NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

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ORDINARY MEETING OF COUNCIL

Open Attachments (Under separate cover 2)

Meeting Date:	Thursday 27 June 2024
Time:	9.30am (Adopt LTP)
Venue:	Large Exhibition Hall War Memorial Centre Marine Parade Napier

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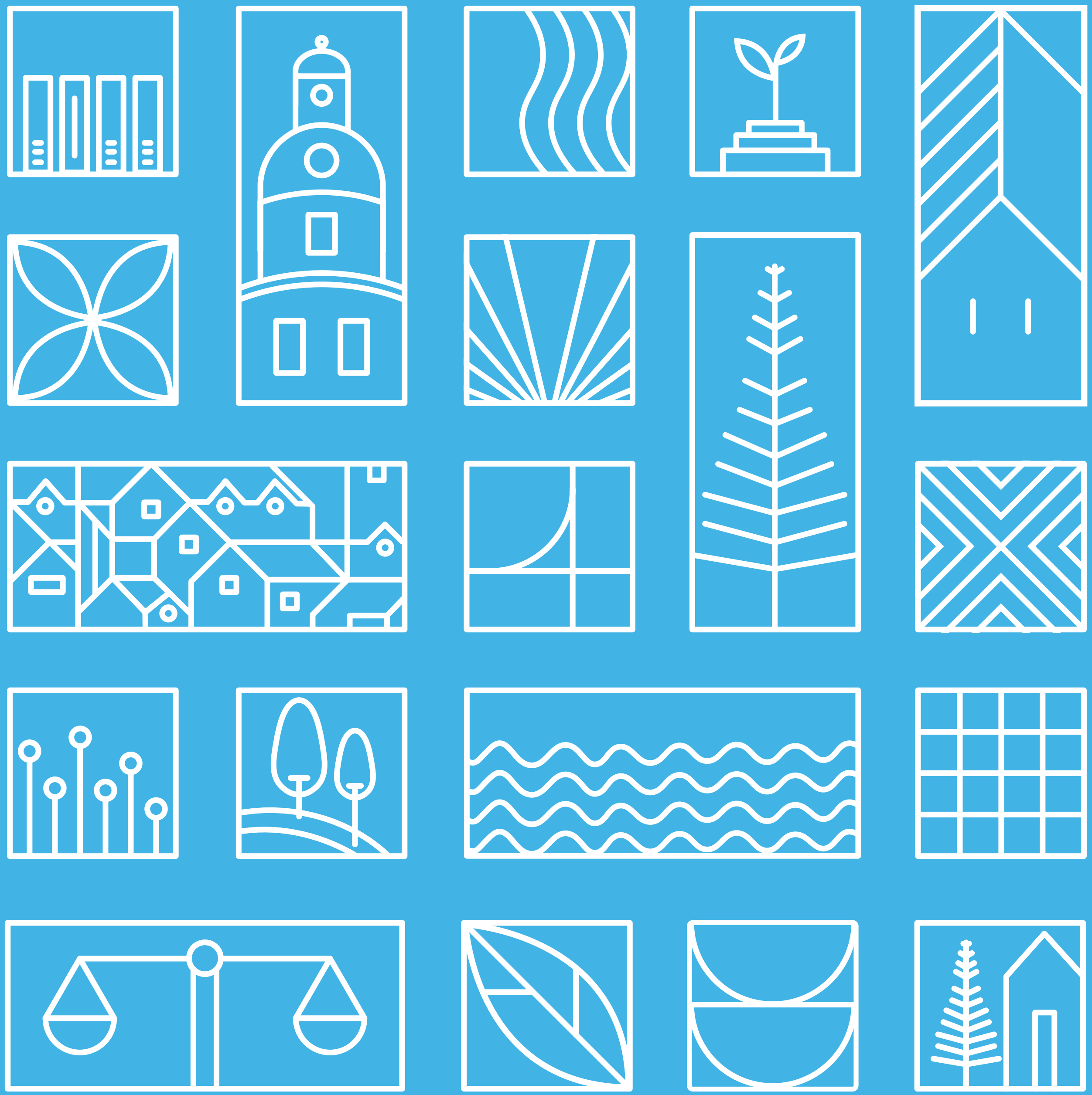

Te Kaunihera o Ahuriri
Napier City Council

Three-Year Plan 2024-2027

Volume One: An overview of our Three-Year Plan

Adopted 27 June 2024

NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

ISSN 1173-4477 (print) ISSN 1177-9896 (online)

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

Navigating this document

The Local Government Act 2002 requires us to review and update our Long Term Plan every three years. That Act also sets out what information the plan must contain.

Where is the 2024-34 Long Term Plan?

Due to the disruption caused by Cyclone Gabrielle, the government changed the legal requirement for NCC to produce a 10-year Long Term Plan. We have instead produced an unaudited, three-year plan for 2024-2027, with a focus on recovery. This change acknowledges the effects Cyclone Gabrielle has had on our ability to deliver previously planned projects. Our Three-Year Plan still provides information on budgets and plans beyond 30 June 2027 to give our community visibility of projects planned over the longer term.

This is a long document, so to make it easier to read, we've split it into two volumes, arranged as follows:

Volume One: An overview of our Three-Year Plan

Introduction: This section sets the scene, containing opening remarks from Mayor Kirsten Wise and Napier City Council Chief Executive Louise Miller, and a brief overview of Napier City.

Three-Year Plan summary: This section introduces our Three-Year Plan, including our strategic direction and Community Outcomes, our approach to developing this plan (including consultation and external circumstances we've had to consider), and our significant initiatives over the next three years.

Activity Groups: This section provides key information on the services Napier City Council delivers, how we'll measure performance, and the budgets for our activities for the next 10 years.

Volume Two: Our detailed budgets, strategies, and policies

Financial information: This sets out our financial reporting and prudence benchmarks, which give a high-level overview of our key financial information and explains how we fund our activities. This includes our Funding Impact Statement.

Council Controlled Organisations: An overview of Napier City Council's Council Controlled Organisations (CCOs).

Combined Finance and Infrastructure Strategy: This describes how we intend to manage our infrastructure assets over the next 10 years and how our financial settings will allow for required investment.

Policies: Our full Significance and Engagement Policy, and Revenue and Financing Policy, and information about finding our other policies.

Glossary of terms: Definitions of any special terms used throughout this plan.

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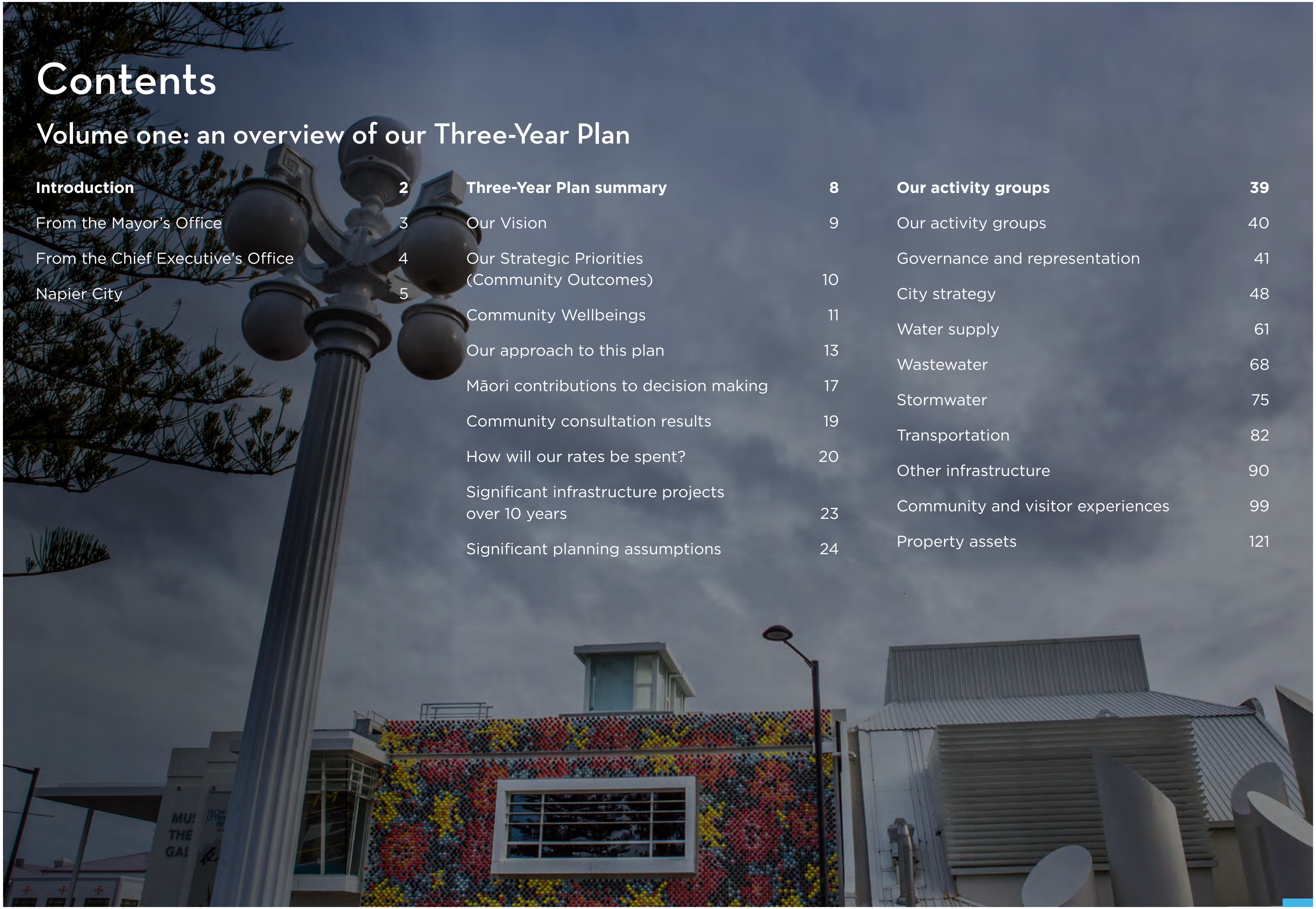
Volume one: an overview of our Three-Year Plan



Introduction

From the *Mayor's Office*

Coming into the Three-Year Plan process, we were very aware of the challenging financial climate. Considerations of rising costs dominated every aspect of our process, and rightly so as households and businesses across the board are experiencing challenging financial times.

We knew from the outset that only things that were essential, already committed to, externally funded or part of our city's recovery from Cyclone Gabrielle could be in the plan. We knew too that although levels of service could not be increased they couldn't decrease either. Overall, we have to keep delivering the basics, focus on building resilience, and use the next three years to get our city and region back on firm foundations.

We've worked hard in this plan to put in place activities that will create a better and more sustainable financial picture for Napier. Making decisions about our investments and assets - and how best to manage them - has benefits for our residents but also for our future generations.

Through the submissions and hearing process, we have asked some key questions. The public's views are always an essential part of preparing a long-term plan such as this. We specifically wanted feedback on whether we should focus on retirement housing, put money aside for resilience projects, form a CCTO to manage investments, increase fees and charges, loan-fund deficits of some facilities, and develop council office accommodation. Most of these have a strong thread of ensuring we are making financially savvy decisions.

Our ultimate goal is to reduce our reliance on rates funding. Continuous high rates increases are not sustainable for our community. We need to find new avenues of income to fund the services and facilities our residents want and need from us.

Through the Three-Year Plan process we are together creating a road map for our city, environs, people, places and spaces. We've had a difficult time over the last few years – as have other parts of the country – and this plan gives us a clear direction with which to build a sustainable future.

I want to thank everyone who submitted to the draft Three-Year Plan and who helped shape the direction of Napier's future.

Kirsten Wise

TE KAHIKA O TE KAUNIHERA O AHURIRI
MAYOR OF NAPIER

From the *Chief Executive's Office*

Our Three-Year Plan 2024-27 sets out our activities, major projects, expected income and costs, and what our rates will need to be for the next three years.

We're operating in a post-Cyclone Gabrielle environment. Just like our residents, Council's finances are stretched and we're now facing unanticipated costs of reinstating broken infrastructure and improving resilience. Over the next three years, we're planning for a $354 million infrastructure investment. The programme of work focuses on cyclone recovery, core Council services, and what our community needs and wants to ensure Napier's spaces and places are safe, liveable and future-proof.

With this in mind, our capital plan is leaner than in previous Long Term Plans. We have prioritised projects that fall into one or more of these categories: statutory, contracted, recovery, externally funded. Projects outside of these have been included where they are considered necessary to achieve our community outcomes. Apart from cyclone recovery, key issues that we need to bear in mind as we plan our capital projects, services and activities are affordability and fairness across generations, ageing infrastructure, and preparing for climate change and natural hazards.

We are facing uncertainty with Government reforms, most notably the Local Water Done Well reforms for three waters services. At the time of writing, we still lack certainty on what these reforms will mean for Napier. Until decisions are made about next steps, this Plan assumes that Napier City Council will continue to provide three waters services to Napier residents, with investment levels remaining the same until a way forward is decided.

This Plan is focused on maintaining existing levels of service. There is no intention to significantly increase our levels of service over the next three years, as this would increase our operational and capital expenses. However, levels of service will be continually considered in light of the economic environment of high inflation and the financial pressures faced by Council and residents.

Above all, we will ensure that everything we do contributes to Council's vision of enabling spaces and places where everybody wants to be.

Louise Miller
TUMU WHAKARAE
CHIEF EXECUTIVE

Napier city

History

Napier has a well-established Māori history with Ngāti Kahungunu being the dominant iwi in the area, and one of the first tribes to encounter European settlers.

The people of Ahuriri/Napier descend from an ancient people 15 generations before the arrival of the great migration from the Pacific, which the waka Takitimu was part of. Before the settlement of Ngāti Kahungunu, the main tribal settlements were Ngāti Awa, Ngāti Whatumamoa, and many others who settled around the great harbour Te Whanganui a Orotū.

The two major Pā in the Ahuriri region were Ōtātara to the south and Heipipi to the north. Islands in the lagoon (raised in the 1931 earthquake) were used as fishing bases, and the fertile land on the shores was favoured for dwelling and cultivation.

Fresh and saltwater mixed in the lagoon - it was a place of abundance, supporting resources such as pātiki, koura, pipi, mussels, paua, and karengo. The mokimoki fern grew on Pukemokimoki hill, which once stood off the western corner of Mataruahou (Napier Hill). Mokimoki fern was highly prized by local iwi, and provided a sweet, scented oil used on the body.

The name Ahuriri comes from the chief Tu Ahuriri, who carved a new channel into the lagoon at Ahuriri when the entrance became blocked, threatening the land that surrounded the lagoon.

The area was first sighted by Europeans in 1769. Traders, whalers, and missionaries visited, and permanent settlement began after 1854. Over the 60 years after it was established as a borough in 1874, Napier steadily developed, mainly due to expanding activity at the port and developing the surrounding rural land.

The major 1931 earthquake raised some 4,000 hectares of seabed within the city, which was progressively used for residential, industrial, and commercial development. The extensive rebuilding that took place in the 1930s is the reason for Napier's Art Deco flavour. Following World War II, further industrial development was encouraged in Napier. The city's progress has been heavily dependent on the success of farming, horticulture, forestry, wine making, processing, and tourist attractions in the surrounding area.

Napier has now evolved into a modern and attractive key regional centre, providing a quality lifestyle with a wide range of services and social and economic opportunities for its citizens.

What makes Napier different?

- Attractive climate
- Art Deco built environment
- Coastal location with connected economic and social activities (e.g. Napier Port, tourism and recreation)
- Cycleway connectivity, wineries, hospitality, and arts sector
- Gardens and green spaces
- A tourism and cruise ship destination
- Small, urban footprint – Napier is surrounded by Hastings District and is an urban centre with very few rural ratepayers and little rural infrastructure
- The fertile soils of the Napier-Hastings/Heretaunga Plains, which provide the base for the local fruit and horticultural sector, and
- Long stretches of beach front, river network, and Te Whanganui ā Orotu (the Ahuriri Estuary), which is significantly valued by tangata whenua and home to diverse plants and fauna.

Fertile soils provide the base for the local fruit and horticultural sector

140 art deco buildings in Napier

Gardens and green spaces

Historic Otātāra Pā

73,740 estimated population by 2034

22.2% of Napier's population identify as Māori (2018 census)

28% of Napier's population projected to be >65yrs by 2048

Positive economic growth for Hawke's Bay

2.2 - 2.8% expected GDP growth for Hawke's Bay

Cycleway connectivity

Attractive climate

Napier Port

Domestic and commercial airport

Three-Year Plan summary

Our Vision

Enabling places and spaces where everybody wants to be.

Ko rua tē pāia ko Te Whanga

Our Strategic Priorities (Community Outcomes)

In 2023, Napier City Council adopted five strategic priorities to guide its decision-making over the coming years. These Strategic Priorities are also the Community Outcomes that underpin the contents of our Three-Year Plan. They are all equally important and they all helped us decide which projects, activities and budgets to prioritise in our Three-Year Plan 2024-27.

Financially sustainable Council

He kainga ka awatea

Council has an operating model and financial strategy that is affordable for ratepayers and enables us to achieve our objectives.

A resilient city – the ability to thrive and withstand impacts, knocks and shocks

Te toka tū moana

Council makes good future planning and investment decisions to prepare for a changing climate future and enables our community to build self-reliance. Our people, economy and infrastructure are resilient.

Spaces and places for all

He wāhi taurikura

Napier has spaces and places that everyone has access to and wants to use. We have a focus on accessibility, affordability, safety, and city vibrancy.

Nurturing authentic relationships with our community and partners

Te takutai moana

Council fosters meaningful relationships, demonstrating our commitment to listen to our community's needs, concerns, and aspirations. Developing strong partnerships with mana whenua and tangata whenua ensures we uphold our obligations under Te Tiriti o Waitangi.

A great visitor destination

Te ūnga waka

Napier is a destination aspiring to provide 'world class' facilities and attract visitors to our city. We make it easy for people to invest in our city and create experiences that attract widespread participation.

Community Wellbeings

Council's role and responsibilities are set out in the Local Government Act 2002 (the LGA 2002). In 2010, the LGA 2002 was amended to clarify Council's core role as the provision of three main functions - providing local infrastructure, local public services and performing regulatory enforcement. In 2019, the Government repealed this focus on core services, and instead reverted to the previous purpose statement:

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

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

The icons below used throughout this plan link the activities Council delivers to the wellbeing(s) they contribute to.

SOCIAL WELLBEING

CULTURAL WELLBEING

ECONOMIC WELLBEING

ENVIRONMENTAL WELLBEING

Annual resident satisfaction survey

Napier City Council commissions a Resident Satisfaction Survey every year. This research is to consultatively engage with Napier residents to determine satisfaction levels and perceptions of Council's services, communications, and management to identify improvement opportunities. Results from the survey also help form Service Performance Measures for some activities (as detailed in the 'Our Activity Groups' section).

Annual survey results are published on **napier.govt.nz** (use the keyword search #annual report).

Questionnaire

Since 2019, the Resident Satisfaction Survey has been conducted by SIL Research. NCC and SIL Research developed the survey by considering how the questions and associated measures aligned with our Strategic Direction. Since 2019, data has been collected quarterly to allow seasonal variations to be tracked using a 1-10 Likert scale. This provides more robust options for residents to express their views.

In each quarter, multiple data collection methods are used to ensure residents are well-represented. This includes:

Telephone survey - Respondents are randomly selected from the publicly available telephone directories within each ward.

Social media (available on SIL Research social media platforms, such as Facebook) - The invitation advertisement is randomly promoted to Napier residents within each ward.

Postal survey - Survey forms are delivered to randomly selected Napier households.

Online/web based (available on NCC's channels) - Surveys are advertised on NCC's Facebook page to increase survey awareness.

Data analysis

Every quarter, surveys are conducted proportional to the population in each of Napier's four wards. Post-stratification (weighting) is then applied to the full dataset to reflect the ward, age and gender group proportions as determined by the Statistics New Zealand Census.

SIL Research ensures quality control during the fieldwork period. In addition, a quality control check is performed using follow-up calls across randomly selected respondents to verify key responses. Further checks include the removal of incomplete responses from outside Napier.

Overall results are reported with margins of error at a 95% confidence level.

Benchmarking

SIL Research conducts a representative national resident survey across councils (excluding Auckland, Wellington, Christchurch and Dunedin) to establish a series of benchmarks across a range of Council services. This allows Napier City Council to compare its survey results against a national average (NZB). The national survey data is collected throughout the year so annual results can be presented without seasonal bias.

Our approach to this plan

The ‘Long Term Plan’, in its current format was introduced to the local government sector in 2010. Due to the disruption caused by Cyclone Gabrielle, the government changed the legal requirement for NCC to produce a 10-year long term plan. We have instead produced an unaudited, three-year plan for 2024- 2027, with a focus on recovery. This change acknowledges the effects Cyclone Gabrielle has had on our ability to deliver previously planned projects.

Our Three-Year Plan still provides information on budgets and plans beyond 30 June 2027 to give our community visibility of projects planned over the longer term.

We understand that people around New Zealand are facing cost-of-living pressures that make it harder to manage further rates increases. Councils around the country face similar challenges. Costs to maintain and build infrastructure for services like water and transportation have increased a lot recently. Climate change and preparing for climate-related emergencies is another issue facing all councils that will cost time and money. Locally, Napier has many issues that need attention. There are unexpected costs from Cyclone Gabrielle, with parts of our community still recovering from this event.

This plan recognises that we need to stay focused on cyclone recovery while still providing the core services and infrastructure the community needs and expects of us. We have also planned to keep working on other important projects that will help us achieve our community outcomes.

We believe it’s important to adapt to challenges by changing the way we do some things. Changing how we do things means we’ve had to make bold decisions. We want to be a financially sustainable Council, which is why this plan takes a more commercial approach to how we operate some of our services. This plan also focuses on ways we can ensure our assets are working harder for us to bring in more income for the city and reduce pressure on ratepayers.

We have faced internal and external factors that affected our ability to deliver all the services and activities we want for the city. These challenges also made it harder to keep our rates increases as low as they have been historically. The factors and challenges we had to consider and manage while developing our Three-Year Plan are outlined in the following sections. They are based on the information available at the time this document was prepared.

Internal challenges

Ageing infrastructure (physical assets)

To help keep rates low in previous years, we have taken a more risk-based approach to managing our physical assets. This plan acknowledges that we have now reached a point where significant investment in these assets is needed to deliver required levels of service and keep up with Napier's growth.

Inability to deliver on time

Over the past few years, staff shortages with certain roles, supply chain issues and external events such as Cyclone Gabrielle mean we've struggled to complete projects in the time we said they would take. This resulted in budgets and work being moved to the next financial year, creating an even bigger work programme the following year. Our work programme over the course of this plan is focused on providing the core services and infrastructure the community needs, while working on other important projects that will help us achieve our community outcomes.

Financial sustainability

Our external and internal challenges have made it harder to maintain our financial sustainability. In response to this, we reviewed different parts of our organisation and considered new ideas to see if there were any efficiencies, cost savings, or opportunities to make further income for the city. This plan takes a more commercial approach to how we operate some of our services and focuses on ensuring our assets are working harder for us to bring in more income for the city and reduce pressure on ratepayers.

External challenges

Impacts of Cyclone Gabrielle and our recovery plans

On 14 February 2023 Cyclone Gabrielle caused widespread damage, flooding and extreme isolation for Napier.

The Napier Wastewater Treatment Plant in Awatoto and associated industrial area were completely flooded as water overflowed the Tūtaekurī River stop banks. Parts of urban Napier, as well as the areas surrounding urban Napier, and productive horticultural land, were destroyed. We had to spend a large amount of money and staff time on recovery work that will continue over the course of this plan.

Our Wastewater Treatment Plant was fully restored by August 2023, and we are now focusing on improving the future resilience of the treatment plant. Some of this work will take place over the next three years.

The Government is contributing $64 million towards the permanent replacement of the Redclyffe Bridge in the long term, which we co-own with Hastings District Council. Napier is also receiving $3.5m (50% of the cost) to allow us to administer voluntary residential property purchases in Category 3 areas of Napier.

The cyclone affected our ability to deliver what we had planned over the last 12 months. This plan acknowledges the need to be realistic about what we can deliver for Napier over the next three years and includes the following recovery projects:

- Work to reduce coastal erosion
- Development of the Omarunui landfill (jointly with Hastings District Council)
- Improving stormwater drainage
- Resilience planning for the Awatoto industrial area
- Civil Defence and Emergency Management planning and readiness
- Planting along the foreshore, waterways and cemeteries

Increasing inflation and affordability

Just like everyone, we are feeling the impacts of rising costs. This is mainly through increasing insurance premiums and labour costs. To help us achieve our priority of being a financially sustainable council, this plan reflects the need to live within our means.

Long term effects from COVID-19 and Napier's 2020 floods

Some projects were put on hold while we focused on dealing with these events. We're still catching up on the work we had to put on hold. This plan reflects the knock-on effect these events have had on the timing and funding of other projects and essential work.

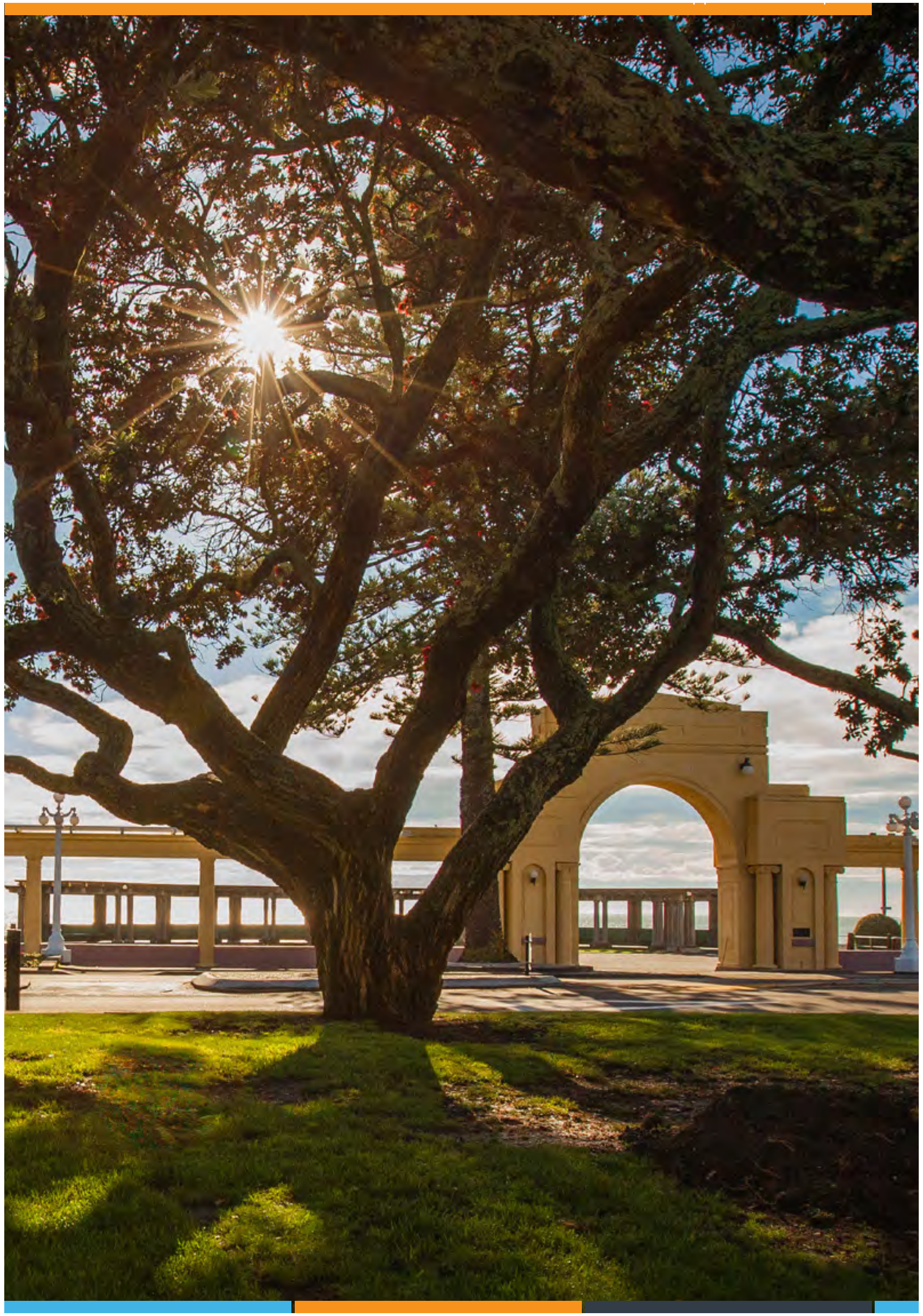
Climate change and the environment

Climate change presents challenges. It affects our health and wellbeing, our safety, the natural and built environments, food production, essential infrastructure and the economy.

We want to become a more resilient city. It's important that we lead our community in improving climate resilience and reducing emissions, but it's not just up to Council. We will need authentic partnerships with residents, businesses, industries, community organisations, government agencies and other local councils. Building climate resilience includes having more sustainable transport and urban development. It includes improved water quality and management and improved biodiversity.

We have a role in educating and helping people to take ownership of these matters. We also need to get our own house in order, by reducing our carbon footprint across all areas of our work. We are developing an emissions reduction plan that is aligned with New Zealand's targets and will roll this out as part of this plan over the next three years.

We have just completed our first greenhouse gas inventory and had this independently verified by external auditors. Independent verification is an important step to make sure we are reporting a true representation of Council's emissions. The data is from the 2023 financial year, and will become the baseline for setting emission reduction targets and measuring progress.



Government reform

Water reform

Over the past few years, central government developed new legislation and operating reforms for how drinking water, wastewater and stormwater would be managed throughout New Zealand. This was to address the growing pressure all councils were facing to deliver water services efficiently, safely and affordably. After last year's change of Government, the reform programme stopped. A new Local Water Done Well framework and transitional arrangements will be introduced and enacted in mid-2024. Legislation to establish enduring settings and begin transition will be introduced in December 2024 and enacted in mid-2025.

A national regulator will be established to oversee water infrastructure. The regulator will ensure water is managed sustainably, with fair pricing and quality standards. Local Water Done Well will require all councils to submit alternative water service delivery models to the Government for approval. There is flexibility for councils to choose a model that works best for them. The new policy will also introduce financial rules to councils for managing water. More information about Local Water Done Well can be read online at **beehive.govt.nz**

In 2019/20 – before the nationwide reform programme was rolled out – Hawke's Bay councils developed a regional model for jointly managing water services. This model proposed having a Council Controlled Organisation (CCO) owning Hawke's Bay's water assets. Now that councils have flexibility to choose their own way to manage water, Hawke's Bay councils are looking at whether a CCO is still the best option for Hawke's Bay communities and this work will continue over the course of this plan.

They will consider the effects and challenges of Cyclone Gabrielle. They will also consider the final shape of the Local Water Done Well reforms, which are intended to provide a streamlined process for establishing CCOs. If a CCO model is preferred by Hawke's Bay's councils, this will be the subject of separate community consultation in line with current legislation.

Until decisions are made about next steps, this Three-Year Plan 2024-27 has been prepared assuming that Napier City Council will continue to provide drinking water, wastewater and stormwater services to Napier residents. Our investment in water services will be the same as our historical investment until a way forward is decided.

You can find out more about the projects and maintenance planned for our networks on **napier.govt.nz** using the keyword search #water

Other government reforms

The government has committed to repealing the natural and built Environment Act 2023 and the Spatial Planning Act 2023, with legislation now passed. It also has plans to amend and, over time, replace the Resource Management Act 1991 with new resource management laws. These changes will all have impacts on our ways of working. When developing this plan, we've factored in potential changes based on the information currently available.

Although the development of our Three-Year Plan has been underpinned by complexity and uncertainty, we're excited to present a plan that focuses on building a firm foundation for a sustainable future.

Māori contributions to decision making

The Local Government Act 2002 requires councils to:

- provide opportunities for Māori to contribute to decision making, and
- ensure there are processes in place for consulting with Māori.

Te Kaunihera o Ahuriri / Napier City Council recognises the important standing of Ahuriri hapū as mana whenua of Napier and acknowledges their kinship within the iwi of Ngāti Kahungunu.

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

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

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

Te Waka Rangapū

2023/24 is the fourth year of operation for Napier City Council's dedicated Māori roopu, Te Waka Rangapū. The focus of Te Waka Rangapū is to provide a te ao Māori lens across the organisation's work programme and strengthen relationships with iwi partners. Te Waka Rangapū achieves this by:

- Engaging with and working alongside iwi partners to understand their priorities and how Council can best promote and support their aspirations,
- Providing tailored advice and support for many projects such as the Waka Hub project and Te Aka,
- Facilitating and leading events to celebrate te ao Māori and te reo Māori, such as Te Wiki o Te Reo Māori and Matariki celebrations,
- Providing cultural workshops for staff on tikanga and kawa, and
- Fostering internal capability across the organisation through initiatives such as karakia a te ata and kapa haka.

Ngā Manukanuka o te Iwi

Ngā Manukanuka o te Iwi is the name of our Māori Committee, which is a specialist committee established to advocate on behalf of Ahuriri Māori, provide cultural leadership, facilitate wānanga seminars with Council and strengthen relationships with iwi entities. Ngā Manukanuka o te Iwi membership is made up of representatives from mana Whenua and marae entities (appointed by each entity respectively), four elected members and the Mayor.

The terms of reference for Ngā Manukanuka o te Iwi set out the following objectives:

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

Staff worked with Ngā Mānukanuka o te Iwi komiti during the Three-Year Plan's development including attending Wharerangi Marae hui in November 2023. Follow-up workshops were facilitated in December 2023 and February 2024. At the February workshop, a particular focus was on the future of Council housing and implications for mana whenua across Napier. An open invitation was also made via Ngā Mānukanuka o te Iwi komiti to mana whenua and tangata whenua entities to meet and discuss the Three-Year Plan.

Partnership on significant projects

Specific input from Māori is contributing to the development and implementation of Council initiatives and projects, including but not limited to:

- Three waters, both in terms of Council-level projects such as stormwater treatment in Te Whanganui-a-Orotū (the Ahuriri Estuary), and input into decisions related to the Local Water Done Well framework;
- The waka hub;
- Co-design of the new library (Te Aka project) and its surroundings, and
- Undertaking cultural assessments and assessments of impacts on cultural values.

Māori wards

On 20 October 2021, Council resolved to introduce Māori wards for Napier for the 2025 election, which is a binding decision per section 19Z(3)(c) of the Local Electoral Act 2001. This decision followed a two-staged approach for consultation whereby pre-consultation engagement was undertaken between May and August 2021. This involved education and workshops on marae. Formal consultation then took place, including hearings held in September 2021. A representation review was started in late 2023, which will decide how many Māori wards will be established based on a standard formula set out in the Local Government Act 2002.

At the time of writing, the Government is introducing legislation requiring local authorities to hold a binding poll if they want to establish Māori wards. The Government's proposed legislation means that because NCC established Māori wards without a poll, we will have to either rescind that decision, or hold a poll at the 2025 election. The poll would ask the community whether we should keep Māori wards beyond the 2025-2028 triennium. If the community's answer is no, then Māori wards will be removed from the 2028 election. A further representation review would need to be completed before 2028.

Community consultation results

Pre-consultation engagement process

The views of the community were gathered through an online survey that was live on **sayitnapier.nz** from 2 October to 25 October 2023, and three community pop-ups that were held at the below locations:

- 4 October Anderson Park
- 10 October Taradale Shopping Centre
- 14 October Marewa Shops

At the pop-ups, the community was asked to place dots next to any of Council's Strategic Priorities that matter to them. They were also asked to identify any topics they thought were missing, and these were placed on the board.

From this pre-engagement process, we received 198 responses in total, made up of 115 online responses and 83 community pop-up responses. The high-level insights we gained through the process were:

- A resilient city and a financially sustainable council were ranked by the community as the top two important strategic priorities.
- The community agreed that Council should be taking a financially prudent approach and focusing on core activities.
- There was a desire for clean water, a clean city, reduced pollution, protecting and improving our green spaces, improvements in connectivity, active modes of transport, and public transport.

Formal engagement

The Local Government Act 2002 requires Council to use the special consultative procedure to consult with the community before adopting the final plan. This process involved the adoption of a consultation document (14 March 2024 Council meeting) which summarised Council's intentions over the course of the plan. The document included a summary of Council's Infrastructure and Financial Strategy and directed the community to other supporting information. The intention was to provide an effective basis for public participation in decision-making processes relating to the plan's contents.

Consultation for the Three-Year Plan 2024-27 opened on 25 March and closed on 26 April 2024. Consultation activities included six community meetings and drop-in sessions:

- 26 March Taradale Shopping Centre
- 7 April National Aquarium
- 13 April Napier Urban Farmers Market
- 17 April Napier War Memorial
- 20 April Taradale Library
- 24 April Marewa Shopping Centre

Submissions

During the consultation period people could make a submission, either online or using a paper submission form. Napier City Council received support from the independent research company, SIL Research, for the analysis of submissions. In total, we received 837 submissions.

Council decisions following community consultation

The hearing of submissions took place on 27 and 28 May. Council then deliberated, making decisions and changes to the plan on 29 May. Below are the decisions made on the six consultation topics:

1. **The future of Council housing** - As proposed, Council agreed to shift its focus to delivering retirement housing only and fund this through divesting its three social housing villages, noting that no tenants will lose their home.
2. **Building up our community resilience** - Council decided to continue with a lower Resilience Rate compared to the initially proposed 2%. The Resilience Rate included for each year of this plan is 0.45% for 2024/25, 1% for 2025/26 and 1.5% for 2026/27.
3. **A new approach to managing Council's investments** – As proposed, Council agreed to establish a council-controlled trading organisation to manage a commercially focused investment portfolio.
4. **Reviewing our fees and charges** - Council agreed to increase some fees and charges beyond the consumer price index increase as proposed. Alongside this, officers were directed to review Ocean Spa's fees and charges, with a view to introducing a discount for residents and Supergold card holders in time for 2024/25.
5. **A change to how we fund some tourist facilities** – Council agreed to loan-fund the deficits of some Council facilities (Kennedy Park Resort, Napier Conferences and Events, and Ocean Spa) as they transition to being financially self-sufficient.
6. **Napier City Council office accommodation** - Council agreed to strengthen and redevelop the Library Tower for its staff, noting that officers intend to use the same project team that is working on Te Aka to gain efficiencies between these two projects.

In addition to the decisions made on the consultation topics, Council also made the following decisions and changes:

- **Reduced rates increase for 2024/25** - The increase for 2024/25 was reduced from 23.7% to 19.95%. The lower rates increase was achieved by reducing labour costs by 1.75% of rates, alongside the reduction to the Resilience Rate (as covered above).
- **Stormwater Rate for Rural Residential properties** – Through the consultation process, many submitters spoke about the proposed addition of the targeted Stormwater Rate to their Rural Residential properties. Council agreed to continue with the original Stormwater map. Officers will undertake further analysis before coming back to Council with any future recommended changes to the map.
- **Emerson Street project** – Council acknowledged that there are essential infrastructure upgrades programmed into the Emerson Street project. Given that work is being undertaken on the street, there is an opportunity to achieve improved outcomes for the accessibility, user-friendliness, and security of Emerson Street at the same time. Council agreed that external funding opportunities for this project should be investigated.
- **Reimagining of facilities** – Council re-confirmed the agreement to review and undertake business cases to explore options for the future of some facilities, which will be developed in the 2024/25 year. The volunteers at these facilities and the wider community will be actively engaged with prior to any final decisions being made.
- **Waka Hub** – Council agreed that the $3.3m in funding would be subject to the outcome of a conversation with Ātea a Rangi Educational Trust in relation to lease ownership. Discussions have occurred with the Trust and it has been agreed in principle that the assets of the Waka Hub will be owned by Council and leased to the Trust. The approval of the lease and general conditions will be brought back to Council at the appropriate time for a resolution pursuant to the Reserves Act 1977. The Trust has indicated that it will attempt to raise external funds to contribute to the project.
- **Disability Strategy implementation** – Council agreed to bring $300,000 that was sitting in year two of the plan, to year one for the implementation of the Disability Strategy. The budget will be used for continued upgrades and additions to mobility car parking, addressing universal design in the CBD, pedestrian improvements and footpath renewals, and other accessibility improvements.
- **Napier Youth Council** - Funding of an additional one-off grant of $5,000 from the Council Projects Fund to Napier Youth Council for the creation of a Youth-Led Events Fund alongside the Youth Grants.
- **Sport Hawke's Bay** - Support the two regional priority planning projects (Regional Spaces and Places Plan and the Regional Aquatics Plan) with funding of $35,000 from within existing budgets.
- **Pirimai Residents Association** - Approve a funding contribution of $30,000 from the Council Project Fund for the construction of an access bridge across the Te Awa drain (Cross country drain) between Ulyatt Road and McNaughton Place, subject to the Pirimai Residents Association fundraising the balance to complete the project.
- **Creative Arts Napier** - Approve a one-off grant of $15,000 for Creative Arts Napier from the Council Projects Fund for one year.
- **Hawke's Bay Netball** - Approve a one-off grant of $15,000 to Hawke's Bay Netball from the Council Project Fund.

How will our rates be spent?

How every $1 of rates will be spent for 2024/25

36¢ COMMUNITY AND VISITOR EXPERIENCES

Libraries, pools, grants, MTG, sportsgrounds and reserves

- VISITOR EXPERIENCES 6¢
- COMMUNITY SERVICES 30¢

26¢ THREE WATERS

Wastewater, drinking water, stormwater

- WATER SUPPLY 9¢
- STORMWATER 7¢
- WASTEWATER 10¢

13¢ OTHER INFRASTRUCTURE

Waste, cemeteries, public toilets

14¢ TRANSPORTATION

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

9¢ CITY STRATEGY

City planning, consents, licencing, parking, animal control

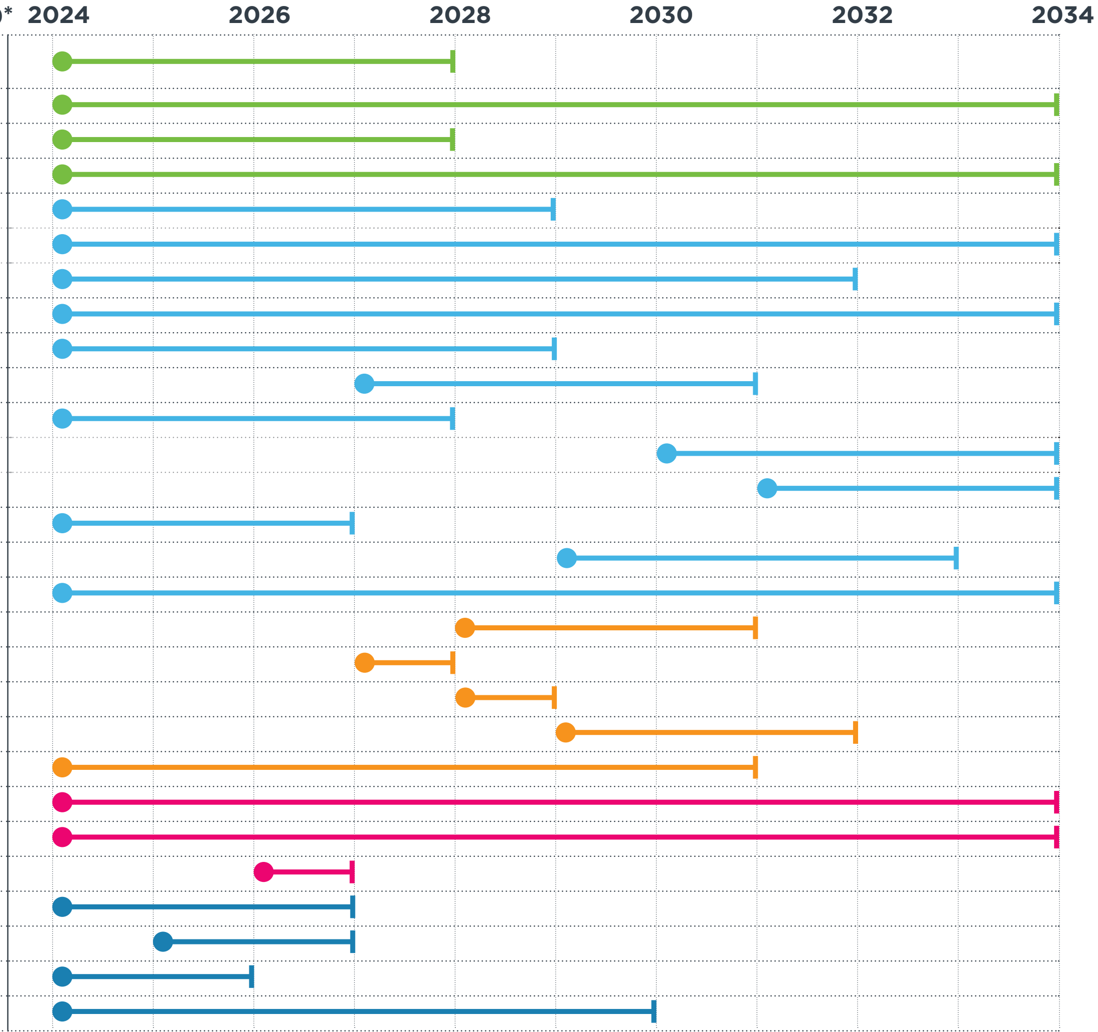
2¢ DEMOCRACY AND GOVERNANCE

Council and elections

Significant infrastructure projects over next 10 years

Significant projects related to our infrastructure (physical assets), their cost and approximate timing when they will be undertaken.

	VALUE (Million)*
Redclyffe Bridge replacement (part Govt. funded and shared with HDC)	$52.5
Roading renewals (51% Waka Kotahi)	$168.1
CBD/Emerson St project	$10.6
Local traffic safety plans (51% Waka Kotahi)	$7.2
Mataruahou reservoir	$5.8
Improved water treatment	$29.3
New Mission reservoir (developer contributions)	$10.5
Pipe renewals	$13.7
Lagoon farm diversion and storage	$26.6
Bay View stormwater culvert upgrades	$3.5
Maraenui stormwater trunks project (10% IAF funded)	$3.8
2020 flood alleviation projects	$7.5
Whitmore Park flood alleviation	$5.6
Wastewater Treatment Plant storage	$6.2
Treatment upgrade at Wastewater Treatment Plant	$3.7
Pipe renewals and relining	$16.1
Ahuriri Regional Park (shared funding with HBRC)	$13.2
Onekawa Park	$1.3
McLean Park returf	$6.5
Napier Aquatic Centre	$75
Retirement housing	$7.9
Extending cemetery capacity	$4.4
Omarunui landfill development	$21.6
Food scraps kerbside collection	$0.5
Te Aka design and build	$58
Accommodation tower	$48.5
Waka Hub (IAF Funded)	$3.3
Meeanee Quay pier replacement + facilities upgrade	$4.2



* rounded to nearest $100,000

Significant planning assumptions

To plan for the long-term, it is important to make assumptions about various aspects of the future. The significant assumptions made about the future form an important part of our planning framework.

Schedule 10 of the Local Government Act 2002 requires that Council identifies the significant forecasting assumptions and risks underlying the financial information set out in our plan. Where there is a high level of uncertainty, we are required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

The significant planning assumptions are listed on the following pages.

A small metro and provincial city council

From Bay View to Taradale, Napier has a growing population with a strong cultural identity defined by its heritage, climate and coastal location.

Inflation

Assumption	Inflation rates are based on the Local Government Cost Index (LGCI) forecasts from BERL (August 2023). The following rates are applied to operating expenditure, capital expenditure and revenue:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Annual Cost Adjustors									
LGCI Operating	3.1%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%
LGCI Capital	3.1%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%

Level of Uncertainty	Low. Inflation rates have been estimated using the BERL Local Government Cost Adjustor Forecasts (August 2023). We also assume that the Reserve Bank will use monetary controls to try to keep CPI within the 1.5 percent to 3 percent range.
Risk	Actual inflation rates and industry movements will vary from these forecasts.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Incorrect adjustor forecasts could result in Council over or underfunding operational and capital costs. At the time of writing, the Three-Year Plan's year-on-year adjustments for capital movements were higher than inflation. This may impact on the capital budget requirements set out in the plan.
Mitigation	Preparing an annual budget and resetting rates combined with a triennial review of the Three-Year Plan mitigates this risk and effect.

