



NAPIER
CITY COUNCIL

Te Kaunihera o Ahuriri

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PROSPEROUS NAPIER COMMITTEE

Open Agenda

Meeting Date: Thursday 28 March 2024

Time: Following Napier People and Places Committee

Venue: Large Exhibition Hall
War Memorial Centre
Marine Parade
Napier

Livestreamed via Council's Facebook page

Committee Members **Chair:** Councillor Crown

Members: Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor (Deputy Chair)

Ngā Mānukanuka o te Iwi representatives – Joe Tareha and Evelyn Ratima

Officer Responsible Deputy Chief Executive / Executive Director Corporate Services

Administration Governance Team

Next Prosperous Napier Committee Meeting
Thursday 2 May 2024

2022-2025 - TERMS OF REFERENCE - PROSPEROUS NAPIER COMMITTEE

<i>Chairperson</i>	<i>Councillor Crown</i>
<i>Deputy Chairperson</i>	<i>Councillor Taylor</i>
<i>Membership</i>	<i>Mayor and Councillors (13)</i> <i>Ngā Mānukanuka o te Iwi representatives (2)</i>
<i>Quorum</i>	<i>8</i>
<i>Meeting frequency</i>	<i>At least 6 weekly (or as required)</i>
<i>Officer Responsible</i>	<i>Deputy Chief Executive / Executive Director Corporate Services</i>

Purpose

To provide governance oversight to the corporate business of the Council, monitor the Council's financial position and financial performance against the Long Term Plan and Annual Plan, and to guide and monitor Council's interests in any Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

Delegated Powers to Act

To exercise and perform Council's functions, powers and duties within its area of responsibility, excluding those matters reserved to Council by law or by resolution of Council, specifically including the following:

1. To monitor the overall financial position of Council and its monthly performance against the Annual Plan and Long Term Plan.
2. To adopt or amend policies or strategies related to the Committee's area of responsibility, provided the new or amended policy does not conflict with an existing policy or strategy.
3. To consider all matters relating to CCOs and COs, not reserved to Council, including to monitoring the overall performance of CCO's.
4. Provide governance to Council's property operations and consider related policy.
5. Consider applications for the sale of properties within the Leasehold Land Portfolio.
6. To resolve any other matters which fall outside the area of responsibility of all Standing Committees, but where the Mayor in consultation with the Chief Executive considers it desirable that the matter is considered by a Standing Committee in the first instance.

Power to Recommend

The Committee may recommend to Council and/or any standing committee as it deems appropriate.

The Committee may recommend to Council and/or the Chief Executive any changes to the funding or rating system for the City, any variation to budgets that are outside the delegated powers of officers and the approval of Statements of Intent for CCOs and COs each year.

To bring to the attention of Council and/or the Chief Executive any matters that the Committee believes are of relevance to the consideration of the financial performance or the delivery of strategic outcomes of Council.

The Committee must make a recommendation to Council or the Chief Executive if the decision considered appropriate is not consistent with, or is contrary to any policy (including the Annual Plan or Long Term Plan) established by the Council.

ORDER OF BUSINESS

Karakia

Apologies

Nil

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

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

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

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

Announcements by the management

Confirmation of minutes

That the Minutes of the Prosperous Napier Committee meeting held on Thursday, 8 February 2024 be taken as a true and accurate record of the meeting.73

Agenda items

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Minor matters not on the agenda – discussion (if any)

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AGENDA ITEMS

1. HAWKE'S BAY MUSEUMS TRUST DRAFT STATEMENT OF INTENT AND FINANCIAL REPORTING

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1744727
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer

1.1 Purpose of Report

To receive the Hawke's Bay Museums Trust Financial Report for the six months ended 31 December 2023 and draft Statement of Intent 2025-2027.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the Hawke's Bay Museums Trust Financial Report for the six months ended 31 December 2023.
- b. **Receive** the Hawke's Bay Museums Trust draft Statement of Intent 2025-2027 and provide any feedback to the Trust prior to the Statement of Intent being brought back to Council for adoption.

1.2 Background Summary

At the meeting of the Hawke's Bay Museums Trust held on 1 March 2024, the Trustees adopted their Financial Report for the six months ended 31 December 2023. A copy is **attached** to this report for Council's information.

The Trustees also accepted the **attached** draft Statement of Intent 2025-2027 at their meeting on 1 March 2024. This has been provided to Council for review and feedback to the Trust.

1.3 Issues

Draft Statement of Intent

The draft 2023/24 Statement of Intent contains the following performance indicators and targets for the key result areas:

- **Protection** – including storage, security and records management
- **Quality** – including conservation, accessioning and de-accessioning.
- **Access** – including ensuring the collection is available for exhibitions, research and archives; and
- **Development** – including fundraising, reserves management, and stakeholder relations

Joint Working Group

The Napier City Council continues to participate in a Joint Working Group with Hastings District Council that is considering the future structure of the Hawke's Bay Museums Trust, its funding, the storage of the collection, and the role of the MTG Hawke's Bay in the display of the collection.

1.4 Significance and Engagement

The draft Statement of Intent has been assessed under the Council's Significance and Engagement Policy as being of low significance.

1.5 Implications

Financial

Council makes a financial contribution to the Trust which is detailed in the attached draft Statement of Intent.

Social & Policy

The Hawke's Bay Museum collection includes significant taonga and in acknowledging the significance of that collection, one of the Trustees to the Trust is appointed by Ngāti Kahungunu Iwi.

Risk

This report is to receive the Hawke's Bay Museums Trust draft Statement of Intent 2025-2027 and therefore poses little risk to Council.

1.6 Preferred Options

The options available to Council are as follows:

- a. Receive the Financial Report for the six months ended 31 December 2023.
- b. Receive the Hawke's Bay Museums Trust draft Statement of Intent 2025-2027 and provide any feedback to the Trust prior to the Statement of Intent being brought back to Council for adoption.

1.7 Attachments

- 1 Hawke's Bay Museums Trust Half Year Financial Report to 31 December 2023 (Doc Id 1745438) [↓](#)
- 2 Hawke's Bay Museums Trust Draft Statement of Intent 2025-2027 (Doc Id 1745437) [↓](#)



Hawke's Bay Museums Trust

Ruawharo Tā-ū-rangi

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

HAWKE'S BAY MUSEUMS TRUST INDEX TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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HAWKE'S BAY MUSEUMS TRUST

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Note	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
		\$	\$	\$
Revenue				
Council grants	1	642,813	573,960	1,147,921
Other grants and donations received	2	11,614	9,240	187,242
Interest revenue		17,954	8,108	22,476
Total Revenue		672,382	591,308	1,357,639
Expenses				
Audit fees		1,948	-	5,780
Accounting charge		12,550	12,550	25,100
Accounting software charge		135	128	255
Conservation		-	-	12,600
Legal costs		-	-	1,600
General expenses		585	221	389
Insurance		2,500	2,385	2,385
Management fee	3	625,153	556,461	1,112,921
Marian Holt Grant Expenditure		-	4,730	4,730
Ministry of Culture and Heritage grant expenditure		2,637	-	-
Total Expenses		645,508	576,475	1,165,760
Net Surplus/(Deficit) for the Period		26,873	14,834	191,879

HAWKE'S BAY MUSEUMS TRUST STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	6 Months Ended 31-Dec-23 \$	6 Months Ended 31-Dec-22 \$	Year Ended 30-Jun-23 \$
Current Assets				
Bank accounts and cash	4	64,527	60,601	51,885
Investments	5	615,260	615,260	615,260
Accounts receivable and accrued revenue	6	16,140	8,215	9,986
GST receivable		622	1,463	1,648
Total Current Assets		696,548	685,539	678,779
Non-Current Assets				
Artworks and collection	7	31,024,442	29,911,145	31,021,258
Total Non Current Assets		31,024,442	29,911,145	31,021,258
Total Assets		31,720,991	30,596,683	31,700,037
Current Liabilities				
Accounts payable and accruals	8	2,500	9,390	5,780
Unspent grants		18,980	21,617	21,617
Total Current Liabilities		21,480	31,007	27,397
Non-Current Liabilities				
Trust funds held on behalf	9	75,260	75,260	75,260
Total Non-Current Liabilities		75,260	75,260	75,260
Total Liabilities		96,740	106,267	102,657
Accumulated Funds				
Retained earnings	10	1,987,822	1,807,231	1,984,700
Asset revaluation reserve	10	29,091,777	28,161,858	29,091,778
Special funds	11	544,652	521,325	520,903
Total Accumulated Funds		31,624,250	30,490,415	31,597,381
Total Funds Employed		31,720,991	30,596,683	31,700,038

The Trust Board of Hawke's Bay Museums Trust authorised these financial statements for issue on Wednesday 01 March 2024 and are signed on behalf of the Board by:

Chairman



Trustee



HAWKE'S BAY MUSEUMS TRUST STATEMENT OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Note	6 Months Ended 31-Dec-23 \$	6 Months Ended 31-Dec-22 \$	Year Ended 30-Jun-23 \$
Opening Balance of Equity		31,597,380	30,475,582	30,475,581
Net Surplus/(Deficit) for Period Allocated to:				
Retained earnings		(58)	2,215	159,966
Special funds	11	26,931	12,618	31,913
Net Surplus/(Deficit) for year		26,873	14,833	191,879
Movement in Asset Revaluation Reserve		-	-	929,919
Closing Balance of Equity	10	31,624,253	30,490,415	31,597,380

