sponsorship

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.

- **Enforcement Fees including fines and infringement 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 statute.

- **Rental and Lease Income**

Rental and lease income are 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 HB 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.

- **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.

Interest and dividends from investments

Interest and dividends from investments are used to fund operating and capital expenditure.

Council 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.

Council also 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.

Borrowing

Borrowing is primarily used as a tool to smooth cash requirements for capital acquisitions and replacements, and can be used to smooth cash requirements for large one-off operating expenditure. In certain circumstances, in accordance with Council's financial strategy, borrowing may be used to fund operating expenditure.

Proceeds from Asset Sales

Proceeds from asset sales are used to fund operating and capital expenditure.

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Council's preference is that proceeds from asset sales are used to fund capital projects, repay debt to external parties or repay internal debt, thus replenishing reserves. The main planned asset sales programme of Council is the ongoing freeholding of HB Endowment Land Residential Leases and the sale of land associated with the development and sale of sections in the Parklands residential subdivision. Council also intends to review assets for potential sale to reduce debt or replace with higher yielding investments.

Development and Financial Contributions

Proceeds from development and financial contributions are used to fund operating and capital expenditure. They are primarily to fund capital expenditure associated with growth however some operating costs such as finance costs may be funded from this source.

The existing Development Contribution policy has had limited application and as the Council has an operative Financial Contributions policy under the Resource Management Act 1991, it was decided that this was currently the preferred method of recovery of the costs relating to development. The Financial Contributions Policy will be updated as part of the review of the District Plan.

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.

Other funding sources

Council continues to actively explore all possible sources of funding to assist with the funding of both operating and capital expenditure. Any other funds derived will be used to either fund capital expenditure or to reduce the amount Council collects from rates.

Council policies in relation to various funding sources to fund operating and capital expenditure (section 103 Local Government Act 2002)

The table sets out for each activity funding sources that are to be used for both operating and capital expenditure. The rationale is explained in schedule in the appendix.

Activity	Funding sources	
	Operational ¹	Capital
Animal control	Primary source <ul style="list-style-type: none"> Fees & charges (including infringement fees) 65% to 70% Other sources <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Bay Skate	Primary source <ul style="list-style-type: none"> General Rates 60% - 70% 	<ul style="list-style-type: none"> Accumulated surpluses General Rates

¹ The stated percentages indicate the target set by Council. The actual percentages will vary from year to year as explained in the footnote at the bottom of the table in the appendix. Also subsidies, grants and donations can be considered as a possible source of funding for all activities as Council will actively seek other sources of external funding where available for both operating and capital expenditure.

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Activity	Funding sources	
	Operational ¹	Capital
	Other sources <ul style="list-style-type: none"> Fees and charges (including Leases, retail sales, & sponsorship) 	<ul style="list-style-type: none"> Fees & charges Loans Reserves
Building consents	Primary source <ul style="list-style-type: none"> Fees and charges 80% Other sources <ul style="list-style-type: none"> General Rates Targeted Rates Reserves Loans 	Nil
Cemeteries This includes the contribution that NCC makes towards HB Crematorium in Hastings	Primary source <ul style="list-style-type: none"> General Rates 70% to 80% Other sources <ul style="list-style-type: none"> User fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
City development	Primary source <ul style="list-style-type: none"> General Rates 100% Other sources <ul style="list-style-type: none"> Reserves Loans Fees and charges (where appropriate) 	No significant capital expenditure but minor capital expenditure is funded from General Rates, Reserves and Loans
Community facilities	Primary source <ul style="list-style-type: none"> General Rates 80% – 90% Other sources <ul style="list-style-type: none"> Fees & charges, including lease income, one off grants, naming rights 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges, Loans Reserves Grants & donations
Community strategies	Primary source <ul style="list-style-type: none"> General Rates 100% Other sources <ul style="list-style-type: none"> Fees & charges, including bequest and external funding Reserves 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Democracy & Governance	Primary source <ul style="list-style-type: none"> General Rates, 100% Other sources <ul style="list-style-type: none"> Fees & charges, including for LGOIMAs Reserves 	Nil
Events and marketing	Primary source <ul style="list-style-type: none"> General Rates 90% – 95% Other sources <ul style="list-style-type: none"> Grants Fees & charges, including ticketing, corporate sponsorship, vendors 	Accumulated surpluses <ul style="list-style-type: none"> Loans
Housing	Primary source <ul style="list-style-type: none"> Fees & charges 100% (rentals) Other sources 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges (rentals) Loans

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Activity	Funding sources	
	Operational ¹	Capital
	<ul style="list-style-type: none"> General Rates Loans 	<ul style="list-style-type: none"> Grants Reserves General Rates
Inner harbour	Primary source <ul style="list-style-type: none"> General Rates 50% to 60% Other sources <ul style="list-style-type: none"> Fees and charges Reserves, surplus revenue from inner harbour land holding 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Reserves Loans Financial and/or Development Contributions.
Kennedy Park Resort	Primary source <ul style="list-style-type: none"> Fees and charges 100% 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Loans Reserves
Lagoon farm	Primary source <ul style="list-style-type: none"> Fees and charges 90% - 100% Other sources <ul style="list-style-type: none"> Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Reserves Loans
Libraries	Primary source <ul style="list-style-type: none"> General Rates 90% - 95% - Other sources <ul style="list-style-type: none"> Fees & charges (fines) Grants & bequests 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges, fines General Rates Grants & bequests Loans Reserves Financial and/or Development Contributions
Marine Parade pools	Primary source <ul style="list-style-type: none"> General Rates 60% - 80% Other sources <ul style="list-style-type: none"> Fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves Financial and/or Development Contributions
McLean Park	Primary source <ul style="list-style-type: none"> Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General and targeted rates Ticket sales Loans Reserves, Grants & bequests Sponsorship, & corporate box revenue, naming rights
MTG Hawkes Bay	Primary source <ul style="list-style-type: none"> General Rates 65% - 75% Other sources <ul style="list-style-type: none"> Fees and charges Contribution from other local authorities Bequests Grants, donations & retail sales 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Contribution from other local authorities Bequests Grants Donations Loans Reserves Sponsorship, & naming rights
Napier Aquatic Centre	Primary source <ul style="list-style-type: none"> General Rates 65% - 75% Other sources	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges

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Activity	Funding sources	
	Operational ¹	Capital
	Fees & charges	<ul style="list-style-type: none"> Loans Reserves
Napier I-Site	Primary source <ul style="list-style-type: none"> Fees and charges 65% to 75% Other sources <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Targeted rates Loans Reserves
Napier Municipal Theatre	Primary source <ul style="list-style-type: none"> General Rates 50% - 55% Other sources <ul style="list-style-type: none"> Fees and charges Bequests Grants, donations & sponsorship 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Bequests Grants, donations & sponsorship Loans Reserves Naming rights
Napier Conferences and Events	Primary source <ul style="list-style-type: none"> Fees and charges 90% to 95% Other sources <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Loans Reserves
National Aquarium of NZ	Primary source <ul style="list-style-type: none"> Fees and charges 75% - 80% Other sources <ul style="list-style-type: none"> Grants Sponsorships, bequests & philanthropic General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Grants Sponsorships, bequests & philanthropic Sponsorship Loans Reserves Naming rights
Par2 Mini golf	Primary source <ul style="list-style-type: none"> Fees and charges Retail sales 100% 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Reserves Loans
Parking	Primary source <ul style="list-style-type: none"> Fees and charges 80% to 90% Other sources <ul style="list-style-type: none"> Targeted rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Targeted rates General Rates Loans Reserves Financial and/or Development Contributions
Parklands residential development	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Reserves 	<ul style="list-style-type: none"> Loans Reserves
Property holdings	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Fees and charges (lease income) Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges (lease income) Loans Reserves
Public toilets	Primary source <ul style="list-style-type: none"> General Rates 95% - 100 	<ul style="list-style-type: none"> Loans Reserves

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Activity	Funding sources	
	Operational ¹	Capital
	Other sources <ul style="list-style-type: none"> • Fees and charges • Reserves 	<ul style="list-style-type: none"> • General Rates
Regulatory solutions	Primary source <ul style="list-style-type: none"> • General Rates 55% - 65% Other sources <ul style="list-style-type: none"> • Fees and charges, • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Loans • Reserves
Reserves	Primary source <ul style="list-style-type: none"> • General Rates 85% - 90% Other sources <ul style="list-style-type: none"> • Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Targeted rates • Loans • Bequests • Reserves • Financial and/or Development Contributions • Grants and subsidies • Naming rights & sponsorship
Resource consents	Primary source <ul style="list-style-type: none"> • 60% of the activity's costs are recovered from General Rates • Resource consents fees and charges are set to recover 100% of costs for services provided Other sources <ul style="list-style-type: none"> • Reserves 	Nil
Sportsgrounds	Primary source <ul style="list-style-type: none"> • General Rates 90% - 95% Other sources <ul style="list-style-type: none"> • Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Targeted Rates • Naming rights • Sponsorship • Loans • Bequests • Reserves • Financial and/or Development Contributions
Stormwater	Primary source <ul style="list-style-type: none"> • Targeted Rates 95% - 100% Other sources <ul style="list-style-type: none"> • General Rates • Reserves • Fees and charges (connection fees) 	<ul style="list-style-type: none"> • Accumulated surpluses • General and Targeted Rates • Fees and charges • Financial and/or Development Contributions • Loans • Reserves
Transportation	Primary source <ul style="list-style-type: none"> • NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme Other sources <ul style="list-style-type: none"> • General Rates • Fees and charges 	<ul style="list-style-type: none"> • Accumulated surpluses from Targeted Rates, General Rate, fees and charges • Petrol tax • NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme

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Activity	Funding sources	
	Operational ¹	Capital
	<ul style="list-style-type: none"> • Petrol tax 	<ul style="list-style-type: none"> • Financial and/or Development Contributions • Loans • Reserves • Grants and donations (e.g. cycle ways)
Waste minimisation	Primary source 80% - 90% <ul style="list-style-type: none"> • Fees and charges • Targeted Rates • Waste minimisation levy Other sources <ul style="list-style-type: none"> • General Rates • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • General and Targeted Rates • Waste minimisation levy • Reserves • Loans • Financial Contributions
Wastewater	Primary source 100% <ul style="list-style-type: none"> • Targeted Differential Rates • Fees and charges (including trade waste bylaw charges) 	<ul style="list-style-type: none"> • Accumulated surpluses • Targeted Differential Rates • General Rates • Fees and charges • Loans • Reserves • Development and/or Financial Contributions
Water supply	Primary source 100% <ul style="list-style-type: none"> • Targeted Differential Rates • Water rates • Fees and charges (not including water by meter rate) 	<ul style="list-style-type: none"> • Accumulated surpluses • Targeted Differential Rates • Water rates • General Rates • Fees and charges • Loans • Reserves • Financial and/or Development Contributions

The schedule in the appendix records how the Council has applied the five considerations in the table below that it must consider when undertaking its funding needs analysis.

Local Government Act 2002 section	Areas of consideration	Description of the matter Council might consider
s.101(3)(a)(i)	Community outcome	The Council determined which of its community outcomes each activity primarily contributes to. There may not be strong link between community outcomes and funding requirements for an activity
s.101(3)(a)(ii)	Who benefits?	What the distribution of benefits is between the whole community, identifiable parts of the community and individuals. Often referred to as the public/private good split.
s.101(3)(a)(iii)	Period of benefit	For most operational expenses, the benefit is received in the year the expense is incurred. Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.

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		Expenditure which results in an asset either being replaced (renewals) or new assets provide benefit over multiple years.
s.101(3)(a)(iv)	Whose acts create a need	Council used the principle that those who cause additional cost either by action or inaction are considered in this section. These may be different groups from those who have been identified within the "who benefits" consideration above. Often referred to as the exacerbator pays principle
s.101(3)(a)(v)	Separate funding	Council considered the costs and benefits of funding an activity separately, including in relation to transparency and accountability. It also considered matters such as the financial scale of the activity, administrative cost, and legal requirements.

Policy Review

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

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Appendix A

Schedule of Activity Funding Needs Analysis Section 101(3)(a) LGA

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
Animal control	A safe and healthy city that supports community well-being	Community as a whole Animal owners	Intergenerational	All animal owners create the need however irresponsible owners create a greater cost. Legislative (Dog Control Act)	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities. The private benefit is predominantly funded from annual dog licence fees.	Animal control is primarily a health & safety service for the community & therefore benefits everyone. There are costs that the Council can directly attribute to individual owners.	30% - 35%	<ul style="list-style-type: none"> General rates Fees & charges (including infringement fees) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges, Loans Reserves
Bay Skate	A vibrant innovative city for everyone	Direct users, local businesses, parents, tourists and visitors Community as a whole as the facility provides a safe location	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately	Everyone has the ability to use the facility and Council can identify the users	60% - 70%	<ul style="list-style-type: none"> General rates Fees and charges (including Leases, retail sales, & sponsorship) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges, Loans Reserves

² The percentages stated are the indicative target set by Council. The actual percentage may vary from year to year based on activity levels. As an example, an activity that says 100% public good may receive some revenue from fees and charges where charging is warranted to ensure the community are not inadvertently required to pay for something that only provides a benefit to an identifiable individual. Another example where the actual percentage may vary is when Council is able to obtain external grants or subsidies for a specific programme of work.

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		for users to undertake their sport			from other activities				
Building consents	A safe and healthy city that supports community well-being	The property owner and inhabitant. There is a wider benefit from buildings being built to code	Intergenerational because of the life of the structures for which consents are issued.	People constructing non consented buildings, construction industry parties not complying with the Building Act	Council funds the cost of inspecting and maintaining a database on swimming pools through a target rate to properties that have a swimming pool. No reason identified to fund the net cost of this activity (after the swimming pool targeted rate and other non-rate revenue sources) separately from other activities Most activity costs are funded by fees from applicants.	This benefits the property owner and inhabitant. There is a wider benefit from buildings being built to code.	20%	<ul style="list-style-type: none"> Fees and charges General rates Targeted rates Reserves Loans 	Nil

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
Cemeteries This includes the contribution that NCC makes towards HB Crematorium in Hastings	Excellence in infrastructure and public services for now and in the future	the community as a whole, any identifiable part of the community, and individuals	Intergenerational – history & physical infrastructure	No significant exacerbators	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Wider public benefit for open space & recognition & place of remembrance. Private benefit – place where people can be interred, cost of the plot & interment	75%	<ul style="list-style-type: none"> General rates User fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges, Loans Reserves
City development	A vibrant innovative city for everyone	The community as a whole benefit from this activity except where there is a private plan change that has specific benefits to the applicant	The outcomes of this activity result in ongoing benefits and some of these benefits can last a significant period of time	Applicants for private plan changes	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	City Development is an ongoing activity to help citizens and elected officials design and deliver the Vision for Napier City. This predominantly results in benefits for the whole community. Debt or loan funding can be used where there is large non-recurring expenditure	100%	<ul style="list-style-type: none"> General rates Reserves Loans Fees and charges (where appropriate) 	No significant capital expenditure but minor capital expenditure is funded from general rates and reserves.
Community facilities	A safe & healthy city that supports	The community as a whole	Intergenerational because of the	Users of the facilities who put greater	No reason identified to	Community as a whole benefit from having	85%	<ul style="list-style-type: none"> General rates Fees & charges, 	<ul style="list-style-type: none"> Accumulated surpluses from

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
	community well-being	including users of the facilities	life of the facilities	demands on the facilities	fund the net cost of this activity (after non rate revenue sources) separately from other activities	these facilities available but there is the ability to identify & charge users.		including lease income, one off grants, naming rights	General rates, fees & charges, <ul style="list-style-type: none"> Loans Reserves Grants & donations
Community strategies	Council works with & for the community	The community as a whole	The outcomes of this activity result in ongoing benefits	Antisocial behaviour by individuals and groups Legislation	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This is a core Council activity which changes the response to the needs of the community for which everyone benefits	100%	<ul style="list-style-type: none"> General rates Fees & charges, Including bequest and external funding Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges Loans Reserves
Democracy & Governance	Council works with and for the community	The community as a whole	Short term	LGOIMA requests (vexatious & legitimate)	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	All residents and rate payers have equal opportunity to benefit All have the ability to contribute to this activity therefore no differential, general rates	100%	<ul style="list-style-type: none"> General rates, Fees & charges, Including for LGOIMAs Reserves 	Nil
Events and marketing	A vibrant innovative	The community as a whole receives social,	Short term	No significant exacerbators	No reason identified to fund the net	Events are a key part of the Napier City's	95%	<ul style="list-style-type: none"> General rates Grants 	Nil

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
	city for everyone	cultural and economic benefit Participants and/or users			cost of this activity (after non rate revenue sources) separately from other activities	social, economic and cultural fabric, therefore the benefits that are received are both general and specific.		<ul style="list-style-type: none"> Fees & charges, including ticketing, corporate sponsorship, vendors 	
Housing	A safe and healthy city that supports community well-being	Users of the facilities and the wider community	Intergenerational	Inability of other entities to provide adequate social housing to meet local demand	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Responding to an identified need in our community. The users of the facilities are the primary beneficiaries of this activity.	0%	<ul style="list-style-type: none"> Fees & charges (rentals) General rates Loans 	<ul style="list-style-type: none"> Accumulated surpluses from Fees & charges (rentals) Loans Government grants Reserves General rates
Inner harbour	A vibrant innovative city for everyone	The users of the facilities and the wider community in terms of the amenity value.	Intergenerational	Individual undertaking Illegal activities	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The users of the facilities receive a significant benefit but the wider community receives benefit through the amenity value.	50% - 60%	<ul style="list-style-type: none"> Fees and charges General rates Reserves, surplus revenue from inner harbour land holding 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges, general rates, reserves, Loans Financial and/or Development contributions.
Kennedy Park Resort	A vibrant innovative city for everyone	Direct users and ratepayers by the surplus generated.	Intergenerational	None identified	No reason identified to fund the net cost of this	Provides a range of affordable visitor amenities	0%	<ul style="list-style-type: none"> Fees and charges 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges,

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		Local retail, hospitality			activity (after non rate revenue sources) separately from other activities	that generates a surplus for Council to use as it sees fit.			<ul style="list-style-type: none"> Loans, Reserves
Lagoon farm	A sustainable city	The community as a whole (has the ability to subsidise rates).	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This activity currently breaks even and does not require any significant additional funding.	0% - 10%	<ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Reserves, Loans
Libraries	A safe & healthy city that supports community well-being	The community as a whole however it is possible to identify users	Both long and short term benefits.	Researchers, people who demand excessive staff time for professional and commercial purposes	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone has the ability to use the library and we can identify certain users for specific services	90% - 95%	<ul style="list-style-type: none"> Fees & charges (fines) General rates Grants & bequests 	<ul style="list-style-type: none"> Accumulated surpluses from Fees & charges, fines General rates Grants & bequests Loans Reserves Financial and/or Development contributions
Marine Parade pools	A safe & healthy city that supports	The community as a whole	Intergenerational	None identified	No reason identified to fund the net	Everyone has the ability to use the facility	60% - 80%	<ul style="list-style-type: none"> Fees & charges General rates 	<ul style="list-style-type: none"> Accumulated surpluses from general rates

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
	community well-being	including users of the facility			cost of this activity (after non rate revenue sources) separately from other activities	and Council can identify the users			<ul style="list-style-type: none"> • Fees & charges • Loans • Reserves • Financial and/or Development contributions
McLean Park	A vibrant innovative city for everyone	The regional community as a whole Users, spectators, events, national, regional and local organisations, businesses	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The region benefits by having this facility and those who attend or participate in events	0%	<ul style="list-style-type: none"> • Fees and charges, tickets, sponsorship, corporate box revenue, naming rights 	<ul style="list-style-type: none"> • Accumulated surpluses from fees and charges, general and targeted rates, tickets, • Loans • Reserves, • Grants & bequests • Sponsorship & corporate box revenue, naming rights
MTG Hawkes Bay	A vibrant innovative city for everyone	The whole region, users and visitors	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The provision of this activity enhances the social and cultural fabric and preserves our heritage and celebrates artistic innovation for future generations. Therefore, the	65% - 75%	<ul style="list-style-type: none"> • General rates • Fees and charges • Contribution from other local authorities • Bequests • Ministry of Education, grants, 	<ul style="list-style-type: none"> • Accumulated surpluses from General rates, fees and charges • Contribution from other local authorities • Bequests

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
						whole region benefits		donations & retail sales	<ul style="list-style-type: none"> Ministry of Education grants Donations, Loans, Reserves Sponsorship & naming rights
Napier Aquatic Centre	A safe & healthy city that supports community well-being	The community as a whole including users of the facility	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone has the ability to use the facility and Council can identify the users	65% - 75%	<ul style="list-style-type: none"> Fees & charges General rates 	<ul style="list-style-type: none"> Loans, Accumulated surpluses from general rates, fees & charges Reserves
Napier I-Site	A vibrant innovative city for everyone	Visitors, regional tour operators and accommodation providers, hospitality, local businesses	Short term expenditure with ongoing benefits Building – intergenerational equity	Cruise ships passengers and operators	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Visitors, regional tour operators and accommodation providers, hospitality, local businesses therefore creating economic benefit for the city	25% - 35%	<ul style="list-style-type: none"> General rates Fees and charges 	<ul style="list-style-type: none"> Accumulated surpluses from General rates Fees and charges Targeted rates Loans Reserves
Napier Municipal Theatre	A vibrant innovative city for everyone	The community as a whole including users of the facility	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after	The provision of this activity enhances the social and cultural fabric	50% - 55%	<ul style="list-style-type: none"> General rates Fees and charges Bequests 	<ul style="list-style-type: none"> Accumulated surpluses from general rates