Ageing population

Assumption	According to the latest census 'Napier's population is ageing. Nearly a third of Napier population will be seniors by 2048. With 28% of the population projected to be 65 years or over by 2048 (compared to 22.9% in 2023)'.
Level of Uncertainty	Moderate. This is the medium projection from Statistics NZ. These projections have the estimated resident population of the area using 2018 as a base.
Risk	Actual population aged over 65 years could differ.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Minor. If the population ages at a faster rate than anticipated, this could create unanticipated demand for services for older people, higher demand for secure housing for older persons, and result in a higher than anticipated proportion of ratepayers on a fixed income.
Mitigation	Council will monitor demographic changes through census information and other economic indicators. Planned projects related to retirement housing and implementing Napier City Council's Positive Ageing Strategy can be delayed or brought forward as updated demographic projections become available.

Population growth

Assumption

Population - Napier				
Year	**Total**	**Infill**	**Greenfield**	**Rural**
2023	67,900	52,550	13,120	2,230
2024	68,460	52,880	13,330	2,250
2025	69,030	53,220	13,540	2,260
2026	69,600	53,570	13,750	2,280
2027	70,170	53,910	13,960	2,300
2028	70,740	54,250	14,170	2,320
2029	71,250	54,560	14,360	2,330
2030	71,770	54,870	14,550	2,350
2031	72,280	55,170	14,740	2,360
2032	72,790	55,480	14,930	2,380
2033	73,310	55,790	15,120	2,390
2034	73,740	56,050	15,280	2,410
Year 11-30				
2039	75,870	57,330	16,070	2,470
2044	77,870	58,530	16,810	2,530
2049	79,620	59,580	17,460	2,580
2054	81,100	60,470	18,010	2,630

*All figures rounded

Level of Uncertainty	Moderate. Projections are based on Statistics NZ population estimates from the 2018 census data adapted for the development of Future Development Strategy, therefore may change once the 2023 figures are released.
Risk	The actual population growth and its composition could differ.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Development of Council's Capital Plan and Infrastructure Strategy take population growth into account. Unless the population growth is substantially above or below the medium-high scenario there are no major impacts on the capital plan. A slower than projected rate of growth could see lower than anticipated revenue generation (from development levies, resource consents, and financial contributions). Growth assumptions also affect planned levels of service for Council activities and influence asset management planning (particularly in terms of new growth-related infrastructure and renewals). Significantly higher growth would mean that activities and infrastructure face unsustainable pressure and may fail to deliver levels of service.
Mitigation	Forecasted growth can be accommodated within the levels of service outlined in this plan. Where higher levels of growth create demand for new infrastructure, Council can collect financial contributions to meet a portion of the costs of new or upgraded investment.

Household growth

Assumption	The total number of households is based on the work done for the Future Development Strategy to translate the latest Statistics NZ population projections (published in December 2022), into household numbers.

Households - Napier

Year	Total	Infill	Greenfield	Rural
2023	27,200	21,050	5,260	890
2024	27,440	21,190	5,350	900
2025	27,680	21,340	5,430	910
2026	27,920	21,480	5,520	920
2027	28,160	21,630	5,610	920
2028	28,400	21,770	5,700	930
2029	28,660	21,930	5,800	940
2030	28,920	22,080	5,890	950
2031	29,180	22,240	5,990	950
2032	29,440	22,390	6,090	960
2033	29,700	22,550	6,180	970
2034	29,870	22,650	6,240	970
Year 11-30				
2039	30,670	23,130	6,540	1,000
2044	31,310	23,520	6,780	1,020
2049	32,070	23,970	7,060	1,040
2054	32,660	24,320	7,280	1,060

*All figures rounded

Level of Uncertainty	Moderate. Projections are based on Statistics NZ population estimates from 2018 census data and adapted for the Future Development Strategy, therefore may change once the 2023 figures are released.
Risk	Actual physical growth could differ.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	The household projections are closely related to population growth projections. Variations in household projections could impact upon the demand for infrastructure services and therefore affect the level of service for infrastructure over time. Changes may require acceleration or slow-down of growth-related projects. Council's Financial Strategy outlines how such projects are to be funded. Impacts on individual ratepayers will not be significant unless growth is significantly above or below that forecast.
Mitigation	Close monitoring of population growth through the National Policy Statement on Urban Development Capacity will help mitigate expected risks.

Growth in rating base

Assumption	Growth in the rating base (number of properties from which council collects rates) is driven by growth in the number of households and industrial and commercial expansion. Based on historic data and the growth assumptions in this Three-Year Plan, an allowance of 0.3% per annum has been included for additional rates revenue because of growth in the rating base. This represents a conservative estimate relative to the potential income from the projected increase in households. Clause 15A of Schedule 10 of the Local Government Act 2002 requires the projected number of rating units to be outlined for each year covered by the plan. These projections can be found in the table below:

NCC Projected Rating Units

Year Beginning June	Rating Units	% change
2023	27,200	
2024	27,440	0.87
2025	27,680	0.87
2026	27,920	0.86
2027	28,160	0.85
2028	28,400	0.85
2029	28,660	0.91
2030	28,920	0.90
2031	29,180	0.89
2032	29,440	0.88
2033	29,700	0.88
2034	29,870	0.57

*All figures rounded

Level of Uncertainty	Moderate. The growth allowance represents a conservative estimate relative to the potential income from the projected increase in households.
Risk	Actual growth in the rating base could differ.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. The rate of growth will impact on the average rates increase for existing ratepayers.
Mitigation	Income from rating will be reviewed and adjusted as population projections become more certain.

Resource consents

Assumption	Conditions for existing resource consents held by Council will not be significantly altered. Any resource consents due for renewal during this plan's period will be renewed accordingly. It is assumed that all necessary consents will be granted when required with reasonable conditions.
Level of Uncertainty	Low. Advanced warning of likely changes anticipated.
Risk	Conditions of resource consents may be altered significantly, or Council may not secure resource consents required for new activities or be unable to renew existing resource consents upon expiry.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Material changes to resource consent conditions can result in a need to upgrade assets and change the way they are operated. This would have financial implications for Council.
Mitigation	Constant monitoring of the regulatory environment and performance against existing conditions provide a record of compliance to support future processes and renewals.

Levels of service

Assumption	No significant changes to the level of core or essential services have been planned for implementation over the period covered by our Three-Year Plan. If plans need to be amended, we will consult with the community as required by legislation.
Level of Uncertainty	Low. Levels of service changes are generally triggered by increased community expectations or demand, or new legislative requirements imposed by central government. Resident satisfaction surveys and other engagement strategies generally support the levels of service planned in this Three-Year Plan.
Risk	A change in services or levels of service delivered may be demanded by the community or necessitated by a change in legislation.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. An increase or decrease in Council's levels of service usually has a direct impact on Council's rates requirement. Increased levels of service inevitably require more resourcing.
Mitigation	Any future changes to service levels are subject to consultation with our community.

Service delivery

Assumption	Section 17A of the Local Government Act 2002 requires a review of the cost effectiveness of current arrangements for meeting the community's needs for good quality local infrastructure, local public services, and performance of regulatory functions. No assumption has been made in this plan regarding the cost implications of implementing any recommendations from section 17A reviews. At this point, no significant impacts are expected from section 17A reviews.
Level of Uncertainty	Moderate.
Risk	Section 17A reviews undertaken over this plan may result in a recommended change to the delivery method or funding requirements for Council services.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Minor. Section 17A reviews are based on cost effectiveness, so any changes may potentially lower projected rates increases for ensuing years. However, there is a risk that recommended changes to funding, governance, or service delivery arrangements for an activity may result in costs not accounted for in the current budget.
Mitigation	Section 17A reviews will only be conducted as scheduled, with a clearly defined scope and objectives. A summary of any review and recommendations will be put to elected members for consideration and decision. Any changes will be consulted on in accordance with our Significance and Engagement Policy and included in subsequent Annual Plans or Long Term Plans.

Useful lives of significant assets

Assumption	The assumed useful life of significant assets as outlined in our Statement of Accounting Policies determines the annual charge for the consumption or wearing out of assets (depreciation).
Level of Uncertainty	Low. Asset lives are based upon estimates made by engineers and registered valuers.
Risk	The useful life may be shorter or longer than expected, which may result in unbudgeted cost or replacing an asset prematurely.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Minor. Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated. However, these impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets.
Mitigation	Asset capacity and condition is continually monitored, with replacement works being planned accordingly. Preparing an annual budget and resetting rates combined with a triennial review of the Long Term Plan (Three-Year Plan this cycle) mitigates the risk of inaccurate asset lifecycle estimates.

Depreciation

Assumption	Depreciation rates applying to existing assets are outlined in our Statement of Accounting Policies and are based on the assumed useful lives of assets. Depreciation on new major infrastructure assets is calculated on expected rates commencing from expected project completion. The depreciation of other items is based on actual expected depreciation rates with a half-year applied in the year of purchase. Depreciation is calculated on book values projected as at 30 June, plus new capital.
Level of Uncertainty	Low.
Risk	The cost adjustor forecasts could be incorrect. Capital projects could take longer to complete than budgeted. To some extent these factors mitigate each other.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Insignificant. The impact of applying incorrect depreciation rates is not considered material in the context of the plan.
Mitigation	Depreciation rates and useful lives of assets are reviewed regularly to ensure accuracy of depreciation expense.

Asset revaluations

Assumption	Roading, library, and investment property assets are assumed to be revalued annually. Restricted assets relating to sportsgrounds, grandstands, halls, buildings on reserves, swimming pools, and the inner harbour are assumed to be revalued three-yearly using the inflation rates outlined in the inflation assumption. Operational assets relating to land and buildings are assumed to be revalued three-yearly using the inflation rates outlined in the inflation assumption. Water, wastewater, stormwater, and below and above ground assets are assumed to be revalued three-yearly using the inflation rates outlined in the inflation assumption.
Level of Uncertainty	Low.
Risk	The forecast revaluation could be incorrect, affecting the validity of the estimates.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Minor. Variances in depreciation charge following revaluation would impact on the operating expenditure projections.
Mitigation	Council can smooth the impact of any changes on rates subject to meeting or explaining any variance from the balanced budget requirements. Triennial reviews of the Long Term Plan (Three-Year Plan this cycle) provide for regular opportunities to update forecasts.

Sources of funds for future replacement of significant assets

Assumption	It is assumed that significant infrastructural assets will be subject to continual renewal and funded in the plan. The source of funding any replacement of other significant assets is determined and disclosed. Refer also to the funding of capital expenditure in our Revenue and Financing Policy, and our Finance and Infrastructure Strategy.
Level of Uncertainty	Low.
Risk	Levels and sources of funding differ from those forecast, meaning Council needs to find other ways to fund continual renewal of significant infrastructure assets.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Minor. User charges have been set at previously achieved levels. Depreciation is funded through rates.
Mitigation	If sufficient funds are not available for asset renewal within any given year, Council, due to its strong balance sheet, is able to borrow funds to meet its expenditure requirements.

Investment interest rate

Assumption	Interest is applied to cash and financial assets at predicted market interest rates to account for the revenue that should be returned to Council on the investments.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Investments	5.2%	5.3%	5.2%	5.1%	5.1%	5%	5%	5%	5%	5%

Level of Uncertainty	Moderate.
Risk	Changes in market interest rates and average levels of cash on deposit or invested may differ significantly from the plan. Investment income on the commercial and industrial land portfolio may grow at a different rate to the applied inflation factors.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Lower than assumed rates of return could result in Council receiving less than forecast investment income.
Mitigation	The possible effect is mitigated by Council taking a conservative approach to rates of return.

Interest on loans

Assumption	Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. The annual interest rate assumptions on all new external loans and the average cost of external debt are based on the Local Government Funding Agency (LGFA)'s long-term borrowing yield interest rates for Unrated Guarantors. Council applies an average cost of capital when charging activities for funds borrowed. This includes external borrowing, the use of cash reserves, and other funds (internal borrowing).

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
External Borrowing	6%	6%	5.8%	5.65%	5.7%	5.7%	5.75%	5.9%	6%	6%
Internal Borrowing	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%

Level of Uncertainty	Medium.
Risk	Interest rates on borrowed funds are largely influenced by factors external to New Zealand's environment. A significant change to interest rates would affect the validity of the estimates.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Major. A 1% increase in interest rates would increase total rate funded interest costs (for both internal and external debt) by approximately $571k in 2024/25, $1.3m in 2025/26, and $2.2m in 2026/27. The impact of this level of increase in interest costs on rates is 0.5% in 2024/25 rising to 1.7% in 2026/27.
Mitigation	Such increases are mitigated in terms of Council's overall rating requirement as exposure to external interest rates is reduced via internal loans.

Waka Kotahi funding

Assumption	It is assumed that the level of subsidies received through Waka Kotahi is 51% for most of the maintenance works, and new construction and renewal works. There is an agreement in place that Waka Kotahi will subsidise 71% of the Brookfields Bridge Replacement.
Level of Uncertainty	Low.
Risk	That the level of Waka Kotahi subsidies changes.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. A change in subsidy level could affect the validity of the estimates by way of funding available for subsidised work and, potentially, the level of service delivered. Total Waka Kotahi subsidy of $155.5M has been provided for in this plan over 10 years. A 3% reduction in the assumed subsidy rate would mean Council receives about $510k less than the forecast subsidy in 2024/25, $1.7m in 2025/26, and $1.3m in 2026/27. A 6% reduction in the assumed subsidy rate would mean Council receives about $1,020k less than the forecast subsidy in 2024/25, $3.4m in 2025/26, and $2.5m in 2026/27. If the subsidy were amended to only fund maintenance, operations, and renewals (rather than improvement activities), Council would receive around $1.4m less than the forecast subsidy in 2024/25, $10.9m in 2025/26, and $2.3m in 2026/27.
Mitigation	Council has little influence over a decision to reduce the subsidy. If subsidy revenue is less than expected, Council may be required to change levels of service and/or find unbudgeted funding to cover capital and operating costs.

Legislation

Assumption	It is assumed that central government will work with councils to ensure that any legislative changes are managed appropriately and to ensure benefits from its commitment to partnership with the local government sector are realised. For this plan, the assumption is that any legislative reform or amendments will not require Council to assume responsibilities that require additional resources and costs.
Level of Uncertainty	Moderate. Reforms impacting on the local government sector have been ongoing. Unexpected regulatory changes may arise from national or international events.
Risk	Government policy shifts may significantly affect services delivered by Council, result in unforeseen costs, or not allow for reasonable implementation or transition.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. New or amended legislation may require changes to levels of service or capital and/or operating expenditures, which have not been budgeted for as part of this plan.
Mitigation	Council will keep a watching brief on policy proposals and the progress of legislative amendments through the House to predict, as far as possible, any financial and procedural impacts. Financial impact resulting from a need to respond to significant legislative or policy amendments could be met by rates increases or fees and charges.

Emissions Trading Scheme (ETS)

Assumption	It is assumed that the Emissions Trading Scheme is retained in its current form and that ETS charges can be met through Napier City Council's interest in the Omarunui Landfill. Emissions obligations have been hedged by way of forward purchase agreements and the cost is recovered by landfill refuse charges.
Level of Uncertainty	Moderate.
Risk	Changes could be made to the scheme by the government that have an adverse impact on NCC, or the carbon price could be higher or lower than expected.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Minor. Some additional ETS charges have been allowed for in this plan and any further increases would impact on financial forecasts.
Mitigation	The risk of Council facing additional charges is mitigated by the inclusion of LGCI adjustors. Triennial review of this plan allows for adjustment as required.

Capital programme deliverability

Assumption	Programmes and projects are assumed to be delivered within budget and on time. The plan includes a significant increase in capital expenditure, particularly in the first two years, as this is supported by the availability of government funding.
Level of Uncertainty	Moderate. Unforeseen interruptions to business as usual, such as that experienced during the COVID-19 lockdowns, can result in overspending or slippage of time frames for Council projects.
Risk	The risk is that the capital programme is not able to be delivered on time and within the budget available.
Risk likelihood	Likely. The risk of falling short on delivery of the capital plan will remain low if NCC can hire the right employees and contractors with the capacity to deliver. This is discussed in our Contractor Availability assumption below.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Major. The implications of any shortfall in project delivery are: • Projects may cost more than planned due to inflation, • Fewer funds will need to be borrowed in the short term. Delaying new borrowing will impact the timing of financing costs, and • Delays in proposed improvements to services.
Mitigation	Council will be working proactively to plan for the delivery of major projects proposed in this plan. A greater lead time will improve the chances of delivering on time and on budget. Council has an in-house civil works capability that will be used to deliver projects wherever possible. Where projects are not able to be completed as scheduled within any given year, Council may carry forward the budget and funding.

Contractor availability

Assumption	That Council will be able to find skilled contractors to undertake the work programmed in this plan. Currently, there is very little surplus capacity in the contracting market due to the housing boom and the increased level of capital works proposed by many local authorities.
Level of Uncertainty	Moderate.
Risk	The risk is that there is not sufficient contractor capacity to deliver the capital programme on time or that contract prices increase significantly so that works cannot be delivered within the budget available.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Challenges in procuring services impact Council's ability to deliver on time and to budget, ultimately affecting the longevity and durability of this plan.
Mitigation	Council will proactively work with the local contractor community to procure major works. Where projects are not able to be completed as scheduled within any given year, Council may carry forward the budget and funding.

Climate change

Assumption	In the wake of Cyclone Gabrielle and as part of the review of the District Plan, natural hazards and the impact of climate change on those hazards is a key focus for Napier. We assume the impact of climate change on Napier will be significant. The most recent modelling uses current best practice guidance from central government, which includes predicted sea level rise using the highest pathway scenario and vertical land movement. This modelling will continue. Napier City Council supports the intention to tackle climate change regionally wherever possible and is supporting the new Regional Joint Committee on Climate Action to lead this.
Level of Uncertainty	Moderate. Napier City Council follows best practice and uses the most up to date data when assessing climate change risk. However, there is a reasonable level of uncertainty given the multiple potential future scenarios depending on the mitigation steps we take.
Risk	In Napier we are beginning to see the impacts of climate change with the pace of changing weather patterns picking up and extreme weather events becoming more frequent. We are dealing with the impacts of these changes while also planning for future infrastructure development that will make our city more resilient. This puts a significant burden onto Council and may result in some infrastructure not being prepared for the impacts when they arrive.
Risk likelihood	Likely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Major. If the impacts of climate change have been underestimated or time frames are too conservative, Council will fail to adapt in time to ensure Napier's resilience. This may result in forced retreat of large portions of the city, significant damage to property, and risk to life during severe weather events. Responding to severe weather events puts a significant strain on Council resources, especially where infrastructure can't cope with the severity of the event. In the current global climate, it is unlikely the impacts of climate change will be overestimated.
Mitigation	Council will undertake hazard risk assessments across the city to understand the risks for each area and how they can be appropriately mitigated over the next 50 to 100 years through the Future Development Strategy and the policy framework in the Proposed District Plan. Council will prioritise projects to ensure mitigations are undertaken within appropriate timeframes, acknowledging that the scale of these mitigations may impact timeframes.

Parklands residential development

Assumption	The budget for this plan assumes the sale of 255 residential lots in the Parklands development. This is based on the current design (which is draft and subject to change), past sales and the amount of Council-owned land zoned for the development. The land available is expected to be exhausted in 2030/31 and revenue from the Parklands development will cease at this point.
Level of Uncertainty	Medium.
Risk	That the sales are higher or lower than the annual forecast.
Risk likelihood	Unlikely.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Customer demand and availability of builders has a direct impact on the number of lots offered and the actual sales completed. These factors are indirectly impacted by the national economy for better or worse. Higher or lower sales than budgeted will impact on revenue and cash reserves. Special projects for Council that are funded from this source may be delayed if this funding is not available.
Mitigation	Sale data will be regularly reviewed, with supply and pricing reviewed if necessary.

Development and financial contributions

Assumption	The Three-Year Plan budgets assume the revenue from infill, greenfield, and rural lots levied under the District Plan will come from financial contributions. The contributions received are to fund the growth capacity cost of development. Council has chosen to incentivise residential developments in the CBD and city fringe by reducing the financial contributions charged for inner city living where there is no additional demand on services. This will encourage the strategic outcome of city living supporting a vibrant CBD. The desirability of development contributions may be revisited once the Future Development Strategy is complete.
Level of Uncertainty	Low.
Risk	That the number of subdivisions developed are higher or lower than the annual forecast. Council funds infrastructure in growth areas and growth does not eventuate.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Slower than projected subdivision rates will impact on the revenue from development levies, financial contributions and consents and may result in some of the cost of providing the development being met by ratepayers.
Mitigation	Council will manage the financial implications as far as possible by monitoring subdivision approvals and timing.

Three Waters reform

Assumption	As part of the 2023 coalition government's 100-day plan, the Water Service Entities Act was repealed in February 2024. Therefore, we have prepared this Three-Year Plan assuming we will continue to own and operate the infrastructure related to three waters service delivery. At the time of writing, government policy statements indicate the need for Council to prepare a water services delivery plan by mid-2025, for approval by the Minister of Local Government.
Level of Uncertainty	Low.
Risk	There is a risk that the need for implementation of a new delivery model for water services becomes such a priority for Council and/or neighbouring councils that significant Council decisions, and potentially a transition process, need to take place in the years between standard Long Term Plan reviews.
Risk likelihood	Moderate.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	An expedited transition to a new service delivery model for three waters could trigger the need for public consultation and a Long Term Plan amendment process, activities that are currently unfunded and would require significant Council resource. Any transfer of waters assets to an entity other than Council would have significant impacts on the level of forecast capital investment over the next ten years, and Council's debt profiles. There is also uncertainty about the impacts on staff if a new model, such as a regional Council Controlled Organisation, is pursued.
Mitigation	Preparing an annual budget will allow Council to reassess any consultation of transition needs and make necessary adjustments. Council also has a statutory ability to amend its Long Term Plan at any time.

Hawke's Bay Regional Airport

Assumption	It is assumed that Hawke's Bay Airport will continue to grow its revenue in line with their growing passenger numbers forecast in that report and resume paying dividends in the 2024/25 financial year. The forecasts included in this plan are based on the Hawke's Bay Airport Statement of Intent 2024.
Level of Uncertainty	Low.
Risk	Pandemics resulting in community lockdowns, or natural hazards forcing closures that reduce traveler numbers and causing the airport to operate at a loss.
Risk likelihood	Possible.
Consequence of uncertainty/risk on the integrity of the Three-Year Plan	Moderate. Napier City Council holds a 26% share in the airport, along with the Crown and Hastings District Council, and usually receives an annual dividend. There has been no dividend paid since 2019 due to the economic impact of COVID-19. The airport is predicting that dividends will resume in 2024/25. Napier City Council has forecast dividends based on the Hawke's Bay Airport Statement of Intent.
Mitigation	Napier City Council is not reliant on the dividend to fund specific projects or operating expenditure. Communication between Council and the airport will be maintained to manage expectations.

Our activity groups

Our activity groups

GOVERNANCE AND REPRESENTATION

Activities:

Democracy and Governance
Te Waka Rangapū

CITY STRATEGY

Activities:

City Development
Building Consents
Resource Consents
Regulatory Solutions
Animal Control
Parking

WATER SUPPLY

Activity:

Water Supply

WASTEWATER

Activity:

Wastewater

STORMWATER

Activity:

Stormwater

TRANSPORTATION

Activity:

Transportation

OTHER INFRASTRUCTURE

Activities:

Waste Minimisation
Cemeteries
Public Toilets

COMMUNITY AND VISITOR EXPERIENCES

Activities:

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

PROPERTY ASSETS

Activities:

Parklands Residential Development
Lagoon Farm
Inner Harbour
Property and Investment Assets
Buildings Asset Management

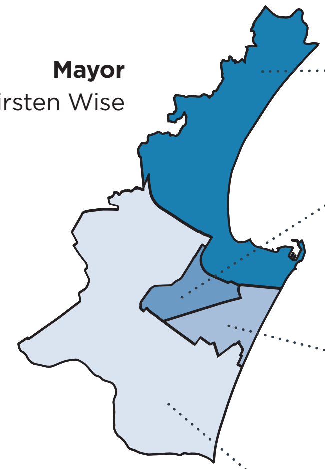
Governance and representation

The governance and representation activity group is made up of the following activities:

- Democracy and Governance, and
- Te Waka Rangapū.

These activities have been grouped together because they both centre on ensuring NCC is open, transparent, and accountable. They also work towards ensuring NCC is trusted by the community, including mana whenua and tangata whenua.

The following map illustrates NCC electoral wards and elected members as per October 2022 elections.



Mayor
Kirsten Wise

Ahuriri Ward:
Hayley Browne
Keith Price

Onekawa/ Tamatea Ward:
Annette Brosnan
Richard McGrath

Nelson Park Ward:
Greg Mawson
Maxine Boag
Sally Crown
Juliet Greig

Taradale Ward:
Graeme Taylor
Nigel Simpson
Ronda Chrystal
Chad Tareha

1 Mayor,
12 elected members,
4 wards

Democracy and governance

What we do and why

The Democracy and Governance Activity provides administrative services and specialist advice to support NCC's governance and democratic processes. To achieve this, the Activity undertakes the following:

- Administrative support and governance advice for Council and Committee meetings and decision-making processes
- Induction, advice, and support for elected members
- Governance advice for management and staff
- Local elections support
- Civic ceremonies
- Compliance with the Local Government Official Information and Meetings Act 1987, and
- Support and advice in relation to the Privacy Act 2020.

According to the LGA 2002, a fundamental role of Council is to provide "democratic and effective local government that recognises the diversity of New Zealand communities." The Democracy and Governance Activity aims to empower elected members to make decisions, guided by the community, that promote wellbeing and steward our assets and environment.

Where to next?

The Democracy and Governance Activity supports daily operations across Council, based on the triennial cycle of local government. This includes local elections and induction of newly elected members. Significant proceedings that will require additional governance services over this Plan include helping navigate the new Local Water Done Well framework, the Representation Review, and developing the next Long Term Plan.

Te Waka Rangapū

What we do and why

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

NCC is in constant dialogue with Te Taiwhenua o Te Whanganui-a-Orotū as the representative body for Ngāti Kahungungu and Post-Settlement Governance Entities Maungaharuru-Tangitū Trust and Mana Ahuriri Trust. We seek to continually improve our partnership with Māori to amplify Māori voices in discussions about the wellbeing of our people and environment.

Te Waka Rangapū works on elevating relationship building and cultural competency to the same level as other work the organisation undertakes.

Where to next?

To strengthen our partnership approach with mana whenua and tangata whenua, Te Waka Rangapū will:

- Manage governance relationships with NCC's Māori Committee, Ngā Mānukanuka o te Iwi, including the capacity and capability of committee members,
- Create more diverse pathways for the Māori community to engage and participate in NCC's decision-making processes,
- Increase the cultural capability of NCC's operations to appropriately partner with mana whenua and engage with Māori, and
- Promote Māori culture to Napier and enable mana whenua to exercise their cultural values.

Contribution to Wellbeing and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Democracy and Governance						1
Te Waka Rangapū						1

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

Performance measures

Democracy and governance

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council holds regular Council and Council Committee meetings that are accessible and notified to the local community.	Percentage of Council meetings for which meeting agenda is made publicly available two working days before the meeting date.	100%	100%	100%	100%
Council will comply with legislative requirements.	Number of LGOIMA requests responded to within statutory time frames.	100%	100%	100%	100%

Te Waka Rangapū

Level of service	Performance measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
We are strengthening our partnerships and recognise the special and integral place of mana whenua and tangata whenua in Council decision making (co-governance)	Legislative compliance with ss 14(1)(d), 60A, 77(1)(c), 81 and 82(2) of the Local Government Act 2002	Compliant	Compliant	Compliant	Compliant
	Sustained participation at Ngā Manukanuka o Te Iwi Komiti Meetings	Achieves Quorum	Achieves Quorum	Achieves Quorum	Achieves Quorum
	Mana whenua participation in Council projects, workshops etc.	Participation	Participation	Participation	Participation

Risks

The key risk for the Democracy and Governance Activity is failing to meet minimum legislative obligations around Local Government Official Information and Meetings Act 1987.

For Te Waka Rangapū, a spirit of openness and trust between NCC and mana whenua/Māori is fundamental for enduring and effective relationships. Under-resourcing, ineffective engagement, and poor staff cultural fluency can all pose a risk to these relationships.

Significant negative effects

There are no significant negative effects associated with the activities of this Activity Group.

Financial information

The Democracy and Governance Activity Group does not have capital expenditure.

Napier City Council: Funding impact statement for 2024/2034 for Governance and Representation

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	5,595	6,161	6,568	7,059	7,310	7,378	7,628	7,899	7,996	8,264
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-
Internal Charges and overhead recoveries	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3	83	3	3	83	3	3	83	3	3
Total operating funding (A)	**5,598**	**6,244**	**6,571**	**7,062**	**7,393**	**7,381**	**7,631**	**7,982**	**7,999**	**8,267**
Applications of operating funding										
Payments to staff and suppliers	3,945	4,426	4,629	4,769	5,054	5,209	5,357	5,617	5,787	5,921
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	1,653	1,818	2,074	2,293	2,339	2,312	2,274	2,365	2,359	2,346
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**5,598**	**6,244**	**6,703**	**7,062**	**7,393**	**7,521**	**7,631**	**7,982**	**8,146**	**8,267**
Surplus/(deficit) of operating funding (A - B)	**-**	**-**	**(132)**	**-**	**-**	**(140)**	**-**	**-**	**(147)**	**-**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	(132)	-	-	(140)	-	-	(147)	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**-**	**-**	**(132)**	**-**	**-**	**(140)**	**-**	**-**	**(147)**	**-**
Surplus/(deficit) of capital funding (C - D)	**-**	**-**	**132**	**-**	**-**	**140**	**-**	**-**	**147**	**-**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	-	-	-	-	-	-	-	-	-	-

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

City strategy

The city strategy activity group is made up of the following activities:

- City Development
- Cyclone Gabrielle – Category 3 Voluntary Residential Property and Property Rights Purchase
- Building Consents
- Resource Consents
- Regulatory Solutions
- Animal Control, and
- Parking.

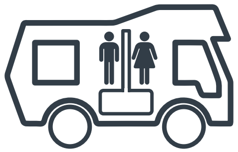
These activities have been grouped together due to their regulatory and strategic focus on ensuring our city is a safe and vibrant place to live, work, and play.

245 resource consent applications processed (2022/23)

972 building consent applications processed (2022/23)

District Plan reviewed every **10 years**

4 freedom camping sites



Space for **34** dogs in our Animal Shelter

City development

What we do and why

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

City Development also delivers planning and policy functions by meeting the statutory requirements under the Resource Management Act 1991 (RMA 1991) and other relevant legislation. We provide professional, strategic, and frank advice to councillors so they can make informed decisions to benefit our city and community. City Development aims to create an urban environment that promotes heritage protection, ecological excellence, sustainable transport, resilience and good urban design. This will result in a well-connected, vibrant, and liveable city.

We collaborate with our economic development team to ensure we enable businesses to easily set up and invest in Napier. We also work closely on business recovery and planning to cater for future demand of industrial and commercial land.

Where to next?

City Development's work programme will follow legislative requirements and the implementation of the Napier City Vision. This includes a strategic programme for master plans and strategies, integrating urban design guidelines for all developments to achieve good quality urban design, and an attractive urban environment with high amenity value.
Other items included in the work programme include:

- Napier District Plan Review
- Future Development Strategy
- Coastal Hazards Strategy implementation
- Ahuriri Regional Park
- Council policies and Bylaws
- Regional Spatial Plan, and
- Resilience and climate change (adaptation and mitigation).

Cyclone Gabrielle – category 3 voluntary residential property and property rights purchase

What we do and why

Due to Cyclone Gabrielle, some areas in Napier have been assessed as Category 3. Category 3 properties are considered not safe to live in due to the unacceptable risk of future flooding and loss of life if another severe weather event were to happen in the area.

Under the terms of our funding partnership with the Crown, NCC will be involved in the voluntary purchase of residential properties or property rights that have been given up by property owners in Category 3 areas. This will enable Council to deliver a residential property rights compensation scheme for Category 3 residents.

This provides some resolution and certainty to Category 3 property owners.

Where to next?

Napier has 14 properties within its boundaries that are deemed Category 3 and eligible for a residential property buyout. These property owners are at various stages of receiving a voluntary residential buyout offer. Some have already accepted the councils offer, others are awaiting valuations or insurance reconciliation. Where owners have smaller properties Council will offer to purchase the entire site.

The future programme consists of:

- Ensuring all the properties engaging in the process receive an offer.
- Once an offer is accepted the residential property rights will be extinguished, which includes demolition of houses.
- On-selling properties that come into NCC ownership due to the voluntary buyout.

Building consents

What we do and why

Core functions of the Building Consents Activity are processing building consent applications, inspecting building work on site, and issuing code compliance certificates when building work is completed.

We also inspect swimming pool barriers, audit building warrants of fitness, investigate complaints, carry out enforcement action, and provide information to the public on building-related issues.

These functions fulfil Council's responsibilities with respect to the administration and management of the Building Act 2004, while ensuring a healthy and safe built environment within Napier.

Where to next?

We will continue to meet our legislative and Building Consent Authority (BCA) accreditation requirements. Continuous improvement opportunities will also be maximized where possible.

Resource consents

What we do and why

The work of the Resource Consenting Activity is legislated under the Resource Management Act 1991 (RMA 1991), and at times under the Local Government Act 2002 (LGA 2002) and the Hazardous Substances and New Organisms Act 1996 (HSNO 1996).

The Resource Consenting Activity provides pre-application advice to the public, undertakes the assessment of applications lodged under the RMA 1991 or the LGA 2002, determines notification requirements where applicable, and makes decisions on applications.

Additional tasks include compliance monitoring, which takes place when a complaint is received for possible offences under the RMA 1991.

Resource consenting assesses the potential effects the proposed activity or subdivision may have on ecological, cultural and social considerations, community values, and significance of such effects.

Where to next?

We will administer the Operative District Plan and associated legislation, along with the rules under the proposed District Plan which have immediate legal effect. We will continue to manage the development control process and monitor processes within the framework of council policies and the regulatory requirements of the RMA 1991.

Regulatory solutions

What we do and why

Regulatory Solutions licenses, monitors, and inspects services provided mainly by businesses and which have potential to harm the public. Work is determined by legislation such as the LGA 2002, Sale and Supply of Alcohol Act 2012, Health Act 1956, and the Food Act 2014, as well as related regulations and bylaws.

The sectors regulated include food premises, camping grounds, hairdressers, funeral directors, offensive trades, and liquor licensing services. In addition, Council is responsible for investigating notifiable diseases, investigating and monitoring nuisance to the community, providing a noise control service, and monitoring and enforcing freedom camping. Regulatory Solutions undertakes the regulatory functions of the Dog Control Act 1996 on behalf of Animal Control.

Regulatory Solutions provides advice, education, and assistance to individuals and businesses to help them comply. Enforcement action is undertaken where required to ensure the safety and well-being of the public.

Where to next?

Regulatory Solutions will continue to license, monitor, and inspect as required by bylaws and legislation, while keeping up to date with any changes that impact on this work. Internal processes will be reviewed regularly to ensure high performance and cost effectiveness.

Animal control

What we do and why

Animal Control is responsible for the implementation and enforcement of the Dog Control Act 1996 and Council by-laws relating to this Act. A large proportion of work is responding to public safety issues and taking necessary action to keep people and dogs safe after an incident. To prevent incidents from occurring, Animal Control proactively patrols reserves and beaches, parks, and playgrounds to ensure compliance with the Act and Council's Dog Control Policy.

Educating people is a big part of work undertaken to promote a culture of responsible dog ownership in Napier.

A dog pound is operated by Council and acts as a safe holding space for dogs. Dogs unsuitable for rehoming are held at the pound until a new home can be found. Animal Control operates the animal shelter that cares for an average of 500 dogs per year.

The team also maintains Park Island and Taradale dog agility parks, a dog shower at Park Island, and maintains the poo-bag dispensers around Napier.

Animal Control ensures a safe and healthy environment for the public, aiming to improve public safety and reduce risk of harm, injury, or nuisance from dogs in our community.

Where to next?

A key focus will be ensuring the animal shelter is fit for purpose and continues to meet animal welfare requirements. Options to upgrade the facility or build a new facility will be explored to meet current and future requirements.

Responsible dog ownership will continue to be promoted, along with educating owners in line with the provisions of the Dog Control Act 1996.

Parking

What we do and why

Parking has a major influence on the function, look, and feel of an inner city. Parking is provided so that goods can be delivered, and workers, customers, clients, and inner-city residents can readily access the CBD. There is always a balance between meeting the demand for parking convenience and the need to create a compact and intimate CBD that cultivates business, social, and cultural interaction.

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

- on-street parking
- off-street parking
- leased parking
- mobility parking, and
- alternative transport parking such as motorcycles, bikes, and electric vehicles.

All Council-controlled parking areas are patrolled regularly to ensure people comply with the parking rules set by Napier City Council's Parking Control By-law.

Parking Officers respond to hotspots, city events, and complaints when required. Regular patrolling and enforcement ensure that parking circulation occurs, and that parking remains available to all. It also ensures that vehicles are parked in a safe and compliant manner.

Council-controlled parking seeks to achieve an efficient use of parking resources, provide easy access and payment for parking, reduce pressure on parking, resolve parking conflicts, and manage social equity in the provision of parking for people on low incomes.

Where to next?

The focus areas over the course of this Plan are to:

- Undertake a review of parking fees
- Consider enforcement technology to provide more efficient service
- Review the Parking Strategy to ensure it is up to date and fit for purpose, and
- Review parking issues and challenges to ensure they are appropriately addressed.

Contribution to Wellbeing and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
City Development		2	2	1	2	2
Cyclone Gabrielle – Category 3 Voluntary Residential Property and Property Rights Purchase					1	
Building Consents		1				2
Resource Consents		2		2	1	2
Regulatory Solutions		2			1	2
Animal Control				1		2
Parking		1	2	2		

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

Performance measures

City development

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide the strategic economic development function for Napier City.	Publication of data to measure success of council objectives and inform future decision making.	100%	100%	100%	100%
Provide the policy planning and strategic functions for Napier City.	District Plan reviewed to align with Napier Spatial Plan document, the National Policy Statements and the Infrastructure Strategy.	District Plan Summary of Submissions released, further submissions received by Council.	Hearings and decisions end. Revised Napier Operative Plan.	Plan implementation and variation to the plan.	Plan implementation.
	Develop and review the Future Development Strategy (FDS).	2024 final FDS document adopted by Council.	Monitoring and reporting under the NPS UDC.	Monitoring and reporting under the NPS UD.	Commence review of the FDS.

Building consents

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council monitors and enforces legislative compliance to protect its citizens and their safety.	Process building consent applications within the statutory time frame of 20 working days.	100%	100%	100%	100%
	Process code compliance certificates within the statutory time frame of 20 working days.	100%	100%	100%	100%
	Audit buildings requiring building warrants of fitness annually.	20%	20%	20%	20%
	Percentage of residential swimming pools inspected annually to ensure that all pool barriers are inspected at least once every 3 years.	100%	100%	100%	100%
	Maintain Building Consent Authority (BCA) accreditation.	Maintained	Maintained	Maintained	Maintained

Resource consents

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council monitors and enforces legislative compliance to protect its citizens and their safety	Process all resource consents and all subdivision consents within the statutory timeframes*^.	Compliant	Compliant	Compliant	Compliant
	Land Information Memorandums to be processed within the statutory limit of 10 working days.	100%	100%	100%	100%
	All formal complaints are initiated and responded to within 3 days of receipt by Council.	100%	100%	100%	100%

* Statutory timeframes vary in some circumstances due to the nature of the application and/or its complexity. ^ Resource Consenting statistics are reported annually to the Ministry for the Environment.

Regulatory solutions

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council monitors and enforces legislative compliance to protect its citizens and their safety.	Percentage of residents satisfied with Council management and enforcement of Noise Control in the Residents' Satisfaction Survey.	80%	80%	80%	80%
	Percentage of Noise Control complaints referred to the contractor which have an Officer onsite and action commenced to resolve the complaint within 30 minutes of the call being received.	80%	80%	80%	80%
	Percentage of residents satisfied with Council management and enforcement of freedom camping in the Residents' Satisfaction Survey.	50%	50%	50%	50%
	Percentage of Food Act Verification audits completed in accordance with the scheduled times in the Food Act 2014.	100%	100%	100%	100%
	Percentage of liquor licensed premises inspected annually for compliance with their license conditions.	50%	50%	50%	50%
	Percentage of very high and high risk liquor licensed premises inspected at least annually.	100%	100%	100%	100%

Animal control

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Implement and enforce the requirements of the Dog Control Act 1996.	Percentage of residents satisfied with Council management and enforcement activity of Animal Control in the Residents' satisfaction Survey.	75%	75%	75%	75%
	All requests for services are investigated and responded to within 21 days.	100%	100%	100%	100%

Parking

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide and manage parking facilities for the city.	Percentage of residents satisfied with Parking in the Inner City in the Residents' Satisfaction Survey.	60%	60%	60%	60%
	Percentage of CBD parking occupancy rate.	50-85%	50-85%	50-85%	50-85%
	Percentage of Taradale parking occupancy rate.	50-85%	50-85%	50-85%	50-85%

Risks

Failure to effectively monitor and enforce legislation could impact community health, safety, and well-being. Council must continue delivering these activities to a high standard to ensure the public good intended from the legislation is delivered.

As an enforcement activity, there can be risk of harm to Council staff from being in unfamiliar environments with potentially dangerous animals or unhappy members of the public. This risk is mitigated through communication devices and an established process, should an incident occur. All incidents are reported, recorded, investigated, and appropriate action is taken as required.

Legislative change is a risk to all activities in this group. Ensuring staff have adequate knowledge and training on any changes, and new software or equipment requirements adds additional costs and pressure on resources.

There is the risk of legal challenges to decisions made in the regulatory, resource consents, and building consents space. This could be costly for Council, with financial and reputational risk. Council policies and processes mitigate this risk, ensuring work is thoroughly documented and decisions are made by authorised and experienced personnel.

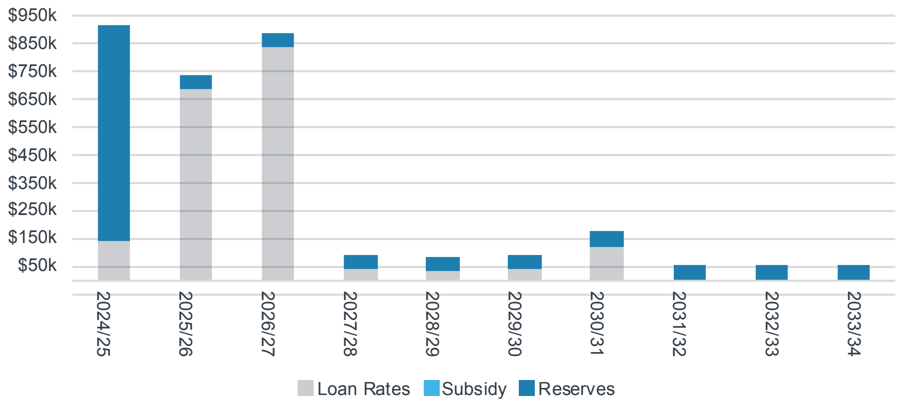
Significant negative effects

An environmental effect of this activity is the pressure that consents may place on natural environments with changes to landscape. This is partially offset by the community benefits of development and is managed through effective planning and balancing priorities.

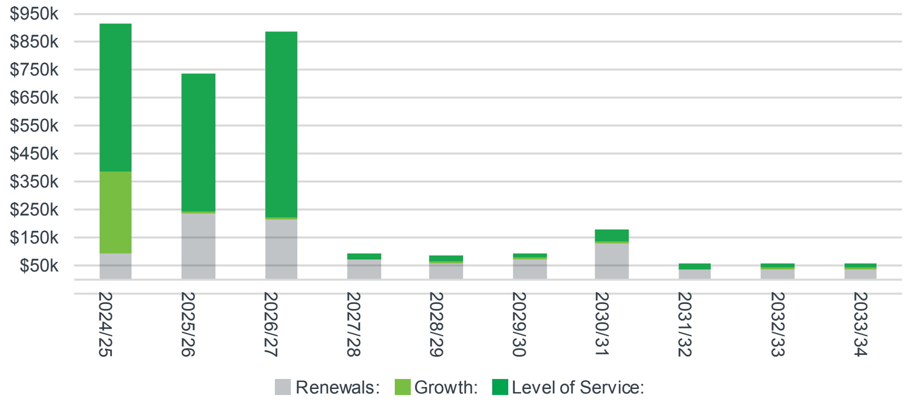
Financial information

The following graphs show details of our capital expenditure and how it is funded.

City Strategy total capital funding for Three-Year Plan period 2024-34



City Strategy total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding impact statement for 2024/2034 for City Strategy

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	8,529	9,073	9,831	10,327	10,555	10,608	10,615	10,823	10,977	11,103
Targeted rates	486	498	505	513	520	527	535	542	550	557
Subsidies and grants for operating purposes	1,047	-	-	-	-	-	-	-	-	-
Fees and charges	7,855	8,107	8,253	8,402	8,553	8,707	8,864	9,014	9,167	9,323
Internal Charges and overhead recoveries	104	107	109	111	113	115	117	119	121	123
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	590	590	590	590	590	591	591	591	591	591
Total operating funding (A)	**18,611**	**18,375**	**19,288**	**19,943**	**20,331**	**20,548**	**20,722**	**21,089**	**21,406**	**21,697**
Applications of operating funding										
Payments to staff and suppliers	15,415	12,779	12,787	12,678	12,775	13,005	13,239	13,463	13,692	14,635
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	5,130	5,593	6,346	6,844	7,043	7,038	6,983	7,155	7,263	7,345
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**20,545**	**18,372**	**19,133**	**19,522**	**19,818**	**20,043**	**20,222**	**20,618**	**20,955**	**21,980**
Surplus/(deficit) of operating funding (A - B)	**(1,934)**	**3**	**155**	**421**	**513**	**505**	**500**	**471**	**451**	**(283)**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	1,819	697	753	(147)	(252)	(348)	31	(97)	(104)	(110)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**1,819**	**697**	**753**	**(147)**	**(252)**	**(348)**	**31**	**(97)**	**(104)**	**(110)**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	294	5	5	5	5	5	5	6	6	6
- to improve the level of service	528	494	663	16	21	17	39	17	18	18
- to replace existing assets	96	236	219	71	59	73	133	34	35	36
Increase (decrease) in reserves	(1,033)	(35)	21	182	176	62	354	317	288	(453)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**(115)**	**700**	**908**	**274**	**261**	**157**	**531**	**374**	**347**	**(393)**
Surplus/(deficit) of capital funding (C - D)	**1,934**	**(3)**	**(155)**	**(421)**	**(513)**	**(505)**	**(500)**	**(471)**	**(451)**	**283**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	-	547	623	644	653	637	529	487	382	373

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

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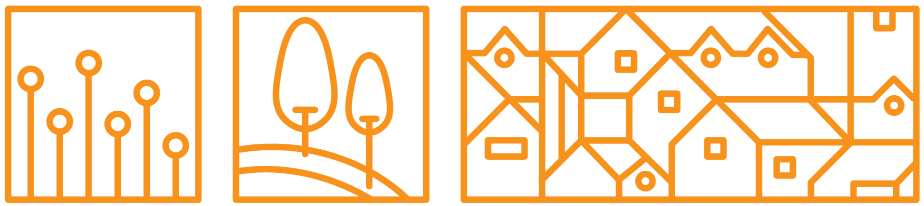
The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.



Water supply

The Water Supply Activity Group is one of the five mandatory groups required by Schedule 10 clause 2 of the Local Government Act 2002.

About 93% of Napier's population is serviced by the reticulation system.

The network consists of:

482 kilometres of water mains

11 service reservoirs (situated on 8 sites)

Almost **1 billion** litres delivered to homes and businesses each year

About **93%** of Napier's population is served by reticulation system

2 dechlorinated water stations available

8 booster pump stations

7 operative ground water bores

What we do and why

Napier City Council provides a water supply system for safe, potable water and water for firefighting. A safe and cost-effective drinking water supply is key in sustaining the physical health of a community.