HAWKE'S BAY MUSEUMS TRUST STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Note	6 Months Ended 31-Dec-23 \$	6 Months Ended 31-Dec-22 \$	Year Ended 30-Jun-23 \$
Cash Flows From Operating Activities				
Receipts of council grants		642,813	573,960	1,147,921
Donations received		11,614	9,240	14,167
Interest receipts		17,954	8,108	22,476
Other operating revenue		-	-	-
Goods and Services Tax (Net Inflow)		-	-	-
Audit fee		(1,948)	-	(5,780)
Management fee & education grant		(625,153)	(556,461)	(1,112,921)
Accounting fee		(12,550)	(12,550)	(25,100)
Donations paid		-	-	-
Ministry of Culture and Heritage grant expenditure		-	-	-
Marian Holt Grant Expenditure		(2,637)	(4,730)	(4,730)
Conservation expenses		-	-	(12,600)
Insurance and Legal		(2,500)	(2,385)	(3,985)
Other expenses		(720)	(349)	(644)
Cash Flows from Operating Activities	12	26,873	14,834	18,804
Changes in Current assets and liabilities				
Current Assets		(6,156)	9,940	8,168
Changes in current liabilities		(5,917)	1,509	(2,100)
GST		1,026	(687)	(873)
Net Cash Flows from Operating Activities		(11,047)	10,762	5,195
Cashflows from Investing Activities				
Purchase of Collection Assets		(3,184)	(24,380)	(31,500)
Net cashflows from Investing Activities		(3,184)	(24,380)	(31,500)
Opening Cash Balance		667,145	674,646	674,646
Net Increase/(Decrease) in Cash		12,642	1,216	(7,501)
Closing Cash Balance		679,787	675,862	667,145

HAWKE'S BAY MUSEUMS TRUST ACCOUNTING POLICIES

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of Accounting Policies

Reporting Entity

The Hawke's Bay Museums Trust (Incorporated) is registered under the Charitable Trusts Act 1957 and is registered as a charitable entity under the Charities Act 2005.

Basis of Preparation

The Board has elected to apply PBE-SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Significant Accounting Policies

Bank Accounts and Cash

Bank Accounts and Cash comprise cheque or savings accounts and deposits held at call with banks.

Investments

Investments comprise bank term deposits.

Accounts Receivable

Accounts receivable are stated at their estimated net realisable value.

Grants

Grants received are recognised in the Statement of Financial Performance when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed will be carried as liabilities until the conditions have been fulfilled.

Donated Assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of more than 12 months and the value of the asset is readily obtainable and significant.

Artworks and Collection

The Trust has elected to apply International Public Sector Accounting Standard (IPSAS) 17 - Property, Plant and Equipment. Items contained in collection assets tend to have an indefinite life and are generally not of a depreciable nature. Depreciation is therefore not applicable and collection assets are carried at fair value. Carrying values are reviewed at least every three years to ensure those values are not materially different to fair value.

HAWKE'S BAY MUSEUMS TRUST ACCOUNTING POLICIES

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Creditors and Accrued Expenses

Creditors and accrued expenses are measured on the amount owing.

GST

The Trust is registered for GST. The Statement of Financial Performance has been prepared so that all components are stated net 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.

Interest Revenue

Interest revenue is recorded as it is earned during the year.

Income Tax

Hawkes Bay Museums Trust is exempt from paying income tax.

Changes in Accounting Policies

There have been no changes in accounting policies for the 2023/24 financial year.

HAWKE'S BAY MUSEUMS TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

1. Council Grants

	6 Months Ended 31-Dec-23 \$	6 Months Ended 31-Dec-22 \$	Year Ended 30-Jun-23 \$
Hastings District Council- Operating grant	317,657	283,230	566,460
Napier City Council- Operating grant	317,657	283,230	566,460
Hastings District Council- Education grant	7,500	7,500	15,000
Total Council Grants	642,813	573,960	1,147,921

2. Other Grants and Donations Received

	6 Months Ended 31-Dec-23 \$	6 Months Ended 31-Dec-22 \$	Year Ended 30-Jun-23 \$
Donations- General	8,977	4,510	9,437
Donations - Acquisitions	-	-	173,075
Grants Marian Holt Grant	2,637	4,730	4,730
Grants (Ministry of Culture & Heritage)	-	-	-
Donations - Specified funds	-	-	-
Total Other Grants and Donations Received	11,614	9,240	187,242

3. Related Parties

Hastings District Council and Napier City Council are related parties, to the extent that they contribute funds and are represented on the Board. The Councils both provide operating grants to the trust as detailed in note 1.

The Hawkes Bay Museums Trust has contracted Napier City Council to provide administrative and accounting services for the Trust's operations. Payment for these services during the financial year was \$12,550 (2023: \$25,100).

The Hawkes Bay Museums Trust has also contracted Napier City Council to provide administrative and management services specifically for the care and management of the collection. Payment for services during the financial year was \$625,153. (2023: \$1,112,921).

The Hastings District Council purchased 307 Queen St East in November 2020 with the plan to upgrade the building to a fit-for-purpose storage facility for the collection. Napier City Council and Hastings District Council has pledged \$3.6m for the development in the coming financial year. The facility is still in the design stages and the agreed arrangements between the Councils and Hawkes Bay Museums Trust is still to be confirmed.

The Board members are not paid (2023: nil).

HAWKE'S BAY MUSEUMS TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

4. Bank Accounts and Cash

	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
	\$	\$	\$
Bank Accounts and Cash			
Westpac Bank - Current account	64,527	60,601	51,885
Total Bank Accounts and Cash	64,527	60,601	51,885

5. Investments

	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
	\$	\$	\$
Westpac Term Deposits	540,000	540,000	540,000
Westpac Term Deposits - Trusts Held on Behalf			
M S Spence Trust	33,387	33,387	33,387
L D Bestall Trust	20,834	20,834	20,834
Estate L D Bestall	21,039	21,039	21,039
Total Investments	615,260	615,260	615,260

6. Accounts Receivable and Accrued Revenue

	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
	\$	\$	\$
Accounts receivable	5,509	1,818	-
Accrued interest	10,631	6,396	9,986
Total Accounts Receivable and Accrued Revenue	16,140	8,214	9,986

HAWKE'S BAY MUSEUMS TRUST NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

7. Artwork and Collections

	Library Archives	Textiles & Associated Items	Taonga Maori-Owned	Taonga Maori-Custodial	Fine Arts	Social History	Pottery Porcelain Glass	Ethnology	Subtotal	Faraday Centre	Total
Carrying amount at 1 July 2022	1,878,262	805,022	10,633,388	2,100,000	11,127,138	992,898	457,107	1,351,715	29,345,530	541,235	29,886,765
Acquisitions	5,725	-	-	-	5,717	175	19,882	-	31,500	-	31,500
Donations	-	2,699	-	6,500	99,033	1,750	58,343	4,750	173,075	-	173,075
Deaccessions	-	-	-	-	-	-	-	-	-	-	-
Revaluation	(1,225)	-	-	-	286,640	420,000	76,815	93,200	875,430	54,489	929,919
Carrying amount at 30 June 2023	1,882,762	807,721	10,633,388	2,106,500	11,518,528	1,414,823	612,147	1,449,665	30,425,534	595,724	31,021,258
Carrying amount at 1 July 2023	1,882,762	807,721	10,633,388	2,106,500	11,518,528	1,414,823	612,147	1,449,665	30,425,534	595,724	31,021,258
Acquisitions	-	-	-	-	3,184	-	-	-	3,184	-	3,184
Donations	-	-	-	-	-	-	-	-	-	-	-
Deaccessions	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Carrying amount at 31 December 2023	1,882,762	807,721	10,633,388	2,106,500	11,521,712	1,414,823	612,147	1,449,665	30,428,718	595,724	31,024,442

The Faraday Centre Collection was valued by independent registered valuer Craig S Scoullar MPINZ of Asset Valuations Ltd as at 30 June 2023 using fair value. The other Museum Art & Collection Assets were valued by independent registered valuer Jessica Pearless MPINZ of Paragon Matter Limited as at 30 June 2023 using fair value. The basis for both valuations is 'Estimated Market Value'.

HAWKE'S BAY MUSEUMS TRUST NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

8. Accounts Payable & Accruals

	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
	\$	\$	\$
Accounts payable	2,500	9,390	5,780
Unspent grants	18,980	21,617	21,617
Total Accounts Payable & Accruals	21,480	31,007	27,397

9. Trust Funds Held on Behalf

	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
	\$	\$	\$
M S Spence Trust	33,387	33,387	33,387
L D Bestall Trust	20,834	20,834	20,834
Estate L D Bestall	21,039	21,039	21,039
Total Trust Funds Held on Behalf	75,260	75,260	75,260

HAWKE'S BAY MUSEUMS TRUST NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

10. Equity

	6 Months Ended 31-Dec-23	6 Months Ended 31-Dec-22	Year Ended 30-Jun-23
	\$	\$	\$
Special Reserves			
Restricted Reserves			
Opening balance	16,931	16,044	16,044
Grants, bequests and donations revenue	303	139	305
Interest revenue	537	221	582
Closing Balance Restricted Reserves	17,771	16,404	16,931
Unrestricted Reserves			
Opening balance	89,319	85,625	85,625
Grants, bequests and donations revenue	1,594	743	1,615
Interest revenue	2,830	1,179	3,085
Donations paid for storage facility	-	-	(1,006)
Closing Balance Unrestricted Reserves	93,743	87,547	89,319
Acquisitions Reserve			
Opening balance	396,684	406,604	406,605
Grants, bequests and donations revenue	7,081	3,529	7,413
Interest revenue	12,567	5,602	14,166
Acquisitions purchases	(3,184)	(24,380)	(31,500)
Closing Balance Acquisitions Reserve	413,148	391,355	396,684
Conservation Reserve Fund			
Opening balance	-	11,292	11,292
Grants, bequests and donations revenue	-	98	104
Interest revenue	-	155	199
Conservation purchases	-	-	(11,594)
Closing Balance Conservation Reserve	-	11,545	-
Trusts Held on Behalf			
Opening balance	17,969	13,525	13,525
Interest revenue	2,022	949	4,444
Closing Balance Trusts Held on Behalf	19,991	14,474	17,969
Total Special Reserves	544,653	521,325	520,903