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
					non rate revenue sources) separately from other activities	and celebrates artistic innovation for future generations. Therefore, the whole City benefits		<ul style="list-style-type: none"> Grants, donations & sponsorship 	<ul style="list-style-type: none"> Fees and charges Bequests Grants, donations & sponsorship Loans, Reserves Naming rights
Napier War Memorial Conference Centre	A vibrant innovative city for everyone	The immediate users. Local businesses receive a benefit from out of town users. Locals benefit from general hireage of the facility.	Intergenerational - 20-30 years	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities Building = War Memorial Centre Activity = Conference Centre	The Napier War Memorial Conference Centre is suitable for a wide range of events and attracts local, national and international conferences and events and provides a facility for the community which generates economic wellbeing.	5% - 10%	<ul style="list-style-type: none"> Fees and charges General rates 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges General rates Targeted rates Loans Reserves
National Aquarium of NZ	A vibrant innovative city for everyone	Local, domestic and international visitors Businesses and local economy Historical and heritage,	Intergenerational	Polluters, sanctuary requirements	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately	It attracts locals and visitors to the city which provides enhances economic activity	20% - 25%	<ul style="list-style-type: none"> Fees and charges Grants Sponsorships, bequests & philanthropic General rates 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges General rates Targeted rates Grants Loans

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		customary practices – especially Maori and Pacifica			from other activities				<ul style="list-style-type: none"> Reserves Naming rights
Par2 mini golf	A vibrant innovative city for everyone	Users, visitors and families	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	It attracts locals and visitors and is a fun family friendly activity for all ages from which the Council fully recovers its cost	0%	<ul style="list-style-type: none"> Fees and charges, retail sales 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Reserves Loans
Parking	A vibrant innovative city for everyone	Retailers, visitors and the community as a whole and those with a parking exemption	There are assets within this activity that have an intergenerational life	Vehicle drivers, non-compliant vehicle operators and property owners within parking exemption areas.	<p>Council separately charges CBD and outer commercial properties a targeted rate for the provision of additional offstreet parking.</p> <p>Apart for these targeted rates no further reason has been identified to fund this</p>	Parking ensures that safe parking facilities are available to the residents and visitors to Napier City to enable optimal vehicle circulation	0%	<ul style="list-style-type: none"> Fees and charges Targeted rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Targeted rates General rates Loans Reserves Financial and/or Development contributions

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
					activity separately from other activities				
Parklands residential development	A sustainable city	The community as a whole	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This activity currently provides significant income that subsidises rates	0%	<ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Loans Reserves
Property holdings	A sustainable city	The community as a whole (has the ability to subsidise rates).	Intergenerational	Non-compliant lease holders	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This activity generates cash surpluses which enables the subsidy of rates	0%	<ul style="list-style-type: none"> Fees and charges (lease income) Reserves Loans 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges (lease income) Loans Reserves
Public toilets	Excellence in infrastructure and public services for now and in the future	The community and visitors	Intergenerational (up to 20 years)	Visitors have created an additional cost. Vandalism Cruise ships Freedom campers	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately	Providing public amenities however, there is a requirement to provide these facilities for areas that have high visitor numbers	95% - 100%	<ul style="list-style-type: none"> Fees and charges General rates Reserves 	<ul style="list-style-type: none"> Loans, Reserves General Rates

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
				Major inner-city events	from other activities				
Regulatory solutions	A safe and healthy city that supports community well-being.	The users of the services and the community, however the effective provision of this activity results in public health and the avoidance of nuisance	Limited to the period of the operation.	Non-compliant businesses and individuals	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The effective provision of this activity results in public health and the avoidance of nuisance	55% - 65%	<ul style="list-style-type: none"> Fees and charges, General rates Reserves 	Nil
Reserves	A safe and healthy city that supports community well-being	Occupiers, leases and hirers of the reserves Contributes to the City's green space, biodiversity and environmental outcomes Everyone benefits but the occupiers receive a higher benefit	Intergenerational - ongoing with assets having a life of greater than 10 years	Vandalism, events, theft, freedom campers	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone benefits but the occupiers receive a higher benefit and therefore a range of funding sources are used.	85% - 90%	<ul style="list-style-type: none"> General rates Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees and charges Targeted rates, Loans, Bequests, Reserves Financial and/or Development Contributions, Grants and subsidies Naming rights & sponsorship
Resource consents	A sustainable city	The relevant community (through the	Intergenerational due to the nature of the activities	Resource consent holders who	No reason identified to fund the net	The relevant community (through the	60% of the activity's costs are	<ul style="list-style-type: none"> Fees and charges General rates 	Nil

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		consent process), free planning advice, public counter, responding to complaints, compliant & safe buildings in the community. Notified and non-notified consents have different levels of benefit	for which the consents are issued.	do not comply with the resource consent conditions. Unconsented activities. Vexatious and frivolous objectors	cost of this activity (after non rate revenue sources) separately from other activities	consent process), notified and non-notified consents have different levels of benefit.	recovered from general rates Resource consents fees and charges are set to recover 100% of costs for services provided	<ul style="list-style-type: none"> Reserves 	
Sportsgrounds	Safe and healthy city that supports community well-being	People who actively participate in the sportsground Direct participants and indirect participants (spectators) Contributes to the City's green space Everyone benefits but the active participants and local businesses have a higher benefit	Intergenerational - ongoing with assets having a life of greater than 10 years	Sports people, park users, vandalism, parents, events	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone benefits but the active participants and local businesses have a higher benefit and therefore a range of funding sources are used	90% - 95%	<ul style="list-style-type: none"> General rates Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees and charges targeted rates Naming rights Sponsorship Loans, Bequests Reserves Financial and/or Development Contributions

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
Stormwater	A vibrant innovative city for everyone Excellence in infrastructure and public services for now and in the future	The community as a whole There can be identifiable parts of the community that receive higher levels of service	Intergenerational (up to 100 years)	Commercial density creates additional cost and need for the activity	Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of stormwater services	The whole community benefits from the provision of storm water, however some properties based on location receive a different level of service	95% - 100%	<ul style="list-style-type: none"> General rates Targeted rates Reserves Fees and charges (connection fees) 	<ul style="list-style-type: none"> Accumulated surpluses from general and targeted rates, fees and charges Financial and/or Development contributions Loans Reserves
Transportation	Excellence in infrastructure and public services for now and in the future	Users both public and private. There is a range of between 60% to 80% for private good.	Intergenerational	Heavy vehicles, irresponsible road users, high density properties creating high traffic impacts	Currently not practical and no benefit in funding this activity separately	The transportation activity provides economic, private and community benefit and is essential for the safe functionality and connectivity of the City.	40% - 60%	<ul style="list-style-type: none"> NZTA subsidy General rates Fees and charges Petrol tax 	<ul style="list-style-type: none"> Accumulated surpluses from targeted rates, general rate, fees and charges Petrol tax NZTA subsidy Financial and/or Development contributions Loans Reserves Grants and donations (e.g. cycle ways)
Waste minimisation	A sustainable city	The individual and the	Intergenerational	Illegal dumping creates an	Separate Targeted	Effective and efficient systems for the	20%	<ul style="list-style-type: none"> Fees and charges Targeted rates 	<ul style="list-style-type: none"> Accumulated surpluses from Fees

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		community as a whole		additional cost for Council, inappropriate disposal of hazardous waste	<p>rates are charged to fund the cost of kerbside refuse collections and the kerbside recycling service. This makes the cost of these services transparent to ratepayers.</p> <p>No reason has been identified to fund the net cost of the remainder this activity that relates to litter bins, illegal dumping & hazardous waste disposal (after non rate revenue sources) separately from other activities</p>	collection and disposal of refuse and collection of recyclable materials benefit both the individual (enabling disposal) and the community by reducing the adverse environmental impacts.		<ul style="list-style-type: none"> • General rates • Waste minimisation levy • Reserves 	<p>and charges, targeted rates, general rates,</p> <ul style="list-style-type: none"> • Waste minimisation levy, • Reserves, • Loans • Financial contributions

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Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
Wastewater	Excellence in infrastructure and public services for now and in the future	Private benefit for people to dispose of their waste. Public benefit for the community to have an appropriate environmental solution	Intergenerational (up to 100 years)	Industries with high waste volumes and loadings, unconsented activity, low volume high impact waste	Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of wastewater services.	Provides human and environmental benefits to both the community and the wider region	0%	<ul style="list-style-type: none"> Targeted differential rates Fees and charges (including trade waste bylaw charges) 	<ul style="list-style-type: none"> Accumulated surpluses from Targeted differential rates, General rates, fees and charges Loans Reserves Development and/or Financial contributions
Water supply	A safe and healthy city that supports community well-being	The users of the water supply are the primary beneficiaries however there is a wider benefit of having a potable water supply (90 private/10 public)	Intergenerational	Central Government legislation, illegal connections, high use users	Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of water supply services.	The provision of potable water supply is of benefit to individuals and the wider community	0%	<ul style="list-style-type: none"> Targeted differential rates Water rates Fees and charges (not including water by meter rate) 	<ul style="list-style-type: none"> Accumulated surpluses from Targeted differential rates, water rates, general rates, fees and charge Loans, Reserves, Financial and/or Development contributions



Key Financial Policies Consultation Plan

The Project

As part of the Long Term Plan (LTP) process, we have reviewed our key financial policies. We are proposing to make adjustments to four policies that affect how rates are gathered and how financial contributions for new developments are calculated. It is appropriate that these are considered together given the interconnected nature of these policies and their relevance to the LTP.

The four policies are:

- Revenue and Financing Policy
 - The Revenue and Financing Policy explains how we cover our operational and capital costs.
 - We recently updated the Revenue and Financing Policy and heard extensive submissions in the process. The changes altered the way that rates income is split between different types of properties including residential, commercial and rural. This resulted in most properties seeing a small decrease in rates, while some had an increase.
- Financial Contributions Policy
 - The Financial Contributions Policy sets out the contributions required from property developers to help fund the cost of new infrastructure in the city.
- Rating Policy
 - The Rating Policy outlines the types of rates the Council collects (e.g. general versus targeted) and how and when these are collected.
- Rates Remission Policy
 - The Rates Remission Policy explains the circumstances where properties will be exempt from some or all of the rates they would normally incur.

Consultation on proposed changes

The proposed changes are as follows:

- Revenue and Financing Policy
 - Changing the way Council's housing activities are funded – The change will allow this activity to be funded from other sources additional to rental income e.g. rates and loans.
- Rating Policy (information only)
 - New valuations have come in since we made changes earlier in the year to the Revenue and Financing Policy, which will impact on the rates charged for some properties. Land values have increased for commercial and industrial properties in particular.
 - Including the proposed 8% average rates increase (per rateable property), these new valuations will mean 3000 properties will have rates increases of greater than 10%, and 100 properties have increases of more than \$10,000 pa. We will directly inform these commercial and industry property owners of the impact on their rates.
 - Residential property owners, in the main, will receive a decrease due the changes of the Revenue and Financing policy, but an increase overall due to the proposed 8% average increase in 2021/22.

- Financial Contributions Policy
 - Development contributions will no longer be required and only financial contributions will be charged. This is being done to create a more robust yet simple system of financing new infrastructure.
 - Introducing new exemption categories for residential growth in the city centre and multi-unit developments to support our proposed District Plan goals.
- Rates Remission Policy
 - Several administrative amendments have been made which are designed to increase the efficiency of rates collection such as remissions on council property and changing remissions for refuse collection and recycling.

Significance and Engagement Policy

When considered together, the amendments to these policies are of moderate significance and are important given their relationship to the LTP. The proposed amendment to the way that housing is funded is particularly relevant given the proposal in the LTP to fund the identified shortfall in housing income through a loan. In order to apply loan funding or rates income to housing costs, a change to the Revenue and Financing Policy is first needed.

Engagement activities will inform the community and key stakeholders of the changes being made and what their likely impact will be. Feedback will be sought on the proposals with some of the proposals providing options for consideration.

Purpose of Communication and Engagement

The objectives of the consultation are to:

- Inform the community of the proposed changes
- Explain the likely impacts of the proposed changes
- Seek feedback, including options that have been identified.

Approach

The amendments to these policies will be consulted on separately from the LTP. The policies impact the LTP and need to be confirmed prior to the LTP deliberations. Hearings and deliberations will be completed before the LTP hearings and deliberations.

Information will be sent to all commercial properties, property developers and other key stakeholders with links to the feedback form. Commercial ratepayers will be able to use the rates calculator to find out how the changes will affect them and property developers will be able to view the new financial contributions methodology to understand what this will mean for them.

Council housing stakeholders and tenants will be advised of the proposed change to Revenue and Financing Policy given its potential future impact on how this activity is funded. They will have the opportunity to comment on the proposed change.

Consultation Timeline

Item	Submissions Open	Submissions Close	Hearing Dates
Revenue and Financing Policy	12 April	12 May	1 June
Financial Contributions Policy	12 April	12 May	1 June
Rating Policy	12 April	12 May	1 June
Rates Remission Policy	12 April	12 May	1 June

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with notification of the consultation provided directly to commercial ratepayers.

Digital	<ul style="list-style-type: none"> Website (www.sayitnapier.nz) Facebook post(s) SayitNapier
Print	<ul style="list-style-type: none"> Informing Napier The Napier Courier

2. CONSULTATION - RATING POLICY

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1301081
<i>Reporting Officer/s & Unit:</i>	Garry Hrustinsky, Investment and Funding Manager Adele Henderson, Director Corporate Services

2.1 Purpose of Report

To review and update the policy to clarify amendments to the fire protection rate, storm water rate for commercial and industrial, and to present the consultation plan for approval. Any desirable changes arising from public feedback will then be incorporated, and the final policy adopted in June as part of Council's Long Term Plan 2021/31.

Officer's Recommendation

That Council:

- a. Note that the unconnected (but within 100m) Fire Protection Rate for Other Rating Units remains at 50%.
- b. Note that the Storm Water Rate for Commercial & Industrial remains at 250% (compared to General Rate of 260%) and Rural Residential at 100% (compared to General Rate of 90%).
 - i. Note that the Storm Water Rate will not be phased over 3 years.
- c. Approve the draft Rating Policy (attached) for public consultation.
- d. Note that the draft Rating Policy may be subject to minor corrections and any changes arising from the consultation process.
- e. Approve the consultation plan for the Rating Policy.

2.2 Background Summary

As part of the review of the Revenue & Financing Policy February 2021, Council formalised a Rating policy that forms a bridge between the Revenue and Financing Policy and the Funding Impact Statement. As part of the Long Term Plan 2021-31 review, changes are required to align the policies as outlined.

The proposed changes to the Rating Policy will come into effect on the 1st of July 2021.

2.3 Issues

In response to a review of the Revenue and Financing Policy, a Rating Policy was introduced and adopted on the 16th of February 2021.

Due to significant increases being experienced for certain property types, it was agreed that General Rate differentials will be phased in over 3 years from the start of the 2021/22 ratings year. The calculation is based on the difference between the old differential (as defined in the 2020/21 Annual Plan) and the target differential, split into 3 equal stages. The schedule for phasing is as follows:

Old Differentials	Old Code	Old Differential Rate	New Differential Rate	New Code	Differential Rate	2021/22	2022/23	2023/24
City Residential	1	100.00%	Residential/Other	1	100.00%	100.00%	100.00%	100.00%
Commercial & Industrial	2	268.09%	Commercial & Industrial	2	260.00%	265.39%	262.70%	260.00%
Miscellaneous	3	100.00%	Residential/Other	1	100.00%	100.00%	100.00%	100.00%
Miscellaneous	3	100.00%	Commercial & Industrial	2	260.00%	153.33%	206.67%	260.00%
Miscellaneous	3	100.00%	Rural	3	85.00%	95.00%	90.00%	85.00%
Miscellaneous	3	100.00%	Rural Residential	4	90.00%	96.67%	93.33%	90.00%
Ex City Rural	4	63.47%	Residential/Other	1	100.00%	75.65%	87.82%	100.00%
Ex City Rural	4	63.47%	Rural Residential	4	90.00%	72.31%	81.16%	90.00%
Ex City Rural	4	63.47%	Rural	3	85.00%	70.65%	77.82%	85.00%
Other Rural	5	63.47%	Residential/Other	1	100.00%	75.65%	87.82%	100.00%
Other Rural	5	63.47%	Rural Residential	4	90.00%	72.31%	81.16%	90.00%
Other Rural	5	63.47%	Commercial & Industrial	2	260.00%	128.98%	194.49%	260.00%
Other Rural	5	63.47%	Rural	3	85.00%	70.65%	77.82%	85.00%
Bay View	6	72.80%	Residential/Other	1	100.00%	81.87%	90.93%	100.00%
Bay View	6	72.80%	Commercial & Industrial	2	260.00%	135.20%	197.60%	260.00%
Bay View	6	72.80%	Rural Residential	4	90.00%	78.53%	84.27%	90.00%

Commercial and Industrial properties

As a result of property revaluations that occurred in December 2020 (and fell outside of the Revenue & Financing Policy review), it was identified that Commercial property had an average Land Value increase of 76.2% over the last 3 years and Industrial property had an increase of 84.4% over the same period. As the average Land Value increase for Napier is 44.5% over the last 3 years, this represents a significant increase for Commercial & Industrial property. Rate changes proposed in the Long Term Plan 2021-2031 will act in tandem with the property revaluations, with a particular impact on Commercial & Industrial property owners.

With 1,995 properties identified, Commercial & Industrial property is the second largest property group and accounts for 17% of the total Land Value for Napier (Residential property is 71% of the total Land Value).

Further information will be provided directly to these property owners with the opportunity for the community to provide feedback through the Long Term Plan process.

Proposed changes for consultation

As there were a large number of changes adopted with the new rating system, Council is seeking guidance and confirmation on the following points:

- The unconnected rate for the Fire Protection Rate for Other Rating Units remains at 50%: Council decided to keep the unconnected water rate at 50% (rather than the proposed 70%). The Fire Protection Rate was not addressed in the resolutions.

- The Storm water Rate for Commercial and Industrial remains at 250%: this was originally in line with the proposed General Rate differential of 250%. The differential was increased to 260% but the Storm Water Rate was not.
- The Storm Water Rate for Rural Residential remains at 100%: this was originally in line with the proposed General Rate when there was no Rural Residential differential. The Rural Residential differential was introduced at 90% but the Storm Water Rate is currently 100%.

2.4 Significance and Engagement

Public consultation on the proposed amendments will be undertaken with the Long Term Plan 2021-2031.

2.5 Implications

Financial

The impact for Council is neutral as the proposed amendments do not impact on the amount of General Rates collected.

Social & Policy

The proposed changes will have a minor impact on the Rating Policy.

Risk

Public feedback is sought prior to a final Council decision being made, particularly for the Commercial sector where revaluations have had a significant impact on this group. This will somewhat mitigate the risk inherent in adopting final General Rate differentials prior to the 2021/22 rating year.

To mitigate this risk, the Commercial ratepayers are being advised of the impacts separately, and will be invited to submit to the Long Term Plan and implications of this policy as well as all the other ratepayers of Napier City.

2.6 Options

The options available to Council are as follows:

- a. Accept the proposed changes to the Rating Policy for consultation.
- b. Propose alternative information for consultation.

2.7 Development of Preferred Option

Option a. Accept the proposed changes to the Rating Policy for consultation.

2.8 Attachments

- A Proposed Rating Policy [↓](#)
- B Consultation Plan [↓](#)

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Rating Policy			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date	11 February 2021	Review Approval Date	
Next Review Deadline	11 February 2024	Document ID	TBA
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002		
NCC Documents Referenced	Revenue & Financing Policy Funding Impact Statement Rates Remission Policy Rates Postponement Policy Reviewed and amended in preparation for the Long Term Plan 2021-2031.		

Purpose

To assist Council in setting rates as specified within the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).

This Policy is to be read in conjunction with the Revenue and Financing Policy, Rates Remission and Postponement Policy and Funding Impact Statement.

The Council must complete the following to set a lawful rate.

- Analysis as per s.101(3) of the Local Government Act 2002
- Adopt a Revenue and Financing Policy
- Adopt a Funding Impact Statement
- Adopt an Annual or Long Term Plan
- Adopt a rates resolution consistent with the actions described above.

Note: to maintain rating consistency, unless otherwise stated, adopted amendments made during any rating year to this policy will only become effective with the adoption of the following Annual Plan or Long Term Plan.

Policy

1. General Rates

General Rates are used to fund both operating and capital expenditure. They fund the remaining costs of Council operations after all other sources of funding have been applied.

General Rates are assessed through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value.

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The amount of the UAGC is set to ensure that the total (excluding water and wastewater rates) uniform (or fixed) rates will be between 20% to 25% of total rates that are to be collected.

The General Rate is set differentially using matters as prescribed in Schedule 2 of the LGRA, and as listed in the Funding Impact Statement. The LGRA Schedule 2 allows councils to set a General Rate based on each of these matters.

General rate differentials

Rating Units assessed for the General Rate are categorised into one of four differential categories:

- Residential/Other
- Commercial & Industrial
- Rural
- Rural Residential

Residential/Other

Any property that is not defined as Commercial & Industrial, Rural Residential or Rural.