The system draws water directly from the Heretaunga Plains aquifer through seven Council-managed bores. The network uses nine booster pump stations, and 482 km of water mains to supply fresh water to over 93% of Napier's population. We use 11 large storage reservoirs at high points to provide backup water supply and adequate pressure to users.
Water supply activity assets include:

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

The overarching vision is to maintain and improve public health for residents and visitors. This will be achieved through modern water infrastructure that can reliably supply safe water. We plan, operate, and maintain the network to ensure public health and safety, provide reliable pressure and flow, minimise environmental impacts, and respond quickly should things go wrong.

Where to next?

The overall objective is to maintain existing levels of service while managing ageing infrastructure and complying with increasing drinking water quality standards.

Key focus areas over the course of this Plan include:

- Partnership with mana whenua,
- Ongoing implementation of Water Safety Plan improvement items,
- Ongoing network reconfiguration that will improve the reliability and resilience of the water network for many years:
  - Develop the Water Supply Master Plan – Version 2
  - Develop dedicated trunk rising and falling mains to reservoirs
  - Ongoing development of compliant bores at dedicated bore fields, with water treatment plants
  - Ongoing development of network metering to help drive efficiencies and minimise water losses and leakage
  - Develop district monitoring areas
- Ongoing replacement of Enfield Reservoir with Mataruahou Reservoir and associated pipework connecting Awatoto bore field to Mataruahou Reservoir
- Network improvements to meet firefighting flow requirements
- Resource consent renewal of global water take consent
- Ongoing Scada network control system upgrade
- Establishing a Water Services Hydraulic Model maintenance contract
- Ensuring compliance with the new Drinking Water Quality Assurance rules
- Ongoing implementation of a robust renewals programme to ensure ageing infrastructure remains fit for purpose and disruptions are minimized, and
- Development of the water network to cater for future growth.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Water supply		2	2	2	1	2

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

Performance measures

Water supply

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Safeguard Public Health	We meet the bacterial and protozoal requirements of the Water Services (Drinking Water Services for New Zealand) Regulations 2022	Yes	Yes	Yes	Yes
Management of Environmental Impacts	The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance (Mandatory measure 2)	Decrease on previous year	Decrease on previous year	Decrease on previous year	Decrease on previous year
	Average annual consumption of drinking water per day per resident (Mandatory measure 5)	<430L	<430L	<430L	<430L
	Median response times from time notification received: attendance time for urgent call-outs (Mandatory)	≤ 90 minutes	≤ 90 minutes	≤ 90 minutes	≤ 90 minutes
	Median response times from time notification received: resolution time for urgent call-outs (Mandatory)	≤ 6 hours	≤ 6 hours	≤ 6 hours	≤ 6 hours
	Median response times from time notification received: attendance for non-urgent call-outs (Mandatory)	≤ 24 hours	≤ 24 hours	≤ 24 hours	≤ 24 hours
	Median response times from time notification received: resolution time for non-urgent call-outs (Mandatory)	≤ 72 hours	≤ 72 hours	≤ 72 hours	≤ 72 hours
Customer Satisfaction	Total number of complaints per 1,000 connections relating to drinking water taste, drinking water clarity, drinking water odour, drinking water pressure or flow, and continuity of supply (Mandatory measure 4)	≤ 2	≤ 2	≤ 2	≤ 2
	Percentage of residents satisfied with Water Supply in the Residents' Satisfaction Survey	70%	70%	70%	70%

Risks

The primary concern will always be ensuring Napier's water supply is safe and healthy. There is always a risk that Napier's water supply, either in the aquifer or in pipes and pumps, could be contaminated with bacteria causing sickness. This risk is mitigated by adding chlorine to the network, which kills harmful pathogens and disinfects pipes and reservoirs.

Another risk is the potential for pump failure, cutting water supply to residents. NCC implements a carefully planned programme of renewals, maintenance, and upgrades to minimise this risk. If pump failure happens, reinstating the supply becomes the priority.

Climate change, particularly sea level rise, poses a long-term risk for the ongoing provision of safe drinking water. Sea level rise may lead to saltwater intrusion into the Heretaunga Aquifer, affecting groundwater quality and contaminating our main drinking water source. Once salt water has intruded into a freshwater system, it is difficult to reverse.

Recent modelling of the water network has confirmed that there is no significant capacity issue in the existing network and its ability to cater for 30-year growth projections. However, there is always a risk that new infrastructure isn't established fast enough to keep up with growth if the projections are too low. Additionally, Hastings District Council draws its water from the same aquifer. As Hastings' population grows too, there will be increasing demand on the same water source.

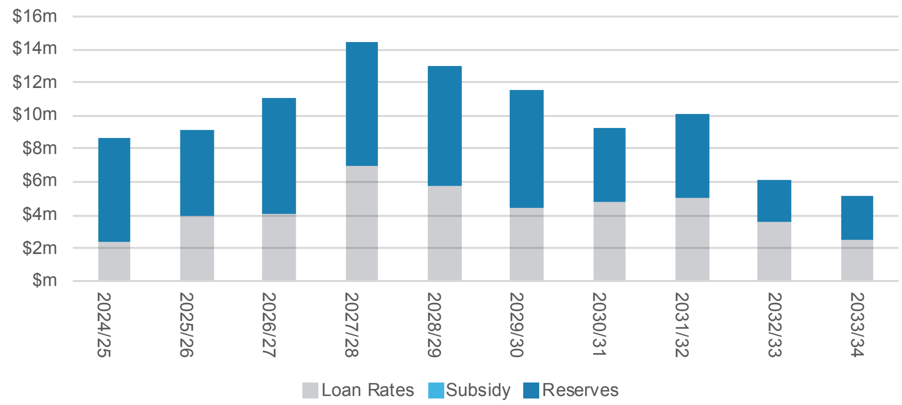
Significant negative effects

Water draw-off from the Heretaunga Aquifer leads to lowered aquifer levels. Excessive extraction of water can reduce groundwater levels below sea level to the point that sea water intrudes into the aquifer.

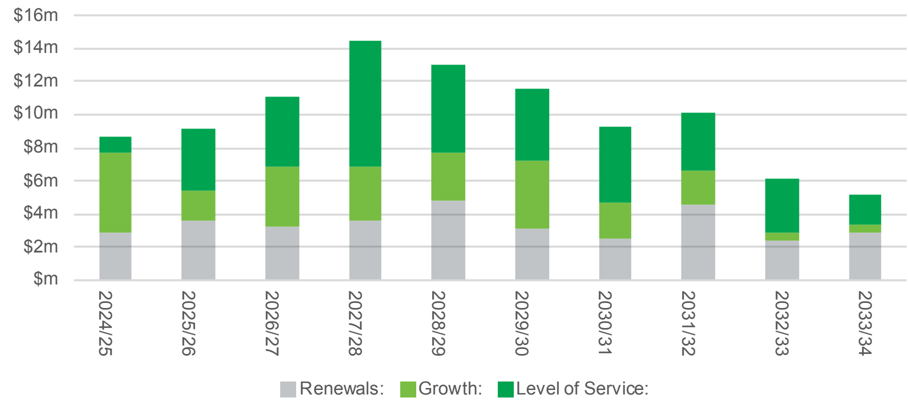
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Water Supply total capital funding for Three-Year Plan period 2024-34



Water Supply total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding Impact Statement for 2024/2034 for Water Supply

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
Targeted rates	9,133	10,047	10,031	11,026	12,076	13,296	14,571	15,768	17,726	19,484
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	37	37	37	37	37	37	37	37	37	37
Internal Charges and overhead recoveries	69	-	114	96	102	89	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	14	14	15	15	15	15	16	16	16	16
Total operating funding (A)	**9,253**	**10,098**	**10,197**	**11,174**	**12,230**	**13,437**	**14,624**	**15,821**	**17,779**	**19,537**
Applications of operating funding										
Payments to staff and suppliers	4,383	4,520	4,600	4,684	4,768	4,853	5,089	5,175	5,262	5,352
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	3,611	3,815	4,133	4,436	4,867	5,195	5,414	5,701	5,972	6,124
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**7,994**	**8,335**	**8,733**	**9,120**	**9,635**	**10,048**	**10,503**	**10,876**	**11,234**	**11,476**
Surplus/(deficit) of operating funding (A - B)	**1,259**	**1,763**	**1,464**	**2,054**	**2,595**	**3,389**	**4,121**	**4,945**	**6,545**	**8,061**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	1,918	1,978	2,013	2,050	2,087	2,124	2,162	2,199	2,236	2,274
Increase/(decrease) in debt	1,927	3,324	3,412	6,175	4,801	3,318	3,547	3,666	1,999	839
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**3,845**	**5,302**	**5,425**	**8,225**	**6,888**	**5,442**	**5,709**	**5,865**	**4,235**	**3,113**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	4,761	1,685	3,412	3,108	2,857	3,957	1,914	1,768	223	261
- to improve the level of service	977	3,743	4,187	7,568	5,300	4,378	4,534	3,514	3,150	1,754
- to replace existing assets	2,817	3,621	3,297	3,637	4,750	3,131	2,533	4,554	2,403	2,823
Increase (decrease) in reserves	(3,451)	(1,984)	(4,007)	(4,034)	(3,424)	(2,635)	849	974	5,004	6,336
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**5,104**	**7,065**	**6,889**	**10,279**	**9,483**	**8,831**	**9,830**	**10,810**	**10,780**	**11,174**
Surplus/(deficit) of capital funding (C - D)	**(1,259)**	**(1,763)**	**(1,464)**	**(2,054)**	**(2,595)**	**(3,389)**	**(4,121)**	**(4,945)**	**(6,545)**	**(8,061)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	-	5,030	5,732	5,833	5,897	6,506	6,744	7,016	7,814	7,944

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Wastewater

The Wastewater Activity Group is one of the five mandatory groups required by Schedule 10 clause 2 of the Local Government Act 2002.

Napier City Council's wastewater network serves roughly 97% of Napier.

The network consists of:

51 pump stations

390 kilometres of wastewater mains

1 Biological Trickling Filter Plant (Awatoto)

Roughly **97%** of Napier's population serviced by wastewater network

1 Milliscreen Plant (Awatoto)

1,500 metres long marine outfall pipe

What we do and why

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

Under the Local Government Act 2002, the Resource Management Act 1991, and the Building Act 2004, we are obliged to provide a sewerage service that collects, transports, and disposes of household wastewater. The wastewater network is an indirect but major contributor to NCC's community outcomes and maintaining the health of the population and environment.

Where to next?

The key focus is to maintain existing levels of service with ageing infrastructure, rising national standards of service, accelerated growth and higher community expectations. The following will help to achieve this:

- Partnering with mana whenua
- Replacing and upgrading the existing marine outfall and pump station
- Reducing the risk of wastewater overflows by improving capacity and redundancy
- Reducing the environmental impact of wastewater discharges
- Investing in our ageing assets to minimise costs and service disruptions
- Focusing on network optimisation and risk reduction, and
- Providing for network growth.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Wastewater					1	2

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

Performance measures

Wastewater

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Public Health and Sanitation: We operate, maintain, and size the network to minimise the occurrence of raw wastewater overflows into habitable areas	Number of dry weather wastewater overflows, expressed per 1000 connections	<0.12 per 1000 connections	<0.12 per 1000 connections	<0.12 per 1000 connections	<0.12 per 1000 connections
Minimise Environmental Impacts: By treating wastewater to the legally required standard before discharging into the environment	Compliance with resource consents for discharge from the wastewater system as measured by the number of abatement notices received in relation to wastewater resource consents (Mandatory)	0	0	0	0
	Compliance with resource consents for discharge from the wastewater system as measured by the number of infringement notices received in relation to wastewater resource consents (Mandatory)	0	0	0	0
	Compliance with resource consents for discharge from the wastewater system as measured by the number of enforcement orders received in relation to wastewater resource consents (Mandatory)	0	0	0	0
	Compliance with resource consents for discharge from the wastewater system as measured by the number of convictions received in relation to wastewater resource consents (Mandatory)	0	0	0	0
Customer Responsiveness and Satisfaction: We respond to and restore loss of service and address complaints. We will deliver a consistently high level of customer satisfaction	Median response times to sewerage overflows: attendance time from notification to staff on site (Mandatory)	≤2 hours	≤2 hours	≤2 hours	≤2 hours
	Median response times to sewerage overflows: resolution time from notification to resolution of the issue (Mandatory)	≤8 hours	≤8 hours	≤8 hours	≤8 hours
	Customer satisfaction with wastewater in the Residents' Satisfaction Survey	70%	70%	70%	70%
	Total number of complaints per 1,000 connections relating to sewage odour, sewerage system faults, sewerage system blockages, and response to issues with Napier's sewerage system (Mandatory)	≤36	≤36	≤36	≤36

Risks

The existing wastewater system cannot provide wastewater services in rainfall events greater than the 1 in 2 ARI (Annual Return Interval). The key constraint is the capacity of the wastewater outfall. This increases the risk of wastewater overflows in wet weather and prosecution by the regulator.

Not keeping up with community growth is another risk. To provide for predicted growth levels, some areas will need new infrastructure, as well as upgrades to the existing network.

The frequency and severity of storms is projected to increase due to long term climate changes. The existing system's capacity will be placed at further risk, for example, a 1 in 50 ARI event may become a 1 in 25 ARI.

Rising sea level and higher ground water levels will mean greater infiltration as significant parts of the network are below ground water level, effectively reducing network capacity.

Ageing infrastructure leads to more frequent maintenance callouts, more expensive repairs and eventual replacement. If not timed and coordinated well, maintenance and renewals can become overwhelming and lead to community disruption. As the network ages and failure rates increase, responsiveness and customer satisfaction may decline. It also increases the risk of wastewater discharge into the environment and prosecution.

Significant negative effects

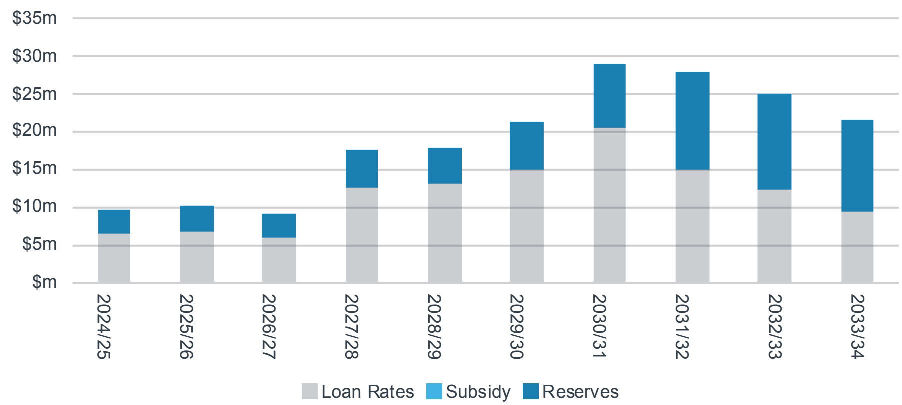
There are environmental and cultural impacts of sewage discharge into our marine environment, particularly the risk to kaimoana (seafood).

The infrastructure required to collect, treat, and dispose of sewage can also be aesthetically offensive or create unwanted odour.

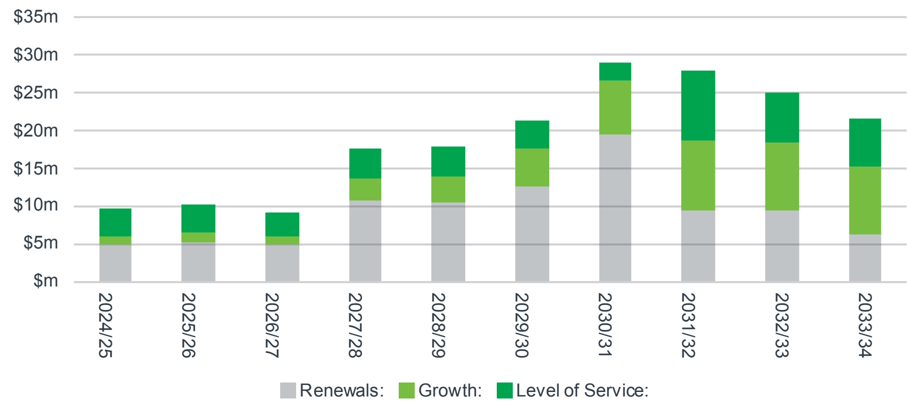
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Wastewater total capital funding for Three-Year Plan period 2024-34



Wastewater total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding impact statement for 2024/2034 for Wastewater

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
Targeted rates	9,690	10,425	10,804	12,278	13,916	15,998	18,778	21,946	25,771	29,703
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,237	1,275	1,297	1,320	1,343	1,366	1,390	1,413	1,436	1,460
Internal Charges and overhead recoveries	78	-	128	108	114	100	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**11,005**	**11,700**	**12,229**	**13,706**	**15,373**	**17,464**	**20,168**	**23,359**	**27,207**	**31,163**
Applications of operating funding										
Payments to staff and suppliers	4,335	4,469	4,549	4,633	4,715	4,799	5,157	5,245	5,334	5,424
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	3,872	4,347	4,871	5,315	6,100	6,872	7,709	8,945	9,775	10,406
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**8,207**	**8,816**	**9,420**	**9,948**	**10,815**	**11,671**	**12,866**	**14,190**	**15,109**	**15,830**
Surplus/(deficit) of operating funding (A - B)	**2,798**	**2,884**	**2,809**	**3,758**	**4,558**	**5,793**	**7,302**	**9,169**	**12,098**	**15,333**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	2,395	2,469	2,513	2,559	2,605	2,652	2,699	2,745	2,792	2,839
Increase/(decrease) in debt	5,892	6,037	5,147	11,672	11,913	13,433	18,878	12,651	9,733	6,330
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**8,287**	**8,506**	**7,660**	**14,231**	**14,518**	**16,085**	**21,577**	**15,396**	**12,525**	**9,169**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	705	947	840	2,679	3,299	4,767	6,513	8,888	8,521	8,398
- to improve the level of service	3,627	3,663	2,956	3,893	3,906	3,694	2,399	9,174	6,483	6,261
- to replace existing assets	5,087	5,329	5,067	10,792	10,458	12,512	19,497	9,339	9,432	6,284
Increase (decrease) in reserves	1,666	1,451	1,606	625	1,413	905	470	(2,836)	187	3,559
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**11,085**	**11,390**	**10,469**	**17,989**	**19,076**	**21,878**	**28,879**	**24,565**	**24,623**	**24,502**
Surplus/(deficit) of capital funding (C - D)	**(2,798)**	**(2,884)**	**(2,809)**	**(3,758)**	**(4,558)**	**(5,793)**	**(7,302)**	**(9,169)**	**(12,098)**	**(15,333)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	8,140	8,302	9,163	9,290	9,241	10,148	11,064	12,167	13,703	14,464

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

Stormwater

The Stormwater Activity Group is one of the five mandatory groups required by Schedule 10 clause 2 of the Local Government Act 2002.

Napier City Council's stormwater system services approximately 97% of Napier and consists of open watercourses, stormwater pipes, sumps, and pump stations that carry rainwater to the ocean. About 75% of Napier relies on pumping systems for stormwater drainage.

The network comprises of:

10 pump stations

About **75%** of Napier relies on pumping systems for stormwater drainage

5,337 manholes

244 kilometres of pipe network

NCC's stormwater system services approximately **97%** of Napier

47 kilometres open drains

2 detention dams

What we do and why

The Stormwater Activity is responsible for safely collecting, treating, and disposing of Napier's stormwater. One of the core goals of the stormwater system is to minimise the effects of flooding. This service has been top of mind for the community since the November 2020 flood. About three quarters of Napier relies on pump systems for stormwater drainage.

Council has a statutory responsibility to ensure stormwater is managed through ownership and management of its drainage network. The network minimises health risks through safe collection, treatment, and disposal of stormwater. Through controlled disposal and enhancing quality through programmes and monitoring interventions, we minimise the pollution that drains into receiving environments.

Where to next?

Council intends to carry out projects to improve capacity to manage flooding. When identifying the work programme for the course of this Plan, consideration was given to growth, climate change impacts, and rising sea and ground water levels.

Focus areas include:

- Partnering with mana whenua
- Increasing stormwater system capacity, flexibility, resilience, and security through ongoing master planning
- Designing sustainable flood reduction methods and ensuring compliance with design standards
- Continuing network and pump station renewals to minimise the adverse effects of surface water on human health, infrastructure, property, and the environment
- Continuing upgrades and expansion of the stormwater network and pump stations to meet the demands of growth and development
- Continuing improvements to major drainage channels and to provide aesthetically pleasing waterways and banks that promote biodiversity and natural habitats
- Continuing to monitor and assess impacts of stormwater on the natural environment, and
- Monitoring the potential and actual effects of climate change to ensure design criteria meet the needs of future generations.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Well-beings		Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Stormwater						1	2

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

Performance measures

Stormwater

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
The stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Number of flooding events that occur per year (Mandatory)	≤1	≤1	≤1	≤1
	For each flooding event, the number of habitable floors affected per 1,000 properties (Mandatory)	≤1	≤1	≤1	≤1
	Median response time to attending a flood event (notification to personnel being on site) (Mandatory)	≤2 hours	≤2 hours	≤2 hours	≤2 hours
Stormwater is collected and disposed of in a manner that protects public and environmental health	Compliance with resource consents for discharge from the stormwater system as measured by the number of abatement notices (Mandatory)	0	0	0	0
	Compliance with resource consents for discharge from the stormwater system as measured by the number of infringement notices (Mandatory)	0	0	0	0
	Compliance with resource consents for discharge from the stormwater system as measured by the number of enforcement orders (Mandatory)	0	0	0	0
	Compliance with resource consents for discharge from the stormwater system as measured by the number of convictions received in relation to stormwater resource consents (Mandatory)	0	0	0	0
Residents are satisfied with Council's stormwater service	Number of complaints received about performance of stormwater system (per 1,000 properties connected) (Mandatory)	≤5	≤5	≤5	≤5
	Percentage of residents satisfied with stormwater in Residents' Satisfaction Survey	70%	70%	70%	70%
Stormwater is collected and disposed of in a manner that protects public and environmental health	Number of education programmes delivered to improve stormwater quality	>1	>1	>1	>1

Risks

The existing stormwater system is limited in its capability to provide flood protection to Napier from a rain event of 50-year return period.

There is a risk of being unable to keep up with community growth. To provide for predicted growth levels, some areas will need new infrastructure or upgrades to the existing network.

Most of Napier's stormwater is discharged into Ahuriri Estuary, which is a sensitive ecological and cultural environment. If water containing contaminants is pumped into the estuary, it can be harmful to aquatic, bird and plant life, and pose a risk to people using the area for recreation. The estuary's water quality is greatly influenced by the quality of stormwater discharge from Council networks and by activities undertaken upstream of Napier's boundaries.

Water not discharged into the estuary can also contain contaminants such as heavy metals that aren't treated before being pumped to sea. While this ecosystem is not as fragile as the estuary, the presence of chemicals in this water impacts marine biodiversity and should be avoided where possible.

Napier's stormwater system currently protects houses and businesses for one in 50-year rainfall events, but there is always a risk of more severe rainfall that results in surface flooding. The frequency and severity of storms is projected to increase due to long-term climate change. This means the system's capacity will be placed at further risk. For example, a one in 50-year event may become a one in 25-year event).

As with any infrastructure system, if replacements and upgrades to the stormwater network are not timed and coordinated well, maintenance and renewals can become overwhelming, costly, and reduce the system's effectiveness.

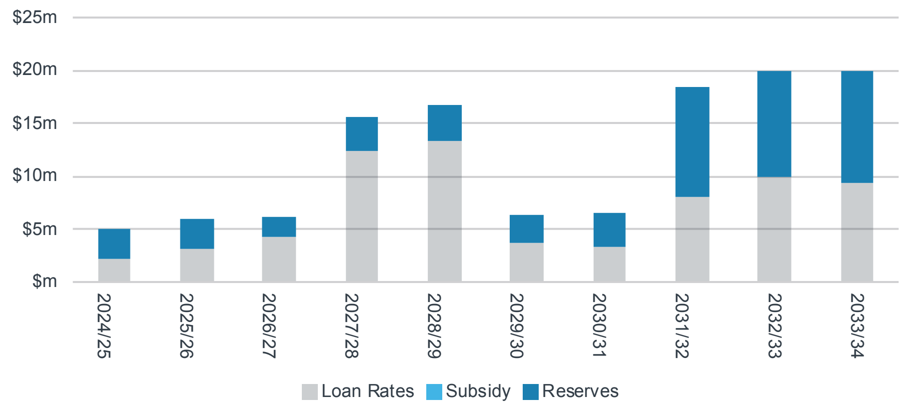
Significant negative effects

There are negative effects from discharging stormwater into waterways. This means that contaminants such as chemicals, heavy metals, and litter end up in Napier's marine environment. These effects are mitigated as far as possible through initiatives such as street sweeping and stormwater quality education campaigns.

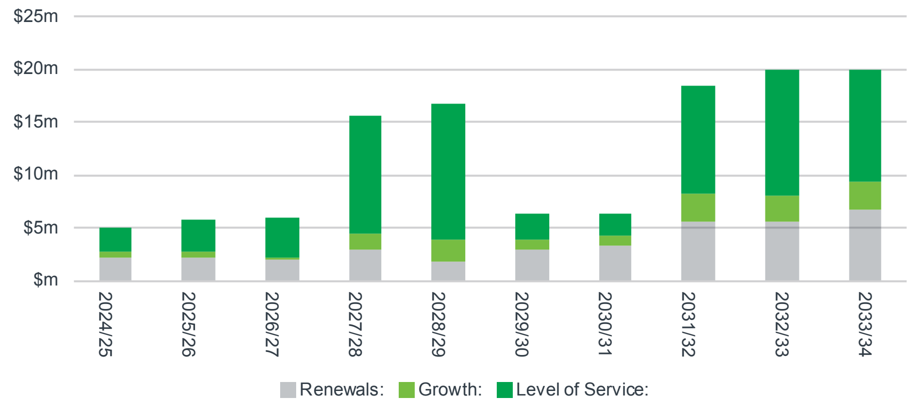
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Stormwater total capital funding for Three-Year Plan period 2024-34



Stormwater total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding Impact Statement for 2024/2034 for Stormwater

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
Targeted rates	6,512	7,056	6,769	7,617	8,907	10,592	11,783	12,836	14,879	17,155
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-
Internal Charges and overhead recoveries	96	-	157	132	140	122	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	57	59	60	61	62	63	64	65	66	68
Total operating funding (A)	**6,665**	**7,115**	**6,986**	**7,810**	**9,109**	**10,777**	**11,847**	**12,901**	**14,945**	**17,223**
Applications of operating funding										
Payments to staff and suppliers	1,761	1,814	1,847	1,879	1,913	1,946	2,288	2,325	2,363	2,406
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	3,164	3,328	3,461	3,643	4,404	5,188	5,364	5,558	6,022	6,570
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**4,925**	**5,142**	**5,308**	**5,522**	**6,317**	**7,134**	**7,652**	**7,883**	**8,385**	**8,976**
Surplus/(deficit) of operating funding (A - B)	**1,740**	**1,973**	**1,678**	**2,288**	**2,792**	**3,643**	**4,195**	**5,018**	**6,560**	**8,247**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	2,257	2,327	2,369	2,411	2,455	2,499	2,544	2,587	2,631	2,676
Increase/(decrease) in debt	1,653	2,594	3,728	11,761	12,405	2,452	2,134	6,803	8,577	7,803
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**3,910**	**4,921**	**6,097**	**14,172**	**14,860**	**4,951**	**4,678**	**9,390**	**11,208**	**10,479**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	298	287	36	1,253	1,790	637	338	2,107	1,743	1,991
- to improve the level of service	2,283	3,111	3,768	11,135	12,781	2,559	2,190	10,165	11,817	10,728
- to replace existing assets	2,241	2,230	1,996	2,935	1,863	2,921	3,333	5,588	5,719	6,686
Increase (decrease) in reserves	828	1,266	1,975	1,137	1,218	2,477	3,012	(3,452)	(1,511)	(679)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**5,650**	**6,894**	**7,775**	**16,460**	**17,652**	**8,594**	**8,873**	**14,408**	**17,768**	**18,726**
Surplus/(deficit) of capital funding (C - D)	**(1,740)**	**(1,973)**	**(1,678)**	**(2,288)**	**(2,792)**	**(3,643)**	**(4,195)**	**(5,018)**	**(6,560)**	**(8,247)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	5,517	5,574	6,106	6,156	6,061	6,747	6,947	7,186	7,889	8,164

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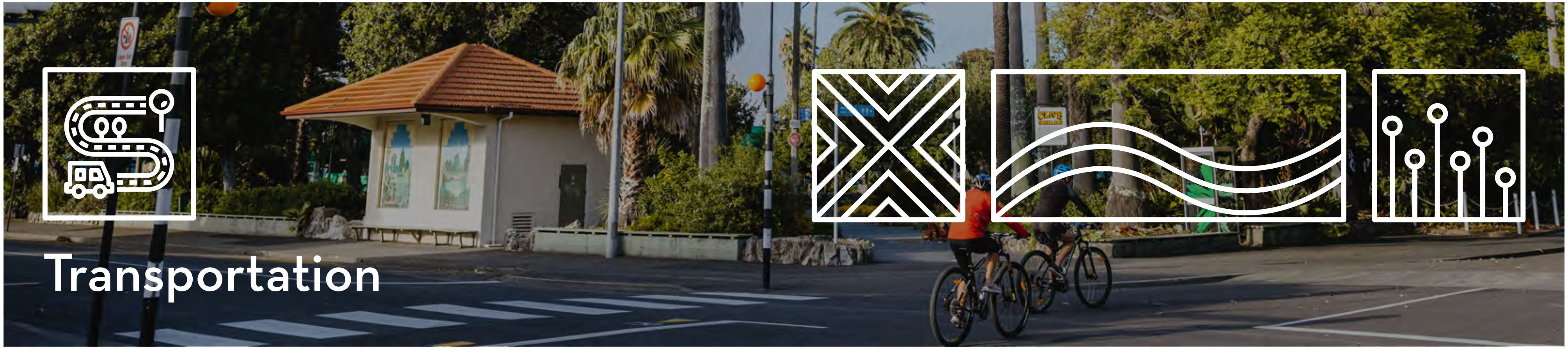


Transportation

The Transportation Activity Group is one of the five mandatory groups required by Schedule 10 clause 2 of the Local Government Act 2002.

This activity provides the following to Napier:

49km
of cycleways

5,902
street trees

24
bus shelters

310km
of urban roads and footpaths

61km
of rural roads

5,441
sumps and manholes

What we do and why

Napier City Council manages its full or partly funded land-based transportation activities to meet its community outcomes. Further to these community outcomes, there are four strategic priorities being targeted nationally for the transportation network through the Government Policy Statement. These are:

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

Napier City Council provides for freight and passenger transport with 366 kilometres of sealed roads, along with all associated structures, drainage, road furniture, street lighting, and traffic safety services. Most of the network is urban, with rural roads serving the foothills to the west and the primary production areas to the south. In both instances, the rural network connects to the Hastings District Council network.

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

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

Where to next?

We will focus on maintaining and renewing transportation assets to minimise the risk of failure and unplanned future costs. This will see increased renewal and operational activities across the network. Renewals in some areas are behind schedule and need to catch up so levels of service are maintained.

Major investment is required to replace Redclyffe Bridge, which was lost in Cyclone Gabrielle. This will be delivered in partnership with Hastings District Council, which jointly owns the bridge with NCC. The replacement bridge will be designed and constructed to provide greater resilience in extreme events to minimise the risk of Napier and Hastings being cut off from each other, as experienced in the immediate aftermath of Cyclone Gabrielle.

Capital investment will continue to focus on safety and accessibility for all users of the transport network.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Transportation	Social, Cultural, Economic, Environmental		2	2	1	

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

Performance measures

Transportation

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Design and construct safety improvements to minimise the number of injury crashes.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (DIA Performance Measure 1)	-1 on previous year	-1 on previous year	-1 on previous year	-1 on previous year
Provide well maintained roads.	The average quality of ride on a sealed local road network, measured by smooth travel exposure (DIA Performance Measure 2).	85%	85%	85%	85%
	Average roughness	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measured by high speed surveying.	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measured by high speed surveying.	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measured by high speed surveying.	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measured by high speed surveying.
	Peak roughness	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (i.e. the roughest roads).	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (i.e. the roughest roads).	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (i.e. the roughest roads).	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (i.e. the roughest roads).
	Number of instances where road access is lost.	<2 (arterial), <8 (total)	<2 (arterial), <8 (total)	<2 (arterial), <8 (total)	<2 (arterial), <8 (total)

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide well- maintained footpaths and cycleways (DIA Performance Measure 4).	Percentage of footpaths and cycleways rated 4 or 5 (rating 1 best to 5 worst) based on independent survey.	1%	1%	1%	1%
	Percentage of residents being satisfied (very satisfied or fairly satisfied) with 'footpaths' in the Napier City Council Residents' Satisfaction Survey.	85%	85%	85%	85%
	Percentage of residents satisfied (very satisfied and fairly satisfied with 'roads' in the Napier City Council Residents' Satisfaction Survey.	85%	85%	85%	85%
Maintain a high level of customer service.	Percentage of customer service requests responded to within 5 working days (DIA Mandatory Measure 5).	90%	90%	90%	90%
Provide adequate renewal of road surfacing.	Percentage of the sealed local road network that is resurfaced (DIA Mandatory Measure 3).	5%	5%	5%	5%

Risks

The major risk from all transportation activity is the potential for harm to users of the transportation network. While some of the responsibility falls on the public, we minimise this risk through safety improvements on an ongoing basis. Safety is our number one priority.

Infrastructure damage or failure would cause disruption to the network and could cause fatalities. Resources would be stretched if this was unexpected and required urgent remediation. A continual renewals programme and having up-to-date information about the network's condition mitigates this risk.

If roads and associated assets are not maintained to a certain standard, there is an increasing risk of accelerated reduction in condition. Potholes allow water into a road's subgrade, and this can cause pavement failures which require expensive remedies. The increased frequency and severity of wet weather events can also raise water tables and have a similar effect on roads. Potholes and other defects can cause road users to take evasive action, increasing the risk of crashes.

The Transportation Activity would be impacted from a change in funding arrangements. We are heavily reliant on subsidies from our partners, such as Waka Kotahi NZ Transport Agency.

Significant negative effects

Due to upgrades and construction on our transportation network, negative economic effects can be caused by congestion and disruption to users. However, this is offset by the increased safety and capacity achieved through this work. Negative environmental effects include:

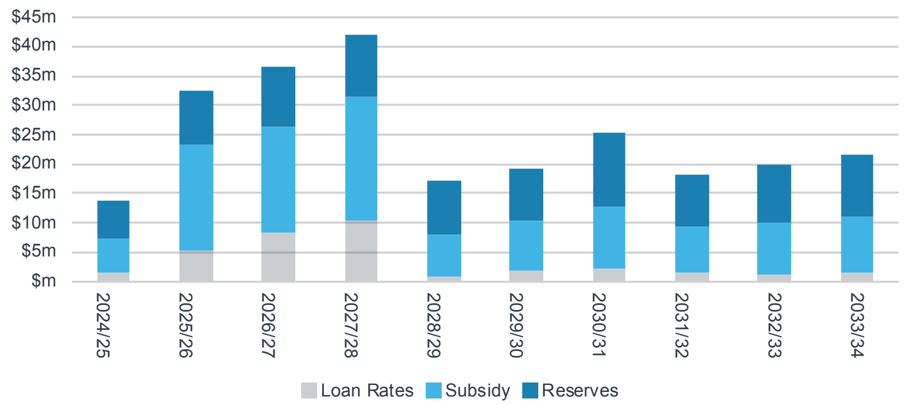
- Vehicle emissions which contribute to a larger carbon footprint
- Noise and visual impacts
- Potential for damage or change to natural habitats, and
- Potential loss of open spaces and productive land to accommodate more infrastructure due to population growth.

Planting and planning of our network ensures we can incorporate more green spaces to offset these effects. By encouraging other methods of transport, we are also seeking to lower the vehicle emissions released into the environment.

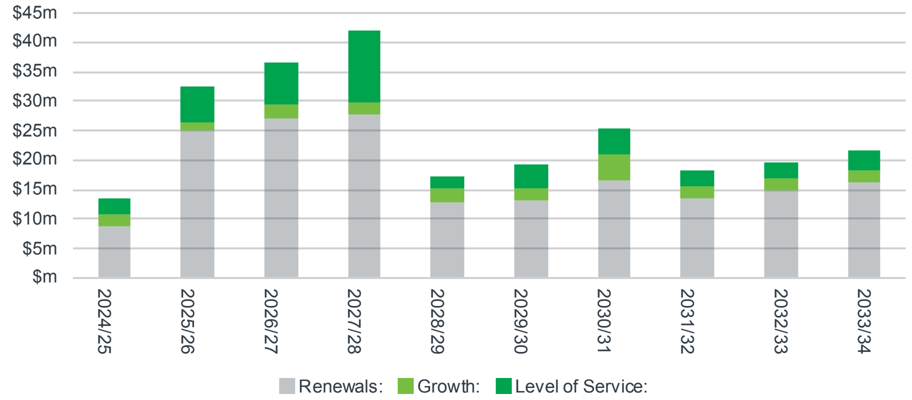
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Transportation total capital funding for Three-Year Plan period 2024-34



Transportation total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding impact statement for 2024/2034 for Transportation

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	13,384	13,732	14,185	16,258	18,480	20,087	22,461	24,772	27,516	31,446
Targeted rates	157	157	157	157	157	157	157	157	157	157
Subsidies and grants for operating purposes	2,944	3,034	3,087	3,142	3,198	3,255	3,312	3,368	3,424	3,482
Fees and charges	157	161	164	167	170	173	176	179	182	186
Internal Charges and overhead recoveries	554	70	869	743	785	696	77	78	79	81
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	525	542	551	561	571	582	592	602	612	623
Total operating funding (A)	**17,721**	**17,696**	**19,013**	**21,028**	**23,361**	**24,950**	**26,775**	**29,156**	**31,970**	**35,975**
Applications of operating funding										
Payments to staff and suppliers	10,316	10,477	10,662	10,854	11,047	11,246	12,550	12,762	12,977	13,199
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	3,121	3,292	3,841	4,482	5,136	5,137	5,158	5,327	5,380	5,391
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**13,437**	**13,769**	**14,503**	**15,336**	**16,183**	**16,383**	**17,708**	**18,089**	**18,357**	**18,590**
Surplus/(deficit) of operating funding (A - B)	**4,284**	**3,927**	**4,510**	**5,692**	**7,178**	**8,567**	**9,067**	**11,067**	**13,613**	**17,385**
Sources of capital funding										
Subsidies and grants for capital expenditure	5,724	26,165	18,260	21,190	7,223	8,351	10,532	7,810	8,534	9,471
Development and financial contributions	417	430	438	446	454	462	470	478	486	494
Increase/(decrease) in debt	1,122	5,221	8,605	9,532	(105)	930	1,156	107	(36)	207
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**7,263**	**31,816**	**27,303**	**31,168**	**7,572**	**9,743**	**12,158**	**8,395**	**8,984**	**10,172**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	1,640	1,153	1,963	1,758	1,848	1,619	2,755	414	421	428
- to improve the level of service	2,878	5,809	7,068	12,069	1,917	4,038	4,386	2,833	2,876	3,347
- to replace existing assets	8,794	24,976	27,067	27,696	12,956	13,076	16,633	13,398	14,857	16,311
Increase (decrease) in reserves	(1,765)	3,805	(4,285)	(4,663)	(1,971)	(423)	(2,549)	2,817	4,443	7,471
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**11,547**	**35,743**	**31,813**	**36,860**	**14,750**	**18,310**	**21,225**	**19,462**	**22,597**	**27,557**
Surplus/(deficit) of capital funding (C - D)	**(4,284)**	**(3,927)**	**(4,510)**	**(5,692)**	**(7,178)**	**(8,567)**	**(9,067)**	**(11,067)**	**(13,613)**	**(17,385)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	7,774	8,682	9,500	10,395	11,528	12,479	13,441	14,418	15,180	16,186

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

Other infrastructure

The other infrastructure activity group is made up of:

- Waste Minimisation,
- Cemeteries, and
- Public Toilets.

Napier City Council provides the following for Napier:

48 public toilets

6 cemeteries

4 tons
of waste diverted
from landfill

Waste minimisation

What we do and why

Napier City Council provides a domestic refuse collection service for residential and commercial properties within Napier. We remove waste from households and transport and dispose of it appropriately.

Waste is collected from a kerbside wheelie bin or litter bin and taken straight to landfill and bulk waste is dropped at the Redclyffe Transfer Station to landfill.

Council also provides a domestic recycling collection service for residential properties within Napier. We remove recyclable products from households and transport them to reuse markets. Recyclables are collected from kerbside containers. It is sorted into different product streams at the kerb before being transported in bulk to reuse markets. Bulk recycling is dropped at the Redclyffe Transfer Station where it is sorted for repurposing.

The Local Government Act 2002 requires Council to provide “effective and efficient” waste management services. The Waste Minimisation Act 2008 requires us to reduce the environmental impact of waste by encouraging waste reduction. Continued provision of this ‘public good’ service is essential to the community’s health and maintaining high environmental standards.

We focus on advocating for, and educating about, ways to reduce waste. To be effective, solutions must be relatively easy and widely acceptable. Reducing waste sent to landfill is good for the environment and means that Council doesn’t have to invest as much in expanding and maintaining landfills.

Where to next?

Protecting te taiao (the environment) through joint stakeholder support and involvement in waste minimisation and management activities is key to improving our waste practices in Napier. As well as continuing to maintain strong stakeholder relationships, we will look to:

- Monitor and respond to Government policy and strategy changes
- Deliver the goals and objectives of the Joint Waste Management and Minimisation Plans
- Undertake a feasibility study for alternatives to Redclyffe Transfer Station
- Investigate the possibility of a Regional Resource Recovery Park (RRRP)
- Meet national regulations for kerbside organic food scrape collection
- Maintain resource consents for landfills and closed landfills
- Partner and support industrial waste minimisation programmes, and
- Manage, monitor and optimise our solid waste contract.

Cemeteries

What we do and why

Cemeteries are important and special places in a community. They provide a functional purpose for burials and ash interments, and a place to remember passed loved ones, and provide historical and cultural connections to the community. They contribute to the amenity and open spaces of Council’s parks and reserves.

Napier City Council operates and maintains six cemeteries. The oldest is Old Napier Cemetery, with its first burial in 1851 and the newest is Western Hills Cemetery, which opened in 1985. In total, Napier’s cemeteries comprise about 35 hectares.

There are no crematorium facilities in Napier and there is no legislative requirement for a local authority to provide such facilities. Napier City Council is a governance partner in the Hawke’s Bay Crematorium, which is provided and administered by Hastings District Council, pursuant to the Hawke’s Bay Crematorium Act (1944). This Act sets out its governance structure including the responsibilities of the contributing local authorities.

Where to next?

As part of our Cemeteries Strategy, we plan to continue to maximise existing available space and explore options that respond to changing demand trends such as eco burials. Long term, we want to identify the suitability and availability of land next to existing cemeteries and explore options for future sites, including shared service opportunities across our region.

Public toilets

What we do and why

Napier City Council provides, maintains, and develops public toilet facilities to meet the needs and demands of Napier's community and visitors. Currently, Napier has 42 operational public toilets.

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

Where to next?

A key focus will be on renewing older facilities to improve the quality and cost effectiveness of maintenance and service expenditure.

We will investigate adding five public toilet facilities in new locations to meet population growth and visitor-related demand.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Waste Minimisation			2	2	1	2
Cemeteries				2	1	2
Public Toilets			2	1		2

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

Performance measures

Waste minimisation

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
A weekly kerbside refuse collection service is provided to city residents	Weeks per year that the refuse service is available to the residents of Napier	52 weeks	52 weeks	52 weeks	52 weeks
	Percentage of residents satisfied with the refuse collection in the Residents' Satisfaction Survey	80%	80%	80%	80%
	Weeks per year that the recycling service is available to the residents of Napier.	52 weeks	52 weeks	52 weeks	52 weeks
Provision of recycling drop-off facility	Days per year where drop-off services are available to the public	362 days	362 days	362 days	362 days
Availability of the user-pays refuse transfer station and associated services.	Days per year where transfer station services are available to the public	362 days	362 days	362 days	362 days
	Compliance with resource consents related to the transfer station and closed landfills	100%	100%	100%	100%
Availability of and attendance at waste minimisation education.	Students/customers attending education sessions for the Joint Waste Education Programme or other education in person	> 750 attendees	> 750 attendees	> 750 attendees	> 750 attendees
Litter control, graffiti, and vandalism.	Percentage of residents satisfied with control of litter and graffiti in the Residents' Satisfaction Survey	90%	90%	90%	90%
Council promotes waste minimisation activities.	Waste to landfill per capita	≤270 kg per capita per annum	≤270 kg per capita per annum	≤270 kg per capita per annum	≤270 kg per capita per annum

Cemeteries

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Cemeteries' records are well maintained and accessible	An online cemeteries records system is available 90% of the time	100%	100%	100%	100%
Cemeteries are well maintained and provide a quiet and aesthetically pleasing environment for users	Satisfaction with cemeteries as measured by the Residents' Satisfaction Survey	85%	85%	85%	85%

Public toilets

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Public conveniences are clean hygienic, and safe.	Percentage of customers who are satisfied with public toilets in the Residents' Satisfaction Survey.	70%	70%	70%	70%
	Fortnightly inspection score based on cleanliness, supplies, and safety.	Maintain a fortnightly inspection schedule with an average inspection score of at least 4 out of 5.	Maintain a fortnightly inspection schedule with an average inspection score of at least 4 out of 5.	Maintain a fortnightly inspection schedule with an average inspection score of at least 4 out of 5.	Maintain a fortnightly inspection schedule with an average inspection score of at least 4 out of 5.

Risks

The Omarunui Landfill is a carefully constructed, lined 'Class A landfill', which is designed to safeguard against leachate leaking into the ground. It is equipped with a gas extraction system to prevent methane from being discharged into the atmosphere. The conversion of the landfill gas generates electricity at a power plant. Nonetheless, there is a residual environmental risk if the landfill leaches contaminants to the environment or attracts pests such as rats and fire ants.

Hazardous Waste Collection poses a further environmental risk. If not handled correctly, there is the potential for harmful chemicals to contaminate our environment. The Council carries out Hazardous Waste Collection to provide residents with a safe disposal point for dangerous chemicals. The environmental risk of chemicals being stored on private property in uncontrolled conditions is significantly higher than the risks associated with the Hazardous Waste Collection.

There is always a risk that collection methods or volumes don't meet residents' needs, and people are unwilling to pay transfer station fees, so they illegally dump rubbish. NCC mitigates this by keeping fees low and retaining enforcement options such as fines.

This activity is susceptible to considerable legislative change due to sustainability and climate change issues. This can have significant impacts on costs and service provision. There is a risk any legislative changes will progress quickly and have significant cost and operational impacts for NCC.

All activities in this group are susceptible to the effects of climate change. Rising sea levels and groundwater could start to intrude into landfills and increase the risk of harmful leachate escaping into the environment. Cemetery infrastructure may be damaged by an increase in extreme weather events, particularly those on hills or surrounded by large trees. Public toilets on waterfront reserves may face coastal inundation, and decisions will need to be made about whether the cost of replacement and maintenance can't be justified and, therefore, if facilities should be moved.

As Napier's population grows, we risk running out of space in our cemeteries. Current forecasts anticipate that we will need more land for burials within the next 20 years. There aren't many suitable areas of land left within Napier's boundaries. We will continue to investigate how to manage this challenge.

Areas and facilities such as public toilets can attract anti-social behaviour like graffiti, which costs money to remedy and reduces the public's enjoyment of these spaces. We mitigate this with lighting, security patrols, and by incorporating crime prevention strategies into the way we plan spaces around Napier.