HAWKE'S BAY MUSEUMS TRUST NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	6 Months Ended 31-Dec-23 \$	6 Months Ended 31-Dec-22 \$	Year Ended 30-Jun-23 \$
Revaluation Reserve			
Opening balance	29,091,778	28,161,858	28,161,859
Deaccessions	-	-	-
Movement in Asset Revaluation Reserve	-	-	929,919
Closing Balance Revaluation Reserve	29,091,778	28,161,858	29,091,778
Retained earnings			
Opening balance	1,984,700	1,780,634	1,780,634
Net surplus/(deficit) for year	(58)	2,215	159,966
Transfer of donation to unrestricted reserve	3,184	24,380	1,006
Round off	(5)	3	-
Transfer of capital exp to acquisitions reserve	-	-	31,500
Transfer of capital exp to conservation reserve	-	-	11,594
Closing Balance Retained Earnings	1,987,822	1,807,232	1,984,700
Total Equity	31,624,253	30,490,415	31,597,381

HAWKE'S BAY MUSEUMS TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

11. Special Funds

	Opening Balance as at 1 Jul 2023	Transfer	Grants Donations & Bequests Received	Acquisitions & Conservation	De-accessions	Allocation of Proportion Interest & Donations Income	Closing Balance as at 31 Dec 2023
Restricted Reserves							
QEII Award Fund	16,931	-	-	-	-	840	17,771
Total Restricted Reserves	16,931	-	-	-	-	840	17,771
Unrestricted Reserves							
Lilliput Building Fund	63,970	-	-	-	-	3,169	67,139
Webb Foundation Building Fund	25,347	-	-	-	-	1,255	26,602
Total Unrestricted Reserves	89,317	-	-	-	-	4,424	93,741
Acquisitions Reserve Fund							
Millin Estate	325,335	-	-	(3,184)	-	16,113	338,264
LJ Sanderson	71,310	-	-	-	-	3,532	74,842
M L Holt	0	-	-	-	-	-	0
Webb Trust	40	-	-	-	-	3	43
Total Acquisitions Reserve Fund	396,685	-	-	(3,184)	-	19,648	413,148
Conservation Reserve Fund							
B Home	-	-	-	-	-	-	0
M L Holt	0	-	-	-	-	-	0
R & D Crowther	0	-	-	-	-	-	0
Estate Kriyh Stichbury	0	-	-	-	-	-	0
Other - FHB MAG Care Fund	0	-	-	-	-	-	0
Webb Trust	0	-	-	-	-	-	0
Total Conservation Reserve Fund	0	-	-	-	-	-	0
Trusts Held on Behalf							
M S Spence Trust	7,974	-	-	-	-	897	8,871
L D Bestall Trust	4,946	-	-	-	-	557	5,503
Estate L D Bestall	5,049	-	-	-	-	568	5,617
Total Trusts Held on Behalf	17,969	-	-	-	-	2,022	19,991
Total Special Funds	520,902	-	-	(3,184)	-	26,934	544,652

HAWKE'S BAY MUSEUMS TRUST NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

12. Statement of Intent

In its 2023/24 Statement of Intent, the Trust set financial targets for the year. The following table summarises actual results (to 31 December 2023) against those targets, with explanations for variances.

	Actual to 31-Dec-23	Target to 31-Dec-23	Variance
	\$	\$	\$
Revenue			
Council Funding (NCC & HDC)	642,813	642,813	-
Interest Income	17,954	15,400	2,554
General Donations *	8,977	3,250	5,727
Total Revenue	669,744	661,463	8,281
Expenses			
Management Fee and Education Grant	538,663	538,666	(3)
Off-Site Storage	86,490	86,488	(3)
Conservation **	-	9,325	9,325
Accessions **	3,184	9,325	6,141
Trust Admin & Management	12,550	12,550	-
Audit, Insurance, Legal Fees and Other ***	5,168	5,110	(58)
Total Expenses	646,055	661,463	15,403
Surplus/Deficit	23,689	-	23,684
Ratio of Shareholders Funds to Total Assets	99.7%	95.0%	4.7%

Note: This ratio shows the proportion of assets on which the shareholders have a residual claim.

Explanation of variances

* Cash donations are up against projected largely due to the MTG facility being opened after the COVID lockdown.

** There has yet to be conservation and accession expenditure however there are a number of invoices expected to come through in the future.

*** Legal fees and audit fees budgeted for 22/24 but not materialized as of 31/12/2023

HAWKE'S BAY MUSEUMS TRUST NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Actual to 31-Dec-22	Target to 31-Dec-22	Variance
	\$	\$	\$
Revenue			
Council Funding (NCC & HDC)	573,960	573,961	(1)
Interest Income	8,108	7,500	608
General Donations	4,510	2,250	2,260
Total Revenue	586,578	583,711	2,867
Expenses			
Management Fee and Education Grant	474,459	474,459	-
Off-Site Storage	82,002	82,002	-
Conservation	0	4,875	(4,875)
Accessions	24,380	4,875	19,505
General	0	0	-
Trust Admin & Management	12,550	12,550	-
Audit, Insurance, Legal Fees	2,734	4,950	-2,216
Total Expenses	596,125	583,711	12,414
Surplus/Deficit	(9,547)	-	(9,547)
Ratio of Shareholders Funds to Total Assets	99.7%	95.0%	4.7%

Note: This ratio shows the proportion of assets on which the shareholders have a residual claim.

13. Commitments

The Trust has no capital commitments at 31 December 2023 (2022:\$nil)

14. Contingencies

The Trust has no contingent liabilities at 31 December 2023 (2022:\$nil)



Hawke's Bay Museums Trust *Ruawharo Ta-u-rangi*

STATEMENT OF INTENT 24/25-26/27

The Hawke's Bay Museums Trust is a Council Controlled Organisation as three of the five members of the Board are either the two Councils' respective nominees, or the jointly appointed chair.

As a Council Controlled Organisation, the Trust acknowledges the 2012 and 2019 amendments to the Local Government Act 2002.

The Objectives of the Trust are:

- To hold and protect the 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 the arts through the use of the collection
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council
- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way in which best industry practices benefit to the collection.

Governance of the Trust is:

The Board is constituted to have five members appointed as follows:

- One appointed by the Napier City Council
- One appointed by the Hastings District Council
- One appointed by the Hawke's Bay Museums Foundation Charitable Trust
- One by Ngati Kahungunu Iwi (Incorporated)
- One Chairperson who is jointly appointed by the Napier City Council and the Hastings District Council.

The Trust Board will govern on a high-level strategic direction basis. It will ensure regional balance and Iwi representation. It will undertake a management agreement with Napier City Council for the care and management of the regional collection.

The strategic intentions of the Trust for 24/25-26/27 are:

The Trust will:

- work closely with the Napier City Council and the Hastings District Council and other local authorities in the Hawke's Bay region to promote public appreciation of the collection
- consult regularly with the Director of MTG to advance the standing of the MTG in the community and further afield
- review annually the performance of the Napier City Council in the execution of its contract for care and management of the collection
- ensure that the Trust's investment policy is managed in a manner that satisfies the guiding principles set by Hastings District Council and Napier City Council for their own investment policies.

- work closely with Napier City Council, Hastings District Council and Hawke's Bay Regional Council to determine a solution to develop long-term storage for the collection.

The Nature and Scope of Activities to be undertaken by Napier City Council are outlined below. These activities will be achieved in accordance with agreed best industry practice and consistent with HBMT policies and procedures.

1) Protection

- Storage including pest control, storage media, shelving and air quality
 - Pest control
 - Storage media
 - Shelving
 - Air quality
- Security including alarm and access systems and monitoring, and insurance
 - Alarm systems (burglary, fire)
 - Alarm monitoring
 - Access systems
 - Insurance (loan items, owed items)
- Records Management including Vernon database and other records
 - Vernon database
 - Other records

2) Quality including conservation, accessioning and de-accessioning.

- Conservation - appropriate conservation to accepted best industry practice and consistent with HBMT collection policies.
- Accessioning - appropriate accessioning to accepted best industry practice consistent with HBMT collection policies.
- De-accessioning - appropriate de-accessioning to accepted best industry practice consistent with HBMT collection policies.

3) Access including exhibitions, research and archives.

- Exhibitions - Collection available to Hastings City Art Gallery and MTG Hawke's Bay and other institutions as appropriate within accepted best industry practice.
- Research - Collection made available through MTG Hawke's Bay as appropriate within accepted best industry practice.
- Archives - Archives made available through MTG Hawke's Bay as appropriate within accepted best industry practice.

4) Development including fundraising, reserves management and relationship development.

- Fundraising - To work with the MTG Hawke's Bay Foundation to provide funding.
- Reserves - To appropriately manage accession reserves.
- Relationships - To appropriately manage relationships to allow the collection to develop appropriately.
 - Funding Councils
 - Te Rōpū Kaiawhina Taonga
 - MTG Friends

Accounting Policies adopted by the Hawke's Bay Museums Trust will be:

Reporting entity

The Hawke's Bay Museums Trust is registered under the Charitable Trusts Act 1957 and is registered as a charitable entity under the Charities Act 2005.

Statutory base

The financial statements will be prepared in accordance with Part 3 (Audits and Reports), Section 15, of the Public Audit Act 2001.

General accounting policies

The general accounting policies recognised as appropriate for the measurement and reporting of results and financial position under the historical cost method as modified by any revaluation of certain assets, will be followed in the preparation of the financial statements.

The Board has elected to apply PBE-SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million. The financial statements will be prepared on the assumption that the Trust will continue to operate in the foreseeable future. All transactions in the financial statements will be reported using the accrual basis of accounting

Specific accounting policies**Bank Accounts and Cash**

Bank Accounts and Cash comprise cheque or savings accounts and deposits held on call with banks.