Commercial & Industrial

Any property that is in a commercial or industrial zone under the District Plan or used for any business activities, except properties categorised as rural or consented for residential use, will be rated as commercial and industrial properties.

Commercial and industrial activities include, but are not restricted solely to:

- Rural and other similar activities such as transport, supplies, packhouses and wineries servicing multiple clients
- Professional offices, surgeries etc.
- All retail, wholesale merchandising activities
- All forms of manufacturing and processing
- Bars, restaurants, cafes and other service activities
- Storage facilities
- Hotels, motels, B & B's and other short-term accommodation providers
- Tourism operations
- Care facilities operated for profit
-

Rural Residential

Any rating unit that would otherwise be classified as Residential, but is not connected or able to be connected to both the city water system and the city sewerage system.

Rural

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities.

Differentials

A review of the Revenue & Financing Policy was conducted with adoption occurring in February 2021. New differentials were introduced. Based on the review, the following are the differentials to be applied based on the land value of properties in each differential category.

Differentials	Group / Code	Differential Rate
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Residential / Other	1	100%
Commercial & Industrial	2	260%
Rural	3	85%
Rural Residential	4	90%

Due to significant increases being experienced for certain property types, General Rate differentials will be phased in over 3 years from the start of the 2021/22 ratings year. The calculation is based on the difference between the old differential (as defined in the 2020/21 Annual Plan) and the target differential, split into 3 equal stages. The schedule for phasing is as follows:

Old Differentials	Old Code	Old Differential Rate	New Differential Rate	New Code	Differential Rate	2021/22	2022/23	2023/24
City Residential	1	100.00%	Residential/Other	1	100.00%	100.00%	100.00%	100.00%
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Miscellaneous	3	100.00%	Residential/Other	1	100.00%	100.00%	100.00%	100.00%
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Miscellaneous	3	100.00%	Rural	3	85.00%	95.00%	90.00%	85.00%
Miscellaneous	3	100.00%	Rural Residential	4	90.00%	96.67%	93.33%	90.00%
Ex City Rural	4	63.47%	Residential/Other	1	100.00%	75.65%	87.82%	100.00%
Ex City Rural	4	63.47%	Rural Residential	4	90.00%	72.31%	81.16%	90.00%
Ex City Rural	4	63.47%	Rural	3	85.00%	70.65%	77.82%	85.00%
Other Rural	5	63.47%	Residential/Other	1	100.00%	75.65%	87.82%	100.00%
Other Rural	5	63.47%	Rural Residential	4	90.00%	72.31%	81.16%	90.00%
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Bay View	6	72.80%	Rural Residential	4	90.00%	78.53%	84.27%	90.00%

The purpose of the differentials applied to the General Rate is to ensure that the amount payable by groups of ratepayers reflects Council's assessment of the relative benefit received and share of costs those groups of ratepayers should bear based on the principles outlined in the Revenue and Financing Policy.

Notes on allocation of properties into differential categories

Rating units which have no apparent land use (or are vacant properties) will be placed in the category which best suits the zoning of the property under the district plan except where the size or characteristic of the property suggest an alternative use.

To avoid doubt where a rating unit has more than one use the relevant predominant use will be used to determine the category. The predominant use relates to the main productive activity rather than just to the land area. Where there is uncertainty the land will be categorised into the highest rated category.

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Subject to the right of objection as set out in Section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the use or predominant use of all separately rateable properties in the district.

Uniform Annual General Charge (UAGC)

Council's Uniform Annual General Charge is set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding those related to Water Supply and Sewage Disposal, to recover between 20% and 25% of total rates.

The charge is applied to each separately used or inhabited part of a rating unit.

2. Targeted Rates

Targeted Rates are charged to fund both operating and capital expenditure. They are charged where Council considers it desirable to separate out the funding of an activity. They are charged to rating units including those units that are separately inhabited which have access to or are deemed to benefit from the service provided. Targeted rates are a funding mechanism that may be charged for activities deemed to have either a high public or a high private good to identified properties, an area of the city or the city as a whole.

Some targeted rates are applied differentially using either land or capital values, however most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

Water

Fire Protection Rate

This rate recovers a portion of the net costs of the water supply systems before the deduction of water by meter income.

The Fire protection targeted rate is based on the Capital Value of properties connected to, or able to be connected to, the Napier City Council water supply systems.

This rate is differentially applied, 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 rate is further differentiated where a property is not connected but is within 100 metres of a water supply system. 50% of the base rate for each differentiated category applies for each property not connected but located within 100 metres of the systems.

Differentials	Connected (%)	Not connected but within 100m (%)
Central Business District and Fringe Area	400%	200%
Suburban Shopping Centres, Hotels and Motels and Industrial rating units outside of the CBD	200%	100%
Other Rating Units connected to or able to be connected to the Council water supply systems	100%	50%

Water Rate

These rates recover the balance of the total net cost of the water supply systems after allowing for revenue collected from the Fire Protection Targeted Rate and the Water by Meter targeted rate.

The targeted rates are differentially applied and are a fixed amount set on a uniform basis, applied to each Separately Used or Inhabited Part of a Rating Unit connected to or able to be connected to, the Council's water supply system.

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The differential categories for the water rates are:

- Connected – any Rating Unit that is connected to a Council system
- Service available – any Rating Unit that is not connected to a Council system but is within 100 metres of such system (charged 50% of the targeted rate for connected properties)

Differentials	Connected (%)	Not connected but within 100m (%)
Rating Units connected to or able to be connected to the Council water supply systems	100%	50%

Stormwater Rate

The primary beneficiary of storm water assets are those properties that have a hard surface. There is a strong relationship between Capital Value and the hard surface area of a property.

This rate recovers the cost of storm water asset management. The Stormwater Rate is based on the Capital Value of Residential and Commercial & Industrial properties within the recognised urban limit (i.e. non-rural property as defined under the District Plan).

Rural properties are exempted.

The differential categories for Stormwater Rates are:

Differentials	Differential Rate within urban limits
Residential / Other	100%
Commercial & Industrial	250%
Rural Residential	100%

Sewerage Rate

This rate recovers the net cost of the waste water activity.

The Sewerage targeted rate is applied differentially as a fixed amount and is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit connected to, or able to be connected to, the Sewerage System.

A differential of 50% of the rate applies to each rating unit not connected but located within 30 metres of the system.

Differentials	Connected (%)	Not connected but within 30m (%)
Rating units connected to or able to be connected to the City Sewerage Systems	100%	50%

Bay View Sewerage Connection Rate

The Bay View Sewerage Scheme involves reticulation and pipeline connection to the City Sewerage System. Prior to 1 November 2005, property owners could elect to connect either under a lump sum payment option, or by way of a targeted rate payable over 20 years.

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The Bay View Sewerage Connection targeted rate is a fixed amount set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit connected to the Bay View Sewerage Scheme, where the lump sum payment option was not elected.

The rate applies from 1 July following the date of connection for a period of 20 years, or until such time as a lump sum payment for the cost of connection is made.

The category of rateable land for setting the targeted rate is defined as the provision of a service to those properties that are connected to the sewerage system, but have not paid the lump sum connection fee.

Refuse & Recycling

Refuse Collection and Disposal Rate

This rate recovers the cost of the kerbside refuse collection service, including an allocation of the cost of Council support services.

The Refuse Collection and Disposal targeted rate of a fixed amount is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit for which a rubbish collection service is available and is multiplied by number of times each week the service is provided. Rating units which Council officers determine are unable to practically receive the Council service and have an approved alternative service will be charged the waste service charge that excludes the approved alternative service.

Kerbside Recycling Rate

This rate recovers the net cost of the kerbside recycling collection service, including an allocation of the cost of Council support services.

The Kerbside Recycling targeted rate of a fixed amount is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit for which the kerbside recycling collection service is available. Rating Units which Council officers determine are unable to practically receive the Council service and have an approved alternative service will be charged the waste service charge that excludes the approved alternative service.

Off Street Car Parking Rates

CBD Off Street Car Parking Rate

This rate is used to provide additional off street car parking in the Central Business District. Those commercial rating units in the mapped areas identified as the Central Business District Off Street Car Parking 100% and 50% Parking Dispensation areas are charged the CBD Off Street Parking targeted rate based on land value. This rate is set on a differential basis as follows:

Differentials	%
Properties where council provides additional parking due to the property receiving a 100% parking dispensation	100%
Properties where council provides additional parking due to the property receiving a 50% parking dispensation.	50%

Refer Council maps:

- CBD Off Street Car Parking – 100% Parking Dispensation Area
- CBD Off Street Car Parking – 50% Parking Dispensation Area

Taradale Off Street Car Parking Rate

This rate is used to provide additional off street car parking in the Taradale Suburban Commercial area.

Those commercial rating units in the Taradale Suburban Commercial area only are charged the Taradale Off Street Parking targeted rate based on land value and set on a uniform basis.

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Suburban Off Street Car Parking Rate

This rate is used 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.

Those commercial rating units in suburban shopping centres and those commercial properties located in residential areas which are served by Council supplied off street car parking are charged the Suburban Shopping Centre Off Street Parking targeted rate based on land value and set on a uniform basis.

Promotion Rates

CBD Promotion Rate

This 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.

Each commercial and industrial rating unit situated within the area as defined on Council map "CBD Promotion Rate Area" are charged the CBD Promotion targeted rate based on land value and set on a uniform basis.

Taradale Promotion Rate

This rate recovers the full cost of the Taradale Marketing Association's promotional activities. All rating units in the Taradale Suburban Commercial area are charged the Taradale Promotion targeted rate based on land value and set on a uniform basis.

Other Rates and Charges

Swimming Pool Safety Rate

This rate recovers the cost of pool inspections and related costs to ensure owners meet the legal requirements of the Building Act 2004 and Building (Pools) Amendment Act 2016. A targeted rate of a fixed amount set on a uniform basis, applied to each rating unit where a residential pool or small heated pool (within the meaning of the Building (Pools) Amendment Act 2016) is subject to a 3 yearly pool inspection.

Water By Meter Charges

This rate applies to all with a water meter and is charged based on a scale of charges as shown on the schedule of indicative rates each year.

Where any rating unit is suspected to have above average water usage Council officers may require that a water meter is installed and excess usage is charged based the water by meter targeted rate.

The rate based on actual water use above the first 300m³ per SUIP per annum applies to select metered properties.

Targeted Rates Note:

For the purposes of Schedule 10, clause 15(4)(e) or clause 20(4)(e) of the Local Government Act 2002, lump sum contributions will not be invited in respect of targeted rates, unless this is provided within the description of a particular targeted rate.

3. Separately Used or Inhabited Parts of a Rating Unit Definition

Definition

For the purposes of the Uniform Annual General Charge and all uniform (or fixed value) Targeted Rates, a separately used or inhabited part of a rating unit is defined as: *Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.*

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This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other forms of occupation) on an occasional or long term basis by someone other than the owner.

Examples of separately used or inhabited parts of a rating unit include:

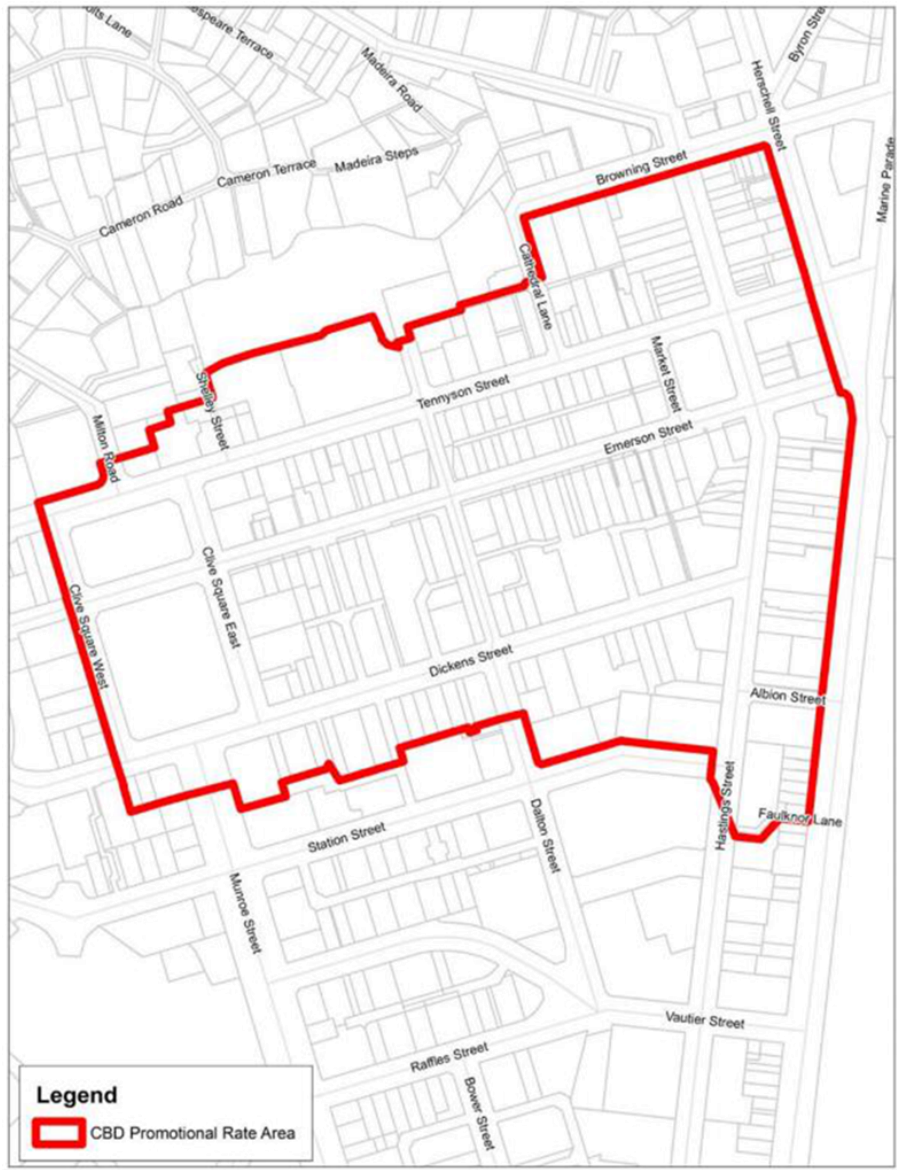
- For residential rating units, each consented supplementary unit is considered a separately used or inhabited part. Each situation is assessed on its merits.
- Residential properties, where a separate area that is available to be used as an area independent to the rest of the dwelling is used for the purpose of operating a business, such as a professional practice, dedicated shop/display area or trade workshop. The business area is considered a separately used or inhabited part.
- For commercial or industrial properties, two or more different businesses operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.
- Where a single business comprises multiple buildings, or multiple floors of a single building, each building or floor of a multi-story building is deemed to constitute a separate part (SUIP).

These examples are not inclusive of all situations.