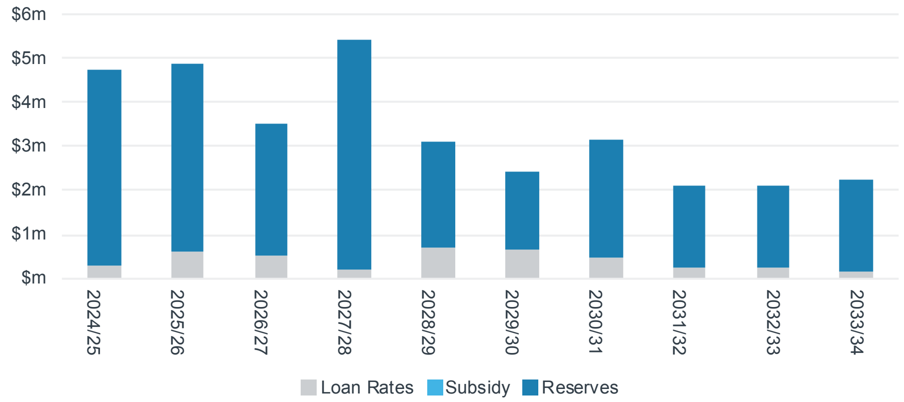
Significant negative effects

Waste entering landfill has many adverse environmental impacts including leachate production, greenhouse gases, vermin and pests, and geographic and land use displacement. Recycling and diverting resources that would otherwise be sent to landfill reduces the impact of these problems and enables appropriate repurposing.

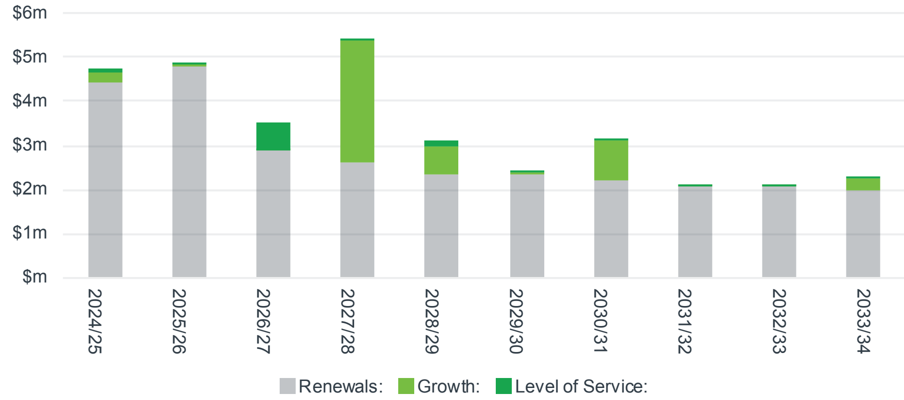
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Other Infrastructure total capital funding for Three-Year Plan period 2024-34



Other Infrastructure total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding impact statement for 2024/2034 for Other Infrastructure

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	4,827	4,657	4,799	5,020	5,160	5,331	5,500	5,703	5,860	6,073
Targeted rates	7,919	8,170	10,474	10,164	10,354	10,527	10,691	10,887	11,071	11,246
Subsidies and grants for operating purposes	941	941	941	941	941	941	941	941	941	941
Fees and charges	3,703	3,817	3,886	3,956	4,027	4,099	4,172	4,243	4,315	4,388
Internal Charges and overhead recoveries	-	-	-	-	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	8,292	8,292	8,292	8,292	8,292	8,292	8,292	8,292	8,292	8,292
Total operating funding (A)	**25,682**	**25,877**	**28,392**	**28,373**	**28,774**	**29,190**	**29,596**	**30,066**	**30,479**	**30,940**
Applications of operating funding										
Payments to staff and suppliers	20,798	21,138	23,498	23,304	23,595	23,927	24,245	24,563	24,867	25,211
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	1,644	1,720	1,890	2,019	2,075	2,125	2,145	2,231	2,271	2,286
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**22,442**	**22,858**	**25,388**	**25,323**	**25,670**	**26,052**	**26,390**	**26,794**	**27,138**	**27,497**
Surplus/(deficit) of operating funding (A - B)	**3,240**	**3,019**	**3,004**	**3,050**	**3,104**	**3,138**	**3,206**	**3,272**	**3,341**	**3,443**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	273	590	495	182	650	595	398	178	157	32
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**273**	**590**	**495**	**182**	**650**	**595**	**398**	**178**	**157**	**32**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	210	5	11	2,757	657	6	898	3	3	241
- to improve the level of service	86	44	635	48	98	50	24	25	25	26
- to replace existing assets	4,445	4,812	2,894	2,602	2,344	2,364	2,219	2,066	2,084	2,001
Increase (decrease) in reserves	(1,228)	(1,252)	(41)	(2,175)	655	1,313	463	1,356	1,386	1,207
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**3,513**	**3,609**	**3,499**	**3,232**	**3,754**	**3,733**	**3,604**	**3,450**	**3,498**	**3,475**
Surplus/(deficit) of capital funding (C - D)	**(3,240)**	**(3,019)**	**(3,004)**	**(3,050)**	**(3,104)**	**(3,138)**	**(3,206)**	**(3,272)**	**(3,341)**	**(3,443)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	1,479	1,532	1,083	1,016	995	983	1,011	1,041	1,054	1,030

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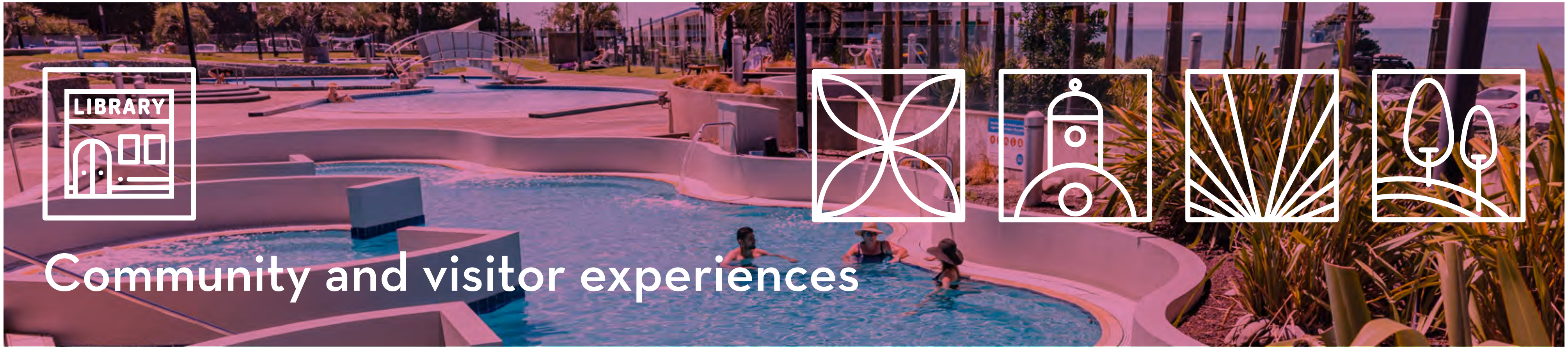


Community and visitor experiences

The Community and Visitor Experiences activity group is made up of the following activities:

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

These activities are grouped because of their focus on social and cultural enrichment, catering to the needs of our community, and providing attractions, education, and recreational opportunities for locals and visitors.

i site

109,673 visitors to our visitor centre in 2022/23

377 community housing units across Napier

16 sportsgrounds...

...over **213** hectares of land

16 little penguins at the National Aquarium of New Zealand

9 public gardens

Approximately **90,000** objects in the MTG collection

Kennedy Park Resort

What we do and why

Kennedy Park Resort is a busy holiday park that can accommodate 1,400 people on site, including those in tents and caravans. It offers a wide range of affordable accommodation types and associated facilities catering to various markets. Services provided include booking and enquiry services, guest information and assistance, maintenance of grounds and buildings, and administration. Kennedy Park facilities are on Storkey Street in Marewa.

Council provides this tourism facility as a net profit-making contributor to rates and to tourism within the city as well as aligning with its strategy for the economic development of Napier.

Where to next?

From 1 July 2024, this activity will move to commercial operations. It will take some time for full implementation, but we have planned for the activity to be financially self-sufficient by the end of this Three-Year Plan. We will take a close look at the future development of the park, and how to improve the facility's operations as we move it to a commercial focus.

Napier conferences and events

What we do and why

Napier Conferences and Events provides high-quality, full-service conferences and events to domestic and international clients from venues throughout Napier.

Napier Conferences and Events operates from the Napier War Memorial Centre which is located on the northern end of Napier's Marine Parade, with views from Mahia Peninsular to Cape Kidnappers. It is the only purpose-built conference facility in Hawke's Bay.

The Napier War Memorial building was built as a facility for the community to commemorate and pay respect to war veterans. This purpose is protected by law and will remain unchanged.

Conference facilities are offered as part of Council's strategy to encourage visitors to the city and generate economic activity.

Where to next?

From 1 July 2024, this activity will move to commercial operations. It will take some time for full implementation, but we have planned for the activity to be financially self-sufficient by the end of this Three-Year Plan.

When we move Napier Conferences and Events into a commercial business, we will ensure there is no negative impact to the original and legal purpose of the Napier War Memorial.

We will continue strengthening the Napier Conferences and Events brand in the domestic market and focus on enhancing our sales strategy.

Napier isite

What we do and why

Napier isite an information hub that connects locals and visitors to accommodation, eateries, attractions, and things to do while in Napier.

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

To provide efficiencies associated with scale, Napier needs to provide visitors with reasons to stay longer, do more, spend more, tell their friends and family, and come again. These visits generate economic activity.

Where to next?

We see the benefits of having an isite visitor information centre in Napier for our community and visitors, but we need to think of ways to make it financially sustainable and explore options to improve the activity. We will consider options and budgets for a reimagined isite from 2024/25.

While the activity of the isite will continue, it might not be in the same location. The isite had extensive remedial building works carried out in 2022 and 2023, which has extended the life expectancy of the facility for a further 15 to 20 years.

When we have some alternative options ready, we will consult with the community on these. In the meantime, we are keeping capital expenditure to a minimum over the next three years.

Par2 Mini Golf

What we do and why

Par2 Mini Golf facilities are located on Marine Parade in the heart of the tourist zone beside Napier isite. It includes two eighteen-hole courses and a clubhouse. Mini Golf has taken place on this site for more than 50 years.

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

Where to next?

We want to explore new ideas so the facility's financial performance can be further improved over this plan.

National Aquarium of New Zealand (NANZ)

What we do and why

The National Aquarium of New Zealand aims to provide fun, engaging experiences and inspire awe and wonder about the natural world through proximity to wildlife.

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

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

Mātauranga Māori and Te Ao Māori are integral to the story of the taonga (treasures) in our care and are essential in our information and experiences, both digitally and in our physical facility.

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

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

Where to next?

In the 2021-31 Long Term Plan consultation, we said we needed to consider the long-term viability of the National Aquarium of New Zealand. Our aquarium is a significant tourist attraction for the region and supports several of our strategic priorities. However, the building is in poor condition. It needs significant work to maintain a viable and engaging visitor experience, with appropriate conditions for the animals, staff and visitors. Operating and capital costs will continue to rise, and it is not sustainable for our ratepayers to continue to part-fund these. The status quo is not a realistic long-term option.

The facility's reimagined future could include various options. Examples are reimagining the National Aquarium's activities to make it financially sustainable, such as investigating biodiversity tourism opportunities. A last resort could be closure and adapting the building for another tourism activity(s) or dismantling the building. Part of the reimagine process would look at different models of operations, such as private/public partnerships, that ensure the activity would break even financially, with little or no rates impact.

We will soon begin working on options and budgets for a reimagined facility. When we have some suitable alternatives ready, we will consult with the community on these. In the meantime, we are keeping capital expenditure on the building to a minimum over the next three years. We have money set aside for repairs and basic maintenance to keep the building safe and operational until 2027.

Napier Libraries

What we do and why

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

Library services are provided from Napier City, Taradale and a mobile library van, with collections in multi-media formats and online services. We hold more than 118,000 collection items and have over 27,000 members.

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

Where to next?

Napier City Council has committed to building a new library and community facility in the Napier CBD. The project, known as Te Aka, is being developed in partnership with mana whenua along with a cultural narrative that underpins the building's design and location.

The new library will provide new opportunities for residents to engage with ideas and knowledge in a safe and trusted environment.

Preparing for the new library will include a period of testing new collections and new ways of working for Napier Libraries staff.

Napier Municipal Theatre

What we do and why

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

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

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

Where to next?

We will continue to build relationships with international and national hirers to ensure Napier is considered for events and productions.

We will continue to strengthen relationships with the community to ensure they have access to the theatre.

We will continue to ensure our community, visitors and hirers have a safe and comfortable experience at our theatre, and ensure staff are safe and comfortable at work. To help with this, we will look to update theatre equipment and technology to ensure it meets the expectations of our hirers.

MTG Hawke's Bay

What we do and why

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

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

MTG Hawke's Bay, Tai Ahuriri, provides a safe space for the community to engage with arts and culture. It contributes to the wellbeing of the community through helping people gain a sense of self through understanding the history of their place and creating connections. Access to arts and culture is well documented as supporting emotional and mental wellbeing.

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

Where to next?

Over the course of this Plan, we will focus on:

- Moving the collection into a new purpose-built facility in Hastings
- Developing a new governance structure for strategic oversight of the museum
- Developing a more targeted and cohesive public programme offering
- Further enhancing and developing strategic and collaborative partnerships
- Reviewing the name and branding of the museum, and
- Planning for redeveloped gallery spaces and exhibitions once the library relocates to its new building.

The Faraday Museum of Technology

What we do and why

The Faraday Museum of Technology cares for and displays a collection of historical technology, enabling locals and visitors to discover the scientific, social, and cultural heritage that makes Napier and Hawke's Bay unique.

The museum is housed in the historic Napier Powerhouse, built in 1911. A small team of staff and volunteers are responsible for the care over 25,000 objects in the collection owned by the Hawke's Bay Museums Trust.

The museum attracts a diverse audience while providing a safe space for the community to meet and connect. As kaitiaki, Napier City Council is responsible for caring for the collection and sharing knowledge of the past with our visitors.

Where to next?

Through a reimagining process, we will consider several options ranging from the status quo to operating Faraday Museum of Technology from a different location or changing its activities or operating model.

The reimagining of the Faraday Museum of Technology is an opportunity to both review the original idea of buying the building and place this option alongside others so that the merits of more than one option can be considered and weighed up.

No decisions have been made yet and options for this facility are yet to be considered. As options are considered throughout the plan, there will be opportunities for the community to provide input into the decision-making process.

We will continue to collaborate with schools and educational institutions to ensure we are offering valuable educational experiences for students. Building and strengthening partnerships and relationships with the community and mana whenua will also remain a focus.

McLean Park

What we do and why

Hosting international and national sports events, this facility provides outdoor sports grounds and stands, an indoor court facility and administration and hospitality areas. The park also hosts trade shows, expos, community events, and private functions.

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

Where to next?

Before the 2023 facilities review began, we were working on a strategy for McLean Park to ensure its activities meet the needs of Napier and Hawke's Bay. We paused the strategy's development while the facilities review was taking place. The review showed that reimagining McLean Park's activities should be considered. To address this, we have restarted work on the McLean Park Strategy. Once the strategy is finalised, it will be used to help with decision-making as we develop the Park and future options for this facility.

Reserves

What we do and why

We manage and maintain parks, reserves, and public gardens of various sizes, designations, and purposes for a range of community uses. We deliver well-maintained grounds and gardens from coastal foreshores to formal botanical gardens. We also manage the day-to-day maintenance and operation of play equipment throughout the city. The total land area of our reserves covers 487 hectares.

Our reserves exist to enhance the quality of life of Napier's residents by providing high quality passive and active recreational facilities.

As well as providing recreational areas for our community to meet and play, we support many tourist and local events that boost our economy.

Where to next?

In our 2021-31 Long Term Plan consultation, we asked the community whether they wanted us to invest $12.5 million into the development of Ahuriri Regional Park from around 2026/27, with Hawke's Bay Regional Council doing the same.

Other priorities have come up for both Councils since then, so the funding has been removed from this plan. Both Councils will allocate funding for the Regional Park's development from the 2028/29 financial year onwards. In the meantime, we will continue with planned stormwater quality improvements, which will result in better water quality for Ahuriri Estuary.

Over the course of this plan, we will also continue with renewals of playgrounds, and the development of new playgrounds in locations identified in our Draft Play Strategy to ensure adequate provision.

Sportsgrounds

What we do and why

We are responsible for around 213 hectares of sportsgrounds, including a premier sportsground, Bluewater Stadium, and 14 general sportsgrounds. The even distribution of sportsgrounds around Napier means communities can support and engage with sport locally, fostering community spirit and pride.

We provide this activity to meet the recreational and sporting needs of our community. These services enhance the general health and wellbeing of the community where private enterprise may not be viable.

Where to next?

We will continue implementing the Park Island Masterplan and carrying out renewal work in all other sportsgrounds, with a focus on drainage and irrigation infrastructure renewals.

Napier Aquatic Centre

What we do and why

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

- Health and fitness activities including lane swimming, water-walking, aqua fitness, small group training, and relaxation
- Sport development, including club swimming, aquatic sports training, and competition
- Leisure activities, including family water play, hydro slides, outdoor splash pad, and
- Physical literacy, including swimming lessons and holiday programmes.

The purpose of the Napier Aquatic Centre is to improve health and wellbeing, develop skills, build confidence, and grow connections

Where to next?

We have started a $4 million project for essential maintenance on the facility's buildings. This will keep Napier Aquatic Centre operating for another ten years.

We have included funding in our Three-Year Plan budget to understand what Napier needs in a future aquatic centre. We are also setting aside budget to develop a new aquatic centre starting in four years' time, which is outside the scope of this Three-Year Plan. Getting started on the plans, location, timing and funding options will not be considered for at least four years.

Ocean Spa

What we do and why

Council provides a complex with four heated outdoor pools and five spa pools. The facility also features a gym, small group fitness room and café. Ocean Spa provides the following outcomes for Napier's community:

- Wellbeing and relaxation
- Health and fitness, including lane swimming, gym, and group fitness, and
- A licensed café to enhance the visitor experience and provide hot drinks, cabinet food and an offering of freshly prepared food to Ocean Spa visitors and the public.

Ocean Spa came under the direct management of Council on 1 February 2023 and reopened in late May 2023 after signification remedial works. Council considers it important to provide this service to bring about positive outcomes for the health and wellbeing of the community.

Where to next?

From 1 July 2024, this activity will move to commercial operations. It will take some time for full implementation, but we have planned for the activity to be financially self-sufficient by the end of this Three-Year Plan. We will increase Ocean Spa's commercial focus by continuously raising standards. We will focus on effectively managing services, pricing and the user experience.

Bay Skate

What we do and why

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

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

Where to next?

We will explore our options for the development of a space for birthday party bookings. We will also look to develop programmes to help grow our roller sports community and skating areas to remain one of the best skate parks in the country.

Retirement and rental housing

What we do and why

NCC has 377 units in 12 villages. The majority of our housing is for low-income older persons (60 years and over). There are 72 multi-storey units available for social low-income renters in three of our villages. We deliver asset and tenancy management services with in-house resources. The tenancy co-ordinators provide tenancy management services and work with other service providers if our tenants need support.

Where to next?

For some time, we have signaled that the current approach to how our community housing is funded is not sustainable because the rent we receive does not cover the costs. The cost of providing housing is projected to exceed the income we receive from rent by an average of around $2.5 million per annum as of 2021. That equates to a shortfall of $24.5 million over the next ten years.

As part of the development of this plan, we consulted with our community about the future of our housing portfolio and the Council has decided to divest the three multi-storey social housing villages (Nelson Place, Wellesely Place and Carlyle Place). Funds from the sale of these villages will be ringfenced for reinvestment into the remaining housing portfolio. Council will look into other operating models for our remaining villages which may include transferring control of the retirement housing assets to an external provider. In the meantime, we will continue to keep our properties operational and borrow funds to cover the deficit and meet our costs.

Community facilities (halls)

What we do and why

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

Where to next?

A review is planned for our halls in 2025/26 to determine how often they are used, how they are funded, the cost of maintaining them and options available to ensure long-term efficiency. We will consult with the community about any plans for halls that may come out during the review.

Community strategies

What we do and why

The Community Strategies activity encompasses the following main activities:

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

Council supports communities to identify and implement solutions to complex social issues present in society. The team works strategically and practically to ensure issues are identified, prioritised, and addressed collaboratively

Where to next?

Our future focus includes:

- Reviewing existing strategies
- Sharing and promoting the values and principles central to support the World Health Organisation Age-Friendly City Network that Napier is part of
- Working with the community to develop a Multicultural Strategy that includes the needs and aspirations of ethnic communities, groups, and the wider community
- Implementing recommendations from the Homelessness in Napier Report that Council endorsed in August 2022, and
- Working with communities and Civil Defence to help create community resilience plans.

Engagement

What we do and why

Napier City Council makes decisions about our city that affect residents in different ways. It is important for people who are likely to be affected to know what could happen and to have an opportunity to tell us what they think. The Engagement Activity is the key link between Council and community and is responsible for initiating those conversations in various ways as appropriate.

Some examples of how we engage with the community include:

- Digital, print and broadcast media
- Forums, meetings, roadshows, and
- Surveys, consultations, formal hearings.

Where to next?

We will continue to keep up with technology to best enable the community to contribute to decisions in interactive, stimulating, and accessible ways. We will continue to focus on delivering engagement activities that are underpinned by best practice and our Significance and Engagement Policy.

Communications, marketing and events

What we do and why

We provide communications and marketing support across Council to keep the community and staff well informed. These activities include brand management, media management, corporate communications, internal communications, marketing, and publicity.

Effective and proactive communication plays a critical role in building and maintaining trust with residents by ensuring they:

- Are aware of and understand Council and its services
- Perceive that their rates are being well spent
- Feel they can have a say in key decisions and changes that affect them
- See evidence of accountability and transparency.

We develop and deliver strategic marketing plans for all NCC public and visitor facilities. Marketing support initiatives promote NCC's brands with the goal of building brand awareness, generating business and driving positive revenue outcomes.

We are responsible for delivering Napier City Council's Events Strategy, which includes supporting over 50 local events and hosting Council-owned events such as the Napier Night Fiesta, Botanic Beats, and the New Year's Eve celebration.

Events play a key part in the social wellbeing, economic and cultural fabric of Napier. They reflect who we are and provide a way for the community to come together and engage with one another. Events enhance the region as a visitor destination and contribute significantly to the local economy.

Where to next?

Council's communications channels must evolve with current market trends to maintain traction and impact within a cluttered information environment. With a focus on growing community reach, NCC's content and channels will be continuously optimised to build engagement and brand awareness.

The post-COVID event scene is producing more opportunities, as events are seen as drivers for domestic tourism. As a result, NCC is being approached by more national and international event promoters and organisers about possible events in Napier. NCC aims to harness opportunities that align with Council's Events Strategy and strategic direction.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Kennedy Park		2	1	2		
Napier Conferences and Events		2	1	2		
Napier isite Visitor Centre		2	1	2		

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

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Par2 Mini Golf	Social, Economic	2	1	2		
National Aquarium of New Zealand	Social, Cultural, Economic, Environmental		1			
Napier Libraries	Social, Cultural		2	1		2
Napier Municipal Theatre	Social, Cultural, Economic		2	1		
MTG Hawke's Bay	Social, Cultural		2	1		2
The Faraday Museum of Technology	Social, Cultural		2	1		2
McLean Park	Social, Economic		2	1		
Reserves	Social, Cultural, Environmental		2	1		
Sportsgrounds	Social, Cultural, Environmental		2	1		
Napier Aquatic Centre	Social, Economic		2	1		
Ocean Spa	Social, Economic	2	1	2		
Bay Skate	Social, Economic		1			

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

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Retirement and Rental Housing				1		2
Community Facilities (Halls)			2	1	2	
Community Strategies				2	2	1
Engagement				2	2	1
Events and Marketing			2	2		1

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

Performance measures

Kennedy Park

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
To provide a range of high quality accommodation and related visitor experiences	Maintain Qualmark 5 star Gold Holiday Park rating.	Maintain	Maintain	Maintain	Maintain
	Maintain Qualmark 4+ star Gold Motel rating.	Maintain	Maintain	Maintain	Maintain
Services provided are value for money in the accommodation sector	Maintain high level of occupancy (visitor nights).	73,000	76,750	77,750	78,500
	Maintain high level of occupancy (room nights).	28,750	30,100	30,800	32,150
To provide a sustainable business	Average length of stay for visitors.	3.0 nights in built accommodation	3.0 nights in built accommodation	3.0 nights in built accommodation	3.0 nights in built accommodation

Conferences and events

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council provides a quality conference and events facility which enables events and services to be hosted, contributing to the economic wellbeing of the city.	Maintain Qualmark (4+ star Silver rating).	Maintain	Maintain	Maintain	Maintain
	Number of local, national, and international hires.	330	340	345	350

Napier isite visitor centre

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council provides an isite facility for visitors and locals to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services.	Maintain Qualmark Endorsed rating.	Maintain	Maintain	Maintain	Maintain
	Visitor numbers per annum.	≥150,000	≥152,000	≥154,000	≥155,000

Par2 Mini Golf

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council provides a Mini Golf facility as a visitor attraction and for local community use, which provides high customer satisfaction and a sustainable business.	Maintain Qualmark Silver rating	Maintain Silver	Maintain Silver	Maintain Silver	Maintain Silver
	Visitor numbers per annum	≥48,000	≥50,000	≥52,000	≥55,000
	Return on assets	16%	16%	16%	16%

Napier Libraries

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social, and educational needs.	Percentage of library members who are active borrowers (in 24-month period - card use only).	40%	40%	40%	45%
	Percentage of residents satisfied with library service in the Residents' Satisfaction Survey (excluding don't knows).	70%	70%	70%	75%
	Percentage of collection that is actively used.	70%	70%	70%	75%
	Number of internet sessions.	200,000	200,000	200,000	200,000
	Number of programme sessions delivered for all ages per year.	450	450	450	450

National Aquarium of New Zealand

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide an aquarium for visitors and local community for recreation and education.	Number of admissions.	≥145,000	≥146,000	≥147,000	≥148,000
	Maintain Qualmark Gold endorsed rating.	Maintain Gold	Maintain Gold	Maintain Gold	Maintain Gold
	ZAA (Zoo Aquarium Association) Accreditation.	Maintain accreditation	Maintain accreditation	Maintain accreditation	Maintain accreditation
Embody sustainability and ensure practical alignment with core conservation messaging.	Carbon Neutral Certification.	Achieve certification	Maintain certification	Maintain certification	Maintain certification

Napier Municipal Theatre

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council provides a quality performing arts venue experience for visitor and local use.	Maintain Qualmark Silver rating.	Maintain	Maintain	Maintain	Maintain
	No. of shows/ performances.	65	70	75	75

MTG Hawke's Bay

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Napier City Council provides a quality museum, theatre, and art gallery experience for local and visitor use.	Visitor numbers per year.	210,000	220,000	160,000	170,000
	Percentage of residents satisfied with MTG Hawke's Bay in the Residents' Satisfaction Survey.	60%	63%	65%	67%

The Faraday Museum of Technology

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
The council provides a quality technology museum that is accessible to the community.	Visitor numbers per annum.	25,000	26,500	28,500	30,000+

McLean Park

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provides a sport and recreation facility catering for a range of activities.	Number of major events hosted annually.	11	11	11	11

Reserves

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use.	Percentage of park users satisfied with parks and reserves in the Residents' Satisfaction Survey.	85%	85%	85%	85%
Playgrounds are safe, challenging, and enjoyable for both users and caregivers.	All playgrounds are inspected fortnightly.	100%	100%	100%	100%
Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use.	Annual reduction in the number of service requests for maintenance and repairs in parks and reserves.	Downwards trend	Downwards trend	Downwards trend	Downwards trend

Sportsgrounds

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community.	Provide an appropriate provision of sport and recreation parks to meet community need and continue to review provision.	Maintain 2.5 ha per 1,000 people	Maintain 2.5 ha per 1,000 people	Maintain 2.5 ha per 1,000 people	Maintain 2.5 ha per 1,000 people
Sporting surfaces and facilities are well maintained and suitable for use.	Percentage of those surveyed who are satisfied with sportsgrounds in the Residents' Satisfaction Survey.	85%	85%	85%	85%
Sports facilities support the event industry within the city.	Events held on the sportsgrounds per annum.	>50	>50	>50	>50

Napier Aquatic Centre

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide aquatic facilities that focus on accessibility and safety.	Number of users using the centre each year.	140,000	140,000	140,000	140,000
	Water chemical value tests must confirm the presence of chemicals between the lowest and highest values set in NZS 5826:2010 or immediate corrective action taken. Pools are tested 5 times daily. Monthly Independent laboratory tests confirm the absence of pathogens as outlined in NZS 5826:2010 or immediate corrective action taken.	97%	97%	97%	97%
	Maintain Poolsafe accreditation standard.	Maintain	Maintain	Maintain	Maintain
	Maintain Registered Swim School (RSS) standard, provided by Swimming New Zealand.	Maintain	Maintain	Maintain	Maintain

Ocean Spa

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
The Marine Parade Pools complex is a safe recreational facility for the community.	Water chemical value tests must confirm the presence of chemicals between the lowest and highest values set in NZS 5826:2010 or immediate corrective action taken. Pools are tested 5 times daily. Monthly Independent laboratory tests confirm the absence of pathogens as outlined in NZS 5826:2010 or immediate corrective action taken.	97%	97%	97%	97%
	Number of users using the centre each year.	205,000	210,000	220,000	225,000
	Achieve and maintain Poolsafe accreditation standard.	Achieve	Maintain	Maintain	Maintain
	Cost recovery %	85%	95%	105%	110%

Bay Skate

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide a facility to cater for a range of roller sports activities.	Visitor numbers per year (entry passes sold).	24,000	24,000	24,000	24,000
	Deliver between 8-12 events per year.	8 to 12	8 to 12	8 to 12	8 to 12

Retirement and rental housing

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide affordable and safe housing that meets the needs of tenants.	Percentage of tenants satisfied with service.	85%	85%	85%	85%
	Number of unit inspections	All 377 units inspected once per year	All 377 units inspected once per year	All 377 units inspected once per year	All 377 units inspected once per year
Maximise the occupancy and use of housing and village halls.	Occupancy rate of total units	90%	90%	90%	90%

Community facilities (halls)

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide affordable indoor facilities that meet the social, leisure, and cultural needs of the community.	Percentage of community, hobby and sports groups hireage for halls directly managed by Council.	85%	85%	85%	85%
	Percentage of customers satisfied with halls directly managed by Council.	95%	95%	95%	95%

Community strategies

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide quality advice, information, and support to community groups and agencies, and help build a strong community and voluntary sector.	Number of community training and network meetings facilitated each year.	20	20	20	20
	Percentage of attendees satisfied with community training and network meetings.	96%	96%	96%	96%
Develop effective strategies, policies, and initiatives that support community wellbeing.	Number of local community events per year.	40	40	40	40
Promote safety in response to issues and priorities in the community.	Percentage of residents who perceive they are safe or very safe in Napier (source: Biannual Social Monitor Survey).	75%	75%	75%	75%

Engagement

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Provide high quality information to the public to empower communities to participate in the decision-making process.	The percentage of residents satisfied with the amount of public consultation undertaken in the Residents' Satisfaction Survey.	75%	75%	75%	75%

Communications, marketing and events

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council works with strategically targeted new and existing events to assist them to grow, develop, and become sustainable.	Economic impact of events funded under the Council events strategy.	$12m	$12m	$12m	$12m
We keep people informed, make it easy for people to interact, engage, and transact with Council. We listen and act on the needs of the people.	Satisfaction with Council communication in the Annual Residents' Satisfaction Survey.	> 60%	> 60%	> 60%	> 60%

Risks

Given the nature of the activities in the Community and Visitor Experiences Activity Group, they all share the risk that the cost of service delivery outweighs the benefits to the community.

Visitor destinations such as MTG Hawke's Bay and the Faraday Museum of Technology, but predominantly sports and recreation facilities such as Bay Skate and the pool complexes, pose risks to the health and safety of staff and customers. Risk mitigations such as lifeguards and safety installations are in place. Many facilities rely on accreditations from regulatory entities to continue operating, such as pool water safety standards and requirements around captive wildlife.

Infrastructure failures or loss of key environmental controls such as sprinkler systems, are a risk to the delivery of planned levels of service for all these activities. The National Aquarium, for instance, requires constant performance of life support and water quality systems to keep precious aquatic animals alive. MTG Hawke's Bay and Faraday Museum of Technology both display irreplaceable taonga that must be stored in the right conditions. Inspection and maintenance routines are in place to mitigate the risk of unforeseen closures for these facilities or damage to collections and assets.

These activities rely on positive word of mouth and repeat customers. Damage to reputation could have significant negative effects on these facilities, so NCC is continually reviewing customer requirements and adjusting levels of service accordingly.

Reserves and Sportsgrounds will begin to experience challenges due to climate change. As the sea level rises, this will encroach on our waterfront reserves, provide harsher conditions for our planted environments, and could increase the salt levels in our soil, making it difficult to maintain sportsgrounds. We need to start thinking carefully about where we construct new public facilities, such as lifesaving clubs close to the seafront. There is a risk that the effects of a warming climate will be felt sooner than expected, particularly without significant mitigations.

Areas and facilities such as parks and sportsgrounds can attract anti-social behaviour like graffiti, which ultimately costs money to remedy and reduces the public's enjoyment of these spaces. We mitigate where possible with lighting, security patrols, and by incorporating crime prevention strategies into the way we plan spaces around our city.

We need to be mindful that the right information is getting to the right audiences, and people know how to have their say if they want to get involved. There is a risk that people directly affected by Council decisions have barriers to engagement. There is also the risk that affected residents don't know about decisions until it's too late to influence the outcome. We mitigate this by widely disseminating information using multiple channels, and constantly diversifying the ways that people can communicate with us. For example, by using interpreters, 'Easy Read', and large fonts, or accepting video submissions to consultations.

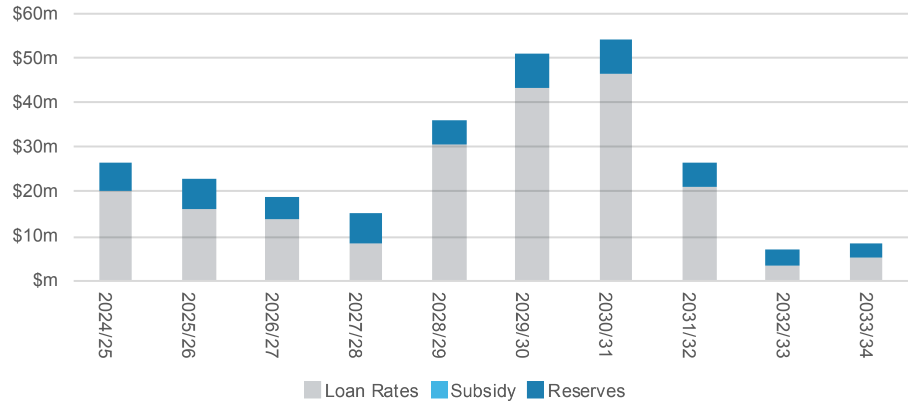
Significant negative effects

No significant negative effects have been identified for this Activity Group.

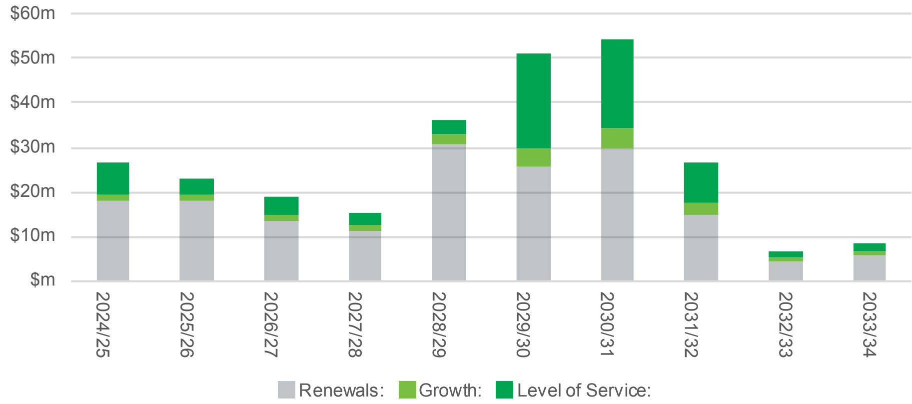
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Community and Visitor Experiences total capital funding for Three-Year Plan period 2024-34



Community and Visitor Experiences total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding impact statement for 2024/2034 for Community and Visitor Experiences

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	34,196	37,309	39,319	42,020	45,164	49,024	53,980	59,619	64,207	69,955
Targeted rates	385	1,054	1,779	1,812	1,844	1,877	1,911	1,944	1,977	2,010
Subsidies and grants for operating purposes	267	268	268	193	193	194	194	194	195	195
Fees and charges	19,561	21,378	23,171	25,434	27,281	27,847	28,436	28,870	29,202	29,487
Internal Charges and overhead recoveries	2,300	2,242	2,586	2,629	2,698	2,700	2,548	2,594	2,638	2,681
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5,934	6,118	6,228	6,340	6,454	6,570	6,688	6,801	6,917	7,034
Total operating funding (A)	**62,643**	**68,369**	**73,351**	**78,428**	**83,634**	**88,212**	**93,757**	**100,022**	**105,136**	**111,362**
Applications of operating funding										
Payments to staff and suppliers	45,278	46,923	47,671	49,247	49,066	49,949	52,307	53,174	54,072	55,003
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	16,005	18,071	20,747	22,619	23,580	25,328	27,668	30,706	31,978	32,057
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**61,283**	**64,994**	**68,418**	**71,866**	**72,646**	**75,277**	**79,975**	**83,880**	**86,050**	**87,060**
Surplus/(deficit) of operating funding (A - B)	**1,360**	**3,375**	**4,933**	**6,562**	**10,988**	**12,935**	**13,782**	**16,142**	**19,086**	**24,302**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	678	699	712	725	738	751	764	777	791	804
Increase/(decrease) in debt	19,002	14,564	11,733	6,701	27,717	39,917	42,181	15,578	(2,623)	(1,452)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**19,680**	**15,263**	**12,445**	**7,426**	**28,455**	**40,668**	**42,945**	**16,355**	**(1,832)**	**(648)**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	981	1,000	973	1,081	2,017	3,828	3,991	2,265	450	412
- to improve the level of service	7,172	3,545	4,365	2,521	3,208	21,373	20,104	9,107	1,655	1,871
- to replace existing assets	18,178	17,991	13,378	11,283	30,637	25,609	29,900	14,807	4,337	5,731
Increase (decrease) in reserves	(5,291)	(3,898)	(1,338)	(897)	3,581	2,793	2,732	6,318	10,812	15,640
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**21,040**	**18,638**	**17,378**	**13,988**	**39,443**	**53,603**	**56,727**	**32,497**	**17,254**	**23,654**
Surplus/(deficit) of capital funding (C - D)	**(1,360)**	**(3,375)**	**(4,933)**	**(6,562)**	**(10,988)**	**(12,935)**	**(13,782)**	**(16,142)**	**(19,086)**	**(24,302)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	11,291	13,120	14,797	16,204	19,370	21,929	23,038	24,583	25,789	26,628

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

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

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

Property assets

The property assets activity group is made up of the following activities:

- Parklands Residential Development
- Lagoon Farm
- Inner Harbour
- Property and Investment Assets, and
- Buildings Asset Management.

These activities have been grouped together as they relate to the strategic ownership and development of land by NCC, or the stewardship of buildings and infrastructure that has significance for Napier.

Lagoon Farm

Parklands residential development

What we do and why

Parklands Residential Development is a multi-stage residential development delivered by Napier City Council. The subdivision has been split into four areas and encompasses 120 hectares of former Lagoon Farm land.

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

Where to next?

The current development rate targets an output of about 50 sections per year. At this rate and subject to subdivision consent of the area available for residential development, development should continue until around 2029. This would provide around 300 further sections.

Lagoon Farm

What we do and why

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

The farm comprises 289 hectares, with 40 hectares used for roads, fencing, and storage areas. This activity covers the costs of land retention and, wherever possible, provides a supplementary revenue stream for NCC to fund coastal amenities and maintenance. It also provides other ancillary amenities to the public, for example recreational cycleway access into the estuary zone and a site for blokarting activities. Approximately one-quarter of the farm adjacent to the lower Purimu Stream is low lying and provides ponding capacity for ‘sNapier stormwater system during extreme weather.

Where to next?

Commercial farming activities will continue on the land to cover the cost of continued ownership. This Plan provides for maintenance and renewals of the farm, buildings, and machinery to ensure continued productivity and reduce negative environmental impacts where possible. Lagoon Farm is earmarked for future use in the development of a Regional Park around Te Whanganui-a-Orotū (the Ahuriri Estuary). Timing for this is aligned with Hawkes Bay Regional Council since the development will be joint.

Inner harbour

What we do and why

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

The Inner Harbour provides a channel to the open sea, which Council is required to dredge to ensure it remains navigable. The waters within the Inner Harbour are used by the wider community, and some Council wharves and jetties are used for recreational fishing. Responsibility for managing the Inner Harbour transferred to Napier City Council as an integral part of local government reorganisation in 1989.

Where to next?

A recent assessment of the condition of the Inner Harbour’s walls and structures has revealed that varying levels of remediation and replacement work are required. This is an opportunity to improve the facilities for all users and to increase access, amenity, and cultural and historical understanding.

NCC has developed the Inner Harbour Plan; one of the key projects from the Ahuriri Estuary and Coastal Edge Masterplan. The plan provides a work programme for the next 10 years, including improvements to parks, roads, laneways, and connection with the coastal edge. Projects in the masterplan will be funded through Council funding, public-private partnerships, and central government funding opportunities where possible.

Property and investment assets

What we do and why

This activity is responsible for the management of leases and licences that have been established for parks, reserves, sportsgrounds, roads, and sundry properties either owned or leased by Council.

In addition, the activity administers Council's leasehold land portfolio which consists of residential land and commercial and industrial land included in the Napier City Councils Investment Property Portfolio. The activity also attends to land acquisitions and disposals and various land legislative matters.

Where to next?

The majority of properties in Council's Investment Property Portfolio are situated in Onekawa, Ahuriri, and Pandora.

Under legislation, Council uses the ground rental income to support the improvement, protection, management, or use of the Inner Harbour and the coastal marine area. Under current policies Council may sell non-strategic land included in the Napier City Council's Investment Property Portfolio. Decisions as to sale are made on a case-by-case basis as outlined in the Investment Property Portfolio Policy. Council is currently considering investment strategies and legal structures with regard to the reinvestment of sale proceeds.

Buildings asset management

What we do and why

The Building Asset Management Activity provides:

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

Council is required by legislation to ensure its buildings are safe and healthy. Buildings are also important assets that can support the health and wellbeing of the community. When looked after well, our buildings can minimise our environmental impact and provide spaces for a wide range of community activities.

Where to next?

Over the course of this Plan, we will focus on:

- Developing and maturing Building Asset Management as a discipline across Council
- Assisting Activity Managers with development and maintenance of Activity and Asset Management Plans
- Continuing the Asbestos Management Programme in accordance with the 2024 update of Asbestos Management Policy
- Investigating evolving technology and tools relevant to Buildings Information Management, and
- Developing systems and processes as appropriate.

Contribution to Wellbeings and Community Outcomes

Key: 1 = Primary focus 2 = contributes to	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Parklands Residential Development		1				
Lagoon Farm				2	1	
Inner Harbour				2	1	
Property and Investment Assets		1				
Buildings Asset Management		1			2	

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

Performance measures

Parklands residential development

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Residential lots are created to provide an expanding residential development to meet the demand for the sections.	Completion of any residual infrastructure works for Area 3 and sections in Area 4 available to market.	Complete all consents and approvals for stages 11 and 12 to 224.	Completion of fill to consented level Area 4 and 39 developed sections to 223 stage to complete Area 3.	50 sections developed to 223 stage.	50 sections developed to 223 stage per year.

Lagoon Farm

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Lagoon Farm ensures stewardship of Council's 289 hectare land holding on the Ahuriri Lagoon Bed.	Farm revenue will cover the cost of retaining the land as measured by the operating budget and Napier City Council annual internal financial statements for year ended 30 June each year.	Revenue exceeds expenditure (prior to internal chargebacks)	Revenue exceeds expenditure (prior to internal chargebacks)	Revenue exceeds expenditure (prior to internal chargebacks)	Revenue exceeds expenditure (prior to internal chargebacks)

Inner harbour

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels.	Dredging is carried out as required so the channel is maintained to a minimum depth of 2.4 m at lowest tide (source: depth sound checks).	Achieved	Achieved	Achieved	Achieved
	Number of permanent berths.	98	98	98	98

Building asset management

Level of Service	Performance Measure	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Years 4-10 2027-34
Council maintains and renews Specified Systems to ensure buildings remain safe and compliant.	Buildings with compliance schedules under the Building Act 2004 which have current Building Warrants of Fitness (or acceptable compliance documentation in Lieu)	100%	100%	100%	100%

Risks

The main risk for the Parklands Activity is that the revenue stream and public good that come from bringing new residential sections to market are outweighed by the cost of development.

One of the key risks for the Lagoon Farm Activity is that the cost of operating a sheep farm becomes higher than any revenue received. A reduction in sheep prices would reduce farm income. Should the prices stay at low levels, the farm may be unviable in its current format and the business model would need to be reviewed. Another risk for the farm is that application of fertiliser negatively affects the Ahuriri Estuary by increasing nutrient levels in the water. This is currently being mitigated by strict control of fertiliser application based on soil sampling and absorption rate analysis.

Encouraging continued use of the Inner Harbour area also risks degrading the natural environment from dredging and contaminants from boats if not managed appropriately.

The main risk with the Property and Investment Asset Activity is underinsurance of NCC assets. There would also be risk if a lease or agreement were left to lapse, creating legal uncertainty.

Council is subject to legislative obligations (including those under the Building Act 2004) and there is a risk of failing to comply with legal requirements, which could result in criminal fines, unplanned facility closures, or injury to staff or visitors.

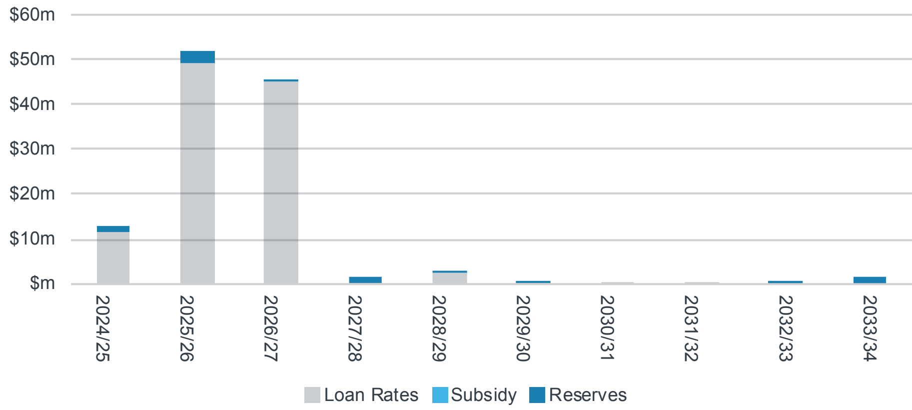
Significant negative effects

There are no significant effects identified for this Activity Group.

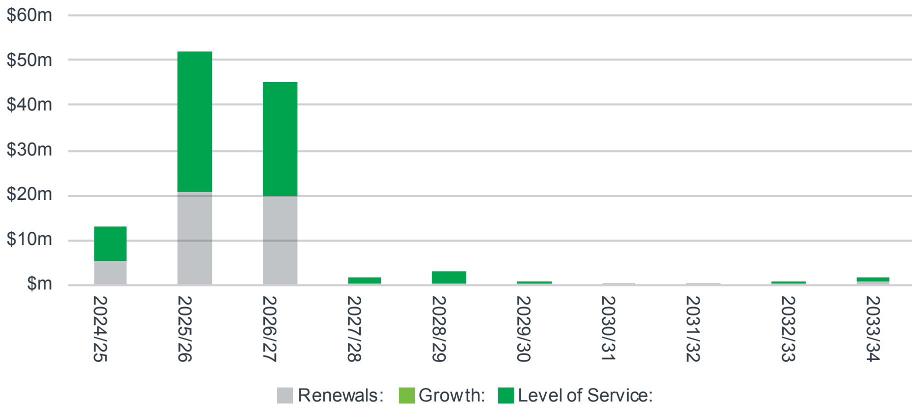
Financial information

The following graphs show details of our capital expenditure and how it is funded.