Investments

Investments comprise bank term deposits. Investments will be stated at lower of cost or net realisable value.

Interest Revenue

Interest revenue will be recorded as it is earned during the financial year, and accrued at year-end.

Accounts receivable

Any accounts receivable will be stated at their estimated net realisable value.

Grants

Any grants received will be recognised in the Statement of Financial Performance when the requirements under the grant agreement are met. Any grants for which the requirements under the grant agreement are not completed will be carried as liabilities until the conditions are fulfilled.

Donated Assets

Revenue from donated assets will be recognised upon receipt of the asset if the asset has a useful life of more than 12 months and the value of the asset is readily obtainable and significant.

Artworks and Collection

The Trust has elected to apply Public Sector Accounting Standard 17 – Property, Plant and Equipment (PBE IPSAS 17). Items contained in collection assets tend to have an indefinite life, and are generally not of a depreciable nature. Depreciation will therefore not be applicable and collection assets will be carried at fair value. Carrying values will be reviewed at least every three years by an independent qualified valuer, to ensure those values are not materially different from fair value. Carrying values will be reassessed annually in the intervening years.

Purchases of collection items will be recorded at cost, and donated collection assets will be recorded without attached values at the time of acquisition. These values will be captured during annual update revision of the valuation as noted above.

Creditors and Accrued Expenses

Creditors and accrued expenses will be measured on the amount owing.

Goods and Services Tax (GST)

The Trust is registered for GST. The Statement of Financial Performance will be prepared so that components are stated exclusive of GST. All items in the Statement of Financial Position will be stated net of GST, with the exception of receivables and payables, which will include GST invoiced.

Income tax

Hawke's Bay Museums Trust is exempt from paying income tax.

Changes in accounting policies

Any changes in accounting policies will be clearly signified and quantified.

Performance Targets

Key Result Area	Performance Indicator	Target		
		2024/25 target	2025/26 target	2026/27 target
Protection	Full insurance cover is provided for the collection.	Yes	Yes	Yes
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to environment	No items reported to have suffered deterioration due to 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	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes	Yes
Access	HBMT collections are used for academic and personal research	1,500 enquiries	1,500 enquiries	1,500 enquiries
	Collections are made available to the public through quality exhibitions	2 - 5 collection-based exhibitions	2 - 5 collection-based exhibitions	2 - 5 collection-based exhibitions
Development	Bequest funds income is used in the manner determined by the donor.	Yes	Yes	Yes
	Conservation funds income is used solely for collection care.	Yes	Yes	Yes

Financial Performance Targets

Financial Performance	Note	2024/25	2025/26	2026/27
Revenue				
Council Funding (NCC & HDC)	A	1,508,705	1,538,579	1,572,098
Interest Income	B	32,300	31,500	29,200
Donations		8,000	9,000	10,000
Total Revenue		1,549,005	1,579,079	1,611,298
Expenses				
Management Fee & Education Grant		1,256,240	1,281,365	1,309,555
Off-Site Storage	E	190,836	194,653	198,935
Education Grant (LEOTC)		15,000	15,000	15,000
Trust Admin & Management		26,400	26,928	27,520
Audit, Insurance & Legal etc	C	20,229	20,634	21,088
Conservation		20,150	20,250	19,600
Accessions		20,150	20,250	19,600
Total Expenses		1,549,005	1,579,079	1,611,298
Surplus/(Deficit)		-	-	-
Financial Ratio Target:				
The ratio of Shareholders Funds to Total Assets (minimum ratio):	D	95%	95%	95%

- A Net Council Funding results from inflation-adjusting some of the Trust's expenses in accordance with Local Government Cost Index (LGCI). This is a commonly used inflation rate across the local government sector, and aligns with the methods both Councils use in their Annual Plans (2026 2.0% and 2026 2.2%). Future year Statement of Intent Financial Targets may differ from the above targets.
- B Interest income is based on maintaining capital funds at present levels with projected interest rates, and therefore no inflation adjustment is applied. Early spending of these funds will reduce the interest income. Interest rates are based on financial market forecasts from Westpac (2025 5.3%, 2026 5.1% and 2027 4.8%).
- C Audit, Insurance & Legal etc for 2024/25 includes Audit Fees \$15,159, Insurance \$2,500, Legal Fees \$1,600, Charities Filing \$50, MYOB Subscription \$420, and Sundries \$500.
- D The ratio of Shareholder's Funds to Total Assets measures the percentage of assets on which equity holders have a residual claim. Shareholders' Funds is the amount of equity that belongs to the shareholders and represents an estimate of the amount the shareholders would receive if the Trust liquidated. Assets are the resources, for which the Trust has ownership or guardianship that can be measured and expressed in dollars.
- E Please note we have assumed the off-site storage facility will continue to be leased for the next three years. There has been a new storage facility obtained by Hastings District Council, it is not yet known when this will be available for the HB Museum Trust collection or the associated costs.

Other than the funding shown in Financial Targets above, no additional council funding is requested. No dividend back to the two contributing councils is recommended.

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.

Capital Expenditure

There is no planned expenditure on 'Buildings' or 'Plant and Machinery' for the 22/23-24/25 periods. Accessions and conservation will be funded from grants, donations, de-accessions, and bequest and investment interest income.

Hawke's Bay Museums Trust Projected Statements of Financial Position

Projected Statements of Financial Position	30/6/2025	30/6/2026	30/6/2027
Current Assets			
Bank Accounts and Cash	51,885	51,885	51,885
Investments	625,246	625,246	625,246
GST Refund	1,648	1,648	1,648
Prepayments and Accrued Revenue	-	-	-
Total Current Assets	678,779	678,779	678,779
Non-Current Assets			
Artworks and Collection	31,046,327	31,066,577	31,886,177
Total Non-Current Assets	31,046,327	31,066,577	31,886,177
Total Assets	31,725,106	31,745,356	32,564,956
Current Liabilities			
Accounts Payable and Accruals	13,666	13,666	13,666
Total Current Liabilities	13,666	13,666	13,666
Non-Current Liabilities			
Trust Funds Held on Behalf	75,260	75,260	75,260
Total Non-Current Liabilities	75,260	75,260	75,260
Total Liabilities	88,925	88,925	88,925
Accumulated Funds			
Retained Earnings	2,011,313	2,031,563	2,051,163
Asset Revaluation Reserve	29,091,777	29,091,777	29,891,777
Special Funds	533,090	533,090	533,090
Total Accumulated Funds	31,636,180	31,656,430	32,476,030
Total Funds Employed	31,725,106	31,745,356	32,564,956

Financial Reports

Full and final audited accounts will be included in the 2024/25 Annual Report.

Reporting against intended performance

The 2024/25 Annual Report will include comparisons of both financial and non-financial performances against the relevant targets outlined in this Statement of Intent.

Compensation from Local Authority

The Board estimates the commercial value of the Hawke's Bay Museums Trust collection will be \$31 million (including the Faraday Collection).

The collection is revalued at least every three years by an independent registered valuer, to ensure carrying values are not materially different from fair value. The most recent valuation was completed as of 30 June 2023, and the next valuation is due on 30 June 2027.

Faraday Centre

Trustees are reviewing the future direction of the Faraday Centre which includes potentially separating this activity from the Hawke's Bay Museums Trust when an appropriate and sustainable model is identified.

2. CYCLONE GABRIELLE CATEGORY 3 VOLUNTARY BUY-OUT PROGRESS UPDATE

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1738388
<i>Reporting Officer/s & Unit:</i>	Richard Munneke, Commercial Director Anne Bradbury, Manager Community Strategies

2.1 Purpose of Report

The purpose of this report is to update Council on the progress made by Napier City Council (NCC) and Hastings District Council (HDC) with the category 3 voluntary buyout activity and report the current financial status of the buyout within the crown funding cap.

The report also seeks to obtain Council approval to make minor policy changes to the Category 3 Voluntary Buyout Policy being:

- 1) a change to better support the Council offer process with the Offer letter marking the commencement of the 3-month period in which property owners can consider the offer options; and
- 2) a change to the language on GST which would provide flexibility for Council to consider whether a specific offer should be made plus GST, if any, in very specific situations.

Note: These changes have already been adopted by Hastings District Council

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the report noting:
 - i. Progress with the Category 3 voluntary residential buyout programme
 - ii. That the category 3 buyout actual expenditure and forecast is expected to use most of the contingency but remain within the \$5m cap specified in the Crown Agreement.
- b. **Amend** the Category 3 Buy-out Policy and insert replacement clause for Clause 4.12:
 - 1) **Clause 4.12** - Offers will include GST, if any, unless Council determines that a specific Offer should be made plus GST, if any, while considering the Policy objective of affordability for ratepayers
- c. **Amend** the Category 3 Buy-out Policy and insert replacement clauses for Clauses 5.1(b)(i) and 5.1(c)(i) and 5.1(c)(ii):
 - 1) **Clause 5.1(b)(i)** - The Council will prepare an Offer Letter summarising the outcome of the Valuation Process and relevant buy-out options under sections 4.4 and 4.5 of the Policy.

- 2) **Clause 5.1(c)(i)** - The Council's Representative will present the Owner with the Offer Letter for the Owner's consideration.
- 3) **Clause 5.1(c)(ii)** - The offer will remain open for 3 months after the owner receives the Offer letter and the owner shall advise Council whether they wish to proceed to receiving a formal sale and purchase agreement from Council within that time. Agreements to an extension of time will not be unreasonably withheld where, in the Council's reasonable opinion, substantive progress is being made towards an agreement.

2.2 Background Summary

After the Region's Councils entered into a formal agreement with the Crown for Cyclone Gabrielle recovery, HDC and NCC have been progressing the Category 3 Voluntary Residential Buyout

Joint Approach

The Councils have geared their implementation of the Voluntary Buyout programme through a joint policy framework and a single Voluntary Buyout Office (VBO) which is located and run by HDC. NCC contract to HDC for delivery through the VBO because proportionally Napier has far less Category 3 properties than HDC.