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4. Maps

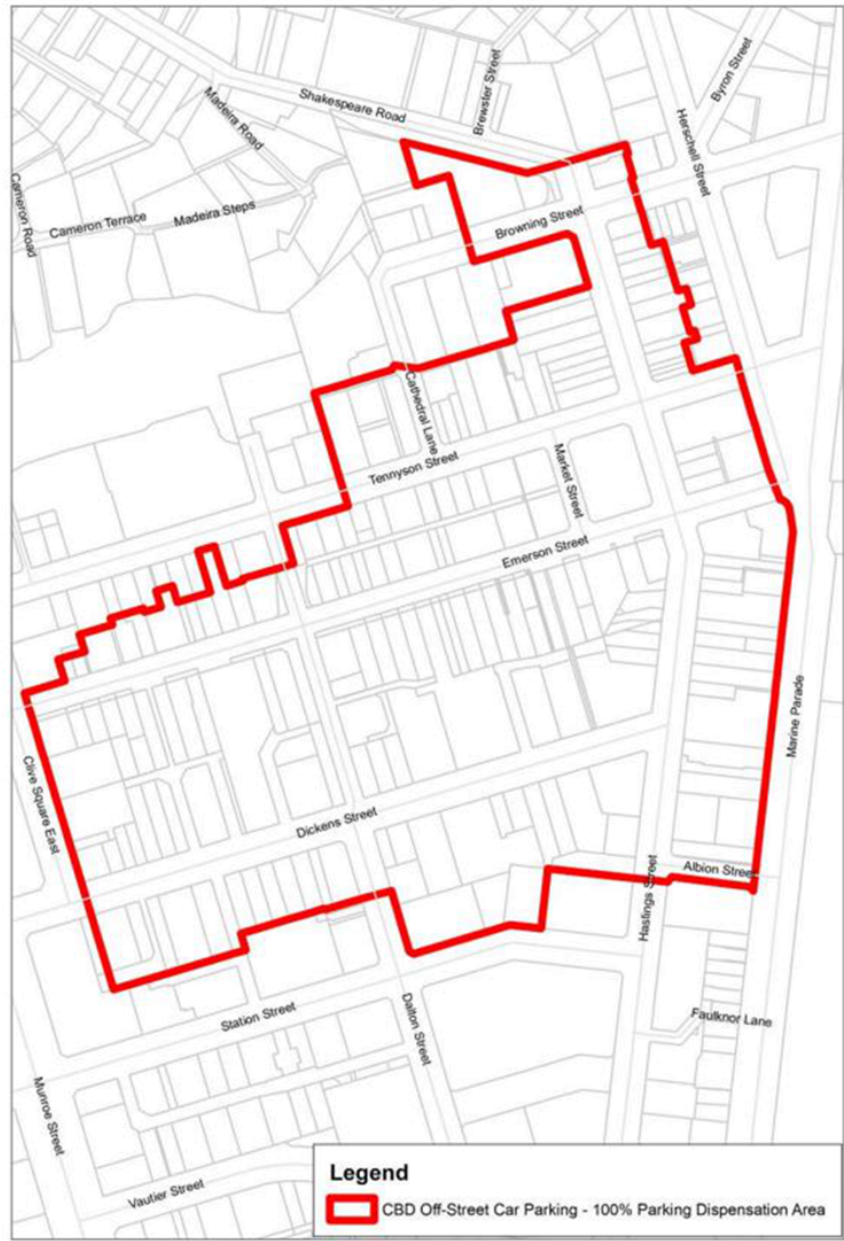
CBD Promotion Rate Area



Doc ID 1302785

CBD Off Street Parking

100% Parking Dispensation Area



Doc ID 1302785

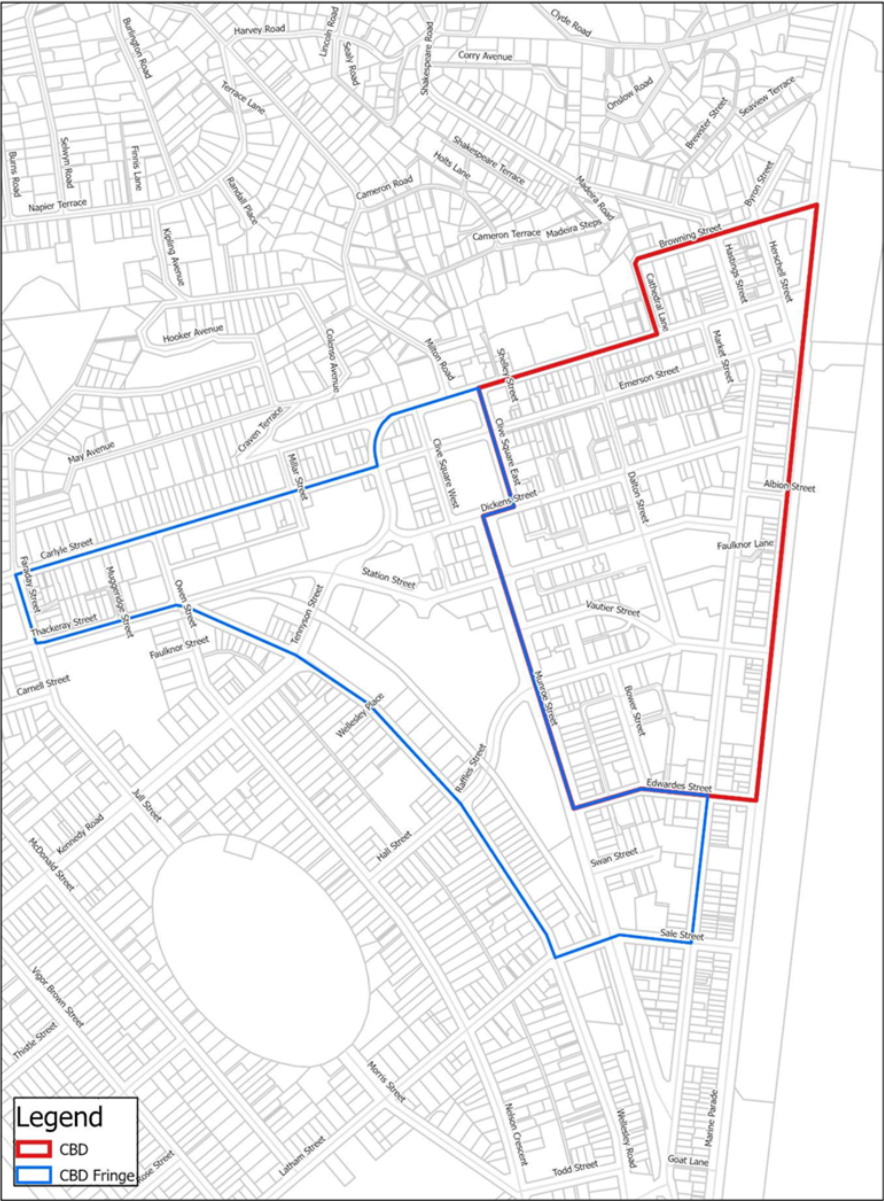
50% Parking Dispensation Area



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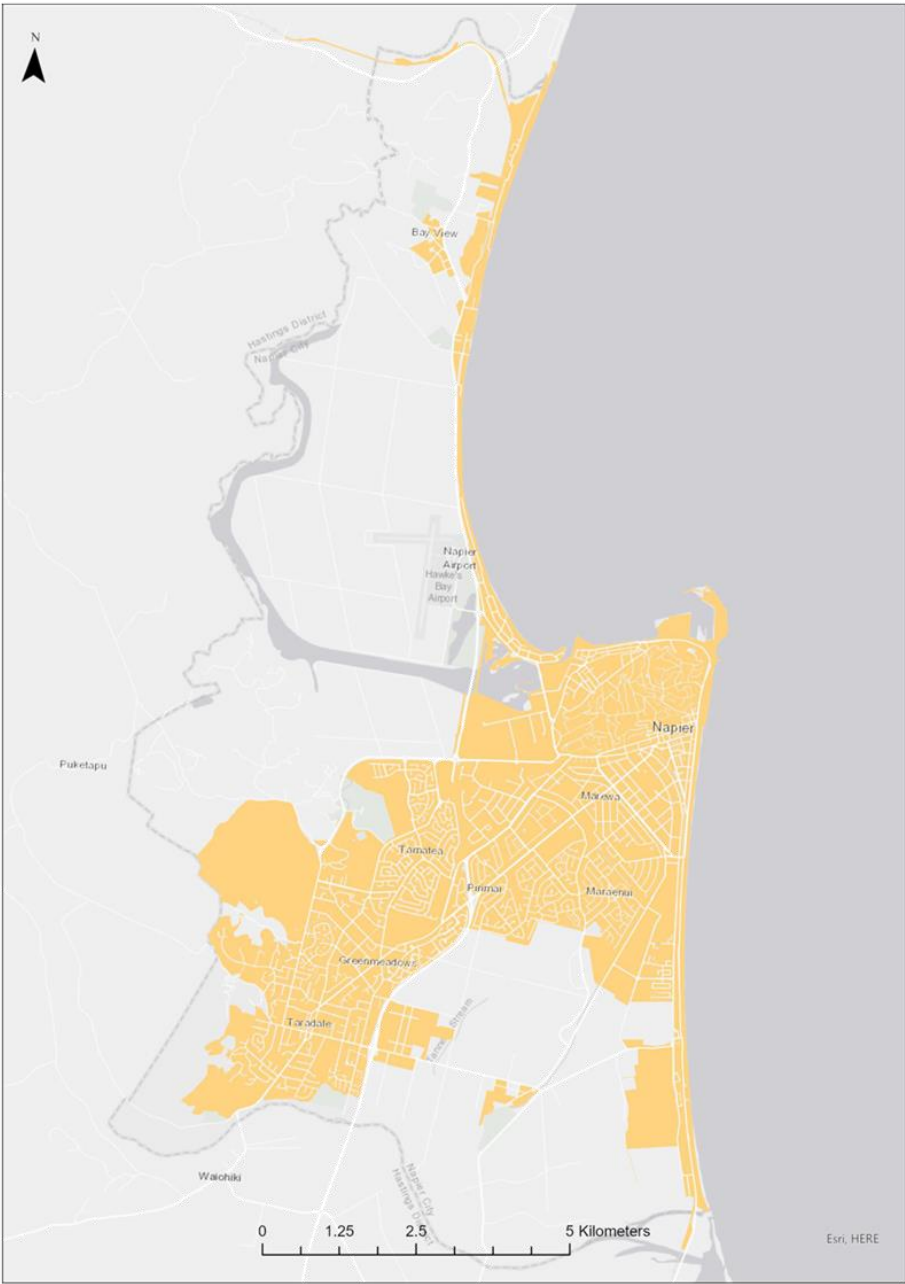
CBD Fire Protection Area

CBD and CBD Fringe Rate Area



Doc ID 1302785

Stormwater Coverage



Doc ID 1302785

Policy Review

This policy will be reviewed at least once every three years.

DRAFT

Key Financial Policies Consultation Plan

The Project

As part of the Long Term Plan (LTP) process, we have reviewed our key financial policies. We are proposing to make adjustments to four policies that affect how rates are gathered and how financial contributions for new developments are calculated. It is appropriate that these are considered together given the interconnected nature of these policies and their relevance to the LTP.

The four policies are:

- Revenue and Financing Policy
 - The Revenue and Financing Policy explains how we cover our operational and capital costs.
 - We recently updated the Revenue and Financing Policy and heard extensive submissions in the process. The changes altered the way that rates income is split between different types of properties including residential, commercial and rural. This resulted in most properties seeing a small decrease in rates, while some had an increase.
- Financial Contributions Policy
 - The Financial Contributions Policy sets out the contributions required from property developers to help fund the cost of new infrastructure in the city.
- Rating Policy
 - The Rating Policy outlines the types of rates the Council collects (e.g. general versus targeted) and how and when these are collected.
- Rates Remission Policy
 - The Rates Remission Policy explains the circumstances where properties will be exempt from some or all of the rates they would normally incur.

Consultation on proposed changes

The proposed changes are as follows:

- Revenue and Financing Policy
 - Changing the way Council's housing activities are funded – The change will allow this activity to be funded from other sources additional to rental income e.g. rates and loans.
- Rating Policy (information only)
 - New valuations have come in since we made changes earlier in the year to the Revenue and Financing Policy, which will impact on the rates charged for some properties. Land values have increased for commercial and industrial properties in particular.
 - Including the proposed 8% average rates increase (per rateable property), these new valuations will mean 3000 properties will have rates increases of greater than 10%, and 100 properties have increases of more than \$10,000 pa. We will directly inform these commercial and industry property owners of the impact on their rates.
 - Residential property owners, in the main, will receive a decrease due the changes of the Revenue and Financing policy, but an increase overall due to the proposed 8% average increase in 2021/22.

- Financial Contributions Policy
 - Development contributions will no longer be required and only financial contributions will be charged. This is being done to create a more robust yet simple system of financing new infrastructure.
 - Introducing new exemption categories for residential growth in the city centre and multi-unit developments to support our proposed District Plan goals.
- Rates Remission Policy
 - Several administrative amendments have been made which are designed to increase the efficiency of rates collection such as remissions on council property and changing remissions for refuse collection and recycling.

Significance and Engagement Policy

When considered together, the amendments to these policies are of moderate significance and are important given their relationship to the LTP. The proposed amendment to the way that housing is funded is particularly relevant given the proposal in the LTP to fund the identified shortfall in housing income through a loan. In order to apply loan funding or rates income to housing costs, a change to the Revenue and Financing Policy is first needed.

Engagement activities will inform the community and key stakeholders of the changes being made and what their likely impact will be. Feedback will be sought on the proposals with some of the proposals providing options for consideration.

Purpose of Communication and Engagement

The objectives of the consultation are to:

- Inform the community of the proposed changes
- Explain the likely impacts of the proposed changes
- Seek feedback, including options that have been identified.

Approach

The amendments to these policies will be consulted on separately from the LTP. The policies impact the LTP and need to be confirmed prior to the LTP deliberations. Hearings and deliberations will be completed before the LTP hearings and deliberations.

Information will be sent to all commercial properties, property developers and other key stakeholders with links to the feedback form. Commercial ratepayers will be able to use the rates calculator to find out how the changes will affect them and property developers will be able to view the new financial contributions methodology to understand what this will mean for them.

Council housing stakeholders and tenants will be advised of the proposed change to Revenue and Financing Policy given its potential future impact on how this activity is funded. They will have the opportunity to comment on the proposed change.

Consultation Timeline

Item	Submissions Open	Submissions Close	Hearing Dates
Revenue and Financing Policy	12 April	12 May	1 June
Financial Contributions Policy	12 April	12 May	1 June
Rating Policy	12 April	12 May	1 June
Rates Remission Policy	12 April	12 May	1 June

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with notification of the consultation provided directly to commercial ratepayers.

Digital	<ul style="list-style-type: none"> Website (www.sayitnapier.nz) Facebook post(s) SayitNapier
Print	<ul style="list-style-type: none"> Informing Napier The Napier Courier

3. REVIEW - RATES REMISSION AND POSTPONEMENT ON MĀORI FREEHOLD LAND

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1301033
<i>Reporting Officer/s & Unit:</i>	Garry Hrustinsky, Investment and Funding Manager

3.1 Purpose of Report

The purpose of this report is to review the Rates Remission and Postponement on Māori Freehold Land policy (*Doc ID 1301531*).

Officer's Recommendation

That Council:

- a. Adopt the current Rates Remission and Postponement on Māori Freehold Land policy with no changes.
- b. Note that amendments proposed in the Local Government (Rating of Whenua Māori) Amendment Bill will impact on the Local Government (Rating) Act 2002 from 1 July 2021 if it receives Royal Assent.

3.2 Background Summary

The Rates Remission and Postponement on Māori Freehold Land policy must be reviewed no longer than every three years. The last review was performed on 29 June 2018.

3.3 Issues

No issues.

3.4 Significance and Engagement

Changes to the policy require public consultation. No changes are recommended in this review.

3.5 Implications

Financial

There are no financial implications.

Social & Policy

Napier City Council has very few known rating units that occupy Māori freehold land. Changes proposed in the Local Government (Rating of Whenua Māori) Amendment Bill state that this policy must support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993. However, the target date for the Bill becoming law is 1 July 2021.

Risk

Risk is considered very low.

3.6 Options

The options available to Council are as follows:

- a. Accept the policy with no recommended changes.
- b. Request changes be made to the policy.

3.7 Development of Preferred Option

The preferred option has been developed in review of the current policy, a review of Māori freehold land to identify whether any significant changes have occurred over the last three years, and with consideration for the Local Government (Rating of Whenua Māori) Amendment Bill.

3.8 Attachments

- A Rates Remission and Postponement on Māori Freehold Land [↓](#)

Doc ID 1301531



Rates Remission and Postponement on Māori Freehold Land			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date	30 June 2015	Review Approval Date	TBA
Next Review Deadline	30 June 2021	Document ID	TBA
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002		
NCC Documents Referenced	Reviewed between March 2021 the Long Term Plan 2021-2031		

Purpose

To enable Council to remit all or part of the rates or postpone the requirement to pay all or part of the rates on Māori freehold land under Part 4 of the Local Government (Rating) Act 2002, where a policy on the remission and postponement of rates on Māori freehold land has been adopted and the conditions and criteria in the policy are met.

Under Section 102 of the Local Government Act 2002 Council must adopt a policy on the remission and postponement of rates on Māori freehold land.

Policy

Napier City Council has very few known rating units that occupy Māori freehold land. Council considers no criteria or conditions exist which requires rates relief on Māori freehold land additional to or which differs from rates remissions or postponement policies which apply to all rateable properties within Napier.

Policy Review

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

4. CONSULTATION - RATES REMISSION POLICY

Type of Report:	Legal and Operational
Legal Reference:	Local Government (Rating) Act 2002
Document ID:	1300033
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services

4.1 Purpose of Report

To review and update the policy to clarify delegations, remove the Remission for Residential Land in Commercial or Industrial Areas, and present the consultation plan for approval.

Officer's Recommendation

That Council:

- Approve the proposed removal of the Remission for Residential Land in Commercial or Industrial Areas.
- Approve the delegation of sign-off for the Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates to the Chief Financial Officer.
- Approve the consultation plan for the Rates Remission Policy.

4.2 Background Summary

Further review of the Rates Postponement Policy has identified that the Remission for Residential Land in Commercial or Industrial Areas is redundant. Residential land in commercial or industrial areas is treated as residential property for rating purposes. No remission is required. The provision proposed for removal reads as follows:

“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.*
- Be residential construction with a Building Consent that has been granted under Section 49 of the Building Act 2004.*

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 by the 30th of April 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.

The amount remitted will be the difference between the rates calculated on a Residential differential and a Commercial and Industrial differential”.

The Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates does not currently have a delegation for sign-off. To provide clarity, it is proposed that advice of application come from Environmental Solutions to the Chief Financial Officer for sign-off.

The proposed inclusion is as follows:

Applications must be made to Environmental Solutions. Applications will be advised to the Chief Financial Officer for approval.

4.3 Issues

There is no significant issue for retaining a Remission for Residential Land in Commercial or Industrial Areas. However, the remission will remain unused.

At present there is insufficient clarity regarding delegation on who can sign off Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates. Final authorisation should remain within the Finance Department (and Chief Financial Officer) as this is where rating matters reside.

A Remission for Council Property is required as an accounting adjustment is currently performed to adjust/allow for the additional Council rates. In practical terms the proposed remission will allow Council to properly rate Council property, then apply a credit to total rates representing Council rates. This is a simpler approach that will also increase transparency for reporting purposes.

4.4 Significance and Engagement

There has been no external consultation on the proposed changes. If approved, public consultation will be required and undertaken as a separate consultation in parallel with the Long Term Plan 2021-2031.

4.5 Implications

Financial

There is no financial implication for the proposed amendments highlighted in this report.

Council provides a budget for rates remission in our Annual Plan and Long Term Plan. The amount budgeted is not significant (<0.5% of total rates).

Social & Policy

This is a proposed policy amendment. Social implications are negligible.

Risk

Beyond clarifying internal procedures, the implications of accepting or rejecting the proposed amendments are low.

4.6 Options

The options available to Council are as follows:

- a. Accept all of the proposed changes.
- b. Accept selected proposed changes / make amendments.

- c. Accept none of the proposed changes.

4.7 Development of Preferred Option

Approve the proposed removal of the Remission for Residential Land in Commercial or Industrial Areas.

Approve the delegation of sign-off for the Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates to the Chief Financial Officer.

Approve the consultation plan for the Rates Remission Policy.

4.8 Attachments

- A Proposed Rates Remission Policy [↓](#)
- B Consultation Plan [↓](#)

Doc ID 1301545



Rates Remission Policy			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date	30 June 2019	Review Approval Date	11 February 2021
Next Review Deadline	11 February 2024	Document ID	TBA
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002 Building Act 2004 Rating Valuations Act 1998		
NCC Documents Referenced	Reviewed and amended as part of 2020/21 Annual Plan Reviewed and amended as part of Revenue & Financing Policy Review (adopted 11 February 2021). Reviewed and amended in preparation for the Long Term Plan 2021-2031.		

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.

Doc ID 1301545

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

Penalties will also be remitted based on the application, by officers, of Council criteria established after Council has identified that Significant Extraordinary Circumstances have occurred that warrants further leniency in relation to the enforcement of penalties that would otherwise have been payable. The criteria to be applied will be set out in a council resolution that will be linked to the specific Significant Extraordinary Circumstances that have been identified by Council.

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

2. Remission for Farmland Under 5 Hectares

Objective

To provide rates relief for farms where a Rating Unit is less than 5 hectares.

Conditions and Criteria

- The Rating Unit must be used predominantly for land based agriculture or farming activities.
- Remission will be revoked where a change in land use has occurred.

The amount remitted will be the difference between the rates calculated on a Residential or Semi-Rural differential and a Rural differential.

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 Council by the 30th of April prior to the commencement of the rating year. Any remission for applications received during a rating year will be applicable from the commencement of the following rating year. Remissions will not be backdated. Declarations must be renewed every 3 years.

3. Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates

Objective

To enable Council to provide rates remission where, refuse collection or kerbside recycling services are not able to be provided, or where a ratepayer receives a reduced service.

Conditions and Criteria

- Remission of part of the charge may be provided where a Council service is not provided or where Council officers have approved an alternative service.
- Remission of part of the charge be provided where a ratepayer applies for a reduced service, and a Council officer deems a reduced service to be appropriate. Under this condition, Refuse Collection may be reduced from a weekly service to a fortnightly service (or from a thrice-weekly service to a weekly service for properties within the CBD).
- Applications for remission must be made in writing by the ratepayer or their authorised agent.
- Remission may be revoked where a change in service has occurred.

Applications must be made to Environmental Solutions. Applications will be advised to the Chief Financial Officer for approval.

4. Remission for Residential Properties Used Solely as a Single Residence

Objective

Doc ID 1301545

To enable Council to provide rates remission where properties that are identified as having separately used or inhabited portions are used solely as a single family residence.

Conditions and Criteria

Applications for rates remission must be made in writing by the ratepayer or their authorised agent.

A signed declaration must be provided to Council stating that the properties are used as a single family residence. The application must be made to Council by the 30th of April prior to the commencement of the rating year. Any remission for applications received during a rating year will be applicable from the commencement of the following rating year. Remissions will not be backdated. Declarations must be renewed every 3 years.

Accommodation arrangements must not be for pecuniary benefit.

5. Remission for Water Rates (by meter)

Objective

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

Conditions and Criteria

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

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

Objective

To enable Council to provide rates remission where, as a result of a change in Council policy 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.

The Council considers a significant increase to be 25% or more over the current assessed rates for a single property.

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 (including Significant Natural Areas (SNAs) where appropriate), where it considers relief by way of rates remission is justified in the circumstances.

Conditions and Criteria

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Applications for rates remission must be made in writing by the ratepayer or their authorised agent.

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

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

8. Remission of Rates in Response to Significant Extraordinary Circumstances being identified by Council.

Objective

To enable Council to provide rates remission to assist ratepayers in response to Significant Extraordinary Circumstances impacting Napier's ratepayers.

Definitions

Financial Hardship: for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.

Conditions and Criteria

For this policy to apply Council must first have identified that there have been Significant Extraordinary Circumstances affecting the ratepayers of Napier, that Council wishes to respond to.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available.

For a Rating Unit to receive a remission under this policy it needs to be an "Affected Rating Unit" based on an assessment performed by officers, following guidance provided through a resolution of Council.

Council resolution will include:

1. That the resolution applies under the Rates Remission Policy; and
2. Identification of the Significant Extraordinary Circumstances triggering the policy (including both natural and man-made events); and
3. How the Significant Extraordinary Circumstances are expected to impact the community (e.g. financial hardship); and
4. The type of Rating Unit the remission will apply to; and
5. Whether individual applications are required or a broad based remission will be applied to all affected Rating Units or large groups of affected Rating Units; and
6. What rates instalment/s the remission will apply to; and
7. Whether the remission amount is either a fixed amount, percentage, and/or maximum amount to be remitted for each qualifying Rating Unit.

Explanation

The specific response and criteria will be set out by Council resolution linking the response to specific Significant Extraordinary Circumstances. The criteria may apply a remission broadly to all Rating Units or to specific groups or to Rating Units that meet specific criteria such as proven Financial Hardship, a

Doc ID 1301545

percentage of income lost or some other criteria as determined by council and incorporated in a council resolution.

Council will indicate a budget to cover the value of remissions to be granted under this policy in any specific financial year.

The types of remission that may be applied under this policy include:

- The remission of a fixed amount per Rating Unit either across the board or targeted to specific groups such as:
 - A fixed amount per residential Rating Unit
 - A fixed amount per commercial Rating Unit

Policy Review

This policy will be reviewed at least once every three years.

Key Financial Policies Consultation Plan

The Project

As part of the Long Term Plan (LTP) process, we have reviewed our key financial policies. We are proposing to make adjustments to four policies that affect how rates are gathered and how financial contributions for new developments are calculated. It is appropriate that these are considered together given the interconnected nature of these policies and their relevance to the LTP.

The four policies are:

- Revenue and Financing Policy
 - The Revenue and Financing Policy explains how we cover our operational and capital costs.
 - We recently updated the Revenue and Financing Policy and heard extensive submissions in the process. The changes altered the way that rates income is split between different types of properties including residential, commercial and rural. This resulted in most properties seeing a small decrease in rates, while some had an increase.
- Financial Contributions Policy
 - The Financial Contributions Policy sets out the contributions required from property developers to help fund the cost of new infrastructure in the city.
- Rating Policy
 - The Rating Policy outlines the types of rates the Council collects (e.g. general versus targeted) and how and when these are collected.
- Rates Remission Policy
 - The Rates Remission Policy explains the circumstances where properties will be exempt from some or all of the rates they would normally incur.

Consultation on proposed changes

The proposed changes are as follows:

- Revenue and Financing Policy
 - Changing the way Council's housing activities are funded – The change will allow this activity to be funded from other sources additional to rental income e.g. rates and loans.
- Rating Policy (information only)
 - New valuations have come in since we made changes earlier in the year to the Revenue and Financing Policy, which will impact on the rates charged for some properties. Land values have increased for commercial and industrial properties in particular.
 - Including the proposed 8% average rates increase (per rateable property), these new valuations will mean 3000 properties will have rates increases of greater than 10%, and 100 properties have increases of more than \$10,000 pa. We will directly inform these commercial and industry property owners of the impact on their rates.
 - Residential property owners, in the main, will receive a decrease due the changes of the Revenue and Financing policy, but an increase overall due to the proposed 8% average increase in 2021/22.

- Financial Contributions Policy
 - Development contributions will no longer be required and only financial contributions will be charged. This is being done to create a more robust yet simple system of financing new infrastructure.
 - Introducing new exemption categories for residential growth in the city centre and multi-unit developments to support our proposed District Plan goals.
- Rates Remission Policy
 - Several administrative amendments have been made which are designed to increase the efficiency of rates collection such as remissions on council property and changing remissions for refuse collection and recycling.