Property Assets total capital funding for Three-Year Plan period 2024-34



Property Assets total type of project for Three-Year Plan period 2024-34



Napier City Council: Funding impact statement for 2024/2034 for Property Assets

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	(418)	393	2,725	4,581	4,381	4,566	4,160	4,050	4,186	3,835
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	510	526	535	545	555	565	575	584	594	605
Internal Charges and overhead recoveries	7,866	8,196	8,422	8,659	8,907	9,167	9,440	9,651	9,939	10,241
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	15,864	10,414	15,451	27,155	27,524	27,725	16,538	4,736	4,782	4,830
Total operating funding (A)	**23,822**	**19,529**	**27,133**	**40,940**	**41,367**	**42,023**	**30,713**	**19,021**	**19,501**	**19,511**
Applications of operating funding										
Payments to staff and suppliers	20,042	13,621	15,261	21,485	22,065	19,650	13,841	9,448	10,767	9,775
Finance costs	-	-	-	-	-	-	-	-	-	-
Internal Charges and Overheads Applied	3,077	3,194	7,607	10,014	9,975	9,808	8,520	7,992	7,856	7,692
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**23,119**	**16,815**	**22,868**	**31,499**	**32,040**	**29,458**	**22,361**	**17,440**	**18,623**	**17,467**
Surplus/(deficit) of operating funding (A - B)	**703**	**2,714**	**4,265**	**9,441**	**9,327**	**12,565**	**8,352**	**1,581**	**878**	**2,044**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	15,384	50,789	43,119	(1,379)	(232)	(2,884)	(2,841)	(3,010)	(2,635)	(1,697)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**15,384**	**50,789**	**43,119**	**(1,379)**	**(232)**	**(2,884)**	**(2,841)**	**(3,010)**	**(2,635)**	**(1,697)**

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	-	37	-	39	-	40	-	-	-	-
- to improve the level of service	7,542	31,046	25,394	1,077	2,623	172	-	-	222	676
- to replace existing assets	5,397	20,800	19,827	554	402	409	27	28	361	1,043
Increase (decrease) in reserves	3,148	1,620	2,163	6,392	6,070	9,060	5,484	(1,457)	(2,340)	(1,372)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**16,087**	**53,503**	**47,384**	**8,062**	**9,095**	**9,681**	**5,511**	**(1,429)**	**(1,757)**	**347**
Surplus/(deficit) of capital funding (C - D)	**(703)**	**(2,714)**	**(4,265)**	**(9,441)**	**(9,327)**	**(12,565)**	**(8,352)**	**(1,581)**	**(878)**	**(2,044)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: Excluded from Above										
Group Depreciation	2,537	2,959	3,674	4,515	4,622	4,836	4,853	4,992	5,151	5,122

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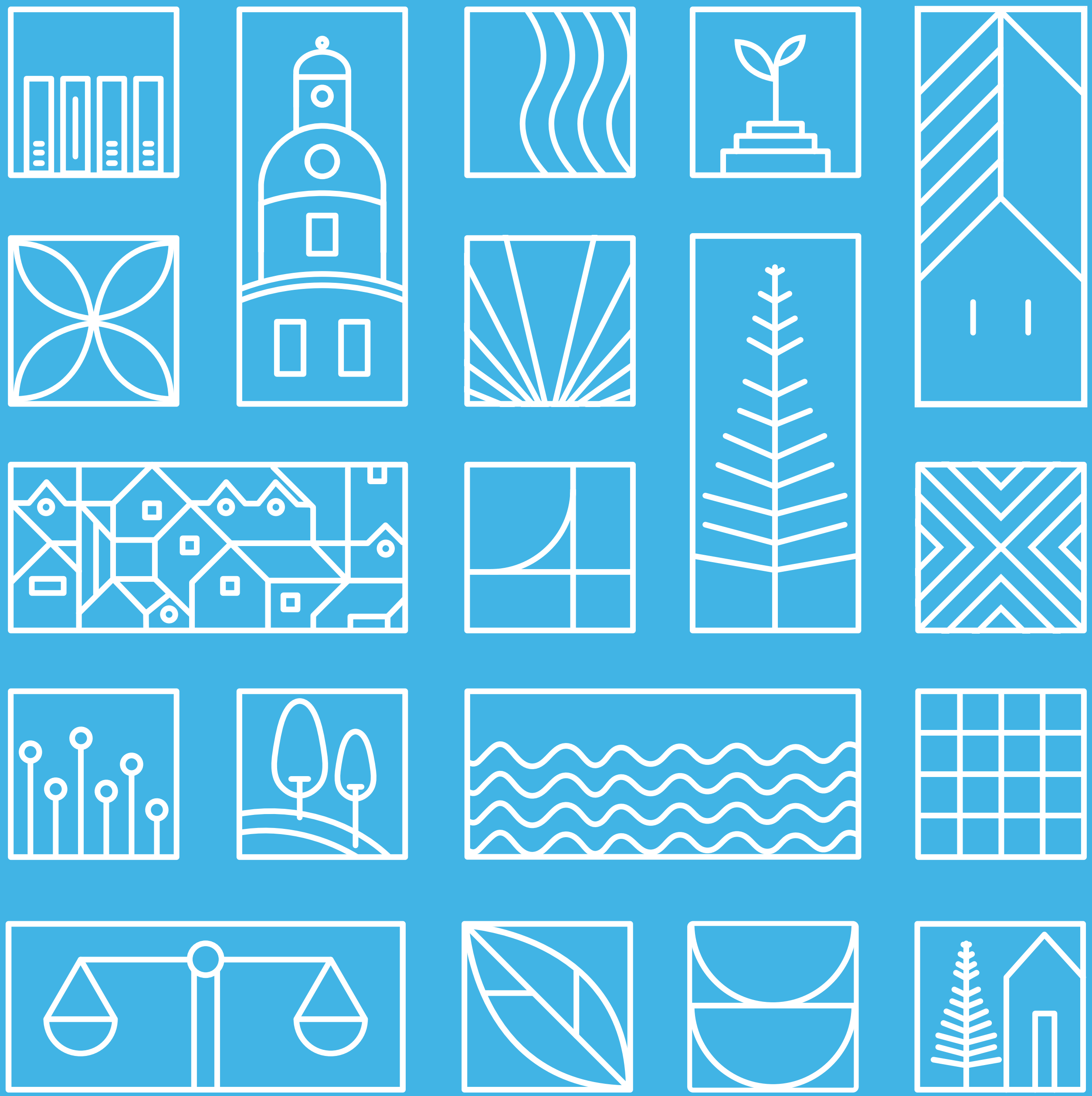

Te Kaunihera o Ahuriri
Napier City Council

Three-Year Plan 2024-2027

Volume Two: Our detailed budgets, strategies, and policies

Adopted 27 June 2024

NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

ISSN 1173-4477 (print) ISSN 1177-9896 (online)

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

Navigating this document

The Local Government Act 2002 requires us to review and update our Long Term Plan every three years. That Act also sets out what information the plan must contain.

Where is the 2024-34 Long Term Plan?

Due to the disruption caused by Cyclone Gabrielle, the government changed the legal requirement for NCC to produce a 10-year Long Term Plan. We have instead produced an unaudited, three-year plan for 2024-2027, with a focus on recovery. This change acknowledges the effects Cyclone Gabrielle has had on our ability to deliver previously planned projects. Our Three-Year Plan still provides information on budgets and plans beyond 30 June 2027 to give our community visibility of projects planned over the longer term.

This is a long document, so to make it easier to read, we've split it into two volumes, arranged as follows:

Volume One: An overview of our Three-Year Plan

Introduction: This section sets the scene, containing opening remarks from Mayor Kirsten Wise and Napier City Council Chief Executive Louise Miller, and a brief overview of Napier City.

Three Year Plan summary: This section introduces our Three-Year Plan, including our strategic direction and Community Outcomes, our approach to developing this plan (including consultation and external circumstances we've had to consider), and our significant initiatives over the next three years.

Activity Groups: This section provides key information on the services Napier City Council delivers, how we'll measure performance, and the budgets for our activities for the next 10 years.

Volume Two: Our detailed budgets, strategies, and policies

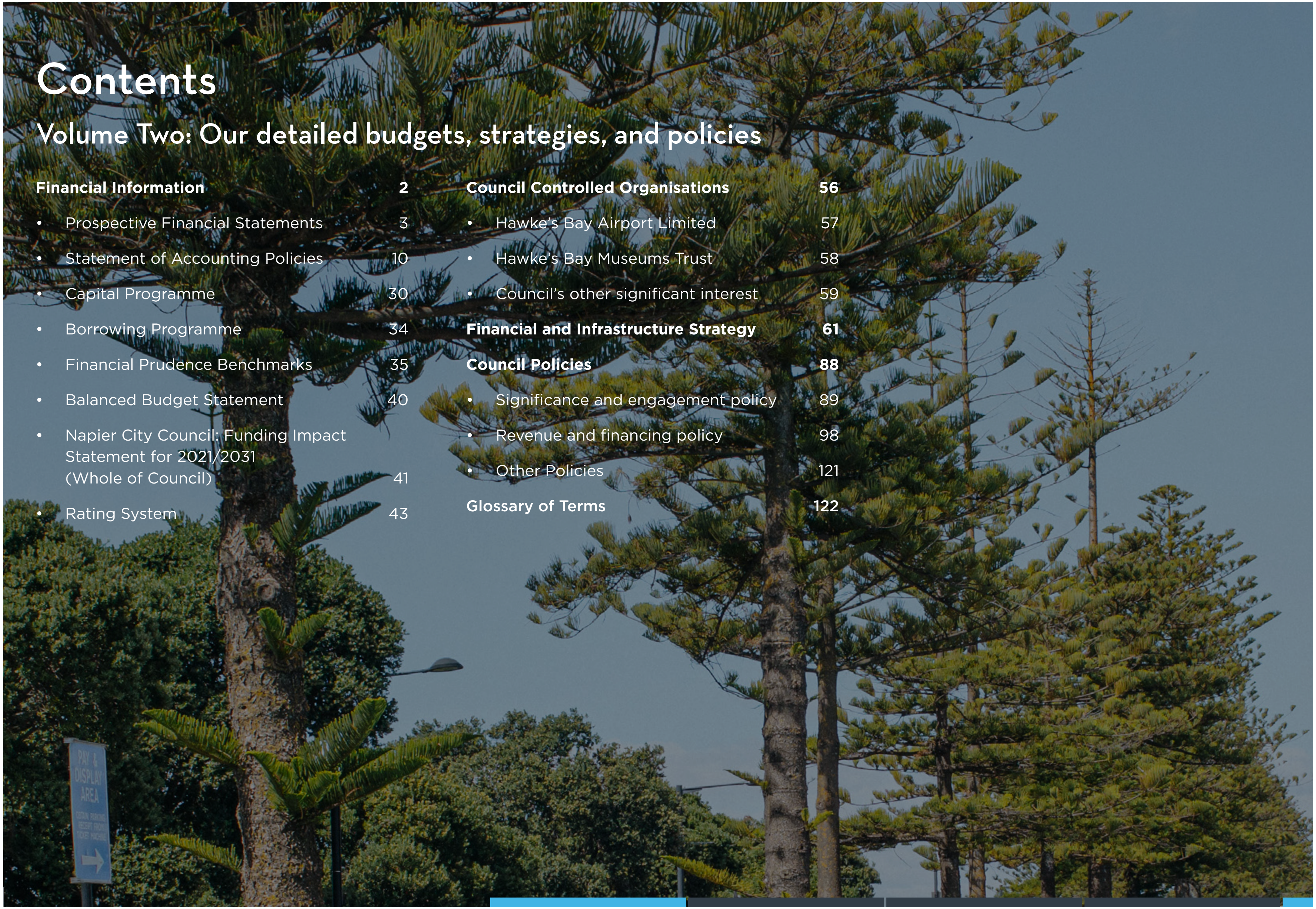
Financial information: This sets out our financial reporting and prudence benchmarks, which give a high-level overview of our key financial information and explains how we fund our activities. This includes our Funding Impact Statement.

Council Controlled Organisations: An overview of Napier City Council's Council Controlled Organisations (CCOs).

Combined Finance and Infrastructure Strategy: This describes how we intend to manage our infrastructure assets over the next 10 years and how our financial settings will allow for required investment.

Policies: Our full Significance and Engagement Policy, and Revenue and Financing Policy, and information about finding our other policies.

Glossary of terms: Definitions of any special terms used throughout this plan.



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Volume Two: Our detailed budgets, strategies, and policies

Financial information

Prospective statement of comprehensive revenue and expenses

Forecast for the ten years ending 2024/25 to 2033/2034

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
	Revenue										
85,308	Rates revenue	102,478	114,381	124,725	135,029	146,188	158,271	171,357	185,526	200,871	217,488
-	Finance revenue	166	879	1,276	1,604	1,946	2,280	2,588	2,857	3,081	3,263
7,478	Development and financial contributions	7,665	7,903	8,045	8,190	8,337	8,487	8,640	8,787	8,936	9,088
8,196	Subsidies and grants	11,084	30,407	22,556	25,466	11,556	12,740	14,979	12,313	13,094	14,088
56,967	Other revenue	67,661	64,906	72,091	86,499	89,244	90,388	82,176	71,371	72,158	72,985
294	Other gains/(losses)	5,968	4,727	3,957	2,592	2,630	2,540	2,573	2,606	2,511	2,544
158,243	**Total revenue**	**195,022**	**223,203**	**232,650**	**259,380**	**259,901**	**274,706**	**282,313**	**283,460**	**300,651**	**319,456**
	Expenditure										
52,494	Employee Benefit Expense	60,554	62,236	64,432	65,528	66,587	67,585	68,642	69,621	70,586	71,575
42,538	Depreciation and Amortisation	44,951	49,234	54,549	58,471	63,241	69,597	73,311	78,026	83,309	86,300
2,048	Finance Costs	3,425	7,836	12,520	15,616	17,901	19,655	21,619	23,596	23,726	21,840
75,537	Other Operating Expenses	91,668	85,226	91,686	100,349	101,068	99,108	96,661	93,617	96,264	97,168
172,617	**Total expenditure**	**200,598**	**204,532**	**223,187**	**239,964**	**248,797**	**255,945**	**260,233**	**264,860**	**273,885**	**276,883**
(14,374)	**Operating surplus/(deficit) before tax**	**(5,576)**	**18,671**	**9,463**	**19,416**	**11,104**	**18,761**	**22,080**	**18,600**	**26,766**	**42,573**
239	Share of associate surplus/(deficit)	728	566	584	595	606	617	628	640	651	662
(14,135)	**Surplus/(deficit) before tax**	**(4,848)**	**19,237**	**10,047**	**20,011**	**11,710**	**19,378**	**22,708**	**19,240**	**27,417**	**43,235**
-	Income tax expense	-	-	-	-	-	-	-	-	-	-
(14,135)	**Surplus/(deficit) after tax**	**(4,848)**	**19,237**	**10,047**	**20,011**	**11,710**	**19,378**	**22,708**	**19,240**	**27,417**	**43,235**
	Other comprehensive revenue										
6,459	Valuation gains/(losses) taken to equity	42,026	108,223	10,647	56,197	93,587	8,011	42,517	84,112	8,336	45,383
-	Fair value gains/(losses) through comprehensive income on investments	-	-	-	-	-	-	-	-	-	-
(7,676)	**Total comprehensive revenue and expenses**	**37,178**	**127,460**	**20,694**	**76,208**	**105,297**	**27,389**	**65,225**	**103,352**	**35,753**	**88,618**

Notes to prospective statement of comprehensive revenue and expenses

Forecast for the ten years ending 2024/25 to 2033/2034

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
755	**1. Income from targeted rates for metered water supply**	**789**	**814**	**828**	**843**	**859**	**874**	**890**	**905**	**920**	**936**
	2. Depreciation and Amortisation Expense by Group of Activity										
540	City Strategy	547	576	623	644	653	637	529	487	382	373
9,950	Community and Visitor Experiences	11,291	13,120	14,797	16,204	19,370	21,929	23,038	24,583	25,789	26,628
1,388	Other Infrastructure	1,479	1,532	1,083	1,016	995	983	1,011	1,041	1,054	1,030
1,333	Property Assets	2,537	2,959	3,674	4,515	4,622	4,836	4,853	4,992	5,151	5,122
5,443	Stormwater	5,517	5,574	6,106	6,156	6,061	6,747	6,947	7,186	7,889	8,164
2,850	Support Units	2,636	3,363	3,871	4,418	4,874	5,332	5,684	6,136	6,347	6,389
8,527	Transportation	7,774	8,682	9,500	10,395	11,528	12,479	13,441	14,418	15,180	16,186
7,855	Wastewater	8,140	8,302	9,163	9,290	9,241	10,148	11,064	12,167	13,703	14,464
4,653	Water Supply	5,030	5,126	5,732	5,833	5,897	6,506	6,744	7,016	7,814	7,944
42,538	**Total directly attributable depreciation and amortisation by group of activity**	**44,951**	**49,234**	**54,549**	**58,471**	**63,241**	**69,597**	**73,311**	**78,026**	**83,309**	**86,300**

Prospective statement of financial position

Forecast for ten years ending 30 June 2025 to 30 June 2034

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
	Assets										
	Current assets										
6,618	Cash and cash equivalents	6,073	6,169	7,695	7,356	7,422	7,473	7,510	7,580	7,399	7,280
16,717	Debtors and other receivables	25,386	28,815	29,532	32,935	32,036	33,206	33,221	32,049	33,302	34,711
14,728	Inventories	5,246	5,513	11,361	11,317	9,824	5,201	672	684	695	707
310	Biological assets	297	306	312	317	323	329	335	341	346	352
-	Other financial assets	-	-	-	-	-	-	-	534	1,038	1,038
38,373	**Total current assets**	**37,002**	**40,803**	**48,900**	**51,925**	**49,605**	**46,209**	**41,738**	**41,188**	**42,780**	**44,088**
	Non-current assets										
2,228,477	Property, plant and equipment	2,324,400	2,523,261	2,612,429	2,725,036	2,864,768	2,917,542	3,016,296	3,126,158	3,133,901	3,174,675
561	Intangible assets	1,463	1,368	1,372	1,305	1,330	1,354	1,378	1,403	1,427	1,451
14,873	Inventories	16,313	21,027	15,557	9,254	3,557	-	-	-	-	-
107,701	Investment property	108,727	112,967	116,469	118,682	120,937	123,114	125,330	127,586	129,755	131,961
12,914	Investment in associates	14,030	14,285	14,547	14,815	15,087	15,364	15,646	15,934	16,226	16,523
1,968	Other financial assets	7,563	14,273	20,956	26,892	32,943	39,066	43,399	46,783	49,528	52,453
2,366,494	**Total non-current assets**	**2,472,496**	**2,687,181**	**2,781,330**	**2,895,984**	**3,038,622**	**3,096,440**	**3,202,049**	**3,317,864**	**3,330,837**	**3,377,063**
2,404,867	**Total assets**	**2,509,498**	**2,727,984**	**2,830,230**	**2,947,909**	**3,088,227**	**3,142,649**	**3,243,787**	**3,359,052**	**3,373,617**	**3,421,151**
	Liabilities										
	Current liabilities										
25,055	Trade payables and other accruals	26,017	26,671	27,424	28,110	28,222	28,242	28,438	27,785	27,785	28,016
6,811	Employee benefit liabilities	7,528	7,809	8,111	8,364	8,679	8,889	9,104	9,315	9,591	9,750
-	Borrowings	-	-	-	-	-	-	-	21,378	41,508	41,527
31,866	**Total current liabilities**	**33,545**	**34,480**	**35,535**	**36,474**	**36,901**	**37,131**	**37,542**	**58,478**	**78,884**	**79,293**

Prospective statement of financial position CONTINUED

Forecast for ten years ending 30 June 2025 to 30 June 2034

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
	Non-current liabilities										
811	Employee benefit liabilities	689	653	674	572	410	357	302	245	125	124
67,224	Borrowings	85,565	175,639	256,082	296,684	331,406	358,228	393,751	384,752	343,244	301,717
1,174	Provisions	1,738	1,791	1,824	1,857	1,890	1,924	1,959	1,992	2,026	2,060
69,209	**Total non-current liabilities**	**87,992**	**178,083**	**258,580**	**299,113**	**333,706**	**360,509**	**396,012**	**386,989**	**345,395**	**303,901**
101,075	**Total liabilities**	**121,537**	**212,563**	**294,115**	**335,587**	**370,607**	**397,640**	**433,554**	**445,467**	**424,279**	**383,194**
2,303,792	**Total net assets**	**2,387,961**	**2,515,421**	**2,536,115**	**2,612,322**	**2,717,620**	**2,745,009**	**2,810,233**	**2,913,585**	**2,949,338**	**3,037,957**
	Net assets / equity										
830,860	Accumulated revenue and expenses	809,644	828,734	838,663	858,579	871,086	890,409	913,078	932,302	960,657	1,003,914
1,472,932	Other reserves	1,578,317	1,686,687	1,697,452	1,753,743	1,846,534	1,854,600	1,897,155	1,981,283	1,988,681	2,034,043
2,303,792	**Total net assets / equity**	**2,387,961**	**2,515,421**	**2,536,115**	**2,612,322**	**2,717,620**	**2,745,009**	**2,810,233**	**2,913,585**	**2,949,338**	**3,037,957**

Prospective statement of changes in net assets/equity

Forecast for the ten years ending 30 June 2025 to 30 June 2034

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
2,311,468	Total net equity balance at 1 July	2,350,783	2,387,961	2,515,421	2,536,114	2,612,323	2,717,620	2,745,008	2,810,233	2,913,585	2,949,339
(7,676)	Total comprehensive revenue for the period	37,178	127,460	20,694	76,208	105,297	27,389	65,225	103,352	35,753	88,618
2,303,792	**Total net equity balance at 30 June**	**2,387,961**	**2,515,421**	**2,536,115**	**2,612,322**	**2,717,620**	**2,745,009**	**2,810,233**	**2,913,585**	**2,949,338**	**3,037,957**
	Total comprehensive revenue and expenses attributable to:										
(7,676)	Napier City Council	37,178	127,460	20,694	76,208	105,297	27,389	65,225	103,352	35,753	88,618
(7,676)	**Total comprehensive revenue and expenses**	**37,178**	**127,460**	**20,694**	**76,208**	**105,297**	**27,389**	**65,225**	**103,352**	**35,753**	**88,618**

Prospective statement of cash flows

Forecast for the ten years 2024/25 to 2033/34

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000	TYP 2034/35 $000
	Cash flows from operating activities										
81,734	Receipts from rates revenue	102,228	114,244	124,610	134,905	146,053	158,126	171,200	185,357	200,688	217,291
-	Interest received	166	879	1,276	1,604	1,946	2,280	2,588	2,857	3,081	3,263
-	Dividends received	-	-	-	-	-	-	-	-	-	-
67,597	Receipts from other revenue	79,465	98,816	100,915	115,657	108,843	109,225	102,653	90,337	89,681	91,494
1,559	Goods and services tax (net)	(99)	(107)	(122)	(102)	(19)	(5)	(34)	94	(3)	(41)
(137,844)	Payments to suppliers and employees	(147,697)	(150,475)	(155,570)	(159,054)	(160,325)	(158,244)	(160,129)	(164,278)	(167,146)	(168,410)
(2,048)	Interest Paid	(3,425)	(7,836)	(12,520)	(15,616)	(17,901)	(19,655)	(21,619)	(23,596)	(23,726)	(21,840)
10,998	**Net cash from operating activities**	**30,638**	**55,521**	**58,589**	**77,394**	**78,597**	**91,727**	**94,659**	**90,771**	**102,575**	**121,757**
	Cash flows from investing activities										
250	Proceeds from sale of property, plant and equipment	4,940	3,655	3,766	4,889	5,020	5,655	5,955	6,292	6,160	6,047
76	Proceeds from withdrawal of investments	-	-	-	-	-	-	-	-	534	1,038
(74,416)	Purchase of property, plant and equipment	(86,400)	(142,062)	(134,231)	(116,923)	(111,852)	(117,652)	(131,383)	(105,065)	(83,894)	(83,088)
448	Purchase of intangible assets	(610)	(629)	(641)	(653)	(665)	(677)	(689)	(701)	(713)	(725)
1,025	Acquisition of investments	(4,151)	(6,463)	(6,400)	(5,648)	(5,756)	(5,824)	(4,028)	(3,606)	(3,465)	(3,640)
(72,300)	**Net cash from investing activities**	**(86,221)**	**(145,499)**	**(137,506)**	**(118,335)**	**(113,253)**	**(118,498)**	**(130,145)**	**(103,080)**	**(81,378)**	**(80,368)**

Prospective statement of cash flows CONTINUED

Forecast for the ten years 2024/25 to 2033/34

AP 2023/24 $000		TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
	Cash flows from financing activities										
63,222	Proceeds from borrowings	56,965	90,074	80,443	40,602	34,722	26,822	35,523	12,379	-	-
-	Repayment of borrowings	-	-	-	-	-	-	-	-	(21,378)	(41,508)
63,222	**Net cash from financing activities**	**56,965**	**90,074**	**80,443**	**40,602**	**34,722**	**26,822**	**35,523**	**12,379**	**(21,378)**	**(41,508)**
1,603	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1,382	96	1,526	(339)	66	51	37	70	(181)	(119)
5,015	Cash, cash equivalents and bank overdrafts at 1 July	4,691	6,073	6,169	7,695	7,356	7,422	7,473	7,510	7,580	7,399
6,618	**Cash, cash equivalents and bank overdrafts at 30 June**	**6,073**	**6,169**	**7,695**	**7,356**	**7,422**	**7,473**	**7,510**	**7,580**	**7,399**	**7,280**

The GST (net) component of operating activities reflects the net GST paid or received to or from the Inland Revenue Department.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Statement of accounting policies

In accordance with the Local Government Act 2002 Part 6 Section 93, Napier City Council (the Council) adopted for consultation the Consultation Document for Napier's 2024–2027 Three Year Plan document 14 March 2024. The final 2024–2027 Three Year Plan (TYP) was authorised and adopted by the Council on 27 June 2024 following public consultation. As the authorising body, the Council is responsible for the TYP presented, along with the underlying assumptions, and all other required disclosures. The principal accounting policies adopted in the preparation of the TYP financial statements are set out below. The financial statements comprise the financial statements for the Council as an individual entity. The main purpose of the prospective financial statements outlined in the TYP is to provide users with information about core services that the Council intends to provide ratepayers, the expected cost of those services, and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service.

Reporting entity

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

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

- Hawke's Bay Airport Limited (26% share of voting rights) equity accounted.
- The Ōmarunui Refuse Landfill is a jointly controlled asset. The Council includes only its 36.32% share of all revenue, expenditure, assets and liabilities of the landfill facility

The Council provides local infrastructure, local public services and amenities, and performs regulatory functions for the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

Basis of preparation

Statement of compliance

The prospective financial statements are for the Council as a separate legal entity and have been prepared in accordance with the Severe Weather Emergency Legislation Act 2023's amendment to Section 93 of the LGA, which requires local authorities to prepare and adopt a Three Year Plan before the commencement of the first year to which it relates and continues in force until the close of the third consecutive year to which it relates.

These prospective financial statements have been prepared in accordance with the requirements of the Act Part 6, Section 98, and Part 1 of Schedule 10, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The accounting policies set out below have been applied consistently to all periods in these prospective financial statements.

Functional and presentation currency

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

Goods and services tax (GST)

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Changes in accounting standards

All standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to Council or are not expected to have a material impact on the financial statements of Council and, therefore, have not been disclosed.

Other changes in accounting policies

There have been no other changes in accounting policies.

Prospective financial information

These are prospective financial statements and have been prepared in accordance with the requirements of the Local Government Act 2002 and may not be appropriate for other purposes. The main purpose of the prospective financial statements in the TYP is to provide users with information about Council's plans for the next three years and the rates that will be required to fund these plans.

As a forecast, the TYP has been prepared on the basis of assumptions as to future events the Council reasonably expects to occur associated with the actions the Council reasonably expects to take as at the date the information was prepared. The Significant Planning Assumptions are included in the TYP and outline assessed potential risks that may impact future results. Actual results achieved for the TYP periods covered are likely to vary from the information presented and the variation may be material.

The TYP is based on actual results reported in the financial statements for the year ended 30 June 2023. The prospective financial statements have been prepared by using the best information available at the time for the three years of the TYP. The final adopted TYP will be updated no later than 30 June 2024.

In accordance with the Local Government Act 2002 Part 6, Section 93, the Council adopted and authorised for issue the Consultation Document on 14 March 2024. As the authorising body, the Council is responsible for the TYP presented, along with the underlying assumptions, and all other required disclosures. The prospective financial statements contained in this TYP are in full compliance with PBE Financial Reporting Standards 42 Prospective Financial Statements (PBE FRS 42).

Council reserves the right to change the statements should circumstances change.

Principles of consolidation

The prospective financial statements comprise of the Council and its equity accounted investments.

Investments

Investment in associates

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

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

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

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

Subsidiaries

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

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

Joint arrangements

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

Joint operation

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

Foreign currency translation

Transactions and balances

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

Revenue recognition

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

Non-exchange revenue

Rates revenue

The following policies for rates have been applied:

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

Subsidies and grants

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

Donated, subsidised or vested assets

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

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

Parking and traffic infringement

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

Exchange revenue

Licences and permits

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

Residential developments

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

Development and financial contributions

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

Sales of goods (retail)

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

Sales of services

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

Rental revenue

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

Interest revenue

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

Dividend revenue

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

Building and resource consent revenue

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

Income tax

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

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

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

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

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

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

Leases

The Council is the lessee

Leases of property, plant, and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

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

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

The Council is the lessor

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

Balance sheet

Cash and cash equivalents

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

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

Trade receivables

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

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

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

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

Inventories

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

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

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

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

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

Land held for development and future resale

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

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

Non-current assets held for sale

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

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

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

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

Other financial assets excluding derivatives

Other financial assets are initially recognised at fair value. Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

They are then classified based on its cash flow characteristics and the Council's management model for managing them. Then subsequently measured under the following categories:

Amortised cost

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include cash and cash equivalents, receivables, term deposits and the financial instrument portion of jointly controlled assets.

Fair value through other comprehensive revenue and expense (FVTOCRE)

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Debt instruments in this category are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not currently have debt instrument's in this category.

Equity instruments in this category designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term. Equity instruments in this category are unlisted shares.

Fair value through surplus and deficit (FVTSD)

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Debt instruments in this category are the Council's borrower note's in the Local Government Funding Agency (LGFA).

Expected credit loss allowance (ECL)

The Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Property, plant, and equipment

Property, plant, and equipment consist of:

- **Operational assets:** these include land, buildings, library books, plant and equipment, and motor vehicles;
- **Restricted assets:** restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions, and
- **Infrastructure assets:** infrastructure assets are the fixed utility system owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Additions

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

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

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

Disposals

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

Revaluations

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

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

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

Depreciation

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

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

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

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

	Years
Transportation	
Base Course	60-130
Surfacings	20-25
Concrete Pavers	80
Footpaths and Pathways/Walkways	15-80
Drainage	25-100
Bridges and Structures	20-100
Road Lighting	4-50
Traffic Services and Safety	10-25
Water	
Reticulation	56-200
Reservoirs	100
Pump Stations	15-80
Stormwater	
Reticulation	80-100
Pump Stations	15-80
Wastewater	
Reticulation	80-100
Pump Stations	15-80
Milliscreen	10-80
Outfall	60
Others	
Grandstands, Community and Sports Halls	50
Sportsgrounds, Parks and Reserves Improvements	10-50
Buildings on Reserves	10-50
Pools	10-50
Inner Harbour	20-50

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

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

Investment property

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

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

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

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

Intangible assets

Trademarks and licences

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

Computer software

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

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

Impairment of non-financial assets

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

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

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

Trade and other payables

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

Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

Borrowing costs

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

Provisions

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

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

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

Financial guarantee

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

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in the financial asset accounting policy on page 16; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Grant expenditure

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

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

Employee benefits

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Wages and salaries, annual leave and sick leave

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

Long service leave and gratuities

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

Retirement benefit obligations

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

Defined contribution schemes

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

Bonus plans

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

Biological assets

Livestock

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

Net assets / equity

Net Assets/Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities.

Restricted and Council-created reserves

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

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

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

Cost allocation

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

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

Critical accounting estimates and assumptions

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

Landfill aftercare provision

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

Capacity of the site:

The landfill is divided into four valleys as below:	Total Capacity (million)	Useful Life of Valley
Valley A - opened in December 1998, closed 2006	2.6 m^3	closed
Valley D - opened in December 2006 and currently in operation	2.1 m^3	late 2025
Valleys B and C - not yet in operation		

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

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

- Aftercare will be required for 30 years after the closure of each stage;
- The annual cost of aftercare for Valley A and D is $15,000, and
- The provision reported is for the Napier City Council's share only (36.32%).

Infrastructural assets

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

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

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

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

Critical judgements in applying Napier City Council's accounting policies

Classification of property

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

Prospective statement of changes in reserve funds

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2024	Deposits	Expenditure	Closing Balance 30 June 2027
COUNCIL CREATED RESERVES						
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	1,540	8,705	(5,807)	4,438
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	65	1,179	(1,179)	65
Commercial Reserves	Funds established to ring fence profits/losses of business and tourism facilities grouped as commericial so they can be self funding.	Kennedy Park Resort, Napier Conferences and Events, Ocean Spa, Par2 Minigolf	-	40,178	(45,724)	(5,546)
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/ Walkways	Roading	637	42,128	(42,128)	637
Robson Collection Fund	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	11	-	(3)	8
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	924	234	-	1,158
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services. Note: Council is itself a developer (Parklands) and contributions are transferred as internal charges.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	15,349	25,672	(21,989)	19,032
Infrastructural Asset Renewal and Upgrade Funds	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	21,484	49,682	(53,548)	17,618
Plant and Equipment Renewals	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All Activities	(277)	17,670	(15,541)	1,852

Prospective statement of changes in reserve funds CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2024	Deposits	Expenditure	Closing Balance 30 June 2027
Marine Parade Disability Hoist	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	3	-	-	3
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	2	-	-	2
Pensioner Housing Upgrade Reserve	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Retirement and Rental Housing	353	-	-	353
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	3,486	943	(1,488)	2,941
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	4,473	10,149	(7,760)	6,862
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,427	361	-	1,788
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	(683)	26,966	(34,103)	(7,820)
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roading property purchases and improvements.	Roading	122	20	-	142
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	3,865	628	(79)	4,414
McLean Park Property Reserve Account	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	959	1,069	(466)	1,562

Prospective statement of changes in reserve funds CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2024	Deposits	Expenditure	Closing Balance 30 June 2027
Hawke's Bay Harbour Board Endowment Land Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	20,297	3,551	(2,983)	20,865
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	4,748	785	-	5,533
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Solid Waste	2,888	27,628	(29,655)	861
Reserve Subdivision of Land	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	30	5	-	35
Resilience Rate	Funds from rate to build resilience to be used for activities related to emergency preparedness.	Emergency Preparedness	-	3,205	(1,193)	2,012
Subdivision and Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	4,288	597	(3,107)	1,778
Total Council Created Reserves			**85,991**	**261,355**	**(266,753)**	**80,593**
RESTRICTED RESERVES						
Endowment Land Account	Derived from the sale of BCP Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	159	26	-	185
Hawke's Bay Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Lagoon Farm, Property Holdings	154	5,628	(5,252)	530
Total Restricted Reserves			**313**	**5,654**	**(5,252)**	**715**

Prospective statement of changes in reserve funds CONTINUED

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2024	Deposits	Expenditure	Closing Balance 30 June 2027
BEQUESTS AND TRUST FUNDS						
Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital $2500) ii) Provide assistance for prisoners released from Napier jail. (Capital $500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital $1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls and Colenso High Schools. (Capital $1000)	Community Planning	30	4	(6)	28
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement and Rental Housing	187	30	-	217
Eskdale Cemetery Trust	This Trust fund, comprising a number of bequests totalling $1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	28	5	-	33
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	6	1	-	7
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy. A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993.	Community Planning	51	8	(3)	56
Morecroft Bequest	To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	16	3	-	19
Napier Christmas Cheer	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	-	41	(41)	-
Total Bequests Trust Funds			**318**	**92**	**(50)**	**360**

Capital programme for three-year plan 2024/2034

	PLAN 2024/25 $000	PLAN 2025/26 $000	PLAN 2026/27 $000	PLAN 2027/28 $000	PLAN 2028/29 $000	PLAN 2029/30 $000	PLAN 2030/31 $000	PLAN 2031/32 $000	PLAN 2032/33 $000	PLAN 2033/34 $000
Transportation										
Transportation	13,657	32,363	36,531	41,965	17,171	19,191	25,347	18,246	19,782	21,742
Total Transportation	**13,657**	**32,363**	**36,531**	**41,965**	**17,171**	**19,191**	**25,347**	**18,246**	**19,782**	**21,742**
Stormwater										
Stormwater	5,083	5,897	6,075	15,602	16,718	6,405	6,461	18,470	19,899	20,037
Total Stormwater	**5,083**	**5,897**	**6,075**	**15,602**	**16,718**	**6,405**	**6,461**	**18,470**	**19,899**	**20,037**
Wastewater										
Wastewater	9,654	10,181	9,110	17,616	17,919	21,233	28,946	27,947	24,991	21,508
Total Wastewater	**9,654**	**10,181**	**9,110**	**17,616**	**17,919**	**21,233**	**28,946**	**27,947**	**24,991**	**21,508**
Water Supply										
Water Supply	8,686	9,184	11,033	14,453	13,050	11,611	9,277	10,138	6,082	5,149
Total Water Supply	**8,686**	**9,184**	**11,033**	**14,453**	**13,050**	**11,611**	**9,277**	**10,138**	**6,082**	**5,149**
Other Infrastructure										
Cemeteries	249	257	254	2,706	859	197	804	138	125	127
Public Toilets	350	464	410	375	599	591	678	230	234	357
Waste Minimisation	4,141	4,140	2,875	2,326	1,641	1,631	1,660	1,725	1,754	1,783
Total Other Infrastructure	**4,740**	**4,860**	**3,539**	**5,407**	**3,100**	**2,419**	**3,142**	**2,093**	**2,113**	**2,267**
City Strategy										
Animal Control	146	686	836	41	33	42	123	2	2	2
Parking	772	49	50	51	52	53	54	55	56	57
Total City Strategy	**918**	**735**	**887**	**92**	**85**	**95**	**177**	**57**	**58**	**59**

Capital programme for three-year plan 2024/2034 CONTINUED

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Community and Visitor Experiences										
Bay Skate	319	280	321	657	41	45	41	82	49	50
Community Facilities	646	1,684	143	228	312	477	216	220	223	227
Faraday Centre	212	40	44	47	51	54	55	56	57	58
Housing	3,322	1,839	1,611	648	3,087	911	1,440	149	152	155
Kennedy Park Resort	2,117	1,762	1,429	2,659	1,135	663	1,233	171	122	113
Libraries	702	1,201	737	668	845	675	940	704	717	718
Marine Parade Pools	1,420	562	675	230	258	72	73	54	55	56
McLean Park	50	825	1,313	268	-	-	-	-	-	-
MTG Hawke's Bay	5,483	3,677	1,774	366	807	1,702	1,207	557	313	458
Napier Aquatic Centre	2,370	279	792	1,216	546	31,567	34,224	19,041	468	476
Napier Conferences and Events	1,360	1,212	725	515	1,005	513	556	82	83	84
Napier i-SITE Visitor Centre	47	148	227	113	41	53	72	98	99	101
Napier Municipal Theatre	1,133	1,965	863	340	253	908	621	221	225	228
National Aquarium of NZ	1,350	165	172	1,311	13,828	1,931	1,282	514	481	1,639
Par2 MiniGolf	64	65	48	121	35	16	16	16	16	17
Reserves	3,076	3,099	4,040	2,678	4,835	8,794	10,838	2,086	3,020	2,690
Sportsgrounds	2,936	4,016	4,092	3,113	9,084	2,735	1,582	2,540	776	1,368
Total Community and Visitor Experiences	**26,607**	**22,821**	**19,007**	**15,180**	**36,163**	**51,117**	**54,398**	**26,589**	**6,858**	**8,437**
Property Assets										
Inner Harbour	1,750	4,514	155	1,605	2,999	555	-	-	554	1,691
Lagoon Farm	-	37	-	39	-	40	-	-	-	-
Property Holdings	11,190	47,332	45,065	26	26	27	27	28	28	29
Total Property Assets	**12,940**	**51,883**	**45,221**	**1,669**	**3,026**	**621**	**27**	**28**	**582**	**1,720**
Support Units										
Support Units	4,980	4,392	4,342	6,688	6,161	6,306	6,707	5,473	7,480	5,778
Total Support Units	**4,980**	**4,392**	**4,342**	**6,688**	**6,161**	**6,306**	**6,707**	**5,473**	**7,480**	**5,778**
Total Capital Plan	**87,266**	**142,317**	**135,744**	**118,672**	**113,392**	**118,999**	**134,480**	**109,042**	**87,845**	**86,698**

Capital programme funding for three-year plan 2024/2034

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Loan Rates	48,076	88,307	85,143	56,511	71,260	73,738	83,172	54,450	36,665	31,994
Waka Kotahi Subsidies	5,724	18,145	18,260	21,190	7,223	8,351	10,532	7,810	8,534	9,471
Reserves	33,466	35,865	32,341	40,972	34,909	36,910	40,776	46,782	42,647	45,233
Total Capital Plan	**87,266**	**142,317**	**135,744**	**118,672**	**113,392**	**118,999**	**134,480**	**109,042**	**87,845**	**86,698**

Borrowing programme
Forecast for the ten years 2024/25 to 2033/34

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Opening Net Public Debt	143,589	250,107	422,998	581,243	669,537	764,663	852,399	957,728	1,008,898	1,006,836
Plus New Loans (Rates Funded)	110,371	178,762	165,975	98,042	106,383	100,969	119,113	67,252	37,095	32,432
Less Repayments (Net)	(3,853)	(5,871)	(7,730)	(9,748)	(11,257)	(13,233)	(13,784)	(16,082)	(39,157)	(60,772)
Movement in Debt	**106,518**	**172,891**	**158,245**	**88,294**	**95,126**	**87,736**	**105,329**	**51,170**	**(2,062)**	**(28,340)**
Gross Public Debt	**250,107**	**422,998**	**581,243**	**669,537**	**764,663**	**852,399**	**957,728**	**1,008,898**	**1,006,836**	**978,496**
Internal Funding	(164,542)	(247,359)	(325,161)	(372,853)	(433,257)	(494,171)	(563,977)	(602,768)	(622,084)	(635,252)
Net Public Debt	**85,565**	**175,639**	**256,082**	**296,684**	**331,406**	**358,228**	**393,751**	**406,130**	**384,752**	**343,244**

Financial prudence benchmarks

Local Government (Financial Reporting and Prudence) Regulations 2014

The Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations 2014) were developed to assist in identifying local authorities where further enquiry is warranted in relation to their financial management, and promote prudent financial management by local authorities.

Under Section 13 of the Regulations 2014, the Council must include in its TYP a Disclosure Statement that details the following benchmarks:

- For the 3 years of the :
  - Rates affordability benchmarks; and
  - Debt Affordability benchmarks;
- For the year prior to the TYP plus the 3 years of the :
  - Balanced budget benchmark;
  - Essential services benchmark; and
  - Debt servicing benchmark;

Section 101A of the LGA requires local authorities, to prepare and adopt a financial strategy that includes a statement that quantifies limits on rates, rate increase and borrowings. These limits are then used as the basis of the Rates and Debt Affordability benchmarks.

The Council have opted to display the information for 10 years rather than the required 3 years.

Three year plan disclosure statement for period commencing 1 July 2024

What is the purpose of this statement?

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

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

Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

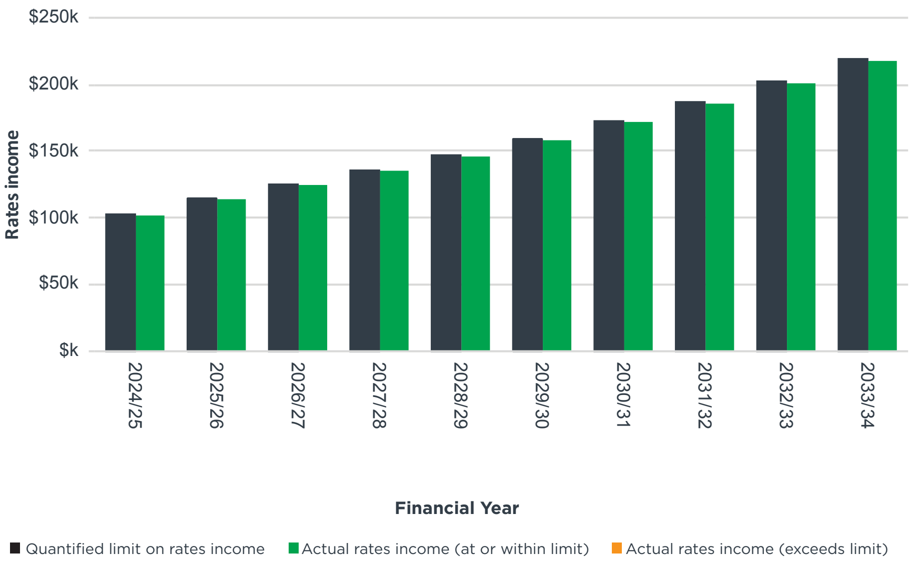
Rates (income) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this three year plan.

The quantified limit is:

	TYP 2024/25	TYP 2025/26	TYP 2026/27	TYP 2027/28 to 2033/24
Increase to rates (to reflect acceptable increase to current ratepayers before inflation)	19.95%	8.3%	7.0%	6.3%
Plus: LGCI on Operating Expenditure (to reflect inflation impact on Council)	-	LGCI	LGCI	LGCI
Plus: Growth (to reflect new properties who will contribute to the rates total)	0.3%	0.3%	0.3%	0.3%

The calculation excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation.



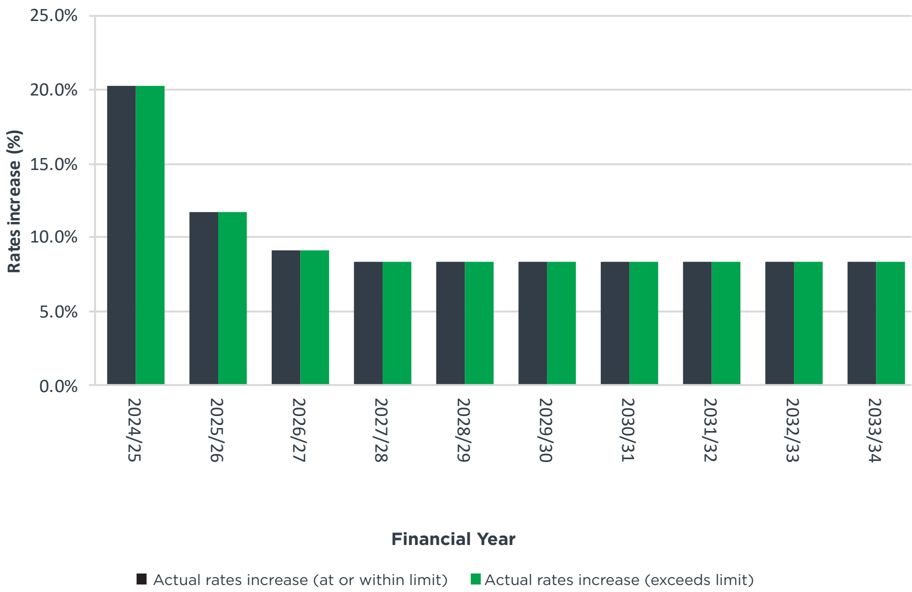
Rates (increases) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this three year plan.

The quantified limit is:

	TYP 2024/25	TYP 2025/26	TYP 2026/27	TYP 2027/28 to 2033/24
Increase to rates (to reflect acceptable increase to current ratepayers before inflation)	19.95%	8.3%	7.0%	6.3%
Plus: LGCI on Operating Expenditure (to reflect inflation impact on Council)	-	LGCI	LGCI	LGCI
Plus: Growth (to reflect new properties who will contribute to the rates total)	0.3%	0.3%	0.3%	0.3%

The calculation excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation.