In addition, the affected community (Esk Valley) traverses both Councils boundaries which mean a consistent approach to delivery is imperative. The result has been an efficient and uniform delivery of the policy allowing the Councils to progress offers to affected residents through a single VBO.

Funding Implications

As stated above prior to the roll out of the Category 3 Residential Buyout Programme a funding agreement was reached with the government. A budget and funding cap was set by the Government based on assumptions such as the overall insurance level being 70% of the pre-cyclone overall value for example.

Now that actual costs are available both Councils are able to establish how they are tracking against the budget and can forecast with more accuracy. At this stage NCC is within the cap set, however because it has a small number of properties affected (14) it may only take one property to be under-insured to tip the scales.

Changes to the joint Category 3 Buy Out Policy

After implementing the policy for some months, two minor policy changes are also proposed to improve the process:

- 1) A change to better support the Council offer process. Once the valuation part of the process is complete an offer letter is constructed that includes:
 - the outcome of the valuation/s;
 - any considerations worth noting from the initial meeting with property owners; and
 - the calculated offer options that are available to the property owner. This letter, rather than a full sale and purchase agreement (as noted in the Policy), is presented to the owners at this point and we are recommending that this mark the commencement of the 3-month period in which property owners can consider the

offer options. This minor policy change would facilitate a more efficient offer process.

- 2) A change to the language on GST. This would provide flexibility for Council to consider whether a specific offer should be made plus GST, if any, in very specific situations, while considering the policy objective of affordability for ratepayers

2.3 Issues

Category 3 Buy-out Policy amendments

A) Improving the clarity of the 3 month period

There will be no real impact for property owners if the Policy is amended to reflect that the Offer letter, rather than provision of the full sale and purchase agreement, marks the commencement of the 3-month period in which property owners can consider the offer options. This minor policy change would facilitate a more efficient offer process.

B) GST

In terms of the proposed change to the language relating to GST, we sought GST advice from PWC. This followed questions raised around GST practice for valuations. The PWC advice noted the following:

“We are satisfied with the Policy stating that the offer will include GST. This reflects that Council will be wanting to cap the price being paid. It will not alter the approach taken for the valuations, nor does it determine or have any bearing on the final GST treatment.”

4.6 The PWC advice, however, noted that they would anticipate that the current clause 4.12 of the Policy could create challenges in the situations outlined below. The proposed amendment to the GST language in the Policy would provide the VBO the flexibility to deal with these specific situations:

“Where the property owner was GST registered and used the property for making taxable supplies. In this case, the property is likely to have been valued as “\$ plus GST if any” and it would be up to Council to consider uplifting this or using the valuation provided, i.e. whether it is, say, \$100k or \$115k inclusive of GST, as the transaction will be subject to Compulsory Zero-rating (CZR). - Where the property is mixed use or requires the deemed separate supply rule to apply. In these cases, we recommend that specific advice is sought.”

Progress and reporting on Category 3 Buyout

HDC and NCC hold a quarterly progress meeting with Crown Infrastructure Partners and Cyclone Recovery Unit Officials. Such a meeting was held on Tuesday 12 March 2024 to

report back on the Hawke's Bay Funding Agreement programme. A précis of the Councils reporting is included in **Attachment 1**.

This provides a useful overview of progress and financial performance of the voluntary buyout activity.

Financial

At the outset based on assumptions, NCC budgeted \$4m in costs for the category 3 buyout with \$1m contingency. Combined the \$5m is represented in the Crown agreement and is eligible for a 50% crown subsidy.

Projections based on costs to date indicate that the activity will cost \$4.7m at completion.

These costs are made up of:

- 50% NCC Property purchases/ relocation grants
- NCC share of "transaction costs"
- VBO running costs + policy development costs (cost share)
- Estimated net demolition costs

Risk

Whilst the activity is projected to expend \$4.725m which is within the \$5m cap for which a 50% subsidy is available from the Government as per the agreement with the Crown it should be noted that:

- 1) NCC has only 14 properties in Category, with incomplete data around insurance levels and values/cost of future offers.
- 2) The small sample size means that financial projections can potentially be significantly underestimated by a single property being under insured. This may mean that the \$5 cap is at risk of being breached when true costs are identified.

2.4 Options

The options available to Council are as follows:

- a) Receive the report and approve amendment to the Category 3 Buy-out Policy
- b) Not receive the report and not approve amendments to the Category 3 Buy-out Policy

2.5 Attachments

- 1 Buyout Update powerpoint (Doc Id 1745185) [↓](#)