Significance and Engagement Policy

When considered together, the amendments to these policies are of moderate significance and are important given their relationship to the LTP. The proposed amendment to the way that housing is funded is particularly relevant given the proposal in the LTP to fund the identified shortfall in housing income through a loan. In order to apply loan funding or rates income to housing costs, a change to the Revenue and Financing Policy is first needed.

Engagement activities will inform the community and key stakeholders of the changes being made and what their likely impact will be. Feedback will be sought on the proposals with some of the proposals providing options for consideration.

Purpose of Communication and Engagement

The objectives of the consultation are to:

- Inform the community of the proposed changes
- Explain the likely impacts of the proposed changes
- Seek feedback, including options that have been identified.

Approach

The amendments to these policies will be consulted on separately from the LTP. The policies impact the LTP and need to be confirmed prior to the LTP deliberations. Hearings and deliberations will be completed before the LTP hearings and deliberations.

Information will be sent to all commercial properties, property developers and other key stakeholders with links to the feedback form. Commercial ratepayers will be able to use the rates calculator to find out how the changes will affect them and property developers will be able to view the new financial contributions methodology to understand what this will mean for them.

Council housing stakeholders and tenants will be advised of the proposed change to Revenue and Financing Policy given its potential future impact on how this activity is funded. They will have the opportunity to comment on the proposed change.

Consultation Timeline

Item	Submissions Open	Submissions Close	Hearing Dates
Revenue and Financing Policy	12 April	12 May	1 June
Financial Contributions Policy	12 April	12 May	1 June
Rating Policy	12 April	12 May	1 June
Rates Remission Policy	12 April	12 May	1 June

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with notification of the consultation provided directly to commercial ratepayers.

Digital	<ul style="list-style-type: none"> Website (www.sayitnapier.nz) Facebook post(s) SayitNapier
Print	<ul style="list-style-type: none"> Informing Napier The Napier Courier

5. DRAFT FINANCIAL CONTRIBUTIONS POLICY

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1298026
<i>Reporting Officer/s & Unit:</i>	Paulina Wilhelm, Manager City Development Catherine Bayly, Manager, 3 Waters Reform Retha du Preez, Team Leader Development and Standards

5.1 Purpose of Report

The purpose of this report is to provide detail around the Financial Contributions Policy, and recommend that the draft Policy be approved for public consultation. Any desirable changes arising from public feedback will then be incorporated, and the final policy adopted in June as part of Council's Long Term Plan 2021/31.

Officer's Recommendation

That Council:

- a. Approve the draft Financial Contributions Policy (*Doc ID 1301563 attached*) for public consultation.
- b. Note that the draft Financial Contributions Policy may be subject to minor corrections and any changes arising from the consultation process.
- c. Note that a final Financial Contributions Policy will be adopted in June 2021.
- d. Approve the attached consultation plan for the Financial Contributions Policy

5.2 Background Summary

Section 102 of the Local Government Act, requires Council to adopt funding and financial policies including a policy on development or financial contributions.

Through Council workshops and the review of the existing policy, Council wish to move to a Financial Contributions policy. In addition, include remission/waiver options for certain types of residential development in the CBD and/or CBD fringe.

This approach is now outlined in a concise draft financial contributions policy that will be consulted in parallel to the LTP consultation process.

5.3 Issues

Council are currently charging financial contributions for both residential and non-residential developments under the existing provisions in the District Plan. To do this, we are noting variances to the current Financial and Development Contributions Policy for non-residential developments. A full review of the Policy has been undertaken to provide a sound basis for charging going forward, noting that growth is increasing across the city. The recommended approach, which is to continue to charge financial contributions under the existing provisions in the District Plan, follows an extensive review completed by infrastructure consultants, Utility Ltd, over the last six months.

5.4 Significance and Engagement

Engagement on the proposed revised policy changes will be undertaken as a separate consultation concurrently with the Long Term Plan for community feedback.

5.5 Implications

Financial

NCC currently does not have any growth-related debt. This is most likely due to a combination of reasons, and there is limited value in revisiting previous cost allocations.

The purpose of the contributions is to fund the growth/capacity capital cost of infrastructure for future development. These costs are projected to be around \$105M over the next 10 years of which \$40m will be debt funded to support growth at the end of the 10 years (excluding financing costs). Managing the timing of the infrastructure investments will be an important consideration.

Some of these costs will be funded from development that occurs outside the 10 year period covered by the 2021 LTP.

The estimated revenue over the 10 year LTP period is between \$50M and \$65M, depending on where and when the development occurs. The uptake in areas where an exemption may apply will also affect this revenue.

Although exemptions have been identified as part of this new policy, it is anticipated that any new residential development in commercial areas will not require any further network upgrades to accommodate this growth. For this reason we have not quantified lost revenue from exemptions.

Social & Policy

Growth projections suggest that up to 4,600 new residential units may be required in Napier over the next 30 years. This is an increase of around 20% from the current 26,000 houses. This demand is to be met by infill/intensification, existing structure plan/greenfield areas (Te Awa, Parklands, Mission Development) and potential further greenfield development.

The incentives proposed in the policy and discussed below as the preferred option, will contribute to the delivery of Council's strategic objective of a 'Vibrant City Centre' and promote inner city living. These incentives will also promote a 'compact city' by encouraging multi-unit developments in areas that are within walking distance from neighbourhood commercial centres across Napier.

We are proposing to continue to charge financial contributions under the existing Financial Contributions section of the District plan.

Risks

The key risks of the recommended approach are:

- The existing District Plan provisions mean there are potential limitations on the quantum of contributions for large non-residential developments.
- The exemptions will reduce the financial contribution revenue that Council receive, however this is off-set by the benefits from in-fill and intensification development. Typically, existing infrastructure has been provisioned to accommodate more growth in the city centres, or the change in land use does not create a significant increase in demand of services.

- Any possible future legislative changes that impact on the ability to charge for financial or development contributions.

5.6 Options

The options available to Council are as follows:

- Maintain the existing Development and Financial Contributions policy.
- Adopt a financial contribution policy.
- Adopt a financial contribution policy, with a wide range of exemptions.
- Adopt a financial contribution policy, with specific exemptions within certain locations.

5.7 Development of Preferred Option

The preferred option is d. Adopt a financial contribution policy, with specific exemptions within certain locations.

Financial Contributions will be charged using the existing conditions in section 65 of the District Plan, however Council will modify the amount required in certain circumstances to encourage more intensive residential development around existing commercial areas.

Council wishes to encourage residential growth in certain areas in order to revitalise the city centres. Therefore, the exemptions to financial contributions detailed in Section 1.7 have been included in the draft policy. These are considered to be a simple and equitable means of achieving Council's strategic objectives related to providing capacity for housing development, and balancing the needs of funding for infrastructure.

The exemptions are listed below.

City Centre

Council wishes to encourage residential growth in certain areas in order to revitalise the city centres. Accordingly, the exemptions to financial contributions below shall apply for the following developments:

1. A new residential unit within the Art Deco Quarter and Inner City Commercial Zone within an existing gross floor area shall be exempt 80% of the financial contribution. Any new residential unit in addition to the existing floor area will be exempt by 50%. This reflects the fact that where a conversion development occurs within the existing built city environment, there is not always an established link between residential activity and an increased demand on services like 3-waters and transportation. However, there is an increase in demand for community infrastructure and parks/reserves, and from the new floor area that did not previously exist.
2. Any multi-unit residential development within Fringe Commercial Zone and Taradale Suburban Commercial Zone shall be exempt 50% of the financial contribution.
3. Any multi-unit residential development within the main commercial centres in Marewa, Napier South, Onekawa, Greenmeadows, Maraenui, Taradale and Tamatea (as per map attached in draft Financial Contribution Policy) shall be assessed based on the number of bedrooms in each apartment/unit. This is considered a fair way to reflect the lower demand typically created by smaller apartments compared to a residential dwelling. The exemptions shall be:
 - One bedroom unit 50% exemption
 - Two bedroom unit 33% exemption
 - Three or more bedroom unit 0% exemption

The greater of the above exemptions shall be applied, however, a single development may only be granted one exemption. The approval of an exemption should be agreed prior to resource consent being granted so the exemption is made clear in the conditions of consent.

Continuing with the existing Development and Financial Contributions policy is not considered to be a viable option as this does not match the current, or desired future approach of Council.

5.8 Attachments

- A Proposed Financial Contribution Policy [↓](#)
- B Consultation Plan [↓](#)



Financial Contributions Policy			
Approved by	Council		
Department	City Strategy		
Original Approval Date	29 June 2021	Review Approval Date	
Next Review Deadline	30 June 2022	Document ID	1301563
Relevant Legislation	The Local Government Act 2002, Resource Management Act 1991		
NCC Documents Referenced	Not Applicable		

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Overview

Purpose of the Policy

Population and business growth create the need for new subdivisions and developments, and these place increasing demands on the assets and services provided by Council. As a result, significant investment in new or upgraded assets and services is required to mitigate the environmental effects and meet the demands of growth. In this policy, this investment is termed the cost of growth.

Under Section 106 of the *Local Government Act*, Napier City Council can require development or financial contributions from developers to help fund the cost of new or expanded infrastructure and services that are required to meet the additional demand created by growth, and/or to avoid, remedy, or mitigate any adverse effects resulting from land development and subdivision.

Council intends to achieve this in the short term by using Financial Contributions under the *Resource Management Act 1991* (RMA91). This approach covers all types of development (residential and non-residential) and is a city-wide approach for development anywhere in Napier City.

Navigating this document

Part 1: Policy operation - provides information needed to understand if, when, and how financial contributions will apply to developments. It also explains peoples' rights and the steps required to properly operate the Policy. The key sections are:

- The contributions – how much will be levied.
- When financial contributions are levied and paid
- Other operational matters

Part 2: Policy Details – requirements of the policy.

Part 3: Supporting Information - Policy maps, District Plan references and definitions.

Changes to the policy

This policy retains the use of financial contributions for residential development used in the previous policy. The main change is that non-residential developments will now also be levied a financial contribution. This is consistent with Council's current operational practice; however, it is a change from the previous policy regarding the use of development contributions for non-residential development.

1. Policy Operation

Council's functions under the RMA include establishing and implementing methods to achieve integrated management of the effects of the use, the development or the protection of land, and the control of subdivision. The charging of financial contributions is an important mechanism in carrying out those functions and ensuring there are positive effects on the environment that avoid, remedy, or mitigate any adverse effects resulting from land development and subdivision. Council considers the existing financial contributions the simplest and most effective means of funding growth costs as they are in place for the main development areas that are partially developed, or about to be developed.

Financial Contributions are a component of the City of Napier District Plan (Nov 2011). Copies of the City of Napier District Plan can be viewed at the Napier and Taradale Public Libraries and on Napier City Council's website www.napier.govt.nz. This is termed the operative District Plan is this policy.

1.1. Assessment criteria

Chapter 65 of the District Plan specifies in detail the issues, objectives, policies, and rules relating to financial contributions. The provisions of the District Plan on financial contributions relate to the following matters:

1. Residential Subdivision

- a. On every subdivision the financial contribution per lot must be paid to the Council for each additional lot or certificate of title created by the subdivision.
- b. Financial contributions do not apply where the subdivision is solely for the purpose of creating a title for an existing dwelling unit.

2. Residential Multi-Unit Development

- a. On every multi-unit development for residential purposes, the financial contribution must be paid to the Council for the second and each subsequent unit of the development.

3. Industrial and Commercial Land Development

- a. On every land development for industrial and/or commercial purposes, the financial contribution must be paid to the Council for:
 - i. Each additional lot or certificate of title created by the subdivision.
 - ii. The second and each subsequent unit of development.
- b. Financial contributions do not apply where the subdivision is solely for the purpose of creating a title for an existing and lawfully established business unit.

For non-residential developments where a resource consent would not normally be required (complying or permitted activity), Council may require a resource consent for the purpose of levying a financial contribution - see Section 1.6.

Financial contributions are established in the following three categories:

1. Non local (off site) 2. Local (off site)	Off Site Services means local services serving a particular locality provided at the time of land development (including subdivision) e.g. extended reticulation and sewer trunk mains and/or non-local services provided at district level in response to demand from new development e.g. increased sewage treatment capacity. Costs for off site services may be shared between various developers and the Council on behalf of existing sites.
3. On site	On Site Services means services within a land development (including a subdivision) paid for wholly by the developer and vested in the Council, e.g. on site sewer reticulation.

1.2. Summary of Financial Contributions

All financial contributions are summarised in the tables below for both residential and non-residential development. These have been indexed as permitted by the District Plan. The original financial contributions as per the operative District Plan, and the inflation indexes can be found in Part 3 of this policy.

Table 1: Infill, Residential and Rural Financial Contributions

Development Area	Non local Off Site Contributions		Local Off Site Contributions		On Site Contributions	
	1 July 2021 (inc GST)	paid per	1 July 2021 (inc GST)	paid per	1 July 2021 (inc GST)	paid per
Infill						
Urban Infill	\$25,626.78	per lot/unit	\$2,583.32	per lot/unit		
Multi-storey	\$22,735.24	per lot/unit	\$65,699.80	per Ha		
Jervois town: Full Urban	\$24,856.94	per lot/unit	\$97,746.18	per Ha		
Residential						
Citrus Grove	\$24,795.30	per lot/unit	\$798.51	per lot/unit	\$129.02	per lot/unit
King/Guppy	\$23,704.34	per lot/unit	\$220,066.88	per Ha		
			\$821.44	per m road frontage		
Lagoon Farm	\$24,611.80	per lot/unit	\$798.51	per lot/unit		
Mission Special Character Zone	\$20,812.80	per lot/unit	\$1,078.06	per lot/unit		
Park Island	\$24,871.28	per lot/unit	\$798.51	per lot/unit		
Te Awa	\$23,533.74	per lot/unit	\$562,868.76	per Ha		
			\$3,652.78	per m road frontage		
Rural						
Poraiti	\$17,220.23	per lot/unit	\$1,974.05	per lot/unit		
Lifestyle Chara.	\$20,812.80	per lot/unit	\$2,891.54	per lot/unit		
Jervois town: Rural Infill	\$20,108.91	per lot/unit	\$8,445.25	per lot/unit		
			\$9,854.47	per lot/unit		
			\$125,209.38	per lot/unit		
All Other Rural Areas	\$17,220.23	per lot/unit	\$3,221.27	per lot/unit		

See Section 3.4 Definitions for the definition of lot and unit (dwelling unit).

Table 2 : Non-residential Financial Contributions

Table 2 - Non-Residential Financial Contributions

Development Type	Water Supply Contribution		Wastewater Contribution	Stormwater Contribution	Roads & Transportation Contribution
	1 July 2021 (inc GST)	1 July 2021 (inc GST)	1 July 2021 (inc GST)	1 July 2021 (inc GST)	1 July 2021 (inc GST)
Non-Residential based	Gross floor area (\$ per m ²)	Pervious land area (\$ per m ²)	Gross floor area (\$ per m ²)	Land area (\$ per m ²)*	Per every new lot/unit ^ (\$)
Office & shops	\$7.97	\$2.99	\$5.56	\$5.44	\$13,284.75
Medical Clinics / Hospitals	\$9.96	\$2.99	\$6.95	\$5.44	\$13,284.75
Warehouses / Factories / Network Utility Operations	\$4.00	\$2.99	\$2.78	\$5.44	\$13,284.75
Unsealed Yards	\$0.00	\$2.99	\$0.00	\$1.39	\$13,284.75
Non-Residential based	Per church	Pervious land area (\$ per m ²)	Per church	Land area (\$ per m ²)*	Per every new lot/unit (\$)
Churches	\$3,988.13	\$2.99	\$2,781.65	\$5.44	\$13,284.75
Residential based	Population (\$ per head)	Pervious land area (\$ per m ²)	Population (\$ per head)	Land area (\$ per m ²)*	Per every new lot/unit (\$)
Residential Care Facilities	\$299.21	\$2.99	\$208.48	\$5.44	\$13,284.75
Travellers' Accommodation	\$299.21	\$2.99	\$208.48	\$5.44	\$13,284.75
Day Care Centres	\$150.57	\$2.99	\$104.24	\$5.44	\$13,284.75
Educational Facilities	\$150.57	\$2.99	\$104.24	\$5.44	\$13,284.75
Retirement Complexes	\$297.28	\$2.99	\$208.48	\$5.44	\$13,284.75
	OR equivalent water connection (whichever is greater)		OR equivalent wastewater connection (whichever is greater)	* based on 60% sealed area max. Sealed areas greater than 60% pro rata.	^ A unit is 8 vehicle movements per day as defined in Chapter 65 of the District Plan (Table 2), being the average number of vehicle movements generated by a typical household
Connection Diameter (mm)	Water Supply Contribution per connection		Wastewater Contribution per connection		
15	\$1,994.06		\$1,391.79		
20	\$3,549.93		\$2,486.31		
25	\$5,544.00		\$3,881.96		
40	\$14,178.50		\$9,925.92		
50	\$22,154.76		\$15,508.52		
80	\$56,708.23		\$39,695.95		
100	\$88,611.31		\$62,028.30		

1.3. Capital contributions

In addition to the above financial contributions, the subdivider or developer is required to meet the cost of providing all infrastructure within land being developed or subdivided where the benefits accrue directly to the land being subdivided or developed.

Where existing infrastructure and services outside the land being subdivided or developed are inadequate for the existing development, the cost of upgrading or the provision of new facilities shall be shared fairly between the subdivider or developer and the Council if there is capital works of benefit to another area.

The subdivider or developer is required to meet the proportionate cost of upgrading infrastructure, or for the provision of new infrastructure, where the development/subdivision will necessitate such upgrading or new offsite services.

However, Council will still have the authority to require works or services, or seek cash or land contributions on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan or any transitional provision under the RMA.

1.4. Financial Contributions – Reserves

There is a long history of requiring subdivision of land to provide land or money for the purpose of providing public open space as reserves. Reserves are generally required as part of the subdivisions process since they provide the open space and recreation facilities and opportunities necessary to cater for additional demand generated and to protect or enhance amenity values.

As communities grow, there is a need to provide recreation and open space to meet their needs and requirements. The guiding principle in the determination of reserves requirements relating to city growth is the preservation of the current ratio of recreational reserves per residential lot.

This ratio for Napier has been calculated at 75 m² per residential property and is considered both satisfactory by current users and appropriate for the future.

1.5. Land, works or assets provided in lieu of financial contributions

Where the developer provides assets that council would typically provide, in lieu of financial contributions, the amount of the works shall be off-set against the total financial contribution applicable. The mechanism of how the total contributions is calculated (per lot, per metre road frontage, per hectare) will not be considered as part of the off-set calculation.

1.6. Timing of assessment, invoicing and payment

All financial contributions shall be levied as a condition of resource consent. The process for both residential and non-residential development is shown below.

Residential

The financial contribution shall be notified as a condition of resource consent (typically subdivision) when the consent is granted.

The invoice shall be generated at the time the Section 224 Certificate is requested.

Once the payment of the financial contribution is received and all other conditions are met, the Section 224 Certificate shall be issued.

Non-Residential

The financial contribution for non-residential development will be assessed at the building consent stage. However, the financial contributions shall be levied as a condition of resource consent. A resource consent will be required for:

- A permitted activity - the development will only be a permitted activity if the applicant has paid financial contributions. If the applicant has not paid financial contributions at the building consent stage, we can issue a certificate in terms of Section 37 of the Building Act 2004, requiring the applicant to apply for resource consent.
- Not a permitted activity – a resource consent will be required as per standard practice for the development.

The invoice shall be generated before the building consent is uplifted.

Once the payment of the financial contribution is received and all other conditions are met, the building consent may be uplifted.

Any land use not identified as a controlled activity, a restricted discretionary activity, a discretionary activity or a prohibited activity elsewhere in this plan and that complies with all the relevant conditions is a permitted activity.

Non-Payment

On time payment is important because, until the financial contributions have been paid in full, Council may:

- withhold Section 224 Certificate being issued.
- prevent a building consent being uplifted or issued, or prevent the commencement of the building.

Council may also retain the right to pursue all normal debt collection processes should payment be withheld.

1.7. Exemptions

City Centre

Council wishes to encourage residential growth in certain areas in order to revitalise the city centres. Accordingly, the exemptions to financial contributions below shall apply for the following developments:

1. A new residential unit within the Art Deco Quarter and Inner City Commercial Zone within an existing gross floor area shall be exempt 80% of the financial contribution. Any new residential unit in addition to the existing floor area will be exempt by 50%. This reflects the fact that where a conversion development occurs within the existing built city environment, there is not always an established link between residential activity and an increased demand on services like 3-waters and transportation. However, there is an increase in demand for community infrastructure and parks/reserves, and from the new floor area that did not previously exist.
2. Any multi-unit residential development within Fringe Commercial Zone and Taradale Suburban Commercial Zone shall be exempt 50% of the financial contribution.
3. Any multi-unit residential development within the main commercial centers in Marewa, Napier South, Onekawa, Greenmeadows, Maraenui, Taradale and Tamatea (as per map in Figure 4) shall be assessed based on the number of bedrooms in each apartment/unit. This is considered a fair way to reflect the lower demand typically created by smaller apartments compared to a residential dwelling. The exemptions shall be:
 - One bedroom unit 50% exemption
 - Two bedroom unit 33% exemption
 - Three or more bedroom unit 0% exemption

The greater of the above exemptions shall be applied, however, a single development may only be granted one exemption. The approval of an exemption should be agreed prior to resource consent being granted so the exemption is made clear in the conditions of consent.