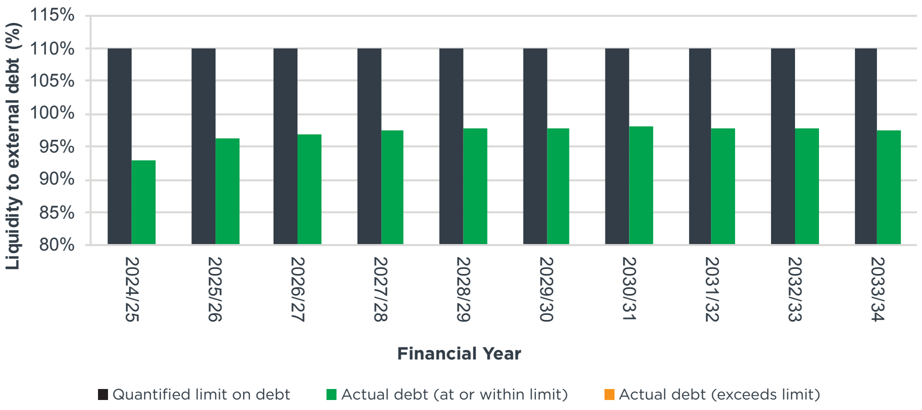


Debt affordability benchmarks

Debt affordability liquidity to external debt

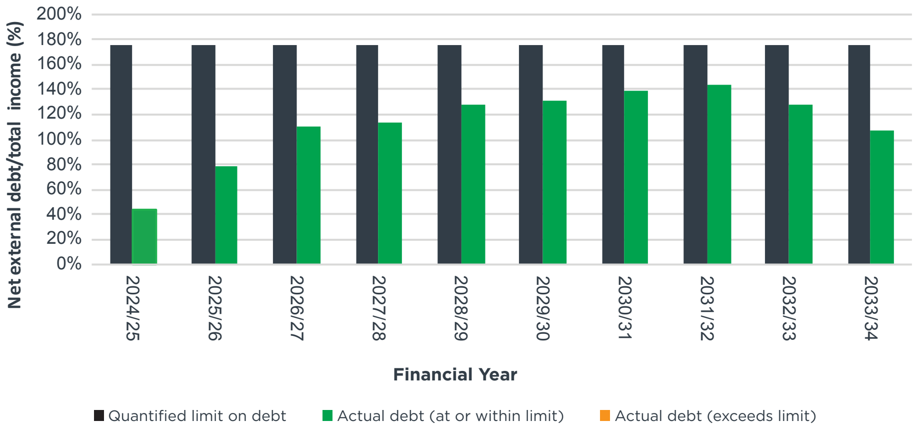
The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this three year plan. The quantified limit is liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%.



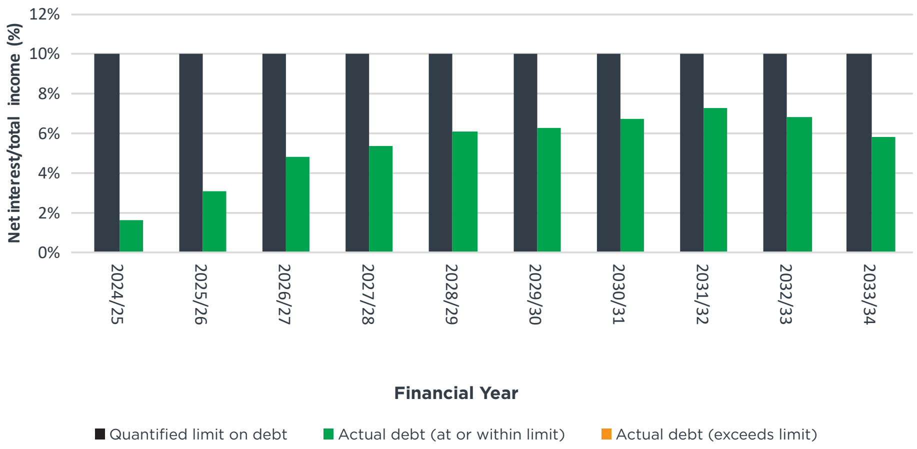
Debt affordability net debt as a percentage of total income

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this three year plan. The quantified limit is net external debt as a percentage of total income will not exceed 175%. Note, where the external debt is $0 in a particular year, net debt is shown as $0 as well.



Debt affordability net interest expense on external debt to total income

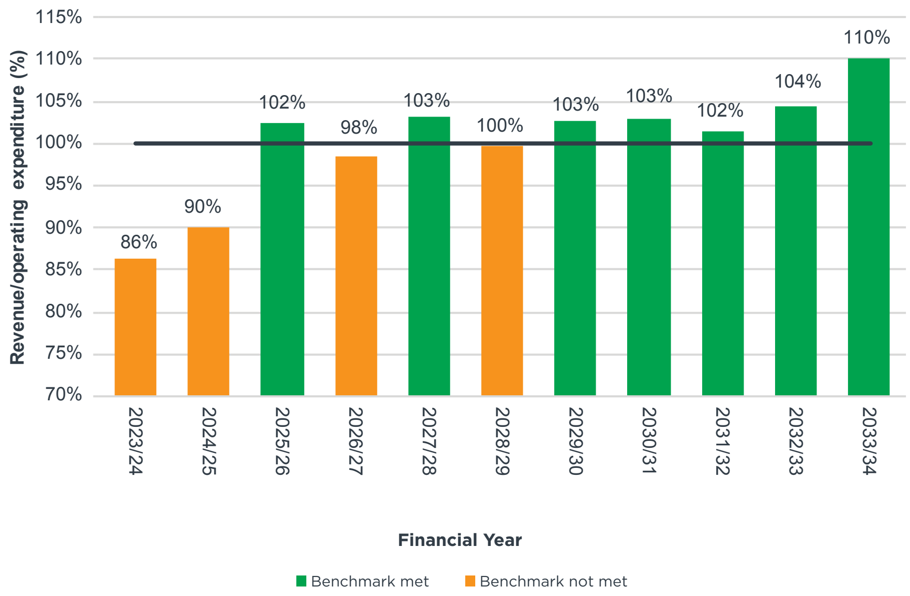
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this three year plan. The quantified limit is net interest expense on external debt to total income will not exceed 10%.



Balanced budget benchmark

The following graph displays the council's planned revenue (excluding financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

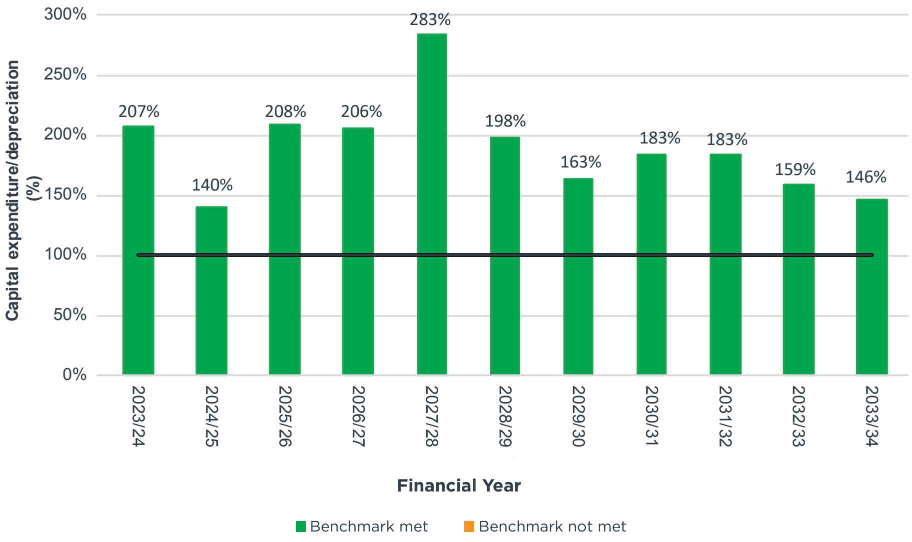
The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

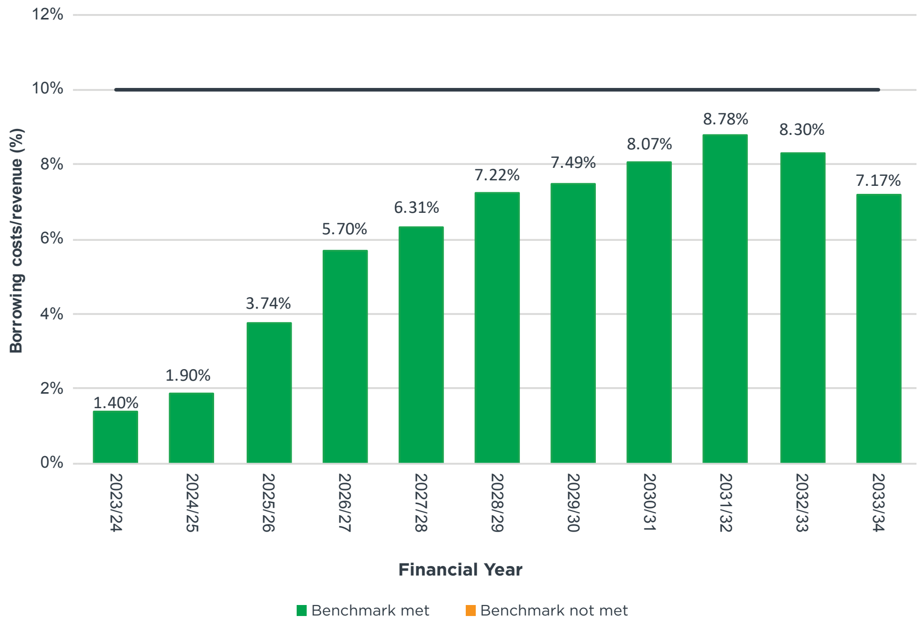
The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services



Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



Balanced budget statement

Section 100 and clause 14 of schedule 10 of the Local Government Act requires Councils to have a balanced budget for each year of the Long Term Plan unless the Council resolves that it is financially prudent to not balance the budget. Although we are preparing a three-year plan under the Severe Weather Emergency Recovery Legislation Act 2023 (SWERL 2023), we have still considered our budgets and financial position over an extended period, and in particular have looked at our balanced budget benchmark for the next 10 years.

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

In assessing a financially prudent decision, consideration is to be given to:

- the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the three-year plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
- the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
- the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life, and
- the funding and financial policies adopted under Section 102.

Council acknowledges that it will not achieve a balanced budget for years one, three and five of this plan. Council has resolved that this is financially prudent as setting rate levels to achieve a balanced budget in year one would put too much financial pressure on ratepayers. The unbalanced budgets in years three and five are affected by short-term changes to our financials outside of our core business, such as:

- loan-funding the deficits of Ocean Spa, Kennedy Park Resort, and Napier Conferences and Events as they transition to being financially self-sufficient
- the depletion of our Parklands Development revenue stream

Because these are not sustained affects, it is financially prudent to allow the balanced budget benchmark to drop below 100% in these years.

While rates will be higher than people would like for the next few years, it will enable Council to support the capital investment required for the region while maintaining the levels of service that residents expect.

Napier City Council forecast funding impact statement (whole of Council) for 2024/2034

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	68,717	77,550	84,828	92,136	99,138	106,080	113,776	122,359	129,728	138,242
Targeted rates	33,761	36,831	39,898	42,894	47,049	52,191	57,580	63,167	71,143	79,247
Subsidies and grants for operating purposes	5,360	4,242	4,296	4,276	4,332	4,389	4,447	4,503	4,560	4,618
Fees and charges	34,893	37,190	39,266	41,817	43,957	44,822	45,716	46,442	47,072	47,658
Interest and dividends from investments	166	879	1,276	1,604	1,946	2,280	2,588	2,857	3,081	3,263
Local authorities fuel tax, fines, infringement fees, and other receipts	31,520	26,360	31,443	43,274	43,853	44,106	33,053	21,461	21,559	21,740
Total operating funding (A)	**174,417**	**183,052**	**201,007**	**226,001**	**240,275**	**253,868**	**257,160**	**260,789**	**277,143**	**294,768**
Applications of operating funding										
Payments to staff and suppliers	152,222	147,462	156,119	165,878	167,653	166,693	165,302	163,238	166,850	168,745
Finance costs	3,425	7,836	12,520	15,616	17,901	19,655	21,619	23,596	23,726	21,840
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**155,647**	**155,298**	**168,639**	**181,494**	**185,554**	**186,348**	**186,921**	**186,834**	**190,576**	**190,585**
Surplus/(deficit) of operating funding (A - B)	**18,770**	**27,754**	**32,368**	**44,507**	**54,721**	**67,520**	**70,239**	**73,955**	**86,567**	**104,183**
Sources of capital funding										
Subsidies and grants for capital expenditure	5,724	26,165	18,260	21,190	7,223	8,351	10,532	7,810	8,534	9,471
Development and financial contributions	7,665	7,903	8,045	8,190	8,337	8,487	8,640	8,787	8,936	9,088
Increase/(decrease) in debt	56,965	90,074	80,443	40,602	34,722	26,822	35,523	12,379	(21,378)	(41,508)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**70,354**	**124,142**	**106,748**	**69,982**	**50,282**	**43,660**	**54,695**	**28,976**	**(3,908)**	**(22,949)**

Napier City Council forecast funding impact statement (whole of Council) for 2024/2034 CONTINUED

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Application of capital funding										
Capital expenditure										
- to meet additional demand	9,560	5,119	7,240	12,856	12,783	16,333	17,352	16,406	11,366	11,736
- to improve the level of service	26,370	52,772	50,376	39,695	31,157	37,605	35,025	36,208	27,641	26,101
- to replace existing assets	50,088	83,070	76,746	64,714	68,018	63,601	78,696	52,960	45,311	45,274
Increase (decrease) in reserves	3,106	10,935	4,754	(2,776)	(6,955)	(6,359)	(6,139)	(2,643)	(1,659)	(1,877)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
Total application of capital funding (D)	**89,124**	**151,896**	**139,116**	**114,489**	**105,003**	**111,180**	**124,934**	**102,931**	**82,659**	**81,234**
Surplus/(deficit) of capital funding (C - D)	**(18,770)**	**(27,754)**	**(32,368)**	**(44,507)**	**(54,721)**	**(67,520)**	**(70,239)**	**(73,955)**	**(86,567)**	**(104,183)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

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

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

Reconciliation of funding impact statement to operating surplus

	TYP 2024/25 $000	TYP 2025/26 $000	TYP 2026/27 $000	TYP 2027/28 $000	TYP 2028/29 $000	TYP 2029/30 $000	TYP 2030/31 $000	TYP 2031/32 $000	TYP 2032/33 $000	TYP 2033/34 $000
Surplus/(deficit) of operating funding (A - B) from Funding Impact Statement	18,770	27,754	32,368	44,507	54,721	67,520	70,239	73,955	86,567	104,183
Not included in Funding Impact										
Depreciation and amortisation	(44,951)	(49,234)	(54,549)	(58,471)	(63,241)	(69,597)	(73,311)	(78,026)	(83,309)	(86,300)
Vested Assets	1,248	1,356	1,382	1,408	1,434	1,460	3,407	3,468	3,527	3,587
Other gains	5,968	4,727	3,957	2,592	2,630	2,540	2,573	2,606	2,511	2,544
Share of associate	728	566	584	595	606	617	628	640	651	662
Total Not included in Funding Impact Statement	**(37,007)**	**(42,585)**	**(48,626)**	**(53,876)**	**(58,571)**	**(64,980)**	**(66,703)**	**(71,312)**	**(76,620)**	**(79,507)**
Items that are under sources of Capital Funding in Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for capital	5,724	26,165	18,260	21,190	7,223	8,351	10,532	7,810	8,534	9,471
Development and financial contributions	7,665	7,903	8,045	8,190	8,337	8,487	8,640	8,787	8,936	9,088
Total sources of capital funding	**13,389**	**34,068**	**26,305**	**29,380**	**15,560**	**16,838**	**19,172**	**16,597**	**17,470**	**18,559**
Operating surplus/(deficit) after tax from Prospective Statement of Comprehensive Revenue and Expenses	**(4,848)**	**19,237**	**10,047**	**20,011**	**11,710**	**19,378**	**22,708**	**19,240**	**27,417**	**43,235**

Funding impact statement - rating system

The following describes in full the rating system to apply from 1 July 2024:

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.

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 Local Government (Rating) Act 2002 (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 and Industrial;
- Rural; and
- Rural Residential.

Residential/other

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

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:

- Professional offices, surgeries etc;
- All retail, wholesale merchandising activities;
- All forms of manufacturing and processing;
- Bars, restaurants, cafés and other service activities;
- Storage facilities; and
- Hotels, motels, B and Bs, and other short-term accommodation providers.

Rural residential

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

Differential Category	Group /Code	Differential
Residential / Other	1	100%
Commercial and Industrial	2	260%
Rural	3	85%
Rural Residential	4	90%

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.

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

council's Uniform Annual General Charge (UAGC) is set at a level that enables all 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. For 2024-25 Council has determined that the UAGC will be set at a level to recover 25% of total rates from fixed amounts.

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

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).

Council will not be accepting lump sum contributions for any targeted rates.

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.

Differential Categories	Connected (%)	Not connected but within 100 m (%)
Central Business District and Fringe Commercial and Industrial	400%	200%
Other Commercial and Industrial	200%	100%
Residential / Other	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.

The differential categories for the water rates are:

- Connected – any rating unit that is connected to a Council system, and
- 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 100 m (%)
Rating units connected to or able to be connected to the Council water supply systems	100%	50%

Stormwater rate

The primary beneficiary of stormwater 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 stormwater activity. The Stormwater rate is based on the capital value of Residential, Rural Residential, and Commercial and Industrial properties within the recognised serviced area as per the Stormwater Coverage map (i.e. non-rural property as defined under the District Plan).

Rural properties are exempted.

The differential categories for stormwater rates are:

Differential Category	Differential
Residential / Other	100%
Commercial and Industrial	260%
Rural Residential	100%

Sewerage rate

This rate recovers the net cost of the wastewater 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.

Differential Category	Differential
Rating units connected to or able to be connected to the sewerage system	100%
Rating units not connected but within 30m of the Sewerage System	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.

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 and 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 the 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.

Vehicle levy

Inner city vehicle levy

This levy is used to support additional off-street car parking in the Central Business District. Those commercial rating units in the mapped areas identified as the Inner City Vehicle Levy 100% Levy Area and 50% Area are charged the Inner City Vehicle Levy based on land value. This rate is set on a differential basis as follows:

Differential Category	Differential
Properties where Council provides additional parking due to the property receiving a 100% levy	100%
Properties where Council provides additional parking due to the property receiving a 50% levy.	50%

Refer Council maps:

- Inner City Vehicle Levy – 100%
- Inner City Vehicle Levy – 50%

Taradale vehicle levy

This levy is used to support 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 Vehicle Levy based on land value and set on a uniform basis.

Suburban vehicle levy

This levy is used to support 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 Vehicle Levy 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’ is 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.

Rangatira revetment rate

Revetment construction commenced in 2023 to provide protection from ongoing coastal erosion. The Ragatira Revetment 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 on the north side of Whakarire Avenue. This rate recovers the private funding component of the cost over a period of 25 years.

Resilience rate

This rate partially funds activities related to emergency preparedness including, but not limited to, infrastructure projects, civil defence planning, emergency equipment, and other disaster-related planning. These costs would otherwise not be budgeted for, or included, in the Long Term Plan. The targeted rate is a fixed amount set on a uniform basis, applied to each separately used or inhabited part of a rating unit. This rate has been introduced according to the procedure set out in Section 23 of the Local Government (Rating) Act 2002.

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 on the water-by-meter targeted rate.

The rate charged on actual water use above 300 m3 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.

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.

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.

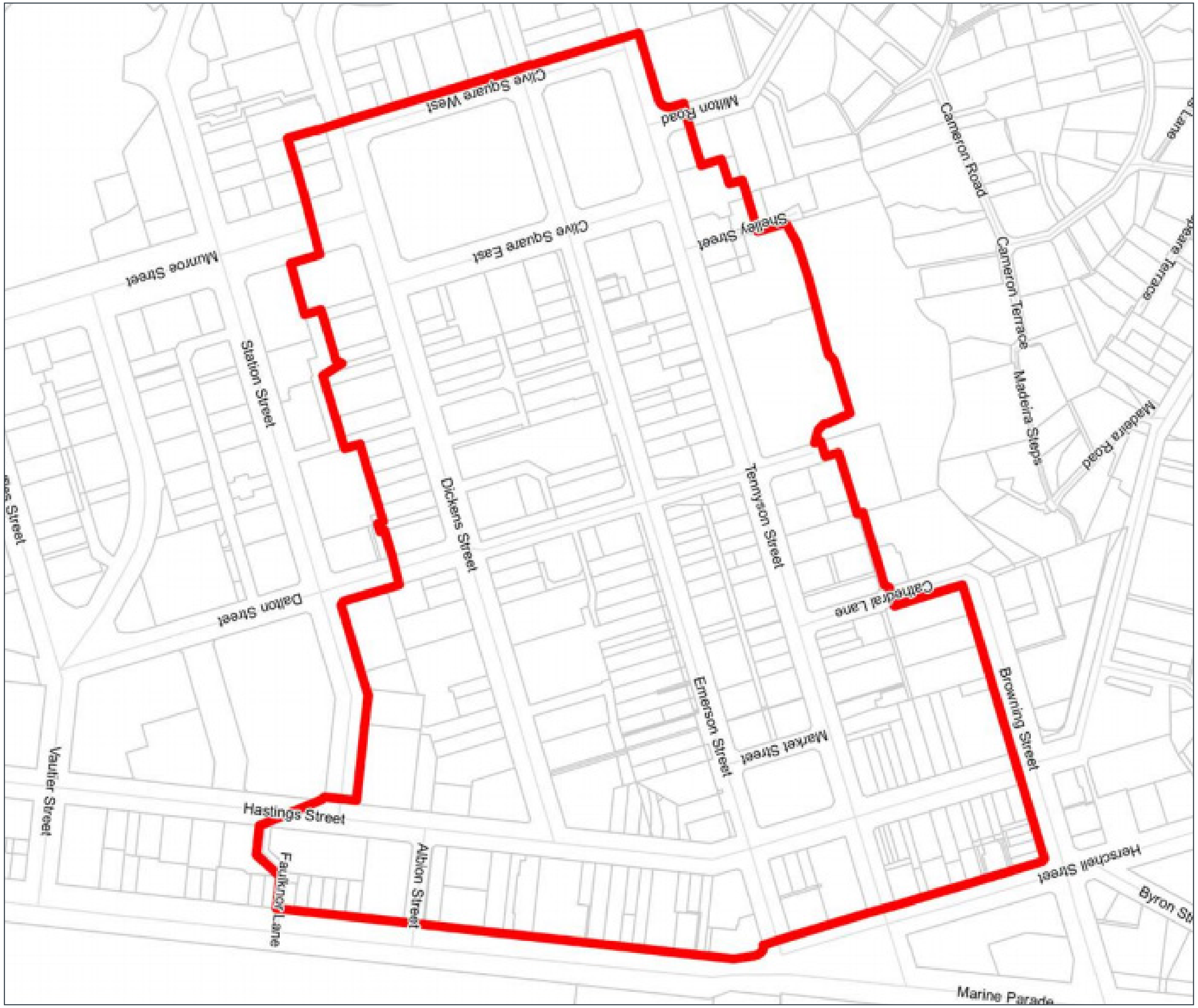
Examples of separately used or inhabited parts of a rating unit include:

- 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, and
- Where a single business comprises multiple buildings or multiple floors of a single building, each building or floor of a multi-storey building is deemed to constitute a separate part (SUIP).

These examples are not inclusive of all situations.

Council Maps

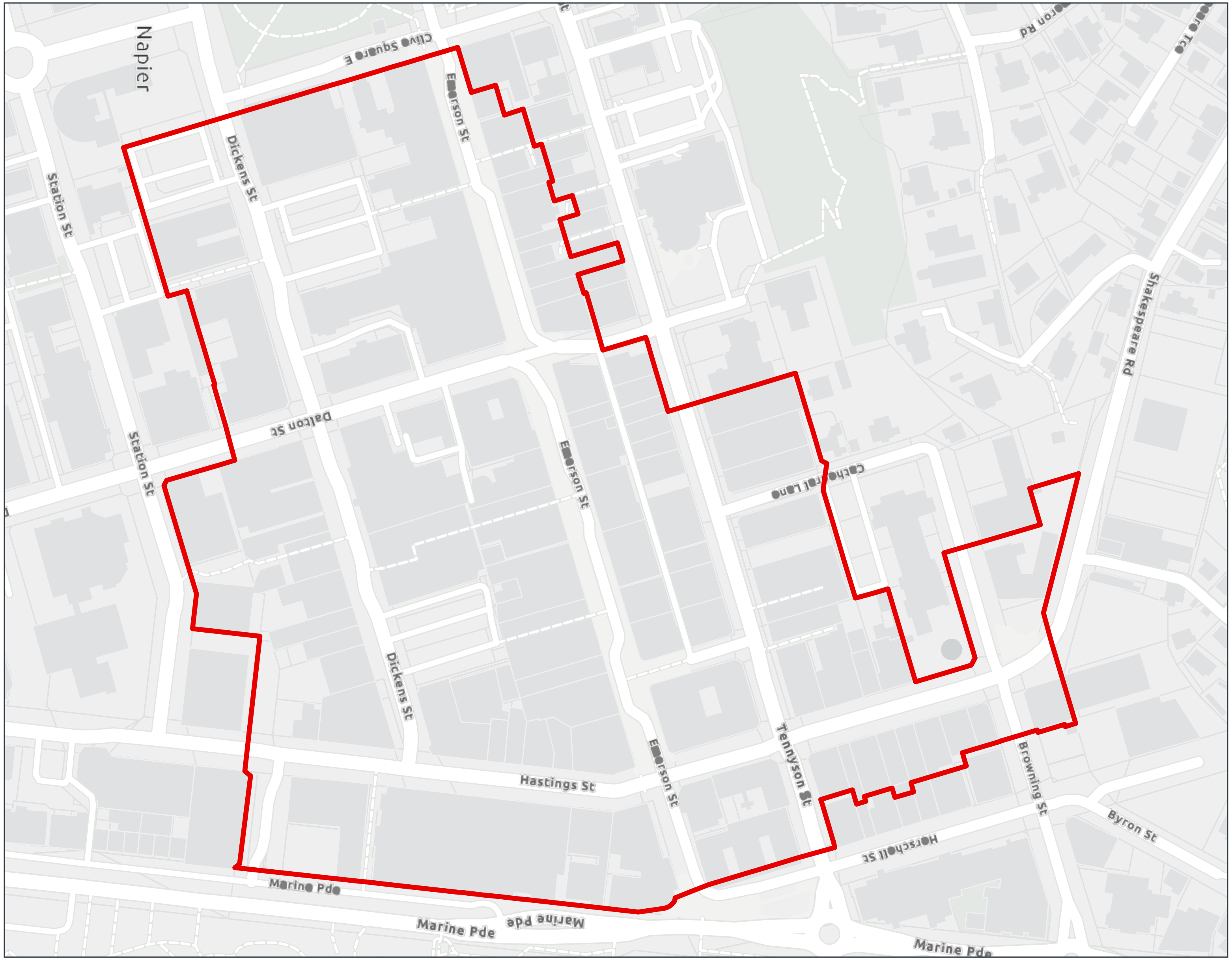
CBD Promotion Rate Area



CBD Promotion Rate Area

Inner City Vehicle Levy

100% Levy Area



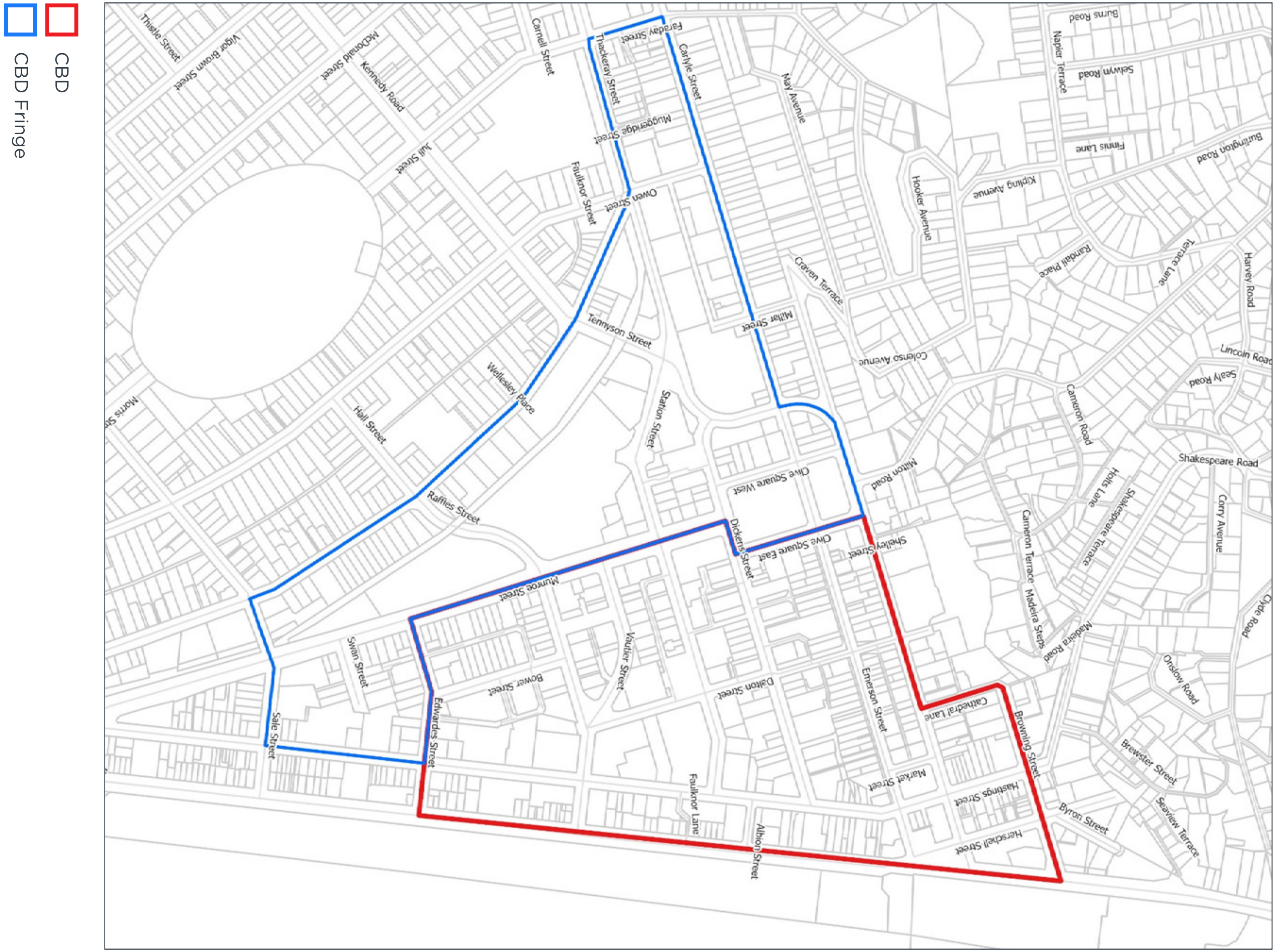
Inner City Vehicle Levy - 100%

Inner City Vehicle Levy

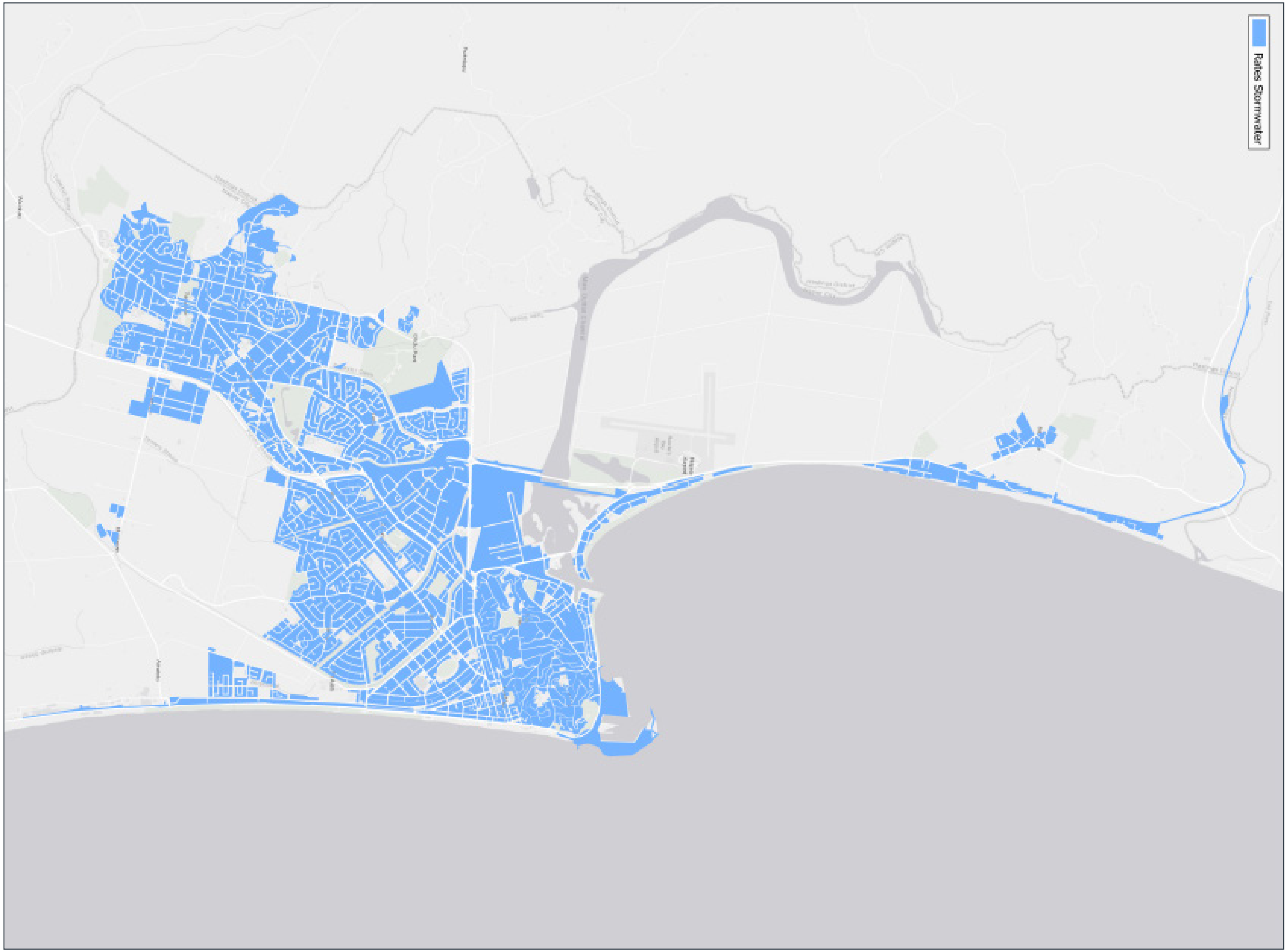
50% Levy Area

Inner City Vehicle Levy - 50%

CBD Fire Protection Area



Stormwater Coverage



Other rating matters

Due dates for payment of rates

Instalment rating

Rates for 2024/25 are set and assessed effective from Instalment 1 and are due and payable in four equal instalments as follows:

- First Instalment due 21 August 2024;
- Second Instalment due 20 November 2024;
- Third Instalment due 19 February 2025, and
- Fourth Instalment due 21 May 2025.

Water-by-meter charges

Targeted rates for metered water supply are separately invoiced either quarterly in September, December, March, and June for non-domestic supplies or annually in June for metered domestic supplies.

The payment due date is the 20th of the month after the month of invoice.

Penalties

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10 per cent is added to each instalment or part thereof which is unpaid after the due date for payment. Previous years' rates which remain unpaid will have a further 10% added on 31 July and 31 January.

Fees and charges

Council applies a range of fees and charges to fully or partially recover the costs of various activities.

The level of fees and charges are reviewed annually, and a schedule of Council Fees and Charges is prepared as a separate document.

The schedule is available upon request from the Council office.

Indicative rates

Description	Category	Factor		2024-25 Proposed Rate (Incl GST)	2024-25 Proposed Revenue (Incl GST)
General Rates					
General Rate (cents per $ Land Value)	All rateable property	Land Value	Differential		
Differential 1 Residential/Other			1	0.0043724	36,910
Differential 2 Commercial and Industrial			2	0.0113683	20,933
Differential 3 Rural			3	0.0037165	1,356
Differential 4 Rural Residential			4	0.0039352	3,791
Total - General Rates on Land Value					62,989
Uniform Annual General Charge (UAGC)	All rateable property	Fixed amount per SUIP*		551.50	16,108
TOTAL GENERAL RATES					**79,097**
Targeted Rates					
Stormwater Targeted Rate	Mapped service area	Capital Value	Differential		
Residential			100.00	0.0002817	4,822
Commercial			260.00	0.0007325	2,394
Rural Residential			100.00	0.0002817	182
					7,397
Fire Protection Rate	Service available / Connected	Capital Value	Not Connected	Connected	
CBD Commercial and CBD Fringe			0.00968	0.0194	160
Other Commercial and Industrial	Suburban, shopping centres, hotels, motels and industrial outside CBD		0.00484	0.0097	340
Residential and Other			0.00242	0.0048	898
					1,398
Water Supply	Service available / Connected	Fixed amount per SUIP*			
Water Rate (connected)				285.00	
Water Rate - Serviceable (not connected) 50%				142.50	7,975

* SUIP = Separately used or inhabited part

Description	Category	Factor	2024-25 Proposed Rate (Incl GST)	2024-25 Proposed Revenue (Incl GST)
Refuse Collection and Disposal Rate	Service available	Fixed amount per SUIP*		
1 collection per week			226.80	
2 collection per week			453.60	
3+ collection per week			680.40	6,119
Kerbside Recycling Rate	Service available	Fixed amount per SUIP*	116.10	2,959
Sewerage	Service available / Connected	Fixed amount per SUIP*		
Sewerage Rate (connected)			398.80	
Sewerage Rate - Serviceable (not connected) 50%			199.40	10,929
Bay View Sewerage Connection Rate	Service available	Fixed amount per SUIP*	941.35	10
Rangatira Revetment Rate	Property in catchment area	Fixed amount per SUIP*	348.86	4
Inner City Vehicle Levy	Commercial in catchment area	Land value		
100% Vehicle Levy area			0.04881	94
50% Vehicle Levy area			0.02440	27
Taradale Vehicle Levy	Commercial in catchment area	Land value	0.05305	
Suburban Vehicle Levy	Commercial in catchment area	Land value	0.05305	32
NBCI CBD Promotion Levy	Commercial in catchment area	Land value	0.19109	333
Taradale Promotion Rate	Commercial in catchment area	Land value	0.17184	102
Swimming Pool Safety Rate	Service provision	Fixed amount per rating unit	72.00	119
Resilience Rate	All rateable property	Fixed amount per SUIP*	14.60	425
				117,021
Plus Allowance for Rate Penalties				270
Less General Rate for NCC Properties				-1,107
TOTAL RATES (Excluding water by Meter)				**116,184**
Water By Meter Charges	Connected / Supply	Fixed amount per cubic metre		
Extra-Ordinary Supply			0.86573	908
TOTAL RATES (Including water by Meter)				**117,091**

* SUIP = Separately used or inhabited part

Examples of rates for 2024/25

Examples of the impact of rating for 2024/25 are shown in the following table:

Differential Category	Land Value	Capital Value	Rates 2023-24	Rates 2024-25	Change $	Weekly Change $	Change %
Residential							
Average Value and Land Value	380,000	785,000	2,992	3,513	521	10.02	17.4%
Average Value - above average LV movement	450,000	785,000	3,099	3,891	792	15.23	25.6%
Low Value residential	220,000	495,000	2,210	2,718	508	9.77	23.0%
Parklands Residential	460,000	1,040,000	3,158	3,947	790	15.19	25.0%
Te Awa Residential	345,000	860,000	2,995	3,385	390	7.50	13.0%
Bay View Residential	370,000	570,000	2,920	3,399	478	9.20	16.4%
Ex Rural Residential (City fringe)	870,000	1,390,000	4,794	5,856	1,061	20.41	22.1%
Commercial / Industrial							
Other Commercial Average	1,126,000	2,155,000	13,775	16,870	3,095	59.53	22.5%
CBD Average	771,000	1,463,000	11,318	14,006	2,688	51.69	23.8%
Industrial Average	936,000	1,774,000	12,609	13,612	1,003	19.29	8.0%
Bay View Average Commercial	473,500	855,500	6,980	7,286	307	5.90	4.4%
Rural Average Commercial	457,200	1,610,600	7,031	7,170	139	2.68	2.0%
Rural							
Average Rural	1,832,800	2,320,400	7,147	7,721	574	11.03	8.0%
Rural Residential							
Bay View Average	375,400	782,700	2,801	2,892	91	1.75	3.3%
Rural Residential in Stormwater area	457,500	875,900	2,815	2,956	142	2.72	5.0%
Rural Residential outside Stormwater area	457,500	875,900	2,505	2,709	205	3.93	8.2%

The three-yearly revaluation for the city for rating purposes was undertaken in 2023 and those new valuations apply as the basis for setting the rates for 2024-25

The rating examples should be read having regard for the following:
Council's total rates revenue for 2024/25, excluding rate penalties and water-by-meter charges, will increase by 19.95%
As property values directly affect the level of general and targeted rates charged on either land or capital value, changes in property value, above and below the average movements across the city will mean that the rate increase properties will be greater or less than the proposed overall increase for individual properties.

Rating Base Information

As at 30 June 2023	All Rating Units	Rateable Units
Number of Rating Units	26,872	26,367
Capital value of Rating Units $	20,954,352,550	20,090,901,100
Land value of Rating Units $	9,817,401,950	9,420,325,500

Council controlled organisations

Council controlled organisations

The Council has investments in the following CCOs to assist the Council to achieve its objectives:

Hawke's Bay Airport Limited

Policies and objectives regarding ownership and control

Hawke's Bay Airport Limited (HBAL) is incorporated under the Companies Act and is owned by the Crown 50%, Hastings District Council 24%, and Napier City Council 26%. The HBAL produces separate annual accounts and no payments are forecast to be made by the Council to HBAL in the Long Term Plan (LTP).

There are no Council-specific objectives, policies, or targets for HBAL. Council reviews and confirms HBAL objectives outlined below.

Nature and scope of activities

The nature and scope of activities to be undertaken by HBAL are outlined below.

The HBAL's mission is to enable safe, customer focussed, and sustainable air transport services in and out of Hawke's Bay. This is worked towards through the following strategic pillars:

- **Our operations:** We ensure a safe, secure and intuitive customer journey for all. We strive for excellence.
- **Our people:** We treat our people with respect, empower then with knowledge and all them to flourish. A great place to work
- **Our place:** We ensure our airport's future through strategic sustainability and resilience practices. We safeguard our land.
- **Our partnerships:** We foster positive and enduring relationships with our customers, partners and community. We reflect our region.
- **Prosperity:** We maximise commercial returns, to provide value for our stakeholders and our region. We create new connections for the region. A profitable, sustainable business.

Performance targets

The following table sets out the financial performance targets as per the Company's Statement of Intent for the year ended 30 June 2025 and the following two years.

Financial Performance Targets	2024/25 $000	2025/26 $000	2026/27 $000
Group Revenue	15,505	15,571	16,436
Operating Expenses	6,020	6,181	6,345
Profit/(Loss) Before Tax	4,455	3,798	4,069
Profit/(Loss) After Tax	2,965	2,661	2,783
Total Debt	28,246	32,487	36,078
Total Assets	96,904	103,780	110,139
Shareholders' Funds	59,788	62,323	64,989
Operating Cashflow	6,413	6,511	6,688
Capital Expenditure	9,316	9,506	9,099
Dividend	1,300	1,300	1,400
Return on Equity	5.0%	4.3%	4.3%
Net Gearing Ratio	32%	34%	36%
Shareholders' Funds/Total Assets %	62%	60%	59%

Hawke's Bay Museums Trust

Policies and objectives regarding ownership and control

The Hawke's Bay Museums Trust (HBMT) is a Council Controlled Organisation as three of the five-member Board are Council nominees. This is in accordance with the revised Constitution and Rules adopted 30 October 2006, which were amended to reflect the change in role to that of owner and guardian of the regional collection.

Nature and scope of activities

The objectives of the Trust are:

- To hold and protect the regional collection for the people of Hawke's Bay;
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay;
- To advance and promote cultural heritage and arts through the use of the collection;
- To oversee collection management through the development of collection policy, conservation, and risk management strategies via a contract for services with the Napier City Council;
- To oversee collection development through the regulation of the acquisition and disposal of collection items, and
- To manage the bequests vested in the Trust in a way that maximises benefit to the collection.

In contrast, the nature and scope of activities to be undertaken by Napier City Council in relation to the HBMT collection are outlined below. These activities will be achieved in accordance with agreed best industry practice (Museum Industry Standards, MIS) and be consistent with HBMT policies and procedures.

- Protection:
  - Storage;
  - Security, and
  - Records management.
- Quality:
  - Conservation;
  - Accessioning, and
  - Deaccessioning.
- Access:
  - Exhibitions;
  - Research, and
  - Archives.
- Development:
  - Fundraising;
  - Reserves management, and
  - Relationship development.

Capital expenditure

There is no planned expenditure on buildings or plant and machinery for the 2025-2027 periods. Accessions and conservation will be funded from grants, donations, deaccessions, bequests, and investment interest income.

Faraday Museum of Technology

Trustees are reviewing the future direction of the Faraday Museum of Technology. This includes potentially separating this activity from the HBMT when a sustainable model is identified.

Compensation from local authority

The costs of maintaining the collection will be equally funded by Napier City Council and Hastings District Council. Additional funding may be sought from other sources as appropriate.

Performance targets

Performance targets set by HBMT for 2025-2027 are:

Key Result Area	Performance Indicator	2025-2027
Protection	Full insurance cover provided for the collection	Yes
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to environment
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes
	Deaccessions are managed in accordance with the Collection Strategy and reported to the Board	Yes
Access	HBMT collections are used for academic and personal research	1,500 enquiries
	Collections are made available to the public through quality exhibitions	2 – 5 collection-based exhibitions
Development	Bequest funds income is used in the manner determined by the donor	Yes
	Conservation funds income is used solely for collection care	Yes

Council's other significant interest

Omarunui landfill operation

The Omarunui Landfill is owned jointly by the Hastings District Council (63.68%) and Napier City Council (36.32%). The landfill is operated by the Hastings District Council on behalf of a joint committee (comprising elected representatives from the two councils).

The Omarunui Landfill site is the disposal point for refuse from Napier City and Hastings District with charges set at a level to cover all operating and capital costs. The site is a 180-hectare farm located off Omarunui Road in the Hastings District.

The facility is operated as part of this Council's solid waste infrastructure with the charges set at a level to cover all operating and capital costs.

Combined financial and infrastructure strategy

Executive summary

This combined Financial and Infrastructure Strategy (F&IS) has been prepared to satisfy the requirements of the Local Government Act 2002 and the Severe Weather Emergency Recovery (Local Government Act 2002—Long-term Plan) Order 2023. The purpose of this joint strategy is to set out the key infrastructural and financial considerations and challenges that need to be overcome to meet Napier City Council's short and long-term strategic objectives.

Why have an infrastructure and financial strategy?

We manage an infrastructure portfolio with a value of around $2.24 billion[1] and spend around $130M annually[2] to keep our city running and deliver the levels of service our community expects. Given that scale, and the nature of the 'lifeline' networks and systems we manage, like the water we drink, it's important to have a clear strategic approach to what we invest in, when, and how we're funding it. We can't afford to get these decisions wrong. Our strategy outlines a responsible approach to maintaining, renewing, and enhancing our assets while balancing financial sustainability.

Where are we now?

We're operating in an environment with lots of external pressures and risks, especially in the wake of the challenges posed by recent events like Cyclone Gabrielle.

While developing this strategy, we've had to be honest with ourselves about the state of the infrastructure networks we manage. A significant proportion of our asset portfolio is ageing, which is common after development "booms" in the 1950s and 1970s. It gets to a point where lots of assets come to the end of their useful lives after 50 to 80 years – a concrete pipe, for example, is only engineered to last for a finite period. We also haven't invested the way we needed to in maintenance and proactive replacement. While that saved our ratepayers money in the short term, it means we're starting to see assets failing and requiring costly emergency fixes and increased renewal programmes.