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

CATEGORY 3 VOLUNTARY BUY-OUT

PROGRESS UPDATE
18 March 2024

Recap - Policy Objectives + Principles

Overarching Objective

The removal of risk-to-life associated with people living on Category 3 land

Further objectives

Residents have clear pathways and certainty about the offer

Long term positive outcomes for the whole community and the environment

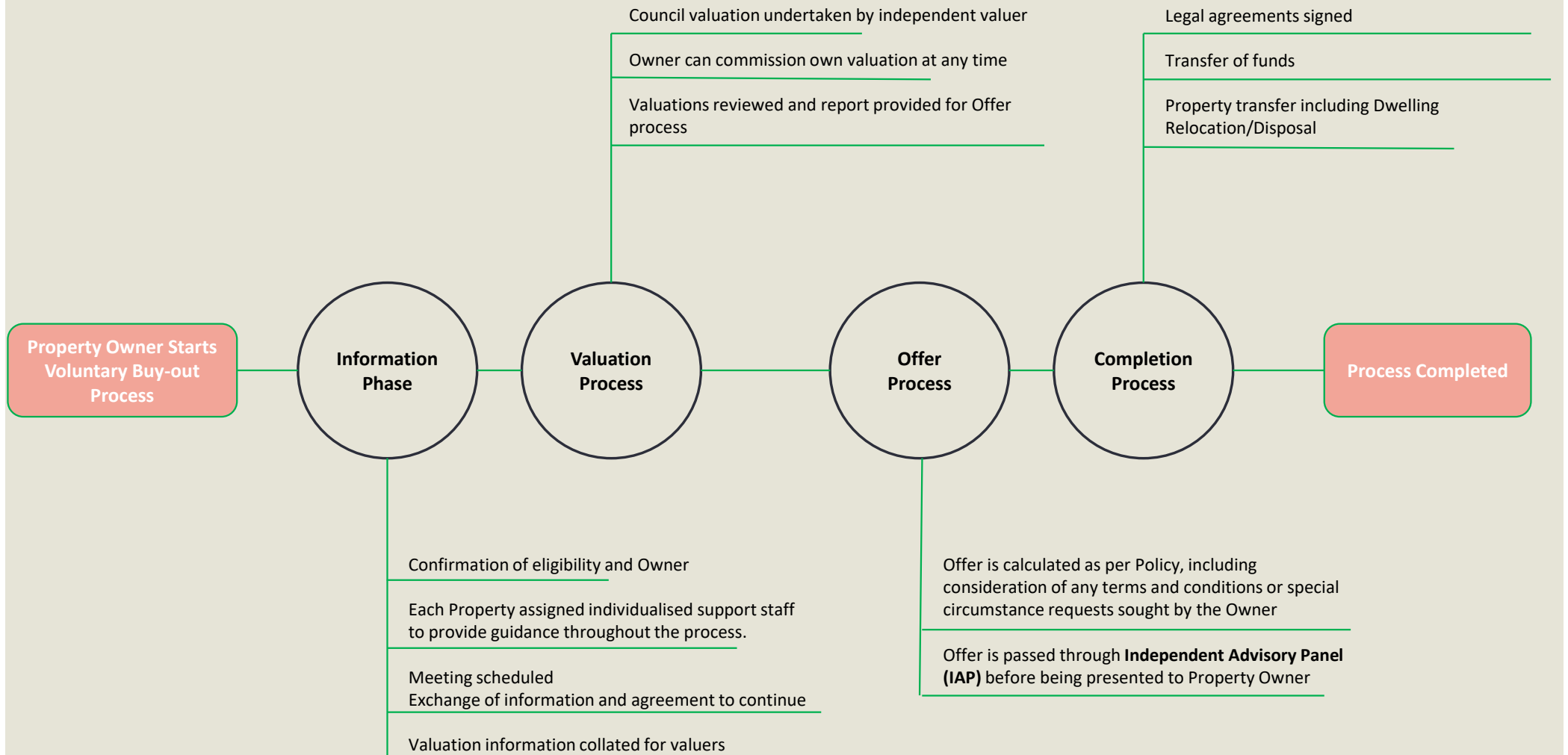
Affordability for ratepayers

Principles

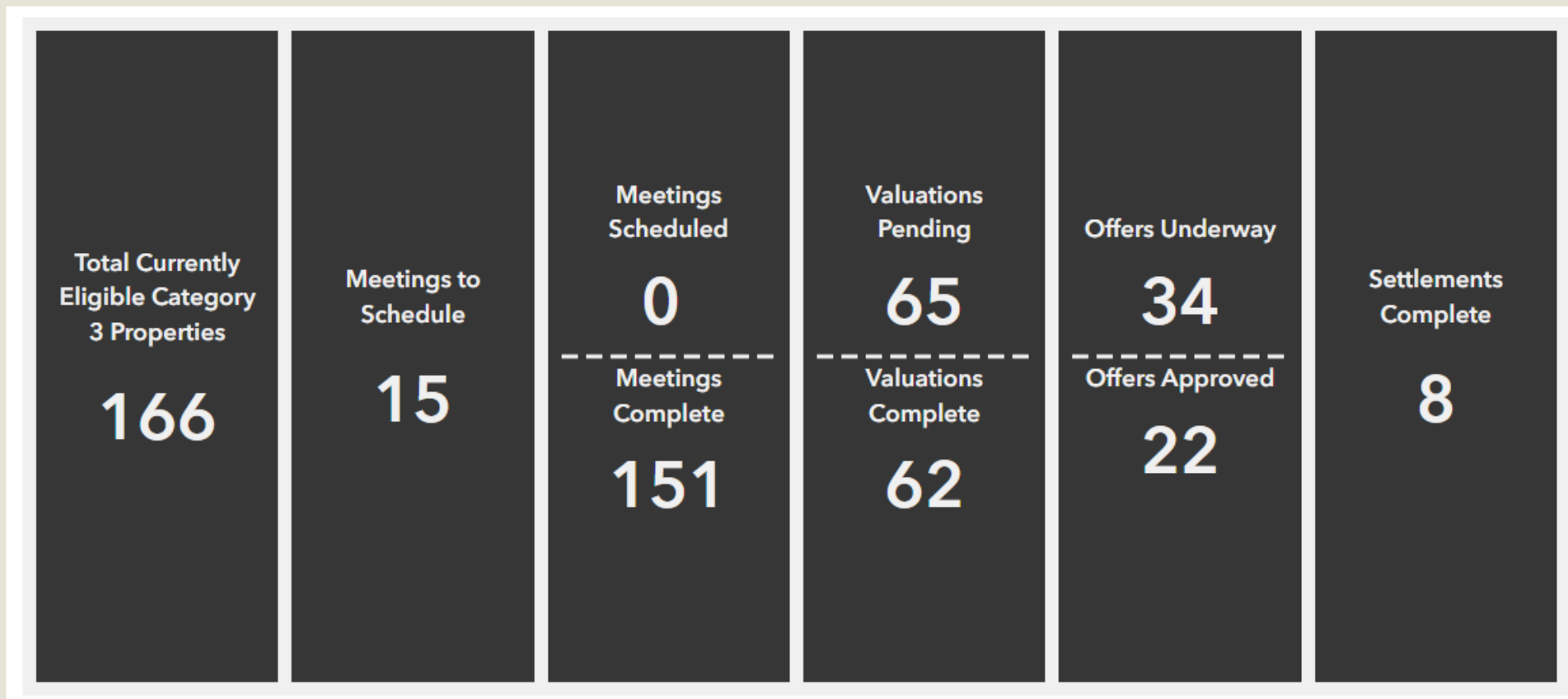
In achieving the Objectives, the Councils will apply the following principles:

Acting in good faith	For both impacted Property Owners & ratepayers who are helping to fund this important work.
Treating people with respect	Embedded in approach.
Working to achieve timely outcomes	Making good progress. Acknowledge that any time will be too much time for people who want to move on with their lives. Some delays are to satisfy owner requests. Valuer constraints. Have settled quickly where requested.
Communicating clearly	Council has sought to clearly communicate proposed amendments to Category 3 Property Owners who have engaged with the process.

Recap - Process



Dashboard (as at 18/03/24)



Dashboard Glossary

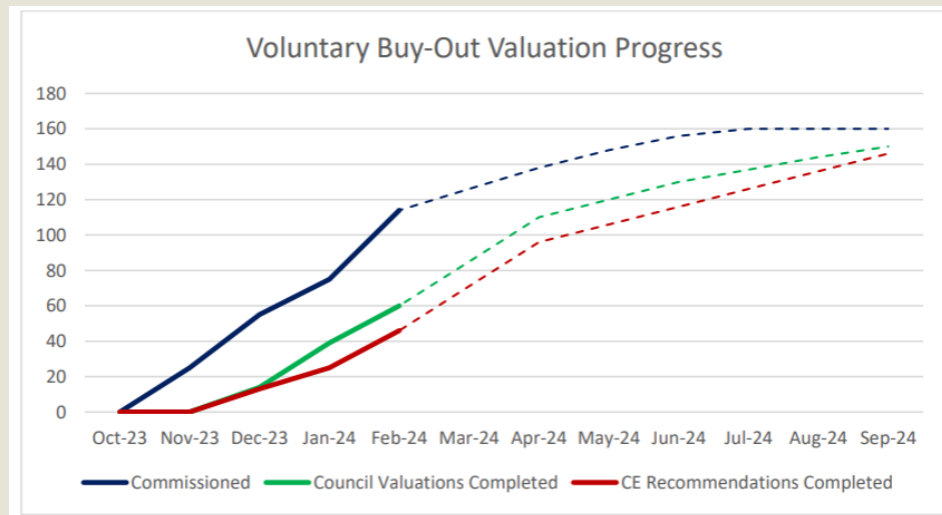
Dashboard heading	Definition	Notes
Total Currently Eligible Category 3 Properties	Category 3 properties that contained a house as at 13 February 2023, or the Councils are satisfied that there was a clear intention to build a residential dwelling for the owner or their family.	The number of eligible properties will reflect those properties that contained a house as at 13 February 2023 and those considered eligible via the 'special circumstances' process.
Meetings to Schedule	Eligible category 3 properties that have not yet organised their first meeting with the Voluntary Buy-out Office (VBO).	All owners of eligible category 3 properties have been contacted by the VBO, but some have not yet organised their first meeting.
Meetings Scheduled	Eligible category 3 properties that have a date and time confirmed for their first meeting with the VBO.	Category 3 homeowners can organise a meeting via their dedicated category 3 connector.
Meetings Complete	Eligible category 3 properties that have completed their first meeting with the VBO.	After the first meeting, information about the property is gathered and handover notes prepared for the valuation process.
Valuations Pending	Eligible category 3 properties that have been allocated to one of Council's panel valuers.	Owners may also elect to obtain their own valuation, which is not included in the dashboard number.
Valuations Complete	Eligible category 3 properties that have progressed through the valuation process.	This step is complete once the Councils' Valuation Manager has completed his review of the valuation(s).
Offers Underway	Basis of offer reviewed by Independent Advisory Panel and offer made to owner.	This covers the period from the offer being sent to the owner, to the offer being fully signed.
Offers Approved	Offers fully signed, i.e. signed by the owners and Council's Chief Executive.	A binding agreement has been reached.
Settlements Complete	Eligible category 3 properties that have received payment as agreed with Council.	Ownership of the property or residential improvements transfers to Council.

Progress highlights (as at 18/03/24)

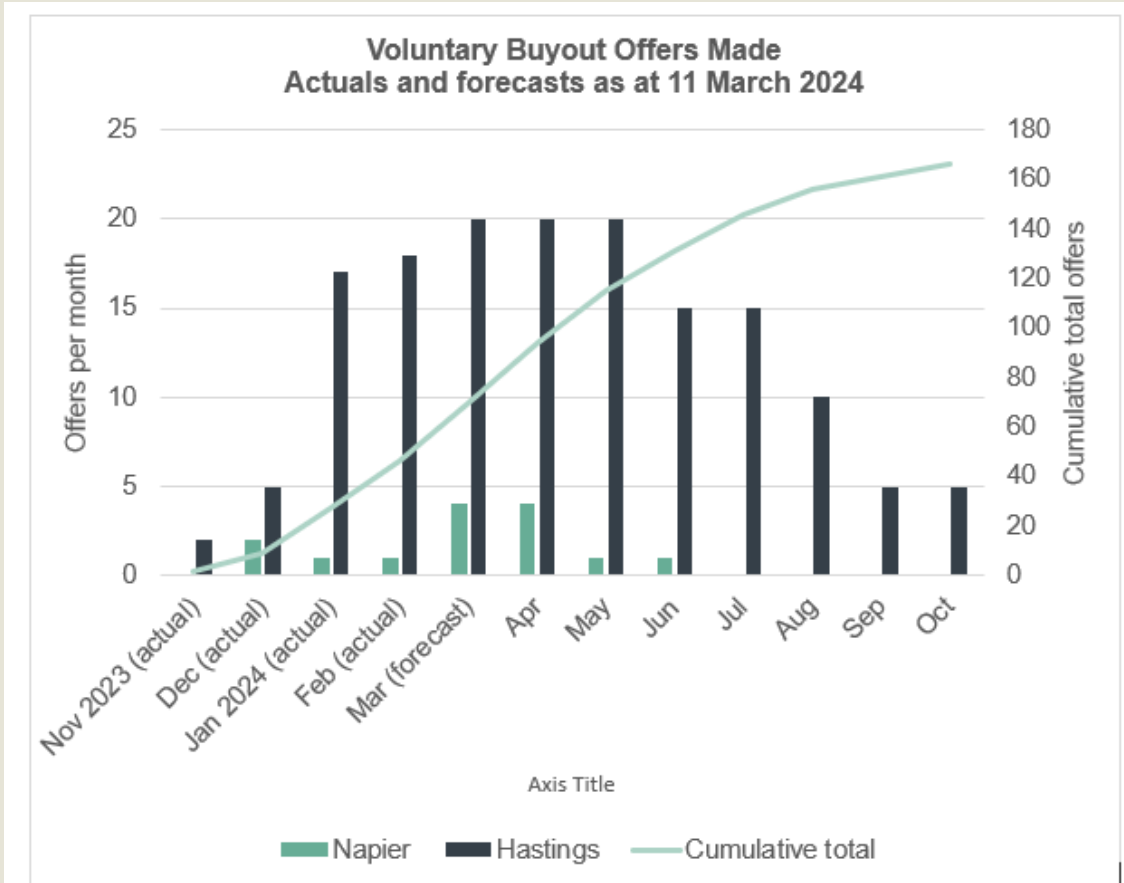
- 39% of eligible property owners have an offer; waiting for settlement; or settled. On track to hit 50% by mid-April
- 75% of valuations are now allocated; 35% completed
- All eligible owners contacted (as far afield as Perth, Canada, Singapore and US)
- All eligible owners willing to engage have had initial meetings
- 12 property owners representing 15 properties (around 7% of property owners) choosing not to engage at this point (assumption in initial modelling was 90% uptake)
- Forecasts assume:
 - Buy-out part of programme will be completed in October 2024 (except possibly for a small handful of more complex cases)
 - Council commissioned valuations will be largely completed by end of June 2024. Final reviews follow slightly later due to potential owner valuation delays

Valuations

- The panel valuers are critical to completing programme in a timely manner
- Less control over this part of process – timeframes and must be independent and technical
- We continue to recommend Property Owners receive quotes for valuations that they are commissioning to ensure they are not being overcharged



Offer forecasts



Special Circumstances (SCs)

- Clauses 6 and 7 of the Policy provide, at the request of an Owner and at the absolute discretion of Council, pathways to consider ‘special circumstances’:
- **Clause 6** - ‘Application of Policy to Land Without an Existing Dwelling’: Extending an offer to the Owner of Category 3 land which did not contain a Dwelling as of 13 February 2023. Clauses 6.2 and 6.3 outline the basis for considering a request.
- **Clause 7** – ‘Other Special Circumstances’: A departure from the Policy. Clause 7.1. outlines the factors that a decision to provide for a different process or outcome must have regard to.
- Any decision to provide for a different process or outcome will have regard to:
 - (a) The overarching objective of removing risk-to-life associated with residential activity within Category 3 areas and other objectives and principles of the Policy;
 - (b) The reasons for, extent of, and implications of any departure from the Policy;
 - (c) Whether the departure involves any increased cost to the Council.