Non-connection

Where a development does not connect to Council's water supply, wastewater, and/or stormwater network, the development shall be exempt from these components of the financial contributions.

1.8. Extraordinary Circumstances

Council reserves the discretion to enter into specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale that is not readily assessed in terms of units of demand, or is developed through a legislative consent process outside of the RMA.

1.9. Refunds and Postponements

For the purposes of this Policy, refunds and/or postponements on payment of Financial Contributions will not be applied.

1.10. Tax - GST

Financial contributions required will incur a Goods and Services Tax at the appropriate rate. All figures in the above tables in this section are as on 1st July 2021 and are shown inclusive of GST of 15%.

1.11. Future indexing

Financial contributions for subsequent years (taking into account indexation) will be shown in Council's Schedule of Fees and Charges, available from 1st July each year. These will be adjusted based on the latest Producer Price Index (EE Construction SQNEE0000).

1.12. Example calculations

The following tables provides a range of examples for calculations of subdivision and developments in Napier city.

Variable	Inputs/Calculations	Unit
Location	Mission Special Character Zone	
Development type	Subdivision	
Lots	50	lots
Non-local Off-Site Contributions	\$20,813	inc GST
Local Off-Site Contributions	\$1,078	inc GST
On-Site Contributions	\$0	inc GST
Sub-Total (\$/lot)	\$21,891	per lot
TOTAL Financial Contribution	\$1,094,543	inc GST

Variable	Inputs/Calculations	Unit
Location	Urban Infill - within exemption zone	
Development type	Subdivision	
Lots	4	lots
Non-local Off-Site Contributions	\$25,627	inc GST
Local Off-Site Contributions	\$2,583	inc GST
On-Site Contributions	\$0	inc GST
Sub-Total (\$/lot)	\$28,210	per lot
Exemption @ 50%	\$14,105	per lot
Revised Sub-Total (\$/lot)	\$14,105	per lot
TOTAL Financial Contribution	\$56,420	inc GST

Variable	Inputs/Calculations	Unit
Location	Urban Infill	
Development type	Development - high density apartments	
Lots	1	lot
Apartments - 1 bedroom	10	units
Apartments - 2 bedroom	10	units
Non-local Off-Site Contributions	\$25,627	inc GST
Local Off-Site Contributions	\$2,583	inc GST
On-Site Contributions	\$0	inc GST
Sub-Total (\$/unit)	\$28,210	per lot
Exemption @ 50% for 1 bedroom	\$14,105	inc GST
Exemption @ 33% for 2 bedroom	\$9,309	inc GST
Revised Sub-Total (\$/unit) - 1 bedroom	\$14,105	per lot
Revised Sub-Total (\$/unit) - 2 bedroom	\$18,901	per lot
TOTAL Financial Contribution	\$330,058	inc GST

Variable	Inputs/Calculations	Unit
Location	Te Awa	
Development type	Subdivision	
Lots	30	lots
Land area	2	Ha
Road frontage	175	m
Non-local Off-Site Contributions	\$23,534	inc GST
Local Off-Site Contributions (per Ha)	\$562,869	inc GST
Local Off-Site Contributions (per m road frontage)	\$3,653	inc GST
On-Site Contributions	\$0	inc GST
Sub-total Non-local Off-Site Contributions	\$706,012	inc GST
Sub-total Local Off-Site Contributions (per Ha)	\$1,125,738	inc GST
Sub-total Local Off-Site Contributions (per m road frontage)	\$639,236	inc GST
TOTAL Financial Contribution	\$2,470,986	inc GST

Variable	Inputs/Calculations	Unit
Location	Napier City	
Development type	Commercial Development - Retail shop	
Gross floor area	1,000	m ²
Pervious land area	1,250	m ²
Land area	2,000	m ²
Lots	1	lot
Vehicle movements - traffic impact assessment	200	vpd
Water supply - Gross floor area (\$/m2)	\$7.97	inc GST
Water supply - Pervious land area (\$/m2)	\$2.99	inc GST
Wastewater - Gross Floor Area (\$/m2)	\$5.56	inc GST
Stormwater - Land Area (\$/m2)	\$5.44	inc GST
Road & Transportation - unit (\$/unit)	\$13,285	inc GST
Sub-total Water supply - Gross floor area	\$7,972	inc GST
Sub-total Water supply - Pervious land area	\$3,740	inc GST
Sub-total Wastewater - Gross Floor Area	\$5,559	inc GST
Sub-total Stormwater - Land Area	\$10,887	inc GST
Sub-total Road & Transportation - unit	\$332,119	inc GST
TOTAL Financial Contribution	\$373,563	inc GST

2. Policy Details

2.1. Requirement to have a policy

Council is required to have a policy on development contributions and financial contributions as a component of its funding and financial policies in its Long Term Plan under section 102(2)(d) of the LGA02. This Financial Contributions Policy meets that requirement.

2.2. Funding summary

Over the next 10 years, Council plans to spend over \$104M on infrastructure partially or wholly needed to meet the increased demand for community facilities resulting from growth/development. Of this cost, 13% percent will be funded from financial contributions. A summary by asset grouping is shown below.

Table 3 : NCC 2021 Long Term Capital Expenditure – growth related costs and funding

Asset Grouping	Total Capital Expenditure – 2021 LTP (\$000s)	Growth related capital costs (\$000s)	Portion funded from FCs	Portion funded from other sources
City strategy	8,134	0	0%	100%
Community and Visitor Experience	160,709	4,255	3%	97%
Other Infrastructure	18,535	0	0%	100%
Property Assets	46,576	0	0%	100%
Stormwater	115,873	32,747	28%	72%
Support Units	62,560	0	0%	100%
Transportation	104,365	6,160	6%	94%
Wastewater	154,759	33,375	22%	78%
Water Supply	133,816	28,029	21%	79%
TOTAL	805,327	104,566	13%	87%

2.3. General purposes for which financial contributions may be used

Council has decided to fund these growth related costs from financial contributions under the *Resource Management Act 1991* for the following activities:

- Water Supply
- Wastewater Disposal
- Waste Disposal
- Sports and Reserves
- Roads and Transportation
- Recreation Facilities
- Stormwater Disposal
- Library Facilities

2.4. Considerations for funding growth costs

In forming this view, Council has considered the matters set out in section 101(3) of the LGA02 within its Revenue and Financing Policy, and within this Policy.

Council is required under Section 106(2)(c) of the LGA02 to explain within this Policy why it has decided to use financial contributions to fund capital expenditure relating to the cost of growth. This assessment is below.

Council outlines its community outcomes in the Long Term Plan. The community outcomes that Council will contribute to, among other things, is the funding of capital expenditure for growth for water supply, wastewater, stormwater, road, reserves, and community infrastructure. The community outcomes and goals are listed below.

Outcome	Napier City Goal
A vibrant city for everyone	<p>Napier is a vibrant city through excellent strategy and planning.</p> <p>Social cohesion is achieved for all ages and ethnicities.</p> <p>Innovative services are provided using technology whilst protecting the environment.</p> <p>Technology connects Napier to the rest of New Zealand and the world.</p> <p>Napier is an appealing tourist destination.</p> <p>Business-friendly economic development is encouraged.</p>
Excellence in infrastructure and public services for now and the future	<p>Facilities and infrastructure will support community and visitor needs, focusing on excellent service and accessibility.</p> <p>Napier's transportation system is safe and affordable.</p> <p>All transport choices are catered for: cars, cycles, pedestrians, and disabled users.</p>
A sustainable city	<p>Our natural resources are renewed and enhanced. We act as steward for our environment for future generations.</p> <p>Napier values its character and history Napier is an affordable city to live in.</p>
Council works with and for the community	<p>Council guides the city with effective leadership.</p> <p>Council encourages community consultation and collaboration to assist in shaping the future direction of the city.</p>
A safe and healthy city that supports community well-being	<p>Services and facilities support social and recreational opportunities Community safety is supported and improved.</p> <p>Social services are supported.</p>

Council has also considered the funding of growth-related costs specific to the other matters required by s101 (3) of the LGA. A summary of this assessment is below.

Who Benefits / whose act creates the need	<p>A significant portion of Council's work programme over the next 30 years is driven by development or has been scoped to ensure it provides for new developments. The extent to which growth is serviced by, and benefits from, an asset or programme as well as how much it serves and benefits existing ratepayers is determined for each asset or programme.</p> <p>Council believes the growth costs identified through this process should be recovered from development as this is what creates the need for the expenditure and /or benefit principally from new assets and additional network capacity. Where and to the extent that works benefit existing residents and businesses, those costs are recovered through rates.</p> <p>The geographical areas are defined by the maps in the District Plan and summarised in Part 1 of this policy.</p>
Period of benefit	<p>The assets constructed for development provide benefits and capacity for developments now and developments in the future. In many cases, the 'capacity life' of such assets spans decades.</p> <p>Financial contributions are used to recover the capital costs to service an entire development area, over the capacity life of assets. Developments that benefit from the assets will contribute to its cost, regardless of whether they happen now or in the future.</p>
Funding sources & REASONING for separate funding	<p>The cost of supporting development in Napier City is significant. Financial contributions send clear signals to the development community about the cost of growth and the capital costs of providing infrastructure to support that growth.</p> <p>The benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting, and distribution of funding for financial contributions.</p>
Overall impact of liability on the community	<p>Council has also considered the impact of the overall allocation of liability on the community. In this case, the liability for revenue falls directly with the development community. Council considers that the level of financial contributions is affordable and does not consider it likely that there will be an undue or unreasonable impact on the social, economic, and cultural wellbeing of this section of the community.</p> <p>Moreover, shifting development costs onto ratepayers is likely to be perceived as unfair to existing residents as it would significantly impact the rates revenue required. Existing residents do not cause the need, or benefit directly from the growth infrastructure, needed to service new developments.</p> <p>Overall, Council considers it fair and reasonable to use financial contributions to fund the costs of growth-related capital expenditure for community facilities, and that the social, economic, and cultural interests of Napier's communities are best advanced this way.</p>

2.5. Implementation and review

It is anticipated that this Policy will be updated on a three-yearly basis or at shorter intervals if Council deems it necessary. Any review of the Policy will take account of the following:

- Any changes to significant assumptions underlying the Financial Contributions Policy.
- Any changes in the capital development works programme for growth.
- Any changes in the pattern and distribution of development in the District.
- Any changes that reflect new or significant modelling of the networks.
- The regular reviews of the Revenue and Financial Policies, and the Long Term Plan.
- Any other matters Council considers relevant.
- Any review of the Urban Growth Study and Essential Services Development Plans.
- Any changes in legislation.

2.6. Significant Assumptions of the Financial Contributions Policy

Council has taken an approach to ensure that the cumulative effect of development is considered with a system-wide view. This Policy considers the specific infrastructure demands created by individual developments in the context of Council's wider community responsibilities as an infrastructure service provider.

The capital expenditure budgets and projected estimates of future asset works are based on the best available knowledge at the time of preparation. The Policy will be updated, as practical, to reflect better information as it becomes available.

Council continues to work with its neighboring and regional councils to provide for and manage the demand for both residential and non-residential growth.

The key risks that Council will continue to monitor and mitigate are as follows:

- That the costs required to service the development areas is higher than forecast resulting in a funding gap of the growth costs.
- That the growth predicted does not eventuate, resulting in a change to the assumed rate of development and impacting council's revenue.
- Development may occur in areas not considered in the operative District Plan, and therefore may not have appropriate funding mechanisms in place to recover the costs.
- The potential changes to existing legislation, e.g. RMA reform, 3-Waters reform, fast tracked development areas.

To guard against the above, Council will continue to monitor the rate of growth, the timing of the delivery of assets/capacity and the funding policies in place, as required.

3. Supporting information

3.1. Inflation indexes

As permitted in the operative District Plan, the financial contributions in Part 1 of this policy have been adjusted based on the Producer Price Index (EE Construction SQNEE0000). The indexes are based on the following clauses in the operative District Plan:

- Residential (notes below Table 1 (Chapter 65) Residential and Rural Financial Contributions);

All figures in the table are as at 1 July 2010 - 30 June 2011 (based on December 2009 indices)

- Non-Residential (Chapter 65; 65.13 Indexing of Financial Contributions)

The financial contributions stated elsewhere in this Chapter are as at 1 July 2005 - 30 June 2006 (based on December 2004 PPI values) for Commercial and Industrial financial contributions.

The index and the adjustment for the residential and non-residential financial contributions are shown in the table below.

PPI Quarter	Policy start date	Index	Residential % adjustment	Non-Residential % adjustment
Dec-04	1-Jul-05	721	n/a	100%
Dec-05	1-Jul-06	773	n/a	107%
Dec-06	1-Jul-07	858	n/a	119%
Dec-07	1-Jul-08	902	n/a	125%
Dec-08	1-Jul-09	960	n/a	133%
Dec-09	1-Jul-10	971	100%	135%
Dec-10	1-Jul-11	1,000	103%	139%
Dec-11	1-Jul-12	1,031	106%	143%
Dec-12	1-Jul-13	1,046	108%	145%
Dec-13	1-Jul-14	1,057	109%	147%
Dec-14	1-Jul-15	1,067	110%	148%
Dec-15	1-Jul-16	1,076	111%	149%
Dec-16	1-Jul-17	1,094	113%	152%
Dec-17	1-Jul-18	1,129	116%	156%
Dec-18	1-Jul-19	1,176	121%	163%
Dec-19	1-Jul-20	1,199	123%	166%
Dec-20	1-Jul-21	1,211	125%	168%

3.2. Original and indexed financial contributions

Table 4 : Infill, Residential and Rural Financial Contributions

Development Area	Non local Off Site Contributions				Local Off Site Contributions				On Site Contributions			
	Original - District Plan (exc GST)	1/07/2021 (exc GST)	1 July 2021 (inc GST)	Units	Original - District Plan (exc GST)	1/07/2021 (exc GST)	1 July 2021 (inc GST)	Units	Original - District Plan (exc GST)	1/07/2021 (exc GST)	1 July 2021 (inc GST)	Units
Infill												
Urban Infill	\$17,876	\$22,284	\$25,627	per lot/unit	\$1,802	\$2,246	\$2,583	per lot/unit	\$0	\$0	\$0	
Multi-storey	\$15,859	\$19,770	\$22,735	per lot/unit	\$45,829	\$57,130	\$65,700	per Ha	\$0	\$0	\$0	
Jervoisstown: Full Urban	\$17,339	\$21,615	\$24,857	per lot/unit	\$68,183	\$84,997	\$97,746	per Ha	\$0	\$0	\$0	
Residential												
Citrus Grove	\$17,296	\$21,561	\$24,795	per lot/unit	\$557	\$694	\$799	per lot/unit	\$90	\$112	\$129	per lot/unit
King/Guppy	\$16,535	\$20,612	\$23,704	per lot/unit	\$153,508	\$191,363	\$220,067	per Ha	\$0	\$0	\$0	
Lagoon Farm	\$17,168	\$21,402	\$24,612	per lot/unit	\$573	\$714	\$821	per m road frontage				
Mission Special Character Zone	\$14,518	\$18,098	\$20,813	per lot/unit	\$557	\$694	\$799	per lot/unit	\$0	\$0	\$0	
Park Island	\$17,349	\$21,627	\$24,871	per lot/unit	\$752	\$937	\$1,078	per lot/unit	\$0	\$0	\$0	
Te Awa	\$16,416	\$20,464	\$23,534	per lot/unit	\$557	\$694	\$799	per lot/unit	\$0	\$0	\$0	
					\$392,630	\$489,451	\$562,869	per Ha	\$0	\$0	\$0	
					\$2,548	\$3,176	\$3,653	per m road frontage				
Rural												
Poraiti	\$12,012	\$14,974	\$17,220	per lot/unit	\$1,377	\$1,717	\$1,974	per lot/unit	\$0	\$0	\$0	
Lifestyle Chara.	\$14,518	\$18,098	\$20,813	per lot/unit	\$2,017	\$2,514	\$2,892	per lot/unit	\$0	\$0	\$0	
Jervoisstown: Rural Infill	\$14,027	\$17,486	\$20,109	per lot/unit	\$5,891	\$7,344	\$8,445	per lot/unit	\$0	\$0	\$0	
					\$6,874	\$8,569	\$9,854	per lot/unit				
					\$87,340	\$108,878	\$125,209	per lot/unit				
All Other Rural Areas	\$12,012	\$14,974	\$17,220	per lot/unit	\$2,247	\$2,801	\$3,221	per lot/unit	\$0	\$0	\$0	

Table 5 - Non-residential financial contributions

	Water Supply Contribution				Wastewater Contribution			Stormwater Contribution			Roads & Transportation Contribution				
	Original - District Plan (exc GST)	1/07/2021 (inc GST)	Original - District Plan (exc GST)	1 July 2021 (inc GST)	Original - District Plan (exc GST)	1/07/2021 (exc GST)	1 July 2021 (inc GST)	Original - District Plan (exc GST)	1/07/2021 (exc GST)	1 July 2021 (inc GST)	Original - District Plan (exc GST)	1/07/2021 (exc GST)	1 July 2021 (inc GST)		
	Gross floor area (\$ per m²)	Pervious land area (\$ per m²)	Gross floor area (\$ per m²)	Pervious land area (\$ per m²)	Gross floor area (\$ per m²)	Population (\$ per head)	Per church	Land area (\$ per m²)	Per every new lot/unit (\$)	Land area (\$ per m²)	Per every new lot/unit (\$)	Land area (\$ per m²)	Per every new lot/unit (\$)		
Non-Residential based															
Office & shops	\$4.13	\$6.93	\$7.97	\$1.55	\$2.60	\$2.99	\$2.88	\$4.83	\$5.56	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Medical Clinics/Hospitals	\$5.16	\$8.66	\$9.96	\$1.55	\$2.60	\$2.99	\$3.60	\$6.04	\$6.95	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Warehouses/Factories/Netwo	\$2.07	\$3.47	\$4.00	\$1.55	\$2.60	\$2.99	\$1.44	\$2.42	\$2.78	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Unsealed Yards	\$0.00	\$0.00	\$0.00	\$1.55	\$2.60	\$2.99	\$0.00	\$0.00	\$0.00	\$0.72	\$1.21	\$1.39	\$6,882.00	\$11,551.95	\$13,284.75
Non-Residential based															
Churches	\$2,066.00	\$3,467.94	\$3,988.13	\$1.55	\$2.60	\$2.99	\$1,441.00	\$2,418.83	\$2,781.65	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Residential based															
Residential Care Facilities	\$155.00	\$260.18	\$299.21	\$1.55	\$2.60	\$2.99	\$108.00	\$181.29	\$208.48	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Travellers' Accommodation	\$155.00	\$260.18	\$299.21	\$1.55	\$2.60	\$2.99	\$108.00	\$181.29	\$208.48	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Day Care Centres	\$78.00	\$130.93	\$150.57	\$1.55	\$2.60	\$2.99	\$54.00	\$90.64	\$104.24	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Educational Facilities	\$78.00	\$130.93	\$150.57	\$1.55	\$2.60	\$2.99	\$54.00	\$90.64	\$104.24	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
Retirement Complexes	\$154.00	\$258.50	\$297.28	\$1.55	\$2.60	\$2.99	\$108.00	\$181.29	\$208.48	\$2.82	\$4.73	\$5.44	\$6,882.00	\$11,551.95	\$13,284.75
	OR equivalent water connection (whichever is greater)				OR equivalent wastewater connection (whichever is greater)										
Connection Diameter (mm)	Water Supply Contribution per connection				Wastewater Contribution per connection										
15	\$1,033	\$1,734	\$1,994		\$721	\$1,210	\$1,392								
20	\$1,839	\$3,087	\$3,550		\$1,288	\$2,162	\$2,486								
25	\$2,872	\$4,821	\$5,544		\$2,011	\$3,376	\$3,882								
40	\$7,345	\$12,329	\$14,179		\$5,142	\$8,631	\$9,926								
50	\$11,477	\$19,265	\$22,155		\$8,034	\$13,486	\$15,509								
80	\$29,377	\$49,312	\$56,708		\$20,564	\$34,518	\$39,696								
100	\$45,904	\$77,053	\$88,611		\$32,133	\$53,938	\$62,028								