At the same time, we're grappling with financial constraints. We can't invest in fixing and renewing everything at once. That wouldn't be affordable for current ratepayers and fails to recognise that renewed/replaced assets will continue to service the community for the next few generations. We're also affected by inflation and cost increases like any household is – it's costing us more and more to maintain our 'levels of service'.[3]

1 Property, plant and equipment value as at 30 June 2023.
2 Based on actual operating expenditure in 2022/23, excluding depreciation.
3 'Levels of service' define what the community can expect to see delivered by council for the rates they pay. A simple example is collecting kerbside recycling once a week in urban areas. That strikes the right balance between ensuring public health and avoiding nuisance, while not costing more than the community is prepared to pay for.

Where are we going?

To navigate these kinds of competing influences, we've set priorities for our Three-Year Plan 2024. We recognise what a significant role investment in our infrastructure portfolio plays in achieving these aims, but also need to balance what our community can afford in the here and now. Here are our current priorities, which you can read more about earlier in our Three-Year Plan document:

- **Financially sustainable council**: Council has an operating model and financial strategy which is affordable for rate payers and enables us to achieve our objectives.
- **A great visitor destination:** Napier is a destination aspiring to provide 'world class' facilities and attract visitors to our city. We make it easy for people to invest in our city and create experiences that attract widespread participation.
- **Spaces and places for all:** Napier has spaces and places that everyone has access to and wants to use. We have a focus on accessibility, affordability, safety, and city vibrancy.
- **A resilient city – the ability to thrive and withstand impacts, knocks and shocks:** Council makes good future planning and investment decisions to prepare for a changing climate future and enables our community to build self-reliance. Our people, economy and infrastructure are resilient.
- **Nurturing authentic relationships with our community and partners**: Council fosters meaningful relationships, demonstrating our commitment to listen to our community's needs, concerns, and aspirations. Developing strong partnerships with mana whenua and tangata whenua ensures we uphold our obligations under Te Tiriti o Waitangi.

Our current state is one of transition and opportunity. By focusing on these priorities, we aim to build a foundation that addresses today's needs and paves the way for a sustainable, resilient, and vibrant future for our city and its residents.

4 Our strategic objectives are set out on page XXXX of our Three-Year Plan. In summary, they are:
- Financially sustainable council
- A great visitor destination
- Spaces and places for all
- A resilient city – the ability to thrive and withstanding impacts, knocks and shocks
- Nurturing authentic relationships with our community and partners

Purpose

This combined Financial and Infrastructure Strategy (F&IS) is designed to steer Napier's infrastructure development, investment and approach to financial management over the next 10 years. This adjustment from the usual 30-year planning horizon is a direct response to the impacts of Cyclone Gabrielle, emphasising the need for focused and agile planning.

Forming part of our Three-Year Plan, this F&IS ensures that our investments and asset management decisions directly support Council's strategic objectives.[4] We've chosen to bring together what we've previously treated as two separate strategies to acknowledge the interconnected nature of infrastructure management and our financial reality.

This strategy will next be reviewed in 2027 and is designed to address big challenges at a scale far longer than the three-year political term. Because we are facing significant uncertainty around the future of water service delivery, and given we've had limited capacity to focus on preparing this plan as we diverted attention into our cyclone response, we've really focused on years 1-3 when it comes to our finances and infrastructure planning. This strategy does set out detail about years 4-10 to give our community a sense of where we're going but this will very likely need to be refined. Our 2027 review gives us this opportunity.

We're operating in a post-COVID-19 and post-Cyclone Gabrielle context. Just like whānau across Napier, our finances are stretched and now we're facing unanticipated costs of reinstating broken infrastructure like the Redclyffe Bridge. This strategy aims to strike the right balance between what our community needs and wants, our obligations as a good 'asset manager', and what we can afford.

Requirements for this strategy

Financial aspect

Per the Severe Weather Emergency Recovery (Local Government Act 2002 – Long-Term Plan) Order 2023, the financial component of this strategy must:

- Include a statement of the levels of service that Council intends to provide over the next ten years.
- Include a statement of Council's quantified limits on rates increases and borrowing.
- Include an assessment of Council's ability to provide and maintain existing levels of service and meet additional demands for services within rates and borrowing limits.
- Specify Council's policy on giving securities for our borrowing, and
- Specify what we're trying to achieve in holding and managing any investments/equity securities.

Infrastructure component

The infrastructure component of this strategy complies with clause 16 of the Severe Weather Emergency Recovery (Local Government Act 2002 – Long-term Plan) Order 2023. The post-cyclone amendments to this planning period mean that Council is required to outline the following things in respect to infrastructure:

- Significant infrastructure issues faced by Council.
- The principal options for managing those issues and the implications of those options.
- A description of the major capital projects that Council is proposing or implementing, including any to facilitate recovery from Cyclone Gabrielle, and
- The likely funding options for those major capital projects and the implications of those options for rates and debt.

Where are we now? Financial and infrastructure 'health'

We're operating in an environmental with lots of external pressures and risks, especially in the wake of recent events like Cyclone Gabrielle and COVID-19.

Our current financial position

We're facing some significant financial constraints in the coming years. We can't invest in fixing and renewing everything at once, nor do we have the means to progress all the new projects and initiatives that we'd like to. That wouldn't be affordable for current ratepayers and fails to recognise that renewed/replaced assets will continue to service the community for the next few generations. We're also affected by inflation and cost increases like any household is – it's costing us more and more to maintain our 'levels of service'.[5]

We're starting off this TYP in a relatively strong financial position. We have a very low level of external debt in comparison to other councils across the country ($10M at 30 June 2023). But that needs to change and we're anticipating finishing the 10 year period covered by this F&IS facing quite a different reality. We've developed a capital plan that prioritises what needs to happen and cuts the excess or 'nice to haves' wherever possible. Even then, our capital programme is projected to cost us $1.1 billion over 10 years. It's just not feasible to fund that quantum of work through rates increases alone; our community couldn't afford it and it wouldn't spread the cost of long-lasting assets over all the generations who will benefit from them. Instead, we're planning on borrowing to cover the cost and managing that debt as strategically as possible. We're anticipating ending the 10-year period between 2024 and 2034 with $343m of external debt.

5 'Levels of service' define what the community can expect to see delivered by Council for the rates they pay. A simple example is collecting kerbside recycling once a week in urban areas. That strikes the right balance between ensuring public health and avoiding nuisance, while not costing more than the community is prepared to pay for.

The state of our infrastructure and networks

Infrastructure is the system that supports our daily lives, encompassing everything from the roads we travel on to the parks where we relax. Here's how it impacts our community across various categories:

- **Transportation**: This includes the roads, bridges, and footpaths that connect us to work, school, and leisure activities. It's about safe, efficient travel for everyone in our community.
- **Water Supply**: Ensuring every home and business has access to clean, safe drinking water to keep us and our community healthy.
- **Wastewater**: This system safely removes and treats water after we've used it in our homes and businesses, protecting our health and preventing environmental contamination.
- **Stormwater**: Managing rainwater and runoff to minimise flooding risks to properties and maintain the quality of our waterways.
- **Parks, Reserves, and Sportsgrounds**: These spaces are where we play, exercise, and relax. They're essential for our physical and mental well-being, offering green spaces and recreational areas.
- **Buildings and Facilities**: This includes libraries, museums, pools, cemeteries, and community centres - places where we learn, gather, and access community services.
- **Solid Waste**: Effective waste management systems keep our city clean, our homes and businesses healthy, and reduces the impact on our environment as far as possible.

While developing this strategy, we've had to be honest with ourselves about the state of the infrastructure networks we manage. A significant proportion of our asset portfolio is ageing, which is common after development "booms" in the 1950s and 1970s. It gets to a point where lots of assets come to the end of their useful lives after 50 to 80 years – a concrete pipe, for example, is only engineered to last for a finite period. We also haven't invested the way we needed to into maintenance and proactive replacement.

While that saved our ratepayers money in the short term, it means we're starting to see assets failing (requiring costly emergency fixes), and/or instances where our community is not receiving the level of service we set out to provide.

One of our biggest challenges, which will be expanded upon in this strategy, is that we have gaps in our knowledge about our assets. That includes the condition of our underground assets, like sewer pipes which deteriorate over time, and above ground assets like the buildings and homes we own, which can face issues over time that aren't necessarily obvious without specialist testing. This data is essential for ensuring that we can intervene and plan maintenance or replacements before assets fail or network condition becomes too poor to manage. Improving this data is going to take significant effort and investment over the next 10 years.

Where are we headed and how are we going to get there?

We've got to be strategic in the way we unlock financing and invest that funding very deliberately in our assets. It's a case of prioritising based on risk, criticality and greatest benefit to the community. Over the next 3 years, we're planning for a $365 million infrastructure investment. Key areas of focus and financial allocation include:

- **Risk Assessment and Resilience Building:** Directing Capex[6] towards strengthening our infrastructure.
- **Community Engagement and Transparency:** Maintaining open communication and involving the community in our plans.
- **Innovative Solutions and Technology:** Investing in technology for efficient management and sustainability.
- **Continuous Monitoring and Adaptation:** Allocating Opex[7] for the upkeep and evolution of our infrastructure.
- **Strategic Financial Planning:** Balancing Capex for development and Opex for maintenance, ensuring sustainable financial management.

6 Capex includes expenditure on creating new assets, increasing the life or capacity of existing assets, or replacing them.
7 Opex covers day-to-day maintenance and operations across all infrastructure services, like painting a building or cleaning a pipe. This ensures that our current infrastructure remains in good condition while we progressively work on enhancements and new developments.

Key Assumptions

A full suite of planning assumptions has been included earlier in our Three-Year Plan. This F&IS has been prepared in alignment with those assumptions. Those which are particularly relevant to our infrastructure and financial planning are highlighted briefly as follows:

- **Demographic Changes**: We're seeing a growing ageing population alongside urban development. Our infrastructure strategy needs to support these shifts with accessible and adaptable public facilities and services.
- **Technological Progress:** We're embracing smart technology as we can afford to. It means we can work more efficiently and achieve better outcomes for our community.
- **Economic Turbulence**: We're planning for an inflated economy where it costs more to deliver our projects and we're paying more to borrow. Conversely, it's an opportunity to make the most of relatively high interest rates on investments. We're also keeping affordability for households front of mind.
- **Environmental Sustainability**: We need to be planning for a future with more frequent extreme weather events, rising sea levels, a rising water table and hotter climates.
- **Legislative Readiness**: We're anticipating reforms in water services, resource management, and local government and preparing to adapt our plans to meet new regulations and standards.

Our Challenges

This F&IS is required to cover the significant infrastructure issues we're facing over the next 10 years. Each of the 10 challenges we've identified are addressed in turn below.

Affordability, fairness and intergenerational equity

The challenge

Our financial landscape centres on balancing the need for affordable rates and managing limited resources versus the need to take good care of the assets like the roads and reservoirs that we rely on every day.

We're facing a significant programme of work to modernise our ageing infrastructure, enhance our resilience against natural disasters, and futureproof our assets (both in terms of how our community expects them to perform, and what environments they will be exposed to). At the same time, our community expects to see continual improvement of services because of annual increases to rates.

All these demands do not come cheaply, and we recognise that the cost of this can't and shouldn't rest solely with our current ratepayers. We need to spread the cost of major asset upgrades across the generations who will benefit from them. We also have opportunities to make our money work for us through the likes of strategic investments and new ways of working with external investors.

The previous government's 'Three Waters Reform' programme (later known as the 'Water Services Reform') would have seen ownership and responsibility for our urban drinking water, wastewater and stormwater network transferred to a new regional entity, co-owned by participating councils and co-governed by councils and mana whenua. This would have transferred responsibility for required asset upgrades over to a new body which, in theory, could unlock new funding opportunities and economies of scale. Conversely, it would have meant Council's asset portfolio was reduced, which may have impacted our borrowing headroom. This policy has now been overturned, and the incoming coalition government has made its intention clear that waters assets and responsibility for service delivery is to remain with councils until/if they voluntarily shift to a new model.

Practically, that means we're now having to budget for work that we weren't anticipating being responsible for after 2025, which creates more demands on our limited resources.

Our options

- **Significant rates increases** to catch up on deferred work and futureproof our assets, which compound cost of living pressures on our community.
- **Significant borrowing** to invest what we need to into our networks and facilities, which we ultimately have to pay back with interest and means less agility to draw down borrowing for emergencies/large future projects until we catch up.
- **Striking the right balance** between rates funding and loan funding, working within borrowing limits and managing loan funding carefully.
- **Revisiting/recalibrating levels of service** which might result in a lower service than our community is accustomed to.
- **Divestment of assets**, which can free up funding as an 'one time' solution but is by nature difficult to reverse.

Our response

This Three Year Plan includes a significant rates increase in year one (19.95%) and steady increases over the following nine years. This has not been an easy decision to make as we know it comes at a time when households' finances are under pressure. Ultimately we've decided this is necessary to ensure we have the budget to continue delivering high quality core services. Our strategy focusses on minimising shortfalls in the near term while creating flexibility and headroom for years four to ten. It will allow us to build up a buffer in our infrastructure asset renewals reserves, which we've historically underfunded to keep rates low. Those reserves offer us a dedicated pool of funds available when assets reach the end of their useful life or require significant maintenance. By setting aside money in advance, we can proactively address the renewal needs of their infrastructure without relying solely on ad-hoc budget allocations or facing financial strain when unexpected issues arise.

In addition, we're planning to borrow to make sure we can deliver projects in a timely way. This shares the cost by spreading the load across current and future ratepayers, so it's not too heavy on anyone right now but everyone can enjoy the benefits down the line. We have specialist staff in Council who make informed decisions about loan terms and repayment structures to mitigate the costs of borrowing as far as possible.

We are also acutely aware of the need to ensure we're operating efficiently and sustainably. That includes regularly revisiting our levels of service to ensure what we're providing and prioritising is in line with what the community expects and is willing to pay for. A simple example to illustrate this is our approach to kerbside rubbish collection. Currently, we offer urban rubbish collection once a week, which aims to strike the right balance between convenience and public and environmental health, and the cost of visiting around 6,000 homes each week and emptying their bins. We could come daily, but that cost would be reflected in rates bills. We could come monthly and save on operating costs, but rubbish would accumulate on properties and start causing issues. We need to review levels of service across the business over the next few years to ensure we're spending the right amount of energy and resources on the right things.

As part of our consultation on this plan and strategy, we proposed and agreed to divest the three housing villages we currently use to provide social housing. Divestment of a portion of our portfolio will reduce our operational outgoings for the housing portfolio and lessen the pressure on our capital budgets for maintenance and upkeep.

We are also shifting our approach for some of our business and tourism portfolio such as Napier Conferences & Events and Ocean Spa to commercial models. That means that after two to three years these facilities will generate all the revenue needed to cover the cost of running them, and not receive any 'top ups' from rates funding. If that is not achievable, we'll have to consider our next steps to keep the cost of our day-to-day business in check.

Ageing assets

The challenge

Like many other parts of New Zealand, Napier finds itself in a challenging phase of its infrastructure asset lifecycle, with many of its assets over 50% through their useful life and some beyond their intended useful lives. The performance of an infrastructure asset becomes much less predictable as it ages and requires more frequent maintenance and replacement.

We plan our maintenance and improvements according to the best information we have about our assets, but we recognise there are gaps in what we know. Those data gaps are a liability if we can't plan to maintain or replace assets before they fail.

Our transport assets are generally well maintained and in reasonable condition but there is a risk that without continued steady investment we fall behind and our network deteriorates relatively quickly.

For water assets and our buildings however, the picture is not so clear. Take our underground network of sewer pipes as an example; we have never done a comprehensive condition assessment of all these pipes to see how they are performing and ageing. Generally, the more recently they were installed, the better data we have about what they are made of, exactly where they are, and how long they are expected to last. But for older pipes, the data in our asset management system is often just a best estimate, or defaults to a standard installation date if the actual date is unknown. That means when we forecast what we need to replace over the next 30 years, the data is telling us a story we can't fully trust. Until we carry out physical inspections, which is no mean feat for 394km of wastewater mains, we're going to continue to have to overcome this asset intelligence deficit.

Our options

- **Do nothing**, acknowledging we'll continue to run into the same challenges around planning and proactive maintenance.
- **Schedule and plan for condition assessments as resourcing and budget allows**, focussing on critical assets first, acknowledging despite our best efforts, data gaps may persist in certain areas for some time.
- **Full-scale focus** on condition assessment and data capture, acknowledging that without significant new funding and/or resourcing, other projects would need to be deprioritised in the meantime.

Our response

We're building in condition assessment programmes into our business planning, balancing the need for better information with the reality of still needing to maintain the day-to-day operation of networks and react to unanticipated failures.

For example – we're currently in the planning stages to implement a CCTV inspection programme of our underground sewer and stormwater pipes. This would be a multi-year programme of work targeting the highest risk assets first (based on what we already know).

For buildings, we currently carry out a three-yearly cycle of visual assessments on facilities like the National Aquarium, public toilets and community halls. While these inspections tell us some of the story, ideally we would conduct more thorough assessments that involved sampling, moisture testing, inspecting air conditioning systems and the like. We're currently planning to implement a programme of detailed condition assessments for mechanical services in all the buildings we maintain responsibility for. This is part of building up incremental improvements to our understanding of the assets we manage.

Ability to borrow

The challenge

We're needing to rely on external borrowing throughout the period of the TYP, which is a departure from our recent history of being debt-free. We have some significant projects coming up and a backlog of maintenance and renewals to catch up on that we won't be able to achieve without external funding.

We do have limits on how much we can borrow. As part of the Local Government Funding Agency (LGFA) we can access competitive financing especially tailored to the local government sector. But the LGFA puts limits on how much each council can borrow to ensure it's being used sustainably – for us this is currently 175% of our revenue. We've also set our own debt limit to match this 175% ratio. Technically we could breach this LGFA covenant and our own quantified limit, but our cost of borrowing would increase significantly if we were to do that.

We need to make sure we're borrowing to cover the work we need to deliver, but not borrowing so much that we get too close to our 175% limit and start to jeopardise our ability to withstand unanticipated shocks in the future.

Our options

- **Borrow what we need** without worrying too much about the 175% debt caps, but risking a higher cost of borrowing if we breach the cap and less flexibility if we encounter unforeseen challenges like we did with Cyclone Gabrielle.
- **Carefully manage our borrowing** to stay within the 175% debt caps and protect some borrowing "headroom" for the future, acknowledging that there will be projects and programmes we need to defer or abandon to find the right balance.
- **Explore strategic opportunities** to maximise our borrowing headroom, such as becoming an LGFA 'rated' council (explained in more detail below) noting that this might come with more compliance obligations and can work against us if we don't manage it well.

Our response

We've developed our capital programme and budgets to stay within the 175% limit (currently forecast to peak at 143% in 2031/32). That has involved delaying/deferring projects to be considered at a later date (Te Pihinga community centre, for example). As we progress through the 10 years covered by this strategy and develop a better understanding of the cost of our major projects sitting in later years, we will likely need to revisit our phasing to keep within this limit.

We're also approaching our borrowing prudently. Becoming a member of the LGFA in 2020 gives us access to the best possible interest rates on lending and involves the receipt of 'borrower notes' (debt securities that can be converted to equity under specific circumstances) which can work for us in the long term.

In addition, we're planning to explore options around taking on a credit rating. Council is currently unrated given our history of low external debt. If we become rated with S&P Global or Fitch Ratings, we can unlock more competitive borrowing rates through the LGFA and our debt limit could increase to 280% of our revenue. That gives us more headroom to borrow.

Exactly when we take on a credit rating is key. To maintain a rating, our financials need to be externally audited each year at a cost of around $100,000. Once we reach around $100M of external borrowing, the interest savings we would unlock by having a credit rating start to outweigh that audit cost. We're anticipating hitting that $100M debt threshold around year three of this plan and will keep a close eye on our debt levels to make sure we can make this shift at the optimal time, if that's the preferred way forward. In the meantime, we will start application preparations. There are some risks involved. Once we are rated, there is always the risk that our rating is downgraded. That effects the interest rates we can access and comes with a reputational risk for Council. These will be fully explored and considered when we come closer to a formal decision whether to become a 'rated council'.

Cyclone recovery

The challenge

In the aftermath of Cyclone Gabrielle, we're facing unanticipated costs and challenges to reinstate lost infrastructure and adapt some of our critical assets to safeguard against failure in similar events in the future.

We jointly own both the Redclyffe Bridge and Brookfields Bridge with Hastings District Council, both of which were destroyed by the force of the swollen Tutaekuri River on February 14 2023. The Redclyffe Bridge has been temporarily reinstated for light vehicles only, but we still need a permanent solution to provide another vital connection between Napier City and the wider Hawke's Bay region. Brookfields Bridge remains damaged and impassable.

Our sole Waste Water Treatment Plant (WWTP), situated in Awatoto, was inundated by floodwater on 14 February 2023. The water damage to electrical componentry on the ground floor of the facility rendered the plant inoperable for two months, during which the city's wastewater bypassed the plant entirely and was discharged, untreated, into Hawke Bay. Partial treatment began again in April 2023 and full restoration of service took five months after the cyclone. We now have the chance to invest in improvements to our WWTP, like lifting critical components up to a higher floor level, to ensure a failure like this wouldn't happen again under similar conditions in the future.

Our options

- **Do nothing** and 'save' the money. We could leave the two bridges out of commission and take the chance that similar flooding either won't occur in Awatoto in the future, or that it wouldn't have the same effect on our WWTP.
- **Like for like replacement** - our infrastructure landscape is restored to how it looked pre-Cyclone, but might come with an opportunity cost if we missed the chance to build back better.
- **Targeted improvements to the WWTP** – using the lessons we learned from Cyclone Gabrielle to focus on smaller scale reconfiguration of the plant that protect from outages in future flooding events, noting that it will have a direct cost to the community as it's not covered by our insurance.
- **Take the time for due diligence before making decisions** for significant investment. While this delays immediate action, it means we spend once and spend right.

Our response

Pursuing a combination of taking time for due diligence and implementing some targeted improvements now presents a balanced approach to enhancing resilience. This dual strategy allows us to address immediate vulnerabilities while making sure that when the time comes to invest millions of dollars on the Redclyffe Bridge, we're confident that we've settled on a modern and future-focussed solution. Because the Bridge is jointly owned with Hastings District Council, we also need to make sure any replacement meets the needs of both communities. We're still considering options for the Brookfields Bridge. We've set aside funding for Brookfields in year 11 of our budgets (which is just outside the scope of this strategy), but we'll have opportunities to revisit that timing once we've got a better understanding of our options.

We're already working on improvements to the WWTP to mitigate immediate risks and enhance safety, both for the people operating the plant, and for our marine environment. We've set aside $4.3M of funding over 10 years for this initiative.

Preparing for climate change and natural hazards

The challenge

In Hawke's Bay, we're facing the test of time and nature. Our changing climate is predicted to bring more frequent and intense storms to our region. The recent cyclone was a wake-up call, showing us the need for resilient infrastructure that can continue to operate in harsh and unexpected conditions. With our coastline and low-lying areas vulnerable to erosion and inundation, we must rethink and reshape our infrastructure for the future and consider how much we're willing to pay to engineer ourselves out of climate risks. Hawke's Bay is also one of the most seismically active regions in Aotearoa.

We know we need to strengthen existing structures and ensure new developments can withstand the tests of weather, time and natural disasters. Sustainable land use and comprehensive water management are also key, helping to prevent problems before they arise. We need to take opportunities to enhance our emergency preparedness during 'normal' periods to ensure the community can stay safe if the worst happens. By proactively tackling these risks, Napier can ensure a sustainable and resilient future for its residents and businesses.

Our options

- **Do nothing** and avoid the outlay but risk higher future expenses and vulnerability to natural disasters.
- **Engage the community and form partnerships**. This involves upfront costs but would create strong relationships that can unlock shared opportunities and funding for resilience.
- **Plan resilience strategically** includes low-cost monitoring for immediate improvements and significant investments in infrastructure to cut future costs and reduce damage from events. By incrementally improving community safety and environmental sustainability, we aim to minimise resistance and emphasise the importance of gradual changes and active community participation.

Our response

Facing financial limits, we're choosing a focused path of incremental improvements and strategic planning to boost resilience. Our plan prioritises strategic, cost-effective actions that can make a big difference now, without overwhelming our budget.

We are implementing a dedicated 'Resilience Rate' from 2024/25 onwards, the revenue from which will be ringfenced for activity related to emergency preparedness. For 2024/25, the rate will be ringfenced for emergency management activities and the Joint Coastal Hazards Strategy. The criteria for the rate's use in future years will be decided on during the annual planning process each year.

Increased demand from growth

The challenge

Starting from a community of 67,900 in 2023, we're on a path to grow by a little over 8.5% to reach a population of 73,740 by 2034. Most of our new residents will move into existing homes (infill), while some will build new (greenfield).

As Napier grows, so too does the demand for water to drink, roads to travel on, and places to play and gather. We'll have to think smart – not just build more, but build better, ensuring everyone can live comfortably without traffic congestion or poor performing local drainage networks.

Our Hastings neighbour is also growing, and together, we're creating a Future Development Strategy that ensures our infrastructure – the physical support that holds our community together – keeps pace with where and when we're growing.

Our options

- **Plan for minimal growth**: Acknowledging limited expansion may save money initially but could lead to future congestion, dissatisfaction and opportunity cost.
- **Plan for medium growth**: Provides space for our community to grow but risks uneven development and underserved areas.
- **Plan for high growth**: Investing heavily upfront ensures comprehensive infrastructure to support future needs and satisfaction but comes with a cost to council as we boost capacity in our networks.

Our response

We're legislatively required to provide for housing development, so 'do nothing' is not an option here. The National Policy Statement – Urban Development also requires us to develop a Future Development Strategy.

Our options will be appropriately explored through the Future Development Strategy process and enabled by our District Plan. The Future Development Strategy will show where we should target growth, set out the infrastructure needed to support and service that growth and highlight development constraints like flood or coastal inundation risk.

We've chosen to base the development of our Future Development Strategy on a medium-high growth projection; carefully weighing the need for expansion against mindful investment. This is a balanced response to the projection, ensuring we develop our city thoughtfully to meet increasing demand without overwhelming our resources or compromising our existing levels of service.

Recognising that most new residents will settle in existing neighbourhoods, we're focused on targeted intensification with sequential upgrades of water and roading network. This not only helps to cover the demand, but also supports the capacity, increases reliability and network performance for existing residents.

Ageing population

The challenge

The latest census shows an evolving demographic trend: by 2048, nearly a third of our residents will be seniors. By the numbers, that means that over the next 24 years the proportion of our community 65 years or over will rise from 22.9% (2024) to 28% (2048).

This demographic shift brings an increasing necessity for accessible infrastructure in public spaces, transportation, and buildings. It also means a growing segment of our community will become more vulnerable, requiring additional care and support. There will be a higher dependency on critical lifeline networks such as water and telecommunications. There's a financial element too – it means that a larger portion of our ratepayer base will be on fixed incomes and less able to absorb marked increases to their rates bills.

Our options

- **Investment in accessibility improvements to our infrastructure as opportunities arise** acknowledging that transformational accessibility improvements to our networks will take time.
- **Full scale accessibility integration for our infrastructure**. All new projects are designed with full accessibility from the outset and we undertake comprehensive retrofitting of existing infrastructure.
- **Settle a model for retirement housing provision that is financially sustainable over time** noting that this may mean we have to narrow the scope of what we provide.

Our response

The ageing population trend is well understood and integrated within standard Council planning processes. For example, when renewing our transport corridors, we already factor in accessibility improvements at crossings. We also continue work to realise our Positive Ageing Strategy and Disability Strategy, directed by our Positive Ageing Strategy Advisory Group and the Napier Disability Advisory Group.

We're also using this TYP as an opportunity to consider how our housing villages can continue to be provided for older people in a way that is financially sustainable. Council's housing portfolio continues to be one of the few options available in Napier to those whose income is limited to superannuation and who have no assets they can leverage to afford retirement villages. With a growing elderly population, we recognise this housing is filling a critical gap in the market but want to make sure the way this activity is managed and funded ensures these homes are available long into the future.

Increasing environmental and regulatory standards

The challenge

The standards we need to meet in our day-to-day work are steadily increasing to protect the health of our community and our environment. For example, more stringent drinking water standards came into effect in 2022. We also know we need to meet incoming national standards for kerbside recycling and introduce a household food scraps collection service.

We are also navigating a complex landscape of reforms and proposals that could fundamentally change what we're responsible for:

- The Three Waters Reforms are now being replaced by the new government's Local Waters Done Well policy, which requires councils develop and present a financially sustainable model for water services delivery into the future.
- The recommendations from the Future of Local Government review are still sitting with central government awaiting response.
- The new government has announced a three-step reform process to the Resource Management Act 1991 to balance urban development with environmental preservation.

Our options

- **Deliberate deferral of compliance** with a plan for compliance that is financially prudent, acknowledging that opens us up to the risk of regulatory scrutiny and enforcement.
- **Targeted improvements** to prioritise meeting legislative requirements over and above any level of service considerations – essentially a 'middle ground' of ensuring compliance in the most critical areas.
- **Full commitment of investment to meet new standards** and maintain/improve level of service, knowing this comes at a large cost to our community.

Our response

Given our financial constraints, sometimes we're needing to deliberately take a slower pathway to achieving compliance, and other times we're targeting compliance in areas that create the highest risk.

Our approach to the new drinking water standards is a good example of this. We're currently non-compliant, but we've shared an improvement plan with Taumata Arowai which will see us achieve compliance in 2028. This relies on a series of investments, like sinking new bores and commissioning new treatment plants that we just couldn't achieve or afford in time.

The public health risk levels of Napier's water supply have not changed for the worse due to this non-compliant status. We are currently running seven operational bores and have two bore sites where appropriate bacterial and protozoa treatment is installed (A2 and A3). All other bore sites have been upgraded with online drinking water quality instruments and alarmed. Due to this, the risk we faced when we were compliant prior to the introduction of the new legislation is now effectively lower, even though we are currently non-compliant under the new legislation. It is also important to note that the new legislation introduced did not affect our microbiological compliance in the distribution network as we have had no transgressions to date and all monitoring results comply with requirements.

In terms of national reform, we are planning ahead as far as practicable to ensure that Napier is well placed to navigate changes on the horizon. Finding the right balance between being prepared versus getting too far ahead of central government policy decisions is key to ensuring we're using our resources wisely.

Outdated systems and processes

The challenge

Our current challenge lies in modernising our internal systems and processes. While they work, they aren't as connected or efficient as we expect them to be in today's fast-paced, digital world. We have an opportunity to embrace new technologies that can transform how we gather and use information, leading to smarter, more informed decisions for our city.

Our goal is to streamline these systems, creating a cohesive framework that enables seamless data flow and analysis. This step forward will not only improve how we operate but will also enhance the services we provide to our community.

Our options

- **Do nothing** acknowledging this will continue to hinder our productivity.
- **Prioritise upgrades** of most valuable and utilised softwares.
- **Full scale investment** in modernized digital infrastructure.

Our response

We've developed a Digital Business Strategy which prioritises updating key business applications and tools in line with the funding program set out in our TYP. Outcomes are centered on using contemporary systems and data integration, to enhance customer engagement, reporting, and business process improvements across the organisation. This strategic direction underpins our efforts across various workstreams, ensuring a cohesive approach to technology and data management.

Council has recently invested in upgrading the system we use for project and risk management, which will give us better oversight of all our initiatives and interdependences. This upgrade is a critical step in aligning our operational practices with the strategic goals outlined in the Digital Business Strategy.

To elevate our asset intelligence, we've updated our software for managing assets by introducing user-friendly web apps that work across different devices as our teams are out in the community. These apps help us keep data input consistent and instantly update our main data storage. We have plans for regular upgrades and ongoing improvements to this system based on feedback.

We're also implementing live dashboards and reports for real-time data analysis. To make sure comprehensive understanding and responsible usage, we're providing training sessions for key staff. This training is integral to both our asset intelligence and the broader objectives of the Digital Business Strategy, facilitating a culture of continuous learning and adaptation.

This approach makes our operations smoother and supports informed decision-making and accountability, reflecting our dedication to manage assets efficiently. Our coordinated efforts across these high-priority areas, supported by a number of teams, demonstrate a commitment to integrating advanced technology solutions with strategic asset management and business operations.

Limited capacity to deliver

The challenge

We've set ourselves an ambitious capital plan for the last few years that we've fallen short of delivering in full. There are a few factors constraining our ability to deliver.

It's not as simple as "contracting out"; coordinating with external consultants requires careful oversight from our team, stretching our resources. In addition, finding and keeping the right professionals in our workforce is increasingly difficult due to competition in the industry.

With increasingly complex projects, we're still finding the investment 'sweet spot' at the early stages of a project. It's crucial to have enough information for informed decision-making without spending extensively on scoping projects that may never have political or community support.

Many of our projects benefit from the valuable input of diverse stakeholders, including local iwi. This collaborative approach is necessary to ensure outcomes work for all corners of our community, but it naturally extends the timeline from conception of a project to implementation. During this time, we must regularly reassess the project's relevance against its original goals.

Our vulnerability to supply chain disruptions is also worth noting, and was highlighted for us during COVID-19 and in the aftermath of Cyclone Gabrielle.

Our options

- **Status Quo:** Keeping things as they are won't cost more now, but it could lead to higher expenses and problems meeting future needs.
- **Project prioritisation:** By focusing on important projects first, we save money now but there is an opportunity cost involved for work we don't progress. This safeguards our ability to deliver on our levels of service, but some ratepayers might be disappointed if their expected projects are delayed.
- **Strategic procurement** to ensure Council initiatives are appealing to external experts within a national context of significant infrastructure investment. That can take time upfront, but ultimately results in better outcomes for Napier.
- **Self-imposed limits on the quantum of forecast capital spend** to focus on deliverability and reduce the volume of unspent budget carry-forward. This does mean we aren't setting out to do everything we and our community would like to do, but we've prioritised based on risk, criticality, and maximum community benefit.

Our response

We are reviewing our procurement methods, bundling work together, and also prioritising the work that is most important to complete. Where Council resources are stretched, we are looking at external assistance, for example, where we need additional technical expertise or project management assistance. There has also been a concerted effort to reduce peaks in the delivery profile of our capital plan and to keep the annual forecast spend realistic. Projects have been moved around to make the plan as achievable as possible.

This next TYP period is still an ambitious program of work to deliver, and there could be resourcing and supply chain constraints both internally and externally that hinder completion of the program. Working on some of the solutions above should help to minimise the risks of under-delivery.

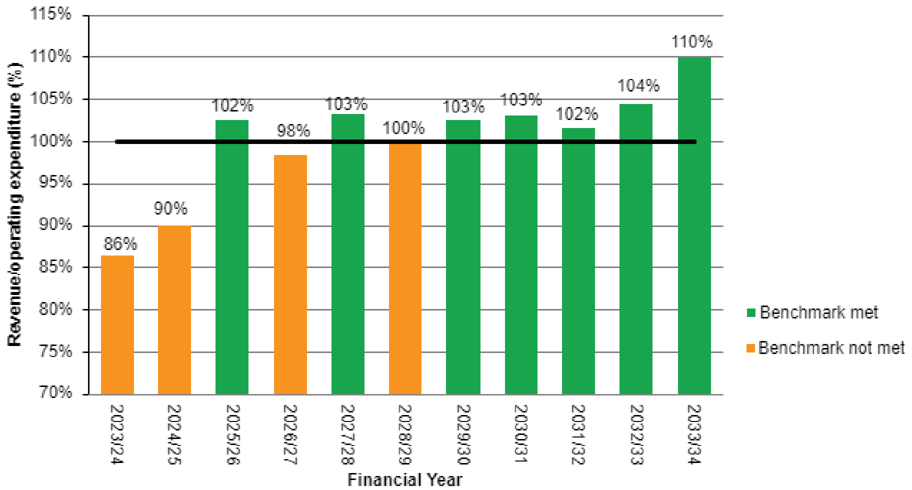
Financial forecast and funding approach

Our proposed approach to managing our finances as part of this combined strategy represents a step-change from our fiscal management style in recent years. We're shifting away from an emphasis on low rates increases, recognising that's come at a cost to the condition and performance of our infrastructure. Instead, we're proposing the necessary rates increases combined with strategic borrowing to aim for a balanced budget between 2025/26 and 2033/34. A balanced budget is achieved when our revenue meets our budgeted operating expenses.

There are some short-term changes to our financials outside of our core business, such as:

- loan-funding the deficits of Ocean Spa, Kennedy Park Resort, and Napier Conferences and Events as they transition to being financially self-sufficient, and
- the depletion of our Parklands Development revenue stream.

Because these are not sustained affects, it is financially prudent to allow the balanced budget benchmark to drop slightly below 100% in years three and five. The graph below shows our balanced budget benchmark for the next 10 years, with green bars showing where we have a balanced budget:



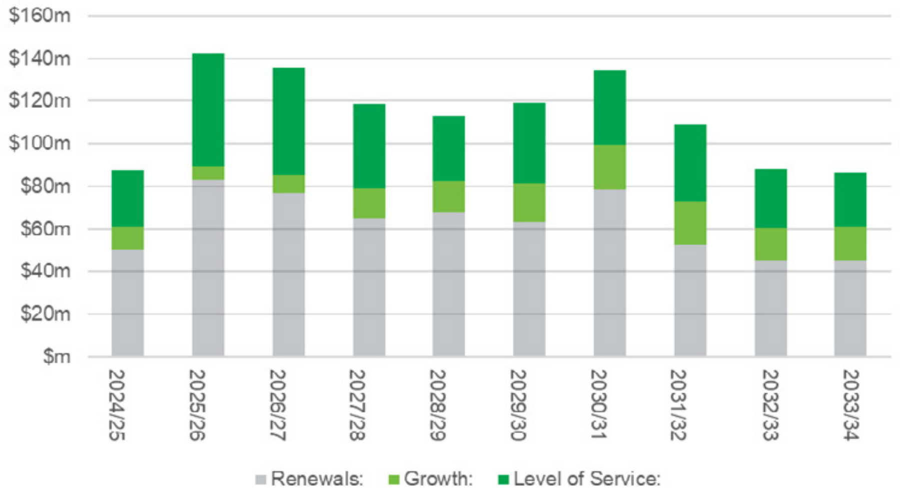
Our spending is split between operating expenditure and capital expenditure. Operating expenditure, or 'OPEX', covers the day-to-day costs of running council, such as salaries, utility bills, routine maintenance of council assets, and expenses related to Council services like waste collection or community programmes. Capital expenditure, or 'CAPEX', is the money we spend on long-term assets that will provide benefits over an extended period, like buildings, machines, pipes and pumps.

Generally, we cover our operating expenses with a mixture of rates revenue, fees and charges (where the user pays to access a specific service or facility like the transfer station or dog registration) and sometimes our savings/reserves. Rarely, we might need to borrow to cover OPEX, but this is in exceptional circumstances like emergency responses.

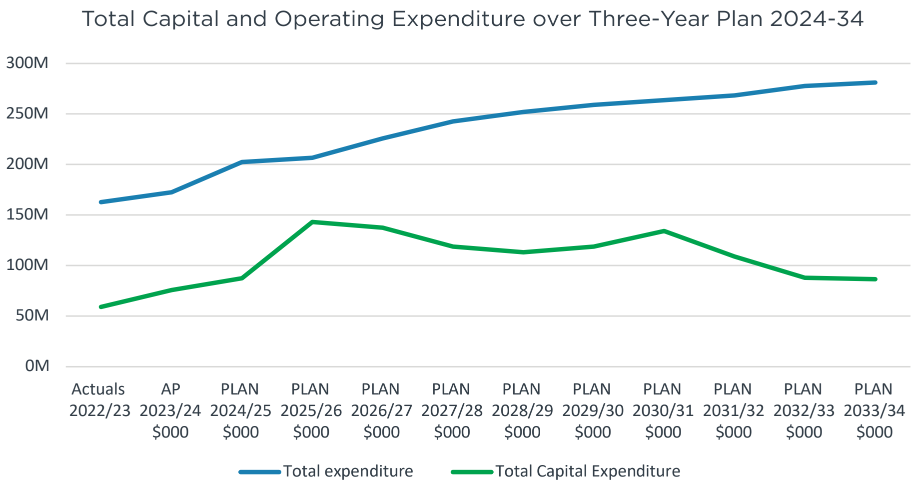
The way we fund our capital works depends on the type of work. Generally, for the period covered by this strategy:

- **Renewals projects** (replacing like for like) will be funded through our Infrastructure Asset Renewals Reserves; dedicated funds set aside to cover the costs of renewing or replacing infrastructure assets. We're proposing to collect slightly more in rates between 2027 and 2034 than we're projected to spend. This is to build up these reserves and reflect our commitment to maintaining our assets in a planned and financially prudent manner.
- **Projects to improve Levels of Service** will be funded through borrowing, reserves, or through external sources like Waka Kotahi subsidies or central government's "Better Off Funding".
- **Growth projects** to increase capacity to meet demand from new developments, will be funded through financial contributions, which we collect directly from developers.

Sometimes projects are driven by all three elements outlined above, which is when we allocate funding from multiple different sources. The graph below outlines our total capital plan for each of the next ten years, and shows the proportion split between types of capital project:



Here's how our projected operating and capital spend looks over the next 10 years, compared to our actual spend in 2022/23.



Levels of service that Council intends to provide over the next ten years

There is no intention to significantly change significant levels of service within the term of this Three Year Plan, as this will require increased operational and capital expenditure. The proposed strategy is focussed on maintaining existing levels of service.

A brief summary of our main asset groups and the level of service they provide is included below. More information on these levels of service can be found in the Activity Group Statement section of this TYP beginning on page 39.

Table – Level of Service

Category	Level of Service Description
Transportation network	We provide roads that are safe and comfortable to drive on. Our roading network, including roads, bridges, footpaths and cycleways, is well maintained.
Water Supply	We provide clean and safe drinking water to households and businesses. Our water supply is managed sustainably to reduce adverse impacts on the environment. Our residents are satisfied with our provision of drinking water.
Wastewater	We mitigate the risk of raw wastewater overflows into habitable areas to safeguard public health. We treat wastewater to meet national standards before discharge into the environment Our residents are satisfied with our response times and provision of sewerage services.
Stormwater	We provide a reliable stormwater system that protects homes and businesses from flooding. Our stormwater is collected and discharged in a manner that protects public and environmental health. Residents are satisfied with our stormwater services.
Buildings	Council maintains and renews all Council buildings to ensure buildings remain safe.
Solid Waste	We offer regular waste collection services, recycling programs, and waste disposal facilities to manage and reduce household and commercial waste. We encourage waste minimisation.
Parks and reserves	We provide green spaces, playgrounds, sportsgrounds and recreational facilities for community use and enjoyment, promoting health, wellbeing, and biodiversity.

There are some minor levels of service changes worth noting that have been built into TYP budgets:

- The Te Aka development will see us deliver our current levels of service but from a new, purpose-built facility.
- Council took over in-house management of Ocean Spa in February 2023, with the intention to have more control over the delivery of existing levels of service.
- Council's decision to form a Council Controlled Trading Organisation over the scope of this TYP to maximise returns from our investment portfolio. There will be a cost to create and run the CCTO, but this would be significantly outweighed by the additional income the CCTO would generate for the city.
- The design and construction of a new a purpose-built waka pontoon adjacent to Nelson Quay.

Council's ability to provide and maintain existing levels of service and meet additional demands for services within rates and borrowing limits

We are forecast to deliver our proposed levels of service within our rate and debts caps, which are discussed in turn below.

Council's quantified limits on rates increases: 'rates cap'

Council has set itself the following quantified limits on rate increases over the 10-year period. Total rates will increase by no more than the forecast increase to rates for each year, plus the Local Government Cost Index (LGCI) on operating expenditure (a way to calculate inflation) plus a consistent allowance of 0.3% per annum for growth in the rating base. The graph and table below demonstrate the *limit/cap* for each year, and the corresponding *forecast rates increase per year* (which is sometimes sitting just below the upper limit).

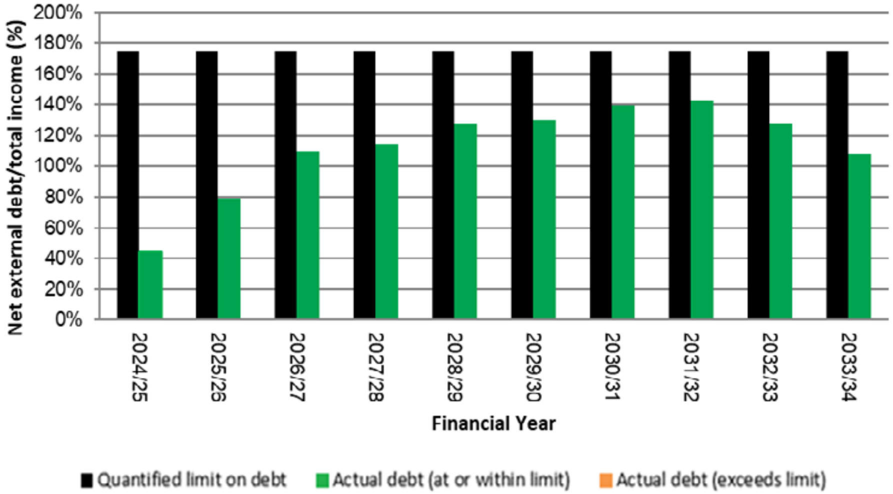
	TYP 2024/25	TYP 2025/26	TYP 2026/27	TYP 2027/28	TYP 2028/29	TYP 2029/30	TYP 2030/31	TYP 2031/32	TYP 2032/33	TYP 2033/34
Calculating the quantified limit on rates:										
Increase to rates (to reflect acceptable increase to current ratepayers before inflation)	19.95%	8.3%	7.0%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Plus: LGCI on Operating Expenditure (to reflect inflation impact on Council)	-	3.1%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%
Equals: Limit on rates to existing rate payers	**19.95%**	**11.4%**	**8.8%**	**8.1%**	**8.1%**	**8.1%**	**8.1%**	**8.0%**	**8.0%**	**8.0%**
Plus: Growth (to reflect new properties who will contribute to the rates total)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Equals: Quantified limit on rates ("rates cap")	**20.25%**	**11.7%**	**9.1%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.3%**	**8.3%**	**8.3%**
Budgeted rates increase to existing rate payers	**19.95%**	**11.4%**	**8.8%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**
Plus: Growth	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Budgeted rates increases	**20.25%**	**11.7%**	**9.1%**	**8.3%**	**8.3%**	**8.3%**	**8.3%**	**8.3%**	**8.3%**	**8.3%**

Note: Rates increases exclude water by meter, rates penalties and rates remissions.

Council's quantified limits on borrowing; 'debt cap'

Because of the increase in proposed capital expenditure over the course of our 2024 TYP we are predicting a significant increase in our overall debt. We closed the 2022/23 financial year with $10M of debt and are currently forecast to close the 2033/34 financial year with $343M of external debt.

We are required to set a quantified limit on borrowing (which we call a "debt cap"). For the 2024-2034 period, we have set this as 175% of our annual revenue, in line with our covenants with the Local Government Funding Agency (LGFA). The following graph shows our anticipated debt over the next 10 years compared to this 175% cap:



This 'debt cap' could change if we choose to take on a credit rating during the period of this plan. If we become rated with S&P Global or Fitch Ratings, we can unlock more competitive borrowing rates through the LGFA and our debt limit could increase to 280% of our revenue. That gives us more headroom to borrow. This is something we would only consider when our external borrowing exceeds $100M, as up until that point the cost of maintaining a credit rating would outweigh any benefits we would unlock. We're forecasting that we would have incurred that level of debt by around 2027.

Council's quantified limits on interest

As stated in our financial prudence benchmarks, we have set the following debt servicing benchmark:

- Planned borrowing costs equal to or less than 10% of our planned revenue.

Council's policy on giving securities for our borrowing

In order to borrow money externally, Council must offer some security just like people do with their mortgage. Like most Councils, when required, Council secures our debt by way of a debenture trust deed over its rates income. We generally do not offer assets security for any loan or performance of any obligation under an incidental arrangement. In exceptional circumstances, with prior Council approval, security may be offered as a charge over one or more specific assets.

What we're trying to achieve in holding and managing any investments/equity securities

Napier City holds financial investments for strategic reasons where there is some community, social, physical, or economic benefit accruing from the investment activity. Our primary objective when investing treasury funds is the protection of its investment capital and liquidity of its investments.