SCs: Key points (as at 18/03/24)

- 47 requests for a 'special circumstance' consideration
- 42 requests from HDC properties and 5 from NCC properties
- 69% approved; 21% declined; 10% pending
- (55%) of the requests have been considered under Clause 6
 - 92% approved (24 of 26)
 - Mostly related to bare residential sections in the Tangoio Beach settlement area
- (45%) of the requests have been considered under Clause 7
 - 38% approved (8 of 21)
 - Most applications seeking a full buy-out for properties over 2ha. 3 have been approved on basis of de minimis with regard to 2ha threshold.

Financial forecasts

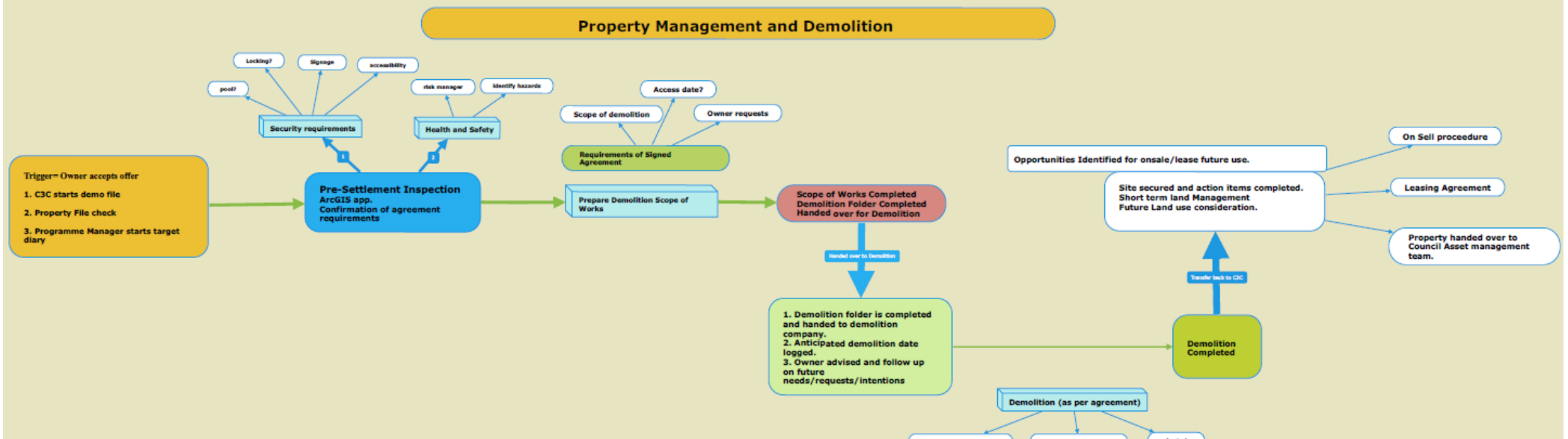
<p>Total HDC costs</p> <p>Includes:</p> <ul style="list-style-type: none"> • 50% HDC Property Purchases/Relocation Grants • HDC share of “Transaction costs” (valuation, acquisition, direct VBO salary costs) • VBO running costs + policy development costs (HDC/NCC cost share) • Tangoio Beach properties • Estimated <u>net</u> demolition costs 	<p>\$46m (cap \$50m)</p>
<p>Total NCC costs</p> <p>Includes:</p> <ul style="list-style-type: none"> • 50% NCC Property Purchases/Relocation Grants • NCC share of “Transaction costs” (valuation, acquisition, direct VBO salary costs) • VBO running costs + policy development costs (HDC/NCC cost share) • Estimated <u>net</u> demolition costs 	<p>\$4.7m (cap \$5m)</p>

Recent Policy & Procedure Changes

- **HDC Approved Policy Changes**
 - A policy change to better support the Council offer process with the Offer Letter marking the commencement of the 3-month period in which property owners can consider the offer options
 - A change to the language on GST which would provide flexibility for Council to consider whether a specific offer should be made plus GST, if any, in very specific situations
- A range of operational changes to procedures to assist delivery of policy and increase efficiency

Demolition & disposal

- Attention turning to important demolition and disposal parts of programme
- Demolition a key part of achieving main policy objective
- RFP for demolition services published on Friday 8 March
- Anticipated Demolition Panel contract start date, 6 May
- Considerable work to develop processes and procedures to support this work



QUESTIONS

3. STREET NAMING - MISSION HILLS

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1745256
<i>Reporting Officer/s & Unit:</i>	Nick McCool, Principal Resource Consents Planner

3.1 Purpose of Report

To obtain Council approval for new street names for Stage 1 of the Mission Hills Residential Subdivision Development.

Officer's Recommendation

That Council:

Approve the use of the following road names:

- Mission Hills Avenue;
- Mission Hills Drive;
- Annie Aranui Drive;
- Legacy Drive;
- Tapoanui Place;
- Tupai Place;
- Abbey Way;
- Heritage Place;
- Priory Drive and
- Tara Place

for the Mission Hills Residential Subdivision Development.

1.2 Background Summary

On 3 July 2023 Council granted subdivision consent to Emerald Hills Joint Venture Limited (EHJV) which authorised the creation of 184 residential lots in the northern extent of the Structure Plan area of Lot 2 DP 559656 at 231 Puketitiri Road, Napier.

Road, Local Purpose Reserve(s), Local Purpose (Stormwater) Reserve(s) are to be vested in Council. Figure 1 shows the overall location of Stage 1 within the wider Mission Special Character Zone. Figure 2 shows Stage 1. Figure 3 shows the location of the proposed roads and their names.