3.3. Maps

Figure 1 : District Plan Map of development areas

CITY OF NAPIER DISTRICT PLAN

Appendix 31 – Financial Contribution Areas

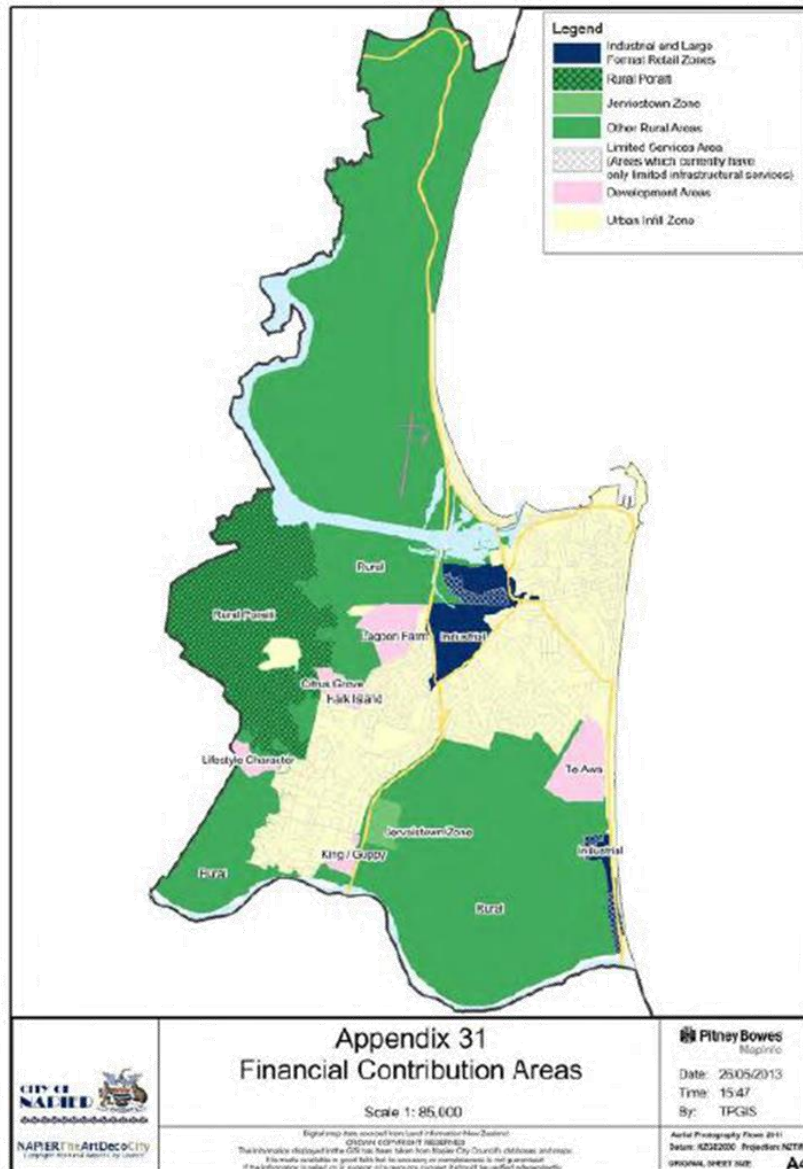


Figure 2 : CBD and CBD Fringe applicable to Art Deco Quarter, Inner City Commercial and Fringe Commercial zones

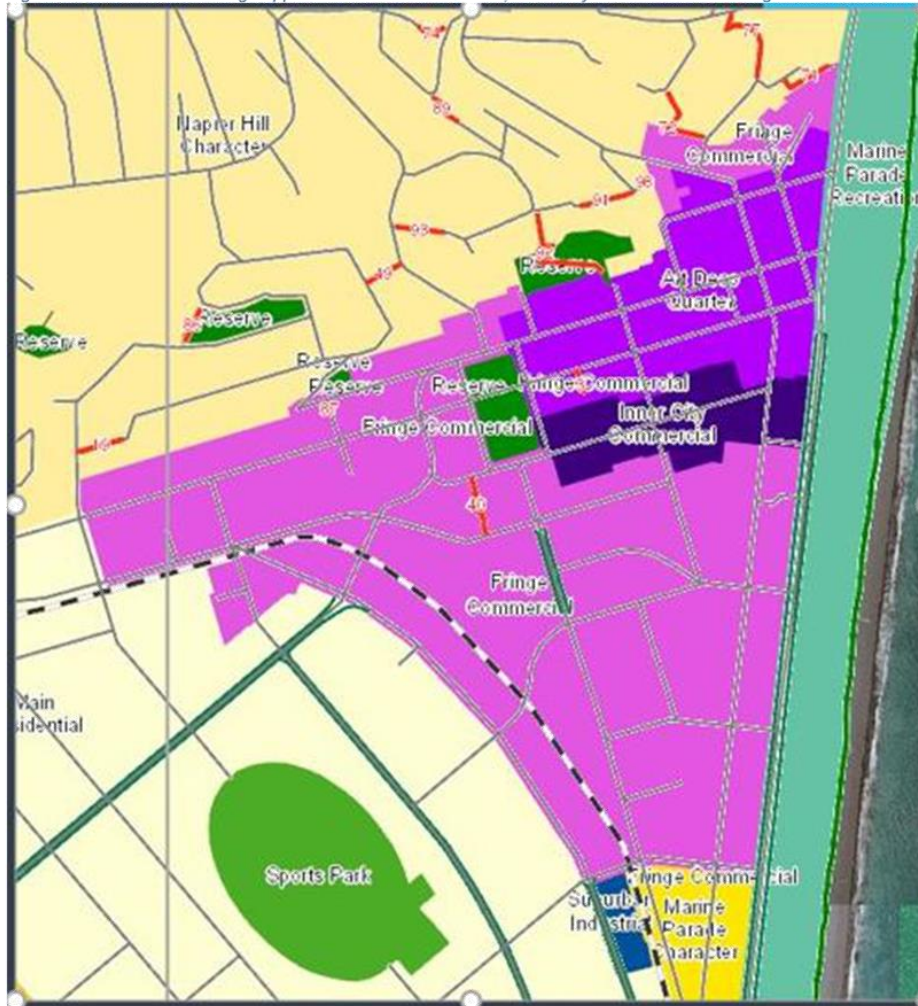


Figure 3 : Taradale Centre Exemption area applicable to Taradale Town Centre zone and Southern Fringe

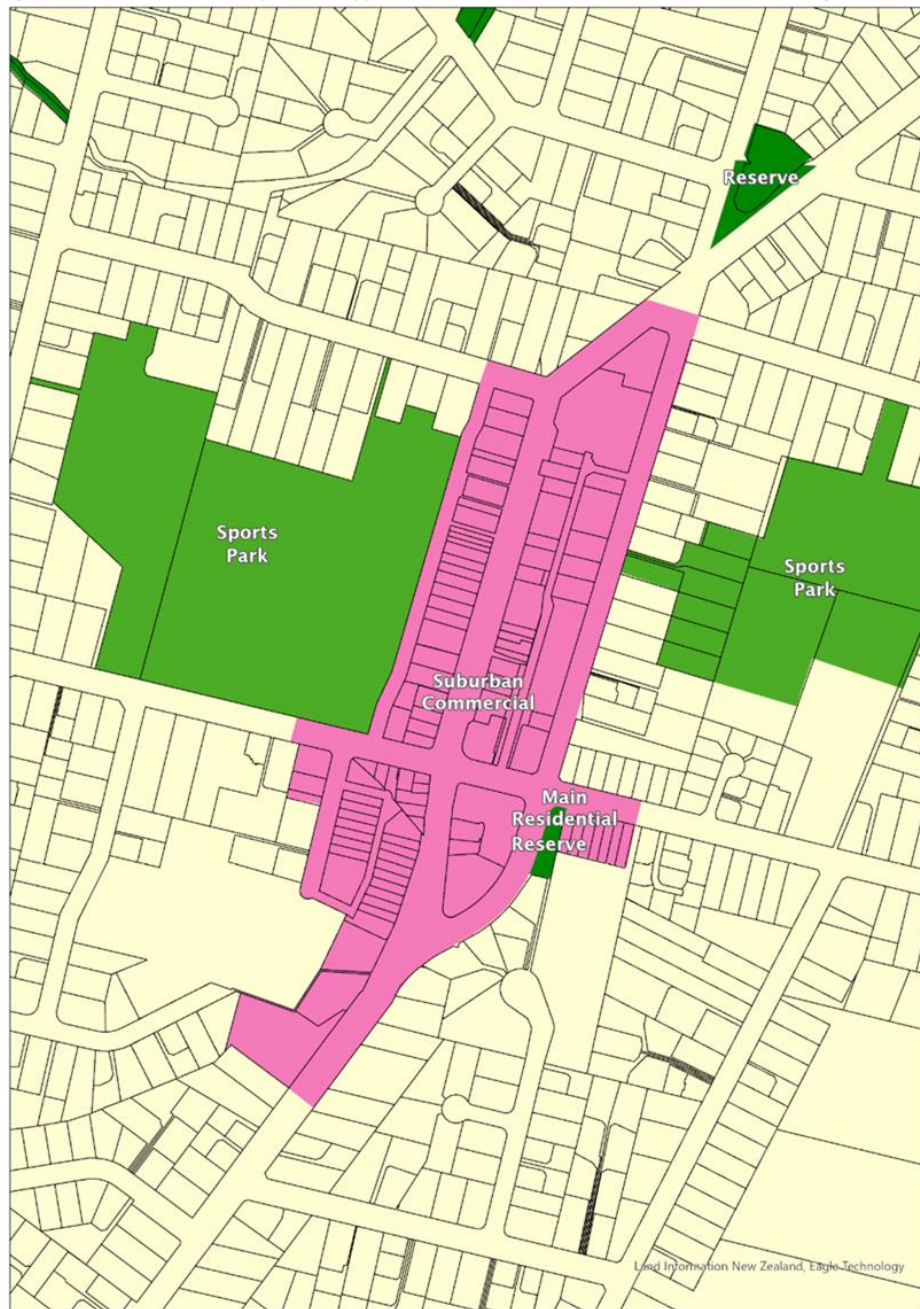


Figure 4 : Financial contribution where exemptions as per Section 1.7 of this policy apply

The exemption applies to main commercial centers in Marewa, Napier South, Onekawa, Greenmeadows, Maraenui, Taradale and Tamatea as per map below.

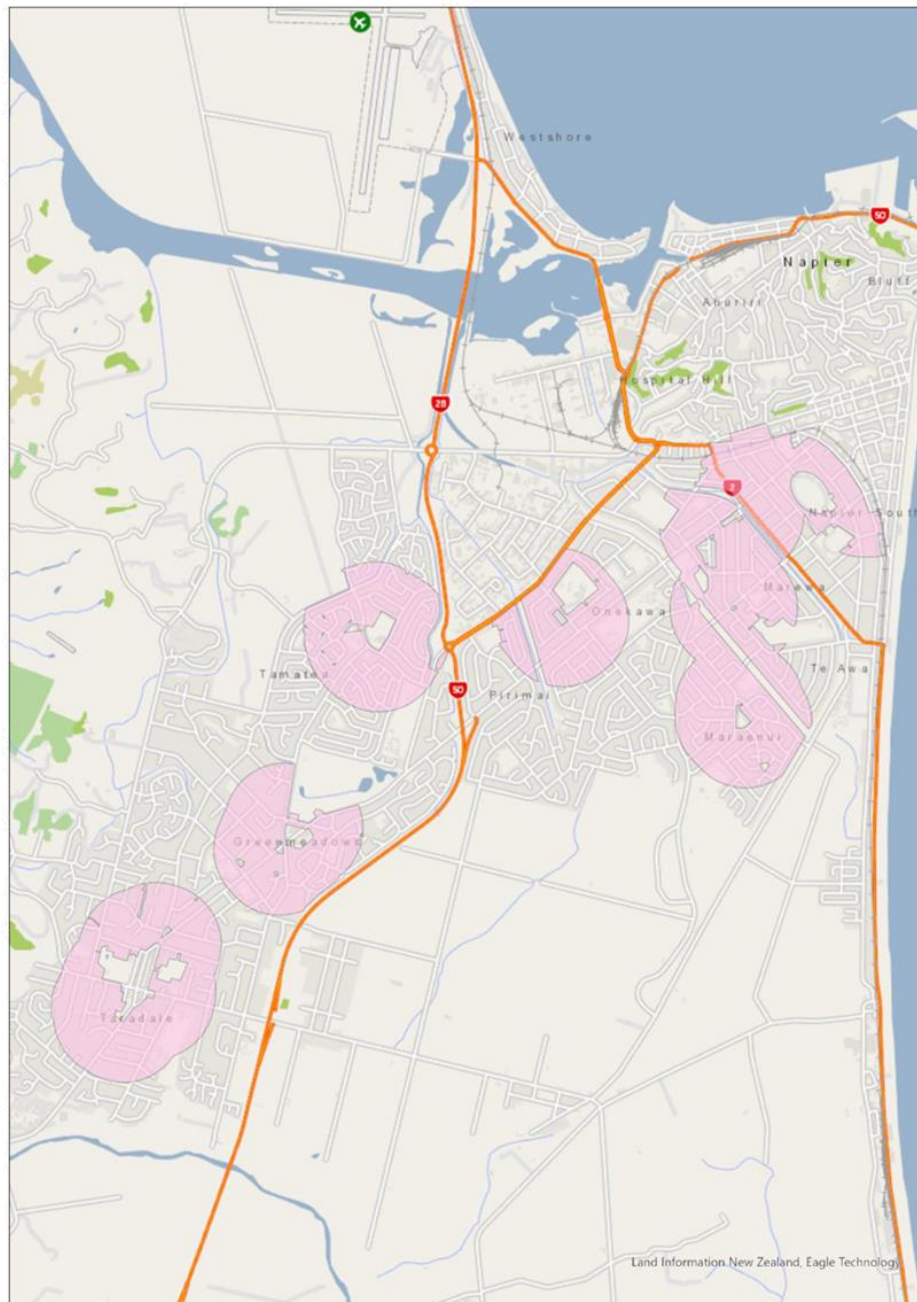


Figure 5 : Mission Special Character Zone Structure Plan

CITY OF NAPIER DISTRICT PLAN

Appendix 26B-1

**Appendix 26B – 1: Mission Special Character Zone Structure
Plan - Overall Map**

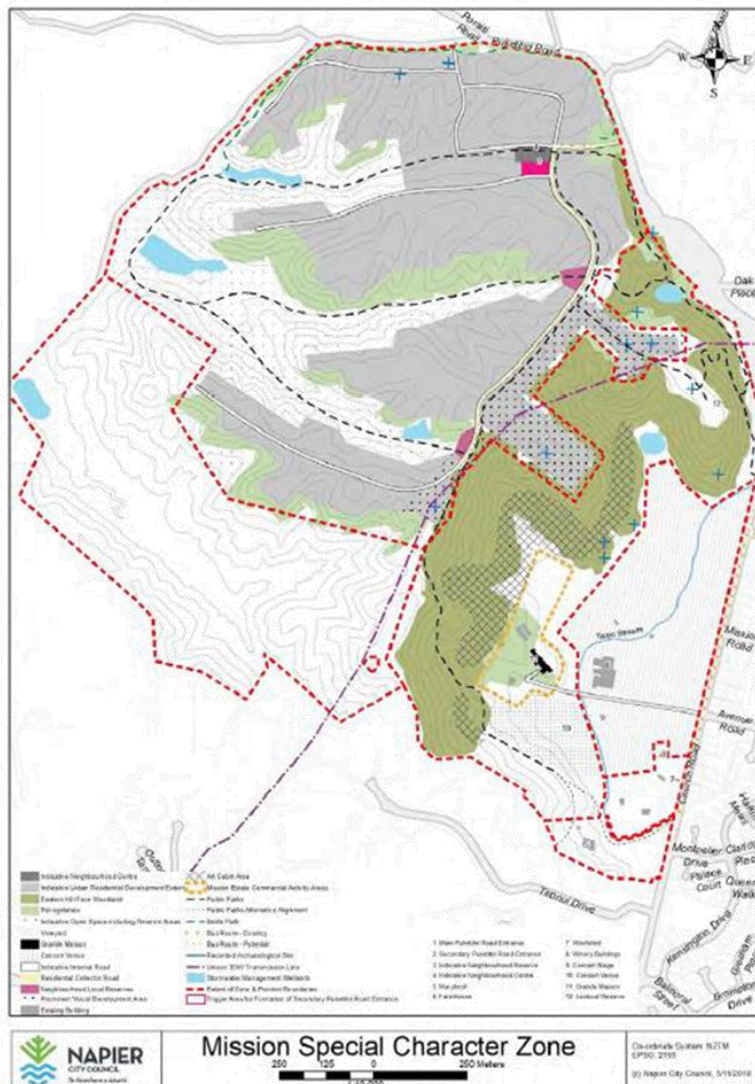


Figure 6 : Lagoon Farm, Citrus Grove and Park Island

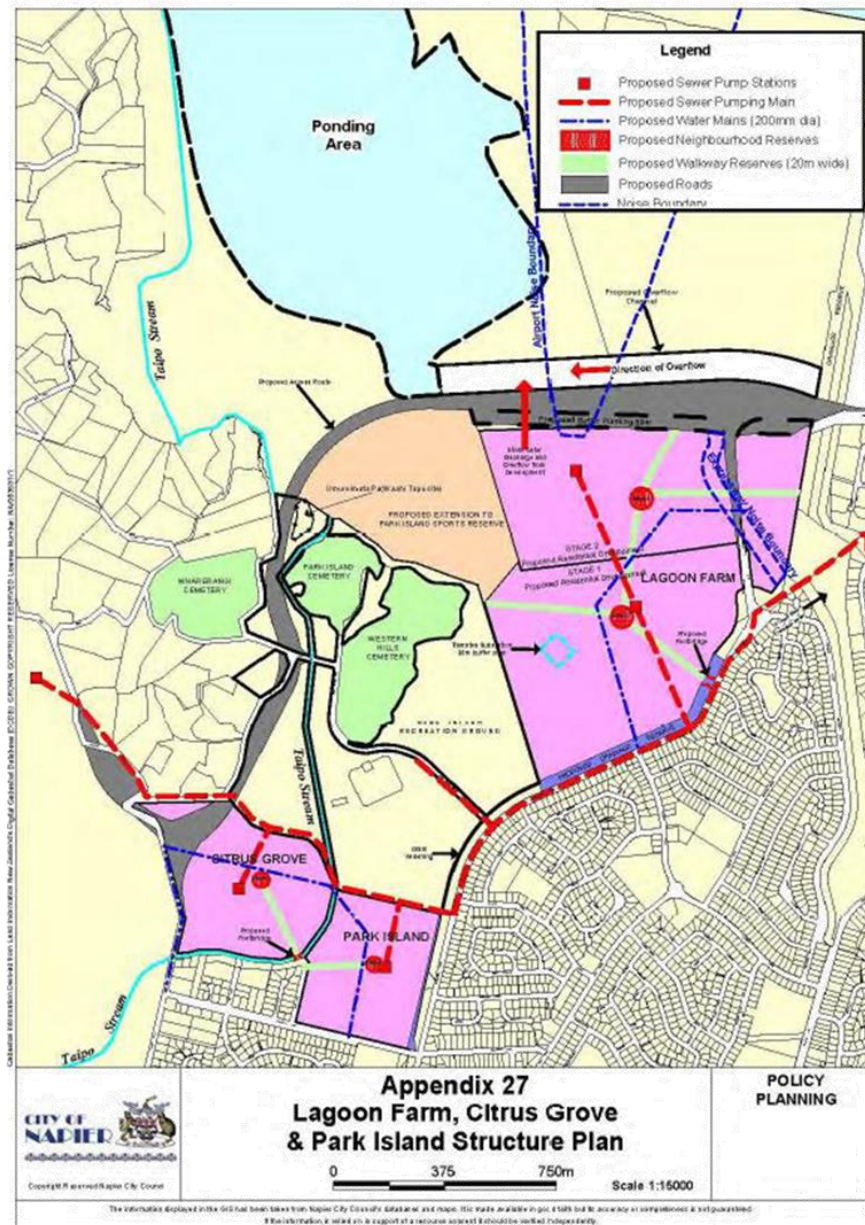


Figure 7 : Jervistown Zone Structure Plan
CITY OF NAPIER DISTRICT PLAN

Appendix 28B

**Appendix 28B - Jervistown Zone Structure Plan
(Services required for limited subdivision to 2500m² minimum lot size)**

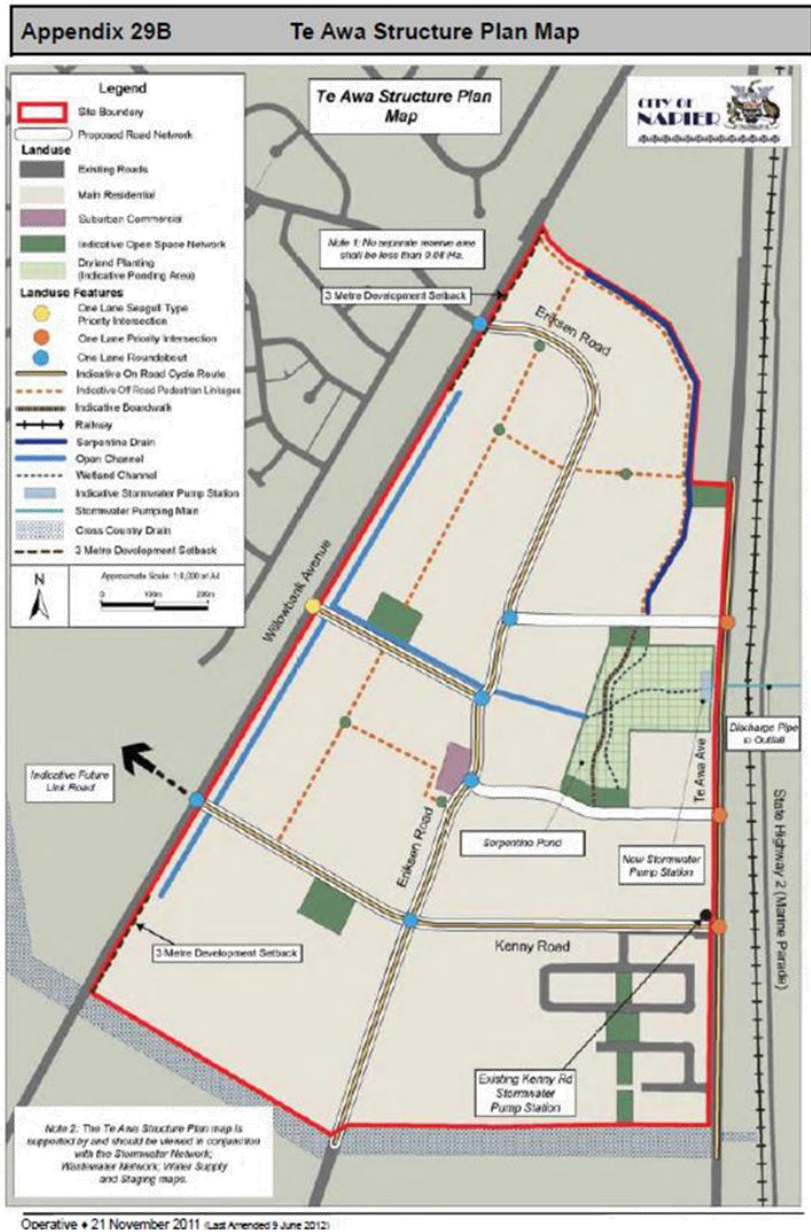


Operative • 21 November 2011 (Amended PCT)

Figure 8 : Te Awa

CITY OF NAPIER DISTRICT PLAN

Appendix 29B



3.4. Definitions

Allotment/lot has the same meaning as set out in Section 218 of the ACT.