Investments and associated risks are monitored, managed, and regularly reported back to Council. We are risk averse in our management of cash. In addition, our preferred approach for funds available for long-term investment is that our investments support the Napier community.

In addition, Council maintains strategic equity investments in Hawke's Bay Airport Authority Ltd and the Omarunui Regional Landfill. Council's objective with these equity investments is to retain local airport ownership and ratepayer control of solid waste disposal facilities. Any investment in the Local Government Funding Agency (LGFA) will be to ensure Napier and other local authorities have access to low-cost debt funding. The primary driver of these investments is for strategic reasons.

We have in place control limits that are designed to manage interest rates and maturity risk on the financial investment portfolio. The portfolio comprises both cash and core treasury investments. Cash investments relate to matching investments with our working capital funding requirements and liquidity buffer amount requirements. An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure, thereby ensuring that investments are available when required.

The following are the specified targets for returns on our financial and equity investments:

- The targeted minimum return on our financial investments will be the average of the 90-day bank bill rate.
- The target rate of return for Hawke's Bay Airport Ltd is set through the company's Statement of Intent. In general, Council expects the company's return on equity to exceed Council's budgeted cost to borrow funds. After several years of no dividends following the fallout from COVID-19, Hawke's Bay Airport Limited's Statement of Intent indicates Council can expect a recommencement of dividends starting with $338,000 in 2024/25.
- No specific return on equity is sought from the Omarunui Regional Landfill. This facility is owned jointly with the Hastings District Council for the purpose of meeting both Councils legal obligations relating to the management and disposal of waste. The joint landfill committee uses a full cost accounting model to determine pricing for this facility.

2024 signals a change in approach for some of our public facing facilities in terms of expectations around commercial viability. Napier Conferences and Events, Ocean Spa, Kennedy Park Resort and Par2 Mini Golf are expected to shift from being partially supported by rates funding to being fully self-funding by 1 July 2027. This means that we expect that operating costs for each of these facilities, including corporate overheads passed on from Council's support units, will be entirely covered by their incoming revenue.

Major Projects

The legislative requirements for this strategy require us to describe the major capital projects that we're either proposing or implementing, including any to facilitate recovery from Cyclone Gabrielle. We've set these out below, presented by Activity Group to mirror our TYP. Each of these projects is also accompanied by an explanation of the funding options and the implications of those options on rates and debt.

We've defined 'major projects' as those involving significant investment and/or attracting high interest from our community. Some of these projects forecast for delivery between 2027/28 and 2033/34 may require more funding once we've worked through initial stages like scoping and design. We've included them now to give an idea of the scale and timing, however the full investment required may be reviewed (likely increased) when we come to prepare our 2027-37 Long-Term Plan.

For more information about each of our Activity Groups, including rationale for delivery, assets, levels of service and future capital programming, see the section of this TYP starting on page 39.

Transportation Activity Group

Transportation initiatives are focused on recovery from recent severe weather events and proactive upgrades within our system.

Significant capital is being channelled into the Redclyffe Bridge replacement, roading renewals, the upgrade of the CBD along Emerson Street, and local traffic management schemes. The actual network, while generally delivering a high service level, will benefit greatly from these targeted changes, designed to improve overall network efficiency and user experience.

Project	Overview	Budget and timing	Funding sources	Driver/ Strategic Priority
Replacement of Redclyffe Bridge	A temporary staging bridge has been installed to replace the mid-section of the bridge that was washed away. A feasibility study is being conducted to assess options for reinstatement, which takes into account how a replacement bridge should be best designed and aligned.	Large project ($5M+ between 24/25 and 27/28) - jointly funded with HDC. The Government is contributing $64 million towards the permanent replacement of the Redclyffe Bridge in the long term.	71% Waka Kotahi 15% reserves 14% rates/loans	Resilient city
Roading renewals	Renewals to carriageways, footpaths, traffic services, drainage, bridges and structures	Large project ($5M+) over 10 years	51% Waka Kotahi 49% reserves	A financially sustainable Council Resilient City
CBD/Emerson Street upgrade	Design and construction process to refresh the streetscape of Emerson St, to be delivered in four stages.	Large project ($5M+ between 23/24 and 27/28)	100% rates/loans	Spaces & Places for all Great Visitor Destination
Local Area Traffic Management Projects	Traffic safety works within suburban areas to manage speed and enable greater mode choice.	Large project ($5M+) over 10 years	51% Waka Kotahi 49% rates/loans	Spaces & places for all

Water Supply Activity Group

Key projects in the Water Supply activity are focused on improving the resilience of supply and quality of our reticulated water that will lead us towards being compliant under the 2022 Drinking Water Quality Assurance Rules.

Key improvements around resilience lie in creating greater storage volumes and replacing ageing assets – both storage and reticulation. New water treatment facilities and rising mains will be key to achieving compliance.

Project	Overview	Budget and timing	Current funding	Driver/ Strategic Priority
Mataruahou (Napier Hill) Reservoir	Design and construction of a new reservoir on Mataruahou to replace the ageing reservoir on Enfield Road	Large project ($5M+ between 23/24 and 28/29)	100% reserves funded	Resilient city
Water treatment improvements	Improved water treatment to meet the 2022 Drinking Water Standards, including new treatment plants, reservoir improvements and enhanced monitoring	Large project ($5M+) over 10 years	88% rates/loans 12% reserves	Resilient city
New Mission reservoir	Design and construction of a new reservoir to meet capacity requirements triggered by growth in Mission Hills	Large project ($5M+ between 23/24 and 31/32)	100% reserves (development contributions)	Resilient city
Pipe renewals	Renewals of ageing drinking water reticulation	Large project ($5M+) over 10 years	100% reserves	Resilient city
Water meter installation	Installation of water meters in to support leak detection and enable enhanced system monitoring	Medium project ($2M-$5M between 29/30 and 33/34)	100% rates/loans	Resilient city
Water borefield and treatment plant 1 (Awatoto)	Development of a cluster of bores in Awatoto, a treatment plant (likely to be UV and chlorine)) and dedicated pipes taking the water up to reservoirs from which the network can then be fed by gravity.	Large project ($5M+between 23/24 and 28/29)	44% reserves 56% rates/loans	Resilient city
Water borefield and treatment plant 2 (Taradale)	Development of a cluster of bores in Taradale, a treatment plant (likely to be UV and chlorine)) and dedicated pipes taking the water up to reservoirs from which the network can then be fed by gravity	Large project ($5M+ between 23/24 and 27/28)	16% reserves 84% rates/loans	Resilient city

Wastewater Activity Group

Our strategic focus within the Wastewater Activity Group is to strengthen resilience and ensure sustainable wastewater management in compliance with modern health and environmental standards.

We're channeling significant investment into the modernisation of our Waste Water Treatment Plant (WWTP), both in terms of renewals and repairs, and to explore treatment solutions in line with community and environmental expectations.

Project	Overview	Budget and timing	Funding	Driver/ Strategic Priority
WWTP outfall replacement	Replacing the marine outfall that carries treated wastewater from our Awatoto treatment plant 2.5km out to sea	Large project ($5M+ between 23/24 and 30/31)	80% rates/loans 20% reserves	Resilient city
WWTP resilience	Cyclone Gabrielle response - raising electrical componentry to safeguard WWTP operation in any future inundation events	Medium project ($2M-$5M between 24/25 and 29/30)	20% reserves 80% rates/loans	Resilient city
WWTP storage	Construction of storage ponds next to the WWTP to provide emergency storage in the case of plant failure (so it doesn't need to be bypassed untreated) and to prepare for decommissioning and replacing the marine outfall pipe.	Large project ($5M+ between 23/24 and 26/27)	100% rates/loans	Resilient city
Treatment upgrade at WWTP	Enhancing our secondary treatment by installing a third biological trickling filter	Medium project ($2M-$5M between 29/30 and 32/33)	10% reserves 80% rates/loans	Resilient city
Pipe renewals and relining	Renewals of ageing wastewater reticulation	Large project ($5M+) over 10 years	100% reserves funding	Resilient city

Stormwater Activity Group

The focus for the Stormwater Activity Group is increasing resilience and system capacity, and improving the quality of the stormwater we discharge into our marine environment.

Project	Overview	Budget and timing	Current funding	Driver/ Strategic Priority
Lagoon farm diversion and storage	Stormwater retention and treatment to reduce urban flooding risk and enhance water quality outcomes for Te Whanganui-a- Orotu	Large project ($5M+ between 23/24 and 28/29)	100% rates/loans	Resilient city
Bayview stormwater culvert upgrades	Improving capacity in open drains	Medium project ($2M-$5M between 27/28 and 30/31)	50% reserves 50% rates/loans	Resilient city
Maraenui stormwater trunks project	Alleviating flood risk to unlock land for development in Maraenui and meet current levels of service	Medium project ($2M-$5M between 23/24 and 27/28)	90% rates/loans 10% Infrastructure Acceleration Fund	Resilient city
Flood alleviation projects	Improving stormwater capacity in urban culverts and storm trunks	Large project ($5M+ between 30/31 and 33/34)	50% reserves 50% rates/loans	Resilient city
Whitmore Park flood alleviation	Upgrade existing and install new assets to reduce the widespread flooding risk in Marewa during significant rain events.	Large project ($5M+ between 31/32 and 33/34)	53% reserves 47% rates/loans	Resilient city

Community and Visitor Experiences Activity Group

In the period covered by this strategy, capital investment for the Community and Visitor Experience Group has been set aside to cover options for the Napier Aquatic Centre going forward. Options around location, size, shape and timing of any redevelopment will not be considered for at least another five years.

There are some significant investments tagged against some of our parks and reserves, including the new Ahuriri Regional Park (in partnership with Hawke's Bay Regional Council), McLean Park, and the potential for redevelopment of Onekawa Park, pending decisions about the future of Napier Aquatic Centre.

Project	Overview	Budget and timing	Funding	Driver/ Strategic Priority
Napier Aquatic Centre	Budget for potential development a new aquatic centre in five to ten years' time. Details on the plans, location, timing and how the facility's construction will be funded will not be considered for at least five years.	Large project ($5M+ between 29/30 and 31/32)	10% reserves 90% rates/loans	Spaces & places for all
Retirement housing renewals	Renewals of our housing units, some of which are 60 years old, to ensure that the homes are safe and fit for purpose	Large project ($5M+ between 24/25 and 30/31)	100% rates/loans	Spaces & places for all
Ahuriri Regional Park	Development of a regional park located on Lagoon Farm, closely associated with the Lagoon Farm stormwater diversion and storage project	Large project ($5M+ between 28/29 and 30/31) Jointly funded with HBRC	100% rates/loans	Spaces & places for all Resilient city
Onekawa Park	Funding set aside for redevelopment, partially dependent on decision about future Aquatic Centre location. Netball courts and carparking at end of life and need investment regardless of decisions around the pool location.	Small project ($0.5M-$2M in 27/28)	100% rates/loans	Spaces & places for all
McLean Park returf	Budget set aside for a returf of this premium sportsground based on a predicted 10 year asset lifecycle	Large project ($5M+ in 28/29)	100% rates/loans	Spaces & places for all Great visitor destination

Other Infrastructure Activity Group

The Omarunui Landfill, which is jointly owned with Hastings District Council, needs to be gradually developed to provide more capacity for waste disposal.

We're also anticipating the introduction of mandatory kerbside food scraps collection and intend to use the learnings from our rollout of wheelie bins in 2021 to inform this piece of work.

We have funding set aside to extend capacity in our cemeteries, pending the outcome of an upcoming review of current capacity.

Project	Overview	Budget and timing	Current funding	Driver/ Strategic Priority
Omarunui Landfill Development	Napier City Council's contribution to the development of Omarunui Landfill Valleys B, C and D	Large project ($5M+) over 10 years Jointly funded with HDC	100% reserves	Resilient city
Food scraps kerbside collection	Rollout of a mandatory kerbside food scraps collection	Small project ($0.5M-$2M in 26/27) Funding may be supplemented by the Ministry for the Environment	100% reserves	Resilient city
Extending cemetery capacity	Purchase of additional land for cemetery capacity between 27/28 and 30/31 and cemetery establishment. The need for this is contingent on the findings of a capacity review planned for 2024/25.	Medium project ($2M-$5M) over 10 years	100% rates/loans	Spaces & places for all

Property Assets Activity Group

In the coming years, our community will benefit from investments in projects such as the Te Aka build. This new library, customer centre and governance hub will create energy in what is now a quiet part of the city and help stimulate economic activity and encourage growth in this area. We're also exploring options for the Library Tower on Station Street, to potentially offer the opportunity to bring our Council staff back together in the same building for the first time since 2017.

The Waka Hub is a redevelopment project aimed at enhancing the community and visitor experience in the waterfront and Inner Harbour precinct. The Meeanee Quay pier is scheduled for an upgrade to maintain safety and ensure a welcoming and safe environment for recreation and business.

Project	Overview	Budget and timing	Funding	Driver/ Strategic Priority
Te Aka design and build	A new library, customer services centre and meeting space for our councillors and the community.	Large project ($5M+ between 23/24 and 26/27)	100% rates/loans	Spaces & places for all
Accommodation tower	Strengthening the Library Tower building on Station Street and redeveloping it for use as a single, centralised office for council staff	Large project ($5M+ between 25/26 and 26/27)	100% rates/loans	Financially sustainable Council
Waka Hub development	A purpose-built pontoon for Te Matau-a-Maui waka hourua, with space for an additional visiting vessel	Medium project ($2M-$5M in 23/24 and 25/26)	Infrastructure Acceleration Fund	Great visitor destination
Meeanee Quay pier replacement + facilities upgrade	Replacement of aged jetties with safer and more robust floating pontoons to enable continued level of service for berthholders and visiting vessels.	Medium project ($2-$5M between 24/25 and 29/30)	100% rates/loans	Spaces & places for all Resilient city

Council policies

Significance and engagement policy

Purpose

The purpose of this policy is to provide clarity on when and how the community may be engaged in decision-making processes by the Napier City Council. It has been prepared to assist the Council and the community with identifying the degree of significance attached to particular issues, proposals, assets, decisions, and activities, and then identify the various ways in which the Council might engage with the community to obtain views and feedback.

Rationale

Community engagement allows the community to participate in, and inform, the Council's decision-making processes. Providing opportunities for engagement, where required, can assist with improving confidence in Council decision-making processes, and decisions. In general, engagement, whether it is a statutory requirement or not, helps the Council understand varied points of view. This in turn enables the Council to make better decisions and deliver better services for Napier, by reflecting the aspirations of mana whenua, residents, ratepayers, community groups and businesses.

Overview of Council decision-making and the role of this policy

Under the Local Government Act 2002, the Council is charged with enabling democratic decision-making by and on behalf of communities. The Council makes a wide range of decisions, and other than when it is required to consult, has to determine whether to engage and, if so, how, with its community (or groups or individuals within the community).

The Council makes these determinations based on a range of factors, including the significance of the matter being considered. This policy is for the purpose of guiding the Council's approach to determining significance, and the way in which engagement or consultation will or may occur.

The Council, and its community boards, must ensure that all decision-making requirements, including those relating to consultation and engagement, are properly complied with when making decisions.

Structure

There are three key parts of this policy:

- Significance (p2 to p3) – this section outlines what significance is, and how the assessment of significance is undertaken and documented.
- Engagement (p3 to p6) – this section discusses when and how Council will engage with communities, and when it will not.
- Strategic assets (p8 to p9) – Schedules 1 and 2 identify the Council's strategic assets. The significance section explains why it matters that something is a strategic asset.

Significance

General approach

The Council needs to assess the degree of significance of matters and proposed decisions as part of its decision-making. Where a decision is of higher significance the more rigorous the Council needs to be in complying with its legal obligations. This means that an assessment of significance is generally one of the first actions the Council will take in the decision-making process.

Significance means the degree of importance of the matter, issue, proposal or decision, in terms of its likely impact on and consequences for:

- Parts of the city, the city as a whole, or the region
- Any persons who are likely to be particularly affected by or interested in the matter, issue, proposal or decision
- The achievement of, or means to achieve, Council's stated levels of service as set out in the current Long Term Plan
- The capacity of the Council to perform its role and carry out its activities, now and in the future
- The financial, resource and other costs of the decision, or whether these are already included in an approved Long Term Plan.

Factors for significance

Significance is assessed on a case-by-case basis. However, the assessment can be assisted and guided by relevant factors, including:

- the impact or consequences for affected residents or ratepayers and/or groups of residents or ratepayers
- financial impact on Council's overall resources and rating levels, including the cost of the decision (both capital and operating expenditure)
- impact on levels of service
- the involvement of a strategic asset
- consistency with current Council policy, strategy, outcomes or priorities
- the level of community interest in a matter or proposed decision
- the extent to which the decision can be reversed

Guidelines to help assess significance based on the above factors, and whether something would be regarded as of low or high significance, are outlined in Schedule 3. The significance of a matter may sit somewhere along the continuum between low to high significance. Ultimately, in assessing the significance of a decision, Council will need to have regard to all relevant circumstances, factors and interests.

How does Council document significance?

Where a matter, issue or proposed decision is being reported to the Council, or a committee or community board, the outcome of the significance assessment should be documented within the report. If members do not agree with the significance assessment, minutes should record this (along with reasoning), but this is not mandatory.

Where decisions are made by officers under delegated authority, without any report to Council, a committee or community board, documentation of the significance assessment is at officers' discretion. Officers are not obliged to record their significance assessments, but it is good practice to keep some form of written record of the significance assessment (especially where the decision is toward the higher end of the significance continuum).

Strategic assets

Our strategic assets or groups of assets include those physical assets vital for delivering services to Napier and/or are important to achieve or promote any outcome that is important to the current or future well-being of our community. Strategic assets are the group of assets or the asset as a whole and not the individual elements of the asset. We also have some iconic assets of significance that are dealt with through heritage requirements. Council's strategic assets are listed in Schedule 2.

Any decision that transfers ownership or control of a strategic asset to or from Council, can only be taken if explicitly provided for in the Council's Long Term Plan and consulted on in accordance with section 93E of the LGA 2002.

The approach to an engagement or consultation on other decisions regarding strategic assets will be determined in light of the level of significance of the relevant proposal (see section on significance above).

Engagement

Community engagement is a process involving all or some of the community and is focussed on decision-making or problem solving. Council is likely to engage when a matter, issue, proposal or decision is of higher significance. It will also consult when required by legislation, such as consultation using the special consultative procedure (outlined below), or in a manner that gives effect to the principles in section 82 (see section 82A LGA 2002).

The Council will not engage on every decision or matter. To do so would be inefficient and costly.

Engagement is to be proportionate to the matter being considered and will be conducted in accordance with our principles above, and those in section 82 of the LGA 2002. An engagement process may be for a single matter or could be part of a combined consultation, where that is appropriate.

The Engagement Spectrum, based on the International Association of Public Participation (IAP2), assists the Council to determine the approach we might take to engaging with the community on a case-by-case basis (noting that the inform part of the IAP2 spectrum does not involve an engagement process prior to a decision being made). The consult option brings in a wider range of engagement types than just statutory consultation under the LGA 2002.

A combination of approaches may be used on any given engagement process. The detailed Engagement Spectrum (Schedule 4) outlines approaches, methods and tools. The approach and methods for engagement on matters of higher significance will be outlined in an engagement plan.

Principles

We apply the following principles in our approach to engagement and consultation:

Open and transparent.

We will:

- interact in an open, honest and respectful way
- be clear about why and how we are engaging
- provide clear and relevant information
- encourage those interested in a matter to present their views to the Council
- provide enough time for feedback to be provided
- be open to and consider all feedback received
- advise the community of the decisions made
- Inclusive and accessible

We will:

- consider the communities preferences for engagement with the Council
- ensure that information prepared by Council for consultation and engagement is understandable
- consider a range of ways people can express their views
- provide opportunities for Māori to contribute to our decision-making processes in a meaningful way, through engagement and/or partnership approaches

The Council's Iwi Engagement Policy is a separate policy which is aligned with this policy. It provides clarity on how Te Waka Rangapū will nurture meaningful strong partnerships and support the Council and Mana Whenua in identifying the degrees of significance to particular issues, proposals, assets, decisions and activities.

Engagement spectrum – overview

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Provide information	Obtain community feedback	Have dialogue with the community	Partner with the community	Community makes decision

Engagement with Māori

Council acknowledges the unique status of Māori, with particular regard to mana whenua. We will continue to build and strengthen our relationships with mana whenua representative entities and engage in a range of ways to ensure their views are appropriately obtained and represented as part of the Council's decision-making processes.

Council will engage with mana whenua where any matter involves a significant decision in relation to land or a body of water to ensure that the relationship of mana whenua and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other tāonga is considered.

Council recognises that there are differences between mana whenua and tāngata whenua and that different approaches are needed for Māori who live in Napier but do not have genealogical connections to mana whenua hapū. Council will engage with tāngata whenua where any matter involves a significant decision in relation to matters concerning community wellbeing.

Our Iwi Engagement Policy provides further detail on how the Council approaches engagement with mana whenua.

Special consultative procedure

A Special Consultative Procedure (SCP) is required to be undertaken for some plans and processes, including:

- the Council's long-term plan (and any amendments to it); and
- bylaws of significant public interest or significant impact on the public – including changes or revocation.

If other legislation requires that the Council consult using the SCP, or another consultation process, those requirements apply regardless of this policy. For example, the Resource Management Act 1991 or the Reserves Act 1977, which require specific forms of consultation. The Council may also choose to use the SCP for other matters, even if it is not required.

When the SCP is used, the Council will:

- prepare and adopt a statement of proposal in accordance with Part 6 of the LGA 2002, and in some cases a summary of the statement of proposal (section 83AA)
  - the statement of proposal (other than for long term plan consultation) will include:
    - the reason for the proposal
    - an analysis of the options
    - other relevant information including any plans or policies (or any amendments if relevant)
  - For bylaws – the statement of proposal will include:
    - a draft of the proposed bylaw, or the proposed amendment of the bylaw, or a statement that the bylaw is to be revoked
    - the reasons for the proposal
    - a report on any determinations made under the Act on whether a bylaw is appropriate
- make the following information available to the public
  - the statement of proposal
  - advise people how they can present their views
  - state how long the proposal is open for submissions (not less than 1 month from the date the statement is issued)
- make the summary of the statement of proposal and/or the statement of proposal widely available as the basis for consultation
- provide a reasonable opportunity for people to present their view to the Council through spoken interaction (or using sign language). This can be done via audio link or audiovisual link

Consulting using the SCP does not prevent the Council from requesting advice or comment from a Council officer or any other person before making a decision.

When Council may not engage

There may be situations when engagement is impractical or unnecessary due to the nature of the process, or proposed decision. This can be because:

- of time constraints e.g. failure to make a decision urgently would result in unreasonable or significant damage to property, or risk to people's health and safety, or the loss of a substantial opportunity to achieve the Council's strategic objectives
- the matter is of low significance or not significant (for example, many business-as-usual matters, such as a decision to purchase officer supplies or approve a submission to Parliament or a Government agency)
- there are confidentiality issues, such as decisions involving third party commercially sensitive information, which may prevent meaningful community engagement
- the Council is already aware of the views and preferences of the community in relation to the decision to be made

Schedule 1: Definitions

Community

A group of people living in the same place or having a particular characteristic in common (i.e. community of interest). This includes interested parties, affected people and key stakeholders.

Engagement

The process of sharing information and seeking feedback or input to assist decision-making. Formal consultation processes are a type of engagement.

Long term plan

Council's 10 year plan. The plan is reviewed every three years , but can be amended following consultation at any time between the three year period.

Significance

Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of that matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for –

a) the current and future social, economic, environmental, or cultural well-being of the district or region:
b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:
c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant

In relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

Strategic asset

As defined in Section 5 of the LGA 2002, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes –

(a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and [that is, listed in this policy]
(b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
(c) any equity securities held by the local authority in –
    i. a port company within the meaning of the Port Companies Act 1988:
    ii. an airport company within the meaning of the Airport Authorities Act 1966

Community housing

The land or buildings owned by the Council and required to maintain its capacity to provide affordable housing as part of its social policy.

Schedule 2: Strategic assets

Refer to section on Strategic Assets (p4 and p9)

Assets Council owns that are strategic assets under Section 5 of the Local Government Act 2002:

- Shareholding (equity securities) in Hawke's Bay Airport Ltd
- Council Housing
  - Arthur Richards Village
  - Carlyle Village
  - Centennial Village
  - Coventry Village
  - Greenmeadows East Village
  - Henry Charles Village
  - Munroe Village
  - Nelson Village
  - Oriel Village
  - Otatara Village
  - Rangimarie Village
  - Wellesley Village

Assets Council has determined to be strategic assets and strategic group of assets:

Strategic Group of Assets*:

- Sewage conveyance, treatment and disposal system, including the sewer network, pump stations and treatment works
- Water supply distribution systems, including reservoirs, pump stations and reticulation
- Land drainage system, including the storm water pipe network, waterways, and retention areas and pump stations
- Roading network
- Recreational spaces (parks, sportsgrounds, and reserves)
- Cemeteries
- Swimming pool facilities
- Literary collections held by the Libraries (as a whole)

* While Council owns a number of assets managed as a group that it considers to be strategic, not all trading decisions made regarding these assets are regarded as significant, nor do they affect the asset's strategic nature. For example, the roading network is strategic, but small parcels of land that make it up may not be, and the purchase or sale of such parcels of land are unlikely to amount to a significant decision.

Strategic Assets:

- Refuse transfer station
- Share of Omarunui Landfill
- Lagoon Farm
- McLean Park (land and buildings)
- Inner harbour
- Napier Municipal Theatre (building only)
- Kennedy Park Resort (land only)
- MTG Hawke's Bay (building only)
- Civic Building (22 Station Street)
- Napier War Memorial Centre (building only)
- Napier isite (building only)
- Bay Skate (grandstand only)
- National Aquarium of New Zealand (building only)

Schedule 3: Guidance and factors that will be considered when determining significance

*Note: this is not intended to be an exclusive list

	Degree of Significance	
Factor	**LOW**	**HIGH**
Residents or ratepayers affected	Small impact on large proportion *or* Moderate impact on small proportion	Moderate impact on large proportion *or* Large impact on moderate proportion
Particular grouping in the community affected	No particular group Affected, or relatively small impact on particular group	Large impact on specific group(s) e.g. youth, Māori, suburb
Financial impact on Council's overall resources and rating level Including cost of the decision (capital and operating)	Small impact <0.05% increase on rates *and/or* < $500,000 external borrowing	Large impact >1% increase on rates *and/or* debt cap exceeded
Impacts to levels of service	No change to an activity group *or* Little or no change to levels of service	Creates or ceases an activity group* Large spending increase on activity group Large reduction in levels of service*
Strategic Asset	Involves minor changes to a strategic asset	Involves changes to ownership or control of strategic assets*
Consistency with Policy/Strategy	Consistent or minor inconsistency	Moderate or large inconsistency (Note: A decision that is inconsistent with a policy or strategy, including this policy, can be made if the requirements of section 80 LGA 2002 are complied with.)
Community interest	General agreement	Large divisionsin the community Disagreement from large proportion of community
Reversibility	Ability to reverse Has low to medium impact on future generations	Is irreversible and/or will impact negatively on future generations to a high degree

*Note: triggers section 97 of LGA 2002 so Special Consultative Procedure is required

Schedule 4: Engagement spectrum

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Approach	Provide information	Obtain feedback	Have dialogue	Partner	Community decides
When the community can expect to be involved	Informing once a decision has already been made	Seek ideas or input on options already developed	Community participate in the process and input into the matter before a decision is made	Work together to develop options and identification of preferred solutions	The final decision is made by the community
Types of issues	Annual report Updates on significant projects Council papers Annual Plan where there are no significant changes from LTP	Long Term Plan Annual Plan Consultation - Significant and material changes from the Long Term plan for any given year (on the year that it falls – Bylaw – including changes	Policy development Long Term Plan development (prior to formal consultation) Some major projects	Community plans Sector-wide issues Projects with significant community focus/impact or implementation	Local body elections Locally based policies and initiatives

Tools (The issues above and these tools are examples and do not limit the Council's discretion to use a different form of engagement, or not carry out an engagement process at all)	INFORMAL	Social media Newsletters Radio Posters	Social media Focus groups Informal meetings Roadshows Expos	Interactive digital platforms Workshops Forums Panels (peoples panel) Engagement events	Advisory groups	Community-led groups
	FORMAL	Fact sheets Public notices publications	Surveys Formal submissions Hearings	Public meetings Expert panels	Project teams Steering groups Technical experts Citizens Assembly	Referenda Ballots

Policy review

This policy will be assessed for review every three years or earlier should there be a requirement to do so.


VOLVO

Revenue and financing policy

Purpose

The Revenue and Financing policy is adopted under Sections 102(1) and 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
- 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 and 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 and Industrial, Rural Residential or Rural.

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 and 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 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 and charges includes retail sales, ticketing, and 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.

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** Fees and charges (including infringement fees) 50% to 60% **Other sources** General rates 40% to 50%	Accumulated surpluses General Rates Fees and charges Loans Reserves
Bay Skate	**Primary source** General rates 60% - 70% **Other sources** Fees and charges (including Leases, retail sales, and sponsorship)	Accumulated surpluses General Rates Fees and charges Loans Reserves
Building consents	**Primary source** Fees and charges 80% **Other sources** General rates Targeted rates Reserves Loans	Nil
Cemeteries *This includes the contribution that NCC makes towards HB Crematorium in Hastings*	**Primary source** General rates 70% to 80% **Other sources** User fees and charges	Accumulated surpluses General Rates Fees and charges Loans Reserves

Activity	Funding sources	
	Operational[1]	**Capital**
City development	**Primary source** General Rates 100% **Other sources** 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** General Rates 80% – 90% **Other sources** Fees and charges, including lease income, one off grants, naming rights	Accumulated surpluses General Rates Fees and charges, Loans Reserves Grants and donations
Community strategies	**Primary source** General Rates 100% **Other sources** Fees and charges, including bequest and external funding Reserves	Accumulated surpluses General Rates Fees and charges Loans Reserves
Democracy and Governance	**Primary source** General Rates,100% **Other sources** Fees and charges, including for LGOIMAs Reserves	Nil

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.

Activity	Funding sources: Operational[1]	Funding sources: Capital
Events and marketing	**Primary source** General Rates 90% – 95% **Other sources** Grants Fees and charges, including ticketing, corporate sponsorship, vendors	Accumulated surpluses Loans
Housing	**Primary source** Fees and charges 100% (rentals) **Other sources** General Rates Loans	Accumulated surpluses Fees and charges (rentals) Loans Grants Reserves General Rates
Inner harbour	**Primary source** Reserves, surplus revenue from inner harbour land holding **Other sources** Fees and charges	Accumulated surpluses Fees and charges General Rates Reserves Loans Financial and/or Development Contributions.
Kennedy Park Resort	**Primary source** Fees and charges 100% **Other sources** Loans	Accumulated surpluses Fees and charges Loans Reserves
Lagoon farm	**Primary source** Fees and charges 90% - 100% **Other sources** Reserves	Accumulated surpluses Fees and charges Reserves Loans
Libraries	**Primary source** General Rates 90% - 95% - **Other sources** Fees and charges (fines) Grants and bequests	Accumulated surpluses Fees and charges, fines General Rates Grants and bequests Loans Reserves Financial and/or Development Contributions
McLean Park	**Primary source** Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights General Rates	Accumulated surpluses Fees and charges General and targeted rates Ticket sales Loans Reserves, Grants and bequests Sponsorship, and corporate box revenue, naming rights
MTG Hawke's Bay	**Primary source** General Rates 65% - 75% **Other sources** Fees and charges Contribution from other local authorities Bequests Grants, donations and retail sales	Accumulated surpluses General Rates Fees and charges Contribution from other local authorities Bequests Grants Donations Loans Reserves Sponsorship, and naming rights
Napier Aquatic Centre	**Primary source** General Rates 65% - 75% **Other sources** Fees and charges	Accumulated surpluses General Rates Fees and charges Loans Reserves

Activity	Funding sources Operational[1]	Capital
Napier isite	**Primary source** General Rates 55% to 65% **Other Sources** Fees and charges 35% to 45%	Accumulated surpluses General rates Fees and charges Targeted rates Loans Reserves
Napier Municipal Theatre	**Primary source** Fees and charges 35-40% **Other sources** General rates Bequests Grants, donations and sponsorship	Accumulated surpluses General rates Fees and charges Bequests Grants, donations and sponsorship Loans Reserves Naming rights
Napier Conferences and Events	**Primary source** Fees and charges 90% to 95% **Other sources** General rates Loans	Accumulated surpluses Fees and charges General rates Targeted rates Loans Reserves
National Aquarium of NZ	**Primary source** Fees and charges 65% - 70% **Other sources** Grants Sponsorships, bequests and philanthropic General rates	Accumulated surpluses Fees and charges General rates Targeted rates Grants Sponsorships, bequests and philanthropic Sponsorship Loans Reserves Naming rights

Activity	Funding sources Operational[1]	Capital
Ocean Spa (Marine Parade Pools)	**Primary source** Fees and charges 100% **Other sources** Loans	Accumulated surpluses General rates Fees and charges Loans Reserves Financial and/or Development Contributions
Par2 Mini golf	**Primary source** Fees and charges 100% Retail sales	Accumulated surpluses Fees and charges Reserves Loans
Parking	**Primary source** Fees and charges 80% to 90% **Other sources** Targeted rates Reserves	Accumulated surpluses Targeted rates General rates Loans Reserves Financial and/or Development Contributions
Parklands residential development	**Primary source** Fees and charges 100% **Other sources** Reserves	Loans Reserves
Property holdings	**Primary source** Fees and charges 100% **Other sources** Fees and charges (lease income) Reserves	Accumulated surpluses Fees and charges (lease income) Loans Reserves
Property rights purchase	**Primary source** General rates 0% - 100 **Other sources** Government funding Reserves Loans	Primary source General rates 0% - 100 Other sources Government funding Reserves Loans

	Funding sources	
Activity	**Operational[1]**	**Capital**
Public toilets	**Primary source** General rates 95% - 100 **Other sources** Fees and charges Reserves	Loans Reserves General rates
Regulatory solutions	**Primary source** General rates 55% - 65% **Other sources** Fees and charges, Reserves	Accumulated surpluses Loans Reserves
Reserves	**Primary source** General rates 85% - 90% **Other sources** Fees and charges (rentals and leases)	Accumulated surpluses General rates Fees and charges Targeted rates Loans Bequests Reserves Financial and/or Development Contributions Grants and subsidies Naming rights and sponsorship
Resource consents	**Primary source** General rstes 60% 40% fees and charges **Other sources** Reserves	Nil
Sportsgrounds	**Primary source** General rates 90% - 95% **Other sources** Fees and charges (rentals and leases)	Accumulated surpluses General rates Fees and charges Targeted Rates Naming rights Sponsorship Loans Bequests Reserves Financial and/or Development Contributions
Stormwater	**Primary source** Targeted Rates 95% - 100% **Other sources** General rates Reserves Fees and charges (connection fees)	Accumulated surpluses General and Targeted Rates Fees and charges Financial and/or Development Contributions Loans Reserves
Transportation	**Primary source** NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme **Other sources** General rates Fees and charges Petrol tax	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 Financial and/or Development Contributions Loans Reserves Grants and donations (e.g. cycle ways)

Activity	Funding sources Operational[1]	Capital
Waste minimisation	**Primary source 80% - 90%** Fees and charges Targeted Rates Waste minimisation levy **Other sources** General rates Reserves	Accumulated surpluses Fees and charges General and Targeted Rates Waste minimisation levy Reserves Loans Financial Contributions
Wastewater	**Primary source 100%** Targeted Differential Rates Fees and charges (including trade waste bylaw charges)	Accumulated surpluses Targeted Differential Rates General rates Fees and charges Loans Reserves Development and/or Financial Contributions
Water supply	**Primary source 100%** Targeted Differential Rates Water rates Fees and charges (not including water by meter rate)	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. 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.

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	Funding sources: 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 and safety service for the community and therefore benefits everyone. There are costs that the Council can directly attribute to individual owners.	40% - 50%	General rates Fees and charges (including infringement fees)	Accumulated surpluses from General rates, fees and 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 for users to undertake their sport	Intergenerational	Nil	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	60% - 70%	General rates Fees and charges (including Leases, retail sales, and sponsorship)	Accumulated surpluses from General rates, fees and 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.

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	Funding sources: Capital
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%	Fees and charges General rates Targeted rates Reserves Loans	Nil
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 and 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 and recognition and place of remembrance. Private benefit – place where people can be interred, cost of the plot and interment	75%	General rates User fees and charges	Accumulated surpluses from General rates, fees and charges, Loans Reserves

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	Funding sources: Capital
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%	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 and healthy city that supports community well-being	The community as a whole including users of the facilities	Intergenerational because of the life of the facilities	Users of the facilities who put greater demands on the facilities	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Community as a whole benefit from having these facilities available but there is the ability to identify and charge users.	85%	General rates Fees and charges, including lease income, one off grants, naming rights	Accumulated surpluses from General rates, fees and charges, Loans Reserves Grants and donations
Community strategies	Council works with and 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%	General rates Fees and charges, Including bequest and external funding Reserves	Accumulated surpluses from General rates, fees and charges Loans Reserves

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	Funding sources: Capital
Democracy and Governance	Council works with and for the community	The community as a whole	Short term	LGOIMA requests (vexatious and 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%	General rates, Fees and charges, Including for LGOIMAs Reserves	Nil
Events and marketing	A vibrant innovative city for everyone	The community as a whole receives social, cultural and economic benefit Participants and/ or users	Short term	No significant exacerbators	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Events are a key part of the Napier City's social, economic and cultural fabric, therefore the benefits that are received are both general and specific.	95%	General rates Grants Fees and charges, including ticketing, corporate sponsorship, vendors	Nil
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%	Fees and charges (rentals) General rates Loans	Accumulated surpluses from Fees and 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.	0%	Fees and charges General rates Reserves, surplus revenue from inner harbour land holding	Accumulated surpluses from Fees and charges, general rates, reserves, Loans Financial and\ or Development contributions.

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
Kennedy Park Resort	A vibrant innovative city for everyone	Direct users and ratepayers by the surplus generated. Local retail, hospitality	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Provides a range of affordable visitor amenities that generates a surplus for Council to use as it sees fit.	0%	Fees and charges Loans	Accumulated surpluses from Fees and charges, 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%	Fees and charges Reserves	Accumulated surpluses from Fees and charges Reserves, Loans
Libraries	A safe and 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%	Fees and charges (fines) General rates Grants and bequests	Accumulated surpluses from Fees and charges, fines General rates Grants and bequests 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%	Fees and charges, tickets, sponsorship, corporate box revenue, naming rights	Accumulated surpluses from fees and charges, general and targeted rates, tickets, Loans Reserves, Grants and bequests Sponsorship and corporate box revenue, naming rights

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
MTG Hawke's 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 whole region benefits	65% - 75%	General rates Fees and charges Contribution from other local authorities Bequests Ministry of Education, grants, donations and retail sales	Accumulated surpluses from General rates, fees and charges Contribution from other local authorities Bequests Ministry of Education grants Donations, Loans, Reserves Sponsorship and naming rights
Napier Aquatic Centre	A safe and 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%	Fees and charges General rates	Loans, Accumulated surpluses from general rates, fees and charges Reserves
Napier isite	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	55% - 65%	General rates Fees and charges	Accumulated surpluses from General rates Fees and charges Targeted rates Loans Reserves

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
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 non rate revenue sources) separately from other activities	The provision of this activity enhances the social and cultural fabric and celebrates artistic innovation for future generations. Therefore, the whole City benefits	60% - 65%	General rates Fees and charges Bequests Grants, donations and sponsorship	Accumulated surpluses from general rates Fees and charges Bequests Grants, donations and 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%	Fees and charges General rates	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, customary practices – especially Maori and Pacifica	Intergenerational	Polluters, sanctuary requirements	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 to the city which provides enhances economic activity	20% - 25%	Fees and charges Grants Sponsorships, bequests and philanthropic General rates	Accumulated surpluses from Fees and charges General rates Targeted rates Grants Loans Reserves Naming rights

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
Ocean Spa (Marine Parade Pools)	A safe and 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	0%	Fees and charges General rates	Accumulated surpluses from general rates Fees and charges Loans Reserves Financial and\ or Development contributions
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%	Fees and charges, retail sales	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.	Council separately charges CBD and outer commercial properties a targeted rate for the provision of additional offstreet parking. Apart for these targeted rates no further reason has been identified to fund this activity separately from other activities	Parking ensures that safe parking facilities are available to the residents and visitors to Napier City to enable optimal vehicle circulation	0%	Fees and charges Targeted rates Reserves	Accumulated surpluses from Fees and charges Targeted rates General rates Loans Reserves Financial and\ or Development contributions
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%	Fees and charges Reserves	Accumulated surpluses from Fees and charges Loans Reserves

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	Funding sources: Capital
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%	Fees and charges (lease income) Reserves Loans	Accumulated surpluses from Fees and charges (lease income) Loans Reserves
Property rights purchase	A safe and healthy city that supports community well-being	The community as a whole and people living within identified areas of risk	The outcomes of this activity result in ongoing benefits	Residents who live within identified areas of risk	No reason identified to fund the net cost of this activity (after non rate revenue sources separately from other activities)	Community as a whole benefit from this activity due to the reduced risk of loss of life, reduced loss of residential property and emergency response requirement	100%	Government funding General rates Reserves Loans	Government funding General rates Reserves Loans
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 Major inner-city events	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Providing public amenities however, there is a requirement to provide these facilities for areas that have high visitor numbers	95% - 100%	Fees and charges General rates Reserves	Loans, Reserves General rates
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%	Fees and charges, General rates Reserves	Nil

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	Funding sources: Capital
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%	General rates Fees and charges (rentals and leases)	Accumulated surpluses from General rates, fees and charges Targeted rates, Loans, Bequests, Reserves Financial and\ or Development Contributions, Grants and subsidies Naming rights and sponsorship
Resource consents	A sustainable city	The relevant community (through the consent process), free planning advice, public counter, responding to complaints, compliant and safe buildings in the community. Notified and non-notified consents have different levels of benefit	Intergenerational due to the nature of the activities for which the consents are issued.	Resource consent holders who do not comply with the resource consent conditions. Unconsented activities. Vexatious and frivolous objectors	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The relevant community (through the consent process), notified and non-notified consents have different levels of benefit.	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	Fees and charges General rates Reserves	Nil

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
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%	General rates Fees and charges (rentals and leases)	Accumulated surpluses from General rates, fees and charges targeted rates Naming rights Sponsorship Loans, Bequests Reserves Financial and\ or Development Contributions
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%	General rates Targeted rates Reserves Fees and charges (connection fees)	Accumulated surpluses from general and targeted rates, fees and charges Financial and\ or Development contributions Loans Reserves

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	Funding sources: Capital
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%	NZTA subsidy General rates Fees and charges Petrol tax	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 community as a whole	Intergenerational	Illegal dumping creates an additional cost for Council, inappropriate disposal of hazardous waste	Separate Targeted 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. No reason has been identified to fund the net cost of the remainder this activity that relates to litter bins, illegal dumping and hazardous waste disposal (after non rate revenue sources) separately from other activities	Effective and efficient systems for the 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.	20%	Fees and charges Targeted rates General rates Waste minimisation levy Reserves	Accumulated surpluses from Fees and charges, targeted rates, general rates, Waste minimisation levy, Reserves, Loans Financial contributions

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	Funding sources: 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%	Targeted differential rates Fees and charges (including trade waste bylaw charges)	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%	Targeted differential rates Water rates Fees and charges (not including water by meter rate)	Accumulated surpluses from Targeted differential rates, water rates, general rates, fees and charge Loans, Reserves, Financial and\ or Development contributions

Other Policies

Please visit our website to view all external policies.

https://www.napier.govt.nz/documents-and-forms/policies/

Glossary of terms

Glossary of terms

Three-Year Plan

Due to the disruption caused by Cyclone Gabrielle, the government changed the legal requirement for NCC to produce a 10-year Long Term Plan. We have instead produced an unaudited, three-year plan for 2024-2027, with a focus on recovery. This change acknowledges the effects Cyclone Gabrielle has had on our ability to deliver previously planned projects. Our Three-Year Plan still provides information on budgets and plans beyond 30 June 2027 to give our community visibility of projects planned over the longer term.

Activities and Activity Groups

The main elements of the Council's services offered to the Napier community are divided into Activities. These Activities are described in detail in the Activity Groups section of this plan, including the financial and non-financial performance measures, targets, and the financial budgets.

Allocation of Overheads

Council has a number of cost centres of a corporate and support nature, such as our Information Services team. These cost centres provide the technical and support services necessary for the function of Council's activities.

Costs of the support services are reallocated to activities either as overheads based on the services each activity receives, or they are recharged directly on a usage basis.

Bylaw

A local authority/council has the ability to make local bylaws. These enable the council to enforce local rules about things like waste management, open fires, offensive behaviour, or damage to waterways.

Capital expenditure/CAPEX

Funding used by Council to acquire, upgrade, and/or maintain physical assets such as property, plant, buildings, technology, or equipment.

Carrying Amount

The net amount at which an asset or liability is recognised in the balance sheet.

Community Outcomes/Strategic Priorities

Provide a long term perspective on the development of Napier City and provide the Napier City Council with a framework for contributing to these community aspirations through Council activities.

Derecognition

When an asset value is no longer recorded in the balance sheet it has been derecognised, e.g. when an asset is sold it is no longer recorded on the balance sheet as from the date of the sale.

Derivative

A financial instrument that has the effect of transferring between two or more parties to the instrument one or more risks inherent in an underlying asset. The value of the derivative is determined by fluctuations in the underlying asset. The most common underlying assets include currencies, interest rates, shares, bonds, commodities and market indexes.

Financial Contributions

The share of the cost of new developments and subdivisions met by developers. Council has a Financial Contributions Policy outlining how Council calculates and charges financial contributions. This policy was formerly known as the Development and Financial Contributions Policy.

General Rates

Rates other than targeted rates. These are the General Rate and the Uniform Annual General Charge. These fund a wide range of activities that are considered to be of general benefit to the community.

Impairment

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructural Asset Renewal/IAR

A statutory requirement to provide for maintenance of infrastructural assets in serviceable condition in perpetuity. The amount required is calculated from asset management plans, and 'smoothed' to provide a relatively even flow of funds from year to year.

Infrastructure/Infrastructure Assets/IAR/IAR

Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components. These include roads, and water, sewerage and stormwater systems.

Levels of Service/LOS

A measure of the quality and quantity of services delivered, determined by user expectations, legislative requirements and affordability.

Local Government

Local Government and local authorities are terms used to describe any or all of New Zealand's regional, district, city or unitary councils.

While central government is concerned with the broader issues of importance to all New Zealanders, local government manages the issues that are specific to local communities.

Operating expenditure/OPEX

Costs incurred by Council in running day-to-day business, such as rent, wages/ salaries, utilities, taxes, and interest.

Regional Council

The main responsibility of a regional council is to manage environmental, resource and transport planning issues for the whole region. A region may include several territorial authorities/councils.

Restricted Assets

Those assets which cannot be disposed of because of legal or other restrictions and that provide a benefit or service to the community. These include reserves vested under the Reserves Act and endowments or other property held in trust for specific purposes.

Prospective Financial Statements

Future-oriented financial statements.

Taituarā

Formerly known as the Society of Local Government Managers (or 'SOLGM'), Taituarā is the national membership organisation for local government. Taituarā provides a wide range of services to assist Council staff and Elected Members to achieve successful outcomes for community, including but not limited to training, advocacy, guidance and advice, conferences and symposiums, and legislative commentary.

Targeted Rate

A rate set under section 16 or 19 of the Local Government (Rating) Act 2002 to fund a specific function or service provided. It may be charged as a fixed dollar amount per rating unit, a fixed charge per factor, such as property value, or a differential charge per factor.

Territorial Authority

A territorial authority is another word for city and district councils. Councils are organisations which are officially responsible for public services and facilities in a particular area.

Waka Kotahi NZ Transport Agency/Waka Kotahi

Formerly known as NZ Transport Agency (or NZTA), Waka Kotahi is a New Zealand Crown entity tasked with promoting safe and functional transport by land.

Wellbeing

The Local Government (Community Wellbeing) Amendment Act 2019 reconfirmed the purpose of local government as being "to promote the social, economic, environmental and cultural wellbeing of communities". It's up to the community to define what well-being means for Napier, which is why engagement about what our people need and want remains as important as ever.

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