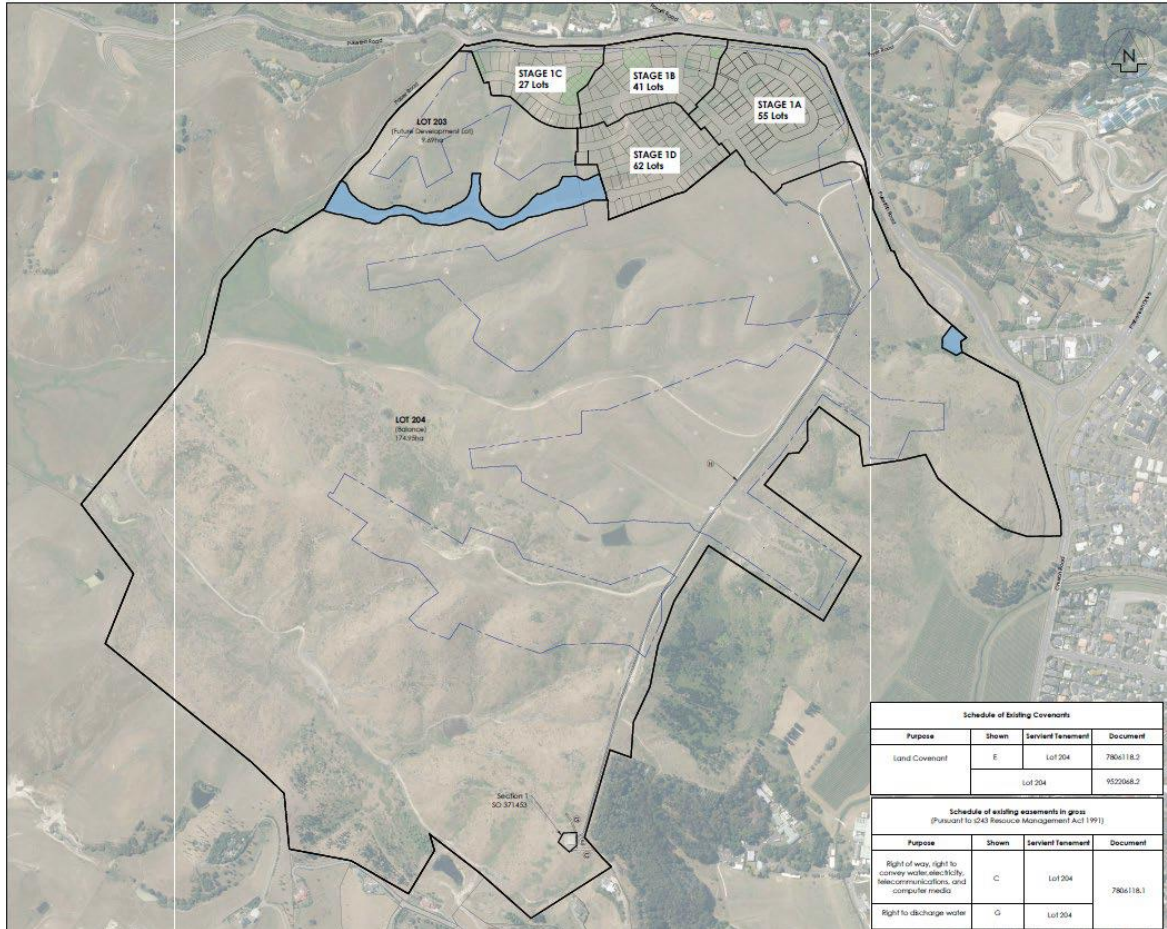


Figure 1: Location Plan – Stage 1, Mission Special Character Zone

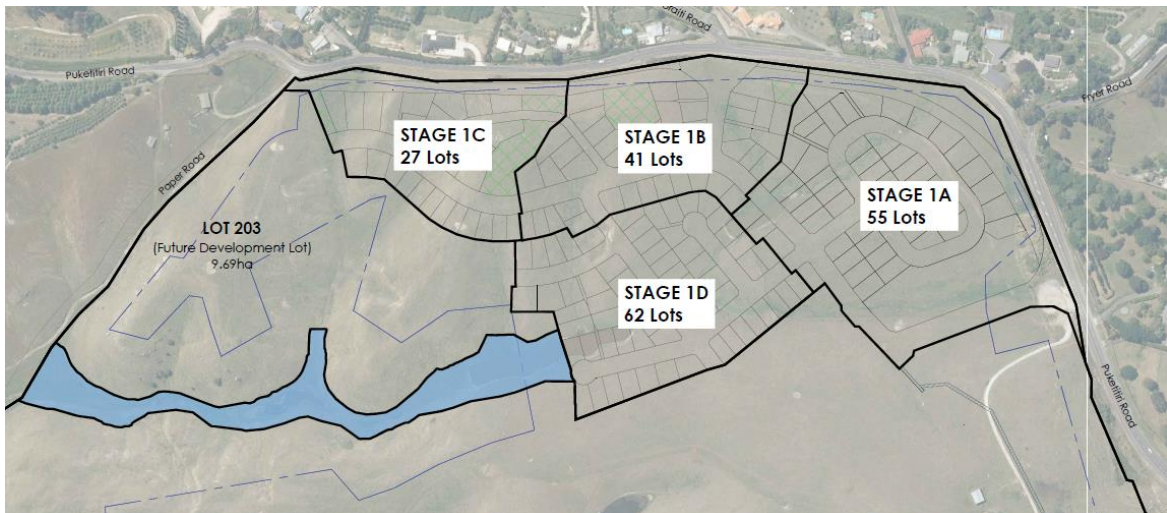


Figure 2: Stage 1, Mission Hills Residential Subdivision Development

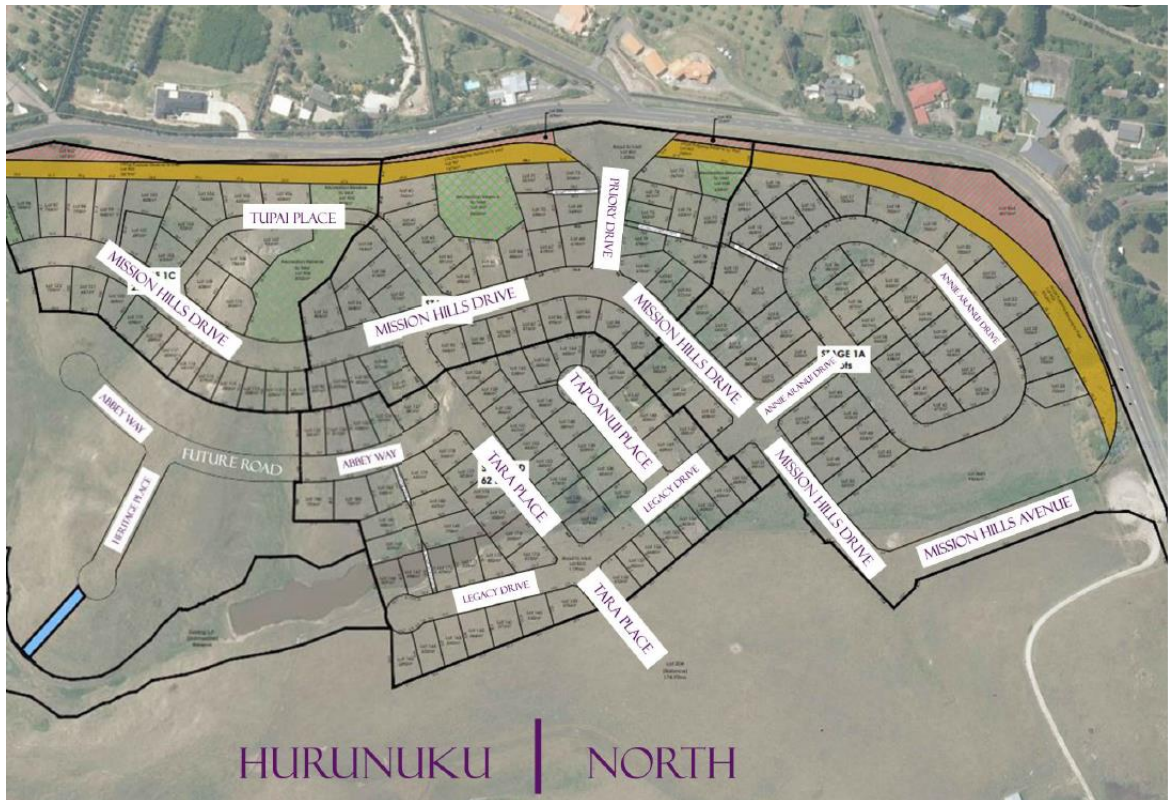


Figure 3: Location of the roads and their proposed names

1.3 Significance and Engagement

The letter dated 11 January 2024 from Alan Martin-Smith, Regional Manager, Cheal states “The final street names have been defined using recent history with the land being formerly part of the “Mission Estate”, as well as in conjunction with extensive consultation with Taiwhenua Te Whanganui Orutu and Mana Ahuriri. As part of this consultation, a number of the proposed names have been promoted and endorsed by both Taiwhenua Te Whanganui Orutu and Mana Ahuriri.”

Meaning behind proposed road names:

“MISSION HILLS AVENUE and DRIVE

A strong and logical name linking the Mission Hills development to the main entry and ridge roads.

ANNIE ARANUI DRIVE

Mana Wahine whakapapa across Ahuriri Hapu supported whanau over a number of years, worked through plan Mission development mitigation strategy at start of korero. Regional Commissioner Ministry of Social Development initiated and implemented social response across the East Coast Region and Nationally for community and made a positive difference in whanau/community lives.

LEGACY DRIVE

‘Legacy’ is used in our Mission Hills logo as we believe the development represents not only the enormous legacy of the Mission Monastery and the local Iwi, however also the four developers who have enabled Mission Hills through their combined vision and expertise.

TAPOANUI PLACE

Tapoanui is the surname of Mahu (reflects Ngati Mahu/Hapu local area). Mahu was in Hawke's Bay before migration and has a strong whakapapa throughout the region.

TUPAI PLACE

Tupai identifies with place of learning and will provide a link in the future with reserve sites. Tupai was a High Priest and his responsibility lay on the land also the school of learning.

ABBAY WAY

A nod to the significance of the Mission Monastery.

HERITAGE PLACE

As above.

PRIORY DRIVE

As above.

TARA PLACE

Tara was the first son of Whatonga and recognized as the first ancestor in Hawke's Bay."

While the request for street names was first received by Council from EHJV on 11 January, Morehu Te Tomo, Pou Whakarae for Council advised that not all members of Mana Ahuriri had agreed to the endorsement of the proposed names. Officers took the prudent step of asking for the proposal to be returned to Mana Ahuriri for full endorsement before putting it before Council Committee for a decision. This was obtained on 5th March following hui between Mana Ahuriri and Te Taiwhenua o Te Whanganui ā Orutu. To minimise delay to EHJV, officers continued to process the subdivision consents without street names while awaiting the endorsement.

The proposal has now been extensively consulted with mana whenua. As Ngā Mānukanuaka o te Iwi committee meeting is not until May, it is recommended that the proposal proceed to the earliest available Council Committee meeting being Prosperous Napier Committee.

3.4 Implications

Financial

The financial implications of street naming include minor administrative costs incurred by Council's GIS team and are covered in the fee paid to Council by the developer. The cost of erecting street signs, road markings, and street lights are costs incurred solely by the developer.

Social & Policy

There are not considered to be any inherent social or policy implications in relation to the use of the proposed street names.

Risk

It is not considered that Council would be liable to any legal risk by the use of the proposed street names.

A check via the Hastings and Napier Council GIS databases confirms that there is no significant clashes between the proposed street names and existing street names within the Hawkes Bay Region. The minor exceptions being:

- Tara Place, c.f. Tara Lane in Parkvale, Hastings.
- Mission Hills Avenue, c.f. Mission Road in Greenmeadows, Napier.
- Mission Hills Drive, c.f. Mission Road in Greenmeadows, Napier.

However, it is considered that with the naming variances of Mission Hills Avenue, Mission Hills Drive and Mission Road, there are sufficient differences to be able to distinguish between the each of the different roading network names. Furthermore, all are adjacent to the Mission Estate, and therefore significantly reduces the potential to create any significant issue in considering geographic location.

Furthermore, as the location of the existing Tara Lane and Tara Place are located in two separate local government areas, it is considered that this complies with Section 4.4.7 of AS/NZ 4819:2011 – Standards New Zealand, Rural and Urban Addressing.

3.5 Considerations

It is considered that the naming process adheres to the criteria set out in AS/NZ 4819:2011. In addition to this, there has