Bedroom: a room of minimum 6m² in area, which could be used for sleeping in, usually containing a bed.

Commercial Activity means the USE of LAND and BUILDINGS for the display, offering, provision, sale or hire of goods, equipment or service and includes retailing, TRAVELLERS' ACCOMMODATION, DAY CARE CENTRE and off-licence premises and wholesale liquor outlets, but does not include EDUCATION FACILITIES or any BUSINESS OF PROSTITUTION.

Council means the Napier City Council or any committee or elected member of Council or any officer authorised to exercise the functions, duties or powers of the Council.

Dwelling Unit means a BUILDING or part of a BUILDING designed for residential purposes and occupied or intended to be occupied exclusively as the home or residence of not more than one HOUSEHOLD and includes an apartment, a flat including kaumatua flats and a RESIDENTIAL CARE FACILITY, but does not include a SUPPLEMENTARY UNIT. Second kitchen facilities in conjunction with service facilities constitutes a second dwelling unit.

Financial Contribution means a contribution as set out in section 108(9) of the ACT.

Greenfield Development means an area zoned for the purpose of allowing intensive 'Land Development'. Existing Greenfield sites are identified in Appendix 31 of this Plan as 'Development Areas'. For all new Greenfield areas, Council will consider:

- i) the need for a Structure Plan that indicates the services to be provided by the developer, and
- ii) the financial contributions that will be required to avoid, remedy or mitigate any environmental effects associated with land development

New Greenfield areas will be introduced to the Plan by way of a variation or Plan Change or at the time of a Plan review.

Gross Building Area means the sum of the area of all BUILDINGS on a SITE as viewed vertically from above and includes all eaves and overhangs.

Gross Floor Area means the sum of the area of all floors of all BUILDINGS on a SITE measured from the outside walls on every floor and includes enclosed conservatories and enclosed decks but does not include open and covered decks.

Industrial Activity means the USE of LAND and/or BUILDINGS for the primary purpose of manufacturing, assembling, testing, fabricating, processing, packing or associated storage of goods and the servicing and repair of goods and vehicles and includes SERVICE STATIONS and TRANSPORT DEPOTS, and STORAGE OF TYRES.

Infill Development means the further subdivision and/or development of an existing site, but excluding the development areas identified in Appendix 31. (For the purposes of this Plan all sites are deemed to be existing, except those specifically identified as Greenfield or development areas).

Infrastructure means those built STRUCTURES necessary for operating and supplying NETWORK UTILITY OPERATIONS and services to the community including, but not limited to, RADIOCOMMUNICATIONS, TELECOMMUNICATIONS, natural or manufactured fuel, electricity, water, drainage, sewerage, ROADS, railway lines and airports.

Land Development and Development means any land use:

- Involving SUBDIVISION; (including all associated network utility operations required to service the subdivision); or
- Involving MULTI-UNIT DEVELOPMENT; (including all associated network utility operations required to service the multi unit development); or
- Requiring EARTHWORKS design pursuant to Chapter 52A; or

- Requiring an extension to one or more of the COUNCIL'S existing NETWORK UTILITY OPERATIONS.

LGA means the Local Government Act 2002.

Multi-Unit Residential Development in respect means any BUILDING or group or groups of BUILDINGS on the same SITE which contains, whether attached or detached, two or more HOUSEHOLDS and subject to the exceptions hereinafter listed includes all apartment buildings and flats, but shall not include any of the following:

(a) TRAVELLERS' ACCOMMODATION.

(b) staff accommodation at HEALTH CARE CENTRES or EDUCATION FACILITIES.

RMA or the Act, means the Resource Management Act 1991 and its amendments

Resource Consent has the same meaning as set out in Section 2 of the ACT.

Residential Activity means the USE of LAND and BUILDINGS (including ACCESSORY BUILDINGS such as garages, carports and storage sheds) by a HOUSEHOLD (whether any person is subject to care, supervision or not), and includes RESIDENTIAL CARE FACILITIES but does not include HOME OCCUPATIONS, or TRAVELLERS' ACCOMMODATION.

Rural Environment means any area of LAND identified in this PLAN as being included in the Main Rural, Rural Residential, Rural Commercial, Rural Conservation, Rural Settlement Jervois town or Lifestyle Character zones.

Supplementary Unit means a single bedroomed BUILDING located on the same SITE as a DWELLING UNIT, used or intended to be used solely for residential purposes and occupied or intended to be occupied as a home or residence.

Key Financial Policies Consultation Plan

The Project

As part of the Long Term Plan (LTP) process, we have reviewed our key financial policies. We are proposing to make adjustments to four policies that affect how rates are gathered and how financial contributions for new developments are calculated. It is appropriate that these are considered together given the interconnected nature of these policies and their relevance to the LTP.

The four policies are:

- Revenue and Financing Policy
 - The Revenue and Financing Policy explains how we cover our operational and capital costs.
 - We recently updated the Revenue and Financing Policy and heard extensive submissions in the process. The changes altered the way that rates income is split between different types of properties including residential, commercial and rural. This resulted in most properties seeing a small decrease in rates, while some had an increase.
- Financial Contributions Policy
 - The Financial Contributions Policy sets out the contributions required from property developers to help fund the cost of new infrastructure in the city.
- Rating Policy
 - The Rating Policy outlines the types of rates the Council collects (e.g. general versus targeted) and how and when these are collected.
- Rates Remission Policy
 - The Rates Remission Policy explains the circumstances where properties will be exempt from some or all of the rates they would normally incur.

Consultation on proposed changes

The proposed changes are as follows:

- Revenue and Financing Policy
 - Changing the way Council's housing activities are funded – The change will allow this activity to be funded from other sources additional to rental income e.g. rates and loans.
- Rating Policy (information only)
 - New valuations have come in since we made changes earlier in the year to the Revenue and Financing Policy, which will impact on the rates charged for some properties. Land values have increased for commercial and industrial properties in particular.
 - Including the proposed 8% average rates increase (per rateable property), these new valuations will mean 3000 properties will have rates increases of greater than 10%, and 100 properties have increases of more than \$10,000 pa. We will directly inform these commercial and industry property owners of the impact on their rates.
 - Residential property owners, in the main, will receive a decrease due the changes of the Revenue and Financing policy, but an increase overall due to the proposed 8% average increase in 2021/22.

- Financial Contributions Policy
 - Development contributions will no longer be required and only financial contributions will be charged. This is being done to create a more robust yet simple system of financing new infrastructure.
 - Introducing new exemption categories for residential growth in the city centre and multi-unit developments to support our proposed District Plan goals.
- Rates Remission Policy
 - Several administrative amendments have been made which are designed to increase the efficiency of rates collection such as remissions on council property and changing remissions for refuse collection and recycling.

Significance and Engagement Policy

When considered together, the amendments to these policies are of moderate significance and are important given their relationship to the LTP. The proposed amendment to the way that housing is funded is particularly relevant given the proposal in the LTP to fund the identified shortfall in housing income through a loan. In order to apply loan funding or rates income to housing costs, a change to the Revenue and Financing Policy is first needed.

Engagement activities will inform the community and key stakeholders of the changes being made and what their likely impact will be. Feedback will be sought on the proposals with some of the proposals providing options for consideration.

Purpose of Communication and Engagement

The objectives of the consultation are to:

- Inform the community of the proposed changes
- Explain the likely impacts of the proposed changes
- Seek feedback, including options that have been identified.

Approach

The amendments to these policies will be consulted on separately from the LTP. The policies impact the LTP and need to be confirmed prior to the LTP deliberations. Hearings and deliberations will be completed before the LTP hearings and deliberations.

Information will be sent to all commercial properties, property developers and other key stakeholders with links to the feedback form. Commercial ratepayers will be able to use the rates calculator to find out how the changes will affect them and property developers will be able to view the new financial contributions methodology to understand what this will mean for them.

Council housing stakeholders and tenants will be advised of the proposed change to Revenue and Financing Policy given its potential future impact on how this activity is funded. They will have the opportunity to comment on the proposed change.

Consultation Timeline

Item	Submissions Open	Submissions Close	Hearing Dates
Revenue and Financing Policy	12 April	12 May	1 June
Financial Contributions Policy	12 April	12 May	1 June
Rating Policy	12 April	12 May	1 June
Rates Remission Policy	12 April	12 May	1 June

Communication & Engagement Tools

The consultation process will be promoted through digital and print channels with notification of the consultation provided directly to commercial ratepayers.

Digital	<ul style="list-style-type: none"> Website (www.sayitnapier.nz) Facebook post(s) SayitNapier
Print	<ul style="list-style-type: none"> Informing Napier The Napier Courier

6. ADOPTION OF THE LONG TERM PLAN 2021-31 CONSULTATION DOCUMENT

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1285391
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services

Please note that circulation of this report (and associated attachments) is pending as we await information from Audit New Zealand. The report will be circulated prior to the meeting.

6.1 Attachments

Nil

7. AMENDMENTS TO THE 2021 COUNCIL/COMMITTEE MEETING SCHEDULE

Type of Report:	Procedural
Legal Reference:	Enter Legal Reference
Document ID:	1287728
Reporting Officer/s & Unit:	Helen Barbier, Team Leader Governance

7.1 Purpose of Report

The purpose of this report is to approve a change to the schedule of Council and Committee meetings for 2021 as set out below. The amendments are indicated in red on the meeting schedule appended to this report (**Attachment 1 – Doc Id 1300212**).

Additional Meetings :

- Hearings Committee (Dogs) 11 May 2021 (1pm)
- Council Hearing (Revenue & Financing Policy and the Development Contributions Policy) Commencing 1 June 2021 (1pm)

Officer's Recommendation

That Council:

- Receive the report "Amendment to the 2021 Council/Committee Meeting Schedule".
- Adopt the amendment to the 2021 Meeting Schedule as below:

Additional Meetings:

- Hearings Committee (Dogs) 11 May 2021 (1pm)
- Council Hearing (Revenue & Financing Policy and the Development Contributions Policy) Commencing 1 June 2021 (1pm)

7.2 Background Summary

The Local Government Act 2002, Schedule 7, Clause 19 states:

- ...
- (4) *A local authority must hold meetings at the times and places that it appoints.*
 - (5) ...
 - (6) *If a local authority adopts a schedule of meetings -*
 - a) *The schedule-*
 - i) *may cover any future period that the local authority considers appropriate,*
 - and
 - ii) *may be amended; and*

- b) notification of the schedule or of any amendment to that schedule constitutes a notification of every meeting to the schedule or amendment.*

Although a local authority must hold the ordinary meetings as scheduled, Council may at a meeting, amend the schedule of dates, times and number of meetings to enable business to be managed in an effective way.

Although staff attempt to meet the needs of Council it is inevitable that the schedule will need to be amended from time to time and these amendments will be notified to elected members via the Councillor diary as they arise.

While the schedule serves to give elected members notice of the upcoming meetings there is still a requirement under the Local Government Official Information and Meetings Act 1987 for the public to be advised on a regular basis of the meetings scheduled for the next month.

The schedule includes the meetings of all committees not only so that members can plan ahead, but also to ensure that meetings days are in fact available and not later taken up by other meetings. Where scheduled meetings are not required cancellations will be advised to members as early as possible.

7.3 Issues

This report is being presented directly to Council for a decision as the meeting cycle does not allow a passage through the Standing Committees prior to meeting deadlines.

7.4 Significance and Engagement

This matter, of an amendment to the schedule of meetings, does not trigger Council's Significance and Engagement Policy or any other consultation requirements.

Refer to the individual report(s) for the relevant meeting for comments related to the Significance and Engagement Policy.

7.5 Implications

Financial

There will be minor additional costs for venue hire and live streaming of the additional meetings.

Social & Policy

N/A

Risk

Further changes to the schedule could result in difficulty finding a suitable venue and increased costs.

7.6 Options

The options available to Council are as follows:

- a) To adopt the amended 2021 meeting schedule as proposed
- b) To propose further amendments to the meeting schedule

7.7 Development of Preferred Option

It is recommended that the amended 2021 meeting schedule be adopted as proposed.

7.8 Attachments

A 2021 Amended Council/Committee Meeting Schedule [↓](#)

AMENDMENTS (8 April 2021) NAPIER CITY COUNCIL MEETING SCHEDULE - JANUARY TO DECEMBER 2021

January			February			March			April			May			June			July			August			September			October			November			December		
1	Fr	N/Y Day	1	Mo		1	Mo		1	Th	Workshop	1	Sa		1	Tu	Council (Rev Fin/DC) Hg Day 1	1	Th	P&P/Pro	1	Su		1	We		1	Fr		1	Mo		1	We	
2	Sa		2	Tu	Workshop	2	Tu	Workshop pm	2	Fr	Good Friday	2	Su		2	We		2	Fri		2	Mo		2	Th	Workshop	2	Sa		2	Tu	Workshop pm	2	Th	Workshop
3	Su		3	We	EQ Anni	3	We		3	Sa		3	Mo		3	Th	Council (Rev Fin/DC) Hg Day 2	3	Sa		3	Tu	Workshop pm	3	Fr	Māori	3	Su		3	We		3	Fr	
4	Mo	N/Y Hol	4	Th	P&P/Pros	4	Th	Workshop	4	Su		4	Tu	Workshop pm	4	Fr		4	Su		4	We		4	Sa		4	Mo		4	Th	P&P/Pro	4	Sa	
5	Tu		5	Fr		5	Fr		5	Mo	Easter Monday	5	We		5	Sa		5	Mo		5	Th	Council	5	Su		5	Tu	Workshop pm	5	Fr		5	Su	
6	Wed		6	Sa		6	Sa		6	Tu	Workshop pm	6	Th	SustFuture	6	Su		6	Tu	Workshop pm	6	Fr		6	Mo		6	We		6	Sa		6	Mo	
7	Thu		7	Su		7	Su		7	We		7	Fr		7	Mo	Queens birthday	7	We		7	Sa		7	Tu	Workshop pm	7	Th	Workshop	7	Su		7	Tu	Workshop pm
8	Fri		8	Mo	Wātangi	8	Mo		8	Th	Council (LTP doc) /Workshop	8	Sa		8	Tu	CI LTP Day 1	8	Th	SustFuture	8	Su		8	We		8	Fr		8	Mo		8	We	
9	Sa		9	Tu	CI Ex (Rev & Fin) Day 1	9	Tu	Tenders/Wksh pm	9	Fr	Māori	9	Su		9	We	CI LTP Day 2	9	Fri		9	Mo		9	Th	Workshop	9	Sa		9	Tu	Tenders/ Wksh pm	9	Th	Council
10	Su		10	We	CI Ex (Rev & Fin) Day 2	10	We		10	Sa		10	Mo		10	Th	CI LTP Day 3	10	Sa		10	Tu	Tenders/Wksh pm	10	Fr		10	Su		10	We		10	Fr	
11	Mo		11	Th	Sus/ Fut Ex CI (Day 3)	11	Th	Council	11	Su		11	Tu	Hearing (Dog) 1pmTenders/ Wksh pm	11	Fr	CI LTP Day 4	11	Su		11	We		11	Sa		11	Mo		11	Th	SustFuture	11	Sa	
12	Tu		12	Fr	CI Ex (Rev & Fin) Day 4	12	Fr		12	Mo		12	We	Citizen	12	Sa		12	Mo		12	Th	P&P/Pro	12	Su		12	Tu	Tenders/Wksh pm	12	Fr		12	Su	
13	Wed		13	Sa		13	Sa		13	Tu	Tenders/Wksh pm	13	Th	Workshops	13	Su		13	Tu	Tenders/Wksh pm	13	Fr		13	Mo		13	We		13	Sa		13	Mo	
14	Thu		14	Su		14	Su		14	We		14	Fr	Māori Committee	14	Mo		14	We	LGNZ AGM Blenheim	14	Sa		14	Tu	Tenders/Wksh pm	14	Th		14	Su		14	Tu	Tenders/ Wksh pm
15	Fri		15	Mo		15	Mo		15	Th	Workshop	15	Sa		15	Tu		15	Th		15	Su		15	We	Citizen	15	Fr	Māori	15	Mo		15	We	
16	Sa		16	Tu	Workshop pm	16	Tu	Workshop pm	16	Fr		16	Su		16	We	A & R	16	Fri		16	Mo		16	Th	Council	16	Sa		16	Tu	Workshop pm	16	Th	Workshop
17	Su		17	We	Citizen	17	We		17	Sa		17	Mo		17	Th		17	Sa		17	Tu	Workshop pm	17	Fr		17	Su		17	We	Citizen	17	Fr	
18	Mo		18	Th	Workshop	18	Th	P&P/Pro	18	Su		18	Tu	Workshop pm	18	Fr		18	Su		18	We		18	Sa		18	Mo		18	Th	Workshop	18	Sa	
19	Tu		19	Fr		19	Fr		19	Mo		19	We		19	Sa		19	Mo		19	Th	SustFuture	19	Su		19	Tu	Workshop pm	19	Fr		19	Su	
20	Wed		20	Sa		20	Sa		20	Tu	Workshop pm	20	Th	Workshops	20	Su		20	Tu	Workshop pm	20	Fr		20	Mo		20	We		20	Sa		20	Mo	
21	Thu		21	Su		21	Su		21	We		21	Fr		21	Mo		21	We	Citizen	21	Sa		21	Tu	Workshop pm	21	Th	Workshop	21	Su		21	Tu	Workshop pm
22	Fri		22	Mo		22	Mo		22	Th	Council	22	Sa		22	Tu	Tenders/Wksh pm	22	Th	Workshops	22	Su		22	We		22	Fr	HB Anni	22	Mo		22	We	
23	Sa		23	Tu	Workshop pm	23	Tu	CI Day 1 (Gambling)	23	Fr		23	Su		23	We		23	Fri	Māori	23	Mo		23	Th	P&P/Pro	23	Sa		23	Tu	Workshop pm	23	Th	Workshop
24	Su		24	We		24	We	CI Day 2 (Gambling)	24	Sa		24	Mo		24	Th		24	Sa		24	Tu	Workshop pm	24	Fr	A & R	24	Su		24	We		24	Fr	
25	Mo		25	Th	Workshop	25	Th	Sus/Fut	25	Su		25	Tu	Workshop pm	25	Fr		25	Su		25	We		25	Sa		25	Mo	Labour Day	25	Th	Workshop	25	Sa	Xmas Day
26	Tu	Workshop pm	26	Fr	Māori	26	Fr	A & R	26	Mo	Anzac Day	26	We		26	Sa		26	Mo		26	Th	Workshops	26	Su		26	Tu	Workshop pm	26	Fr	Māori A&R	26	Su	Boxing Day
27	Wed		27	Sa		27	Sa		27	Tu	Workshop pm	27	Th	Council	27	Su		27	Tu	Workshop pm	27	Fr		27	Mo		27	We		27	Sa		27	Mo	
28	Thu	Workshop	28	Su		28	Su		28	We		28	Fr		28	Mo		28	We		28	Sa		28	Tu	Workshop pm	28	Th	Council	28	Su		28	Tu	
29	Fri					29	Mo		29	Th	P&P/Pro	29	Sa		29	Tu	Workshops	29	Th	Workshops	29	Su		29	We		29	Fr		29	Mo		29	We	
30	Sa					30	Tu	Workshop pm	30	Fr		30	Su		30	We	Council - Adopt LTP/Rates	30	Fri		30	Mo		30	Th	SustFuture	30	Sa		30	Tu	Workshop pm	30	Th	
31	Su					31	We					31	Mo					31			31	Tu					31	Su					31	Fr	

CL = Council 10am
P&P = Napier People and Places Committee 10am
Pros = Prosperous Napier Committee
Sus = Sustainable Napier Committee 10am
Fut = Future Napier Committee
Māori Gam
A&R = Audit & Risk Committee 1pm

PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Items

1. Procurement of Electricity Supply 2021-2024

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
Agenda Items		
1. Procurement of Electricity Supply 2021-2024	<p>7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p>	<p>48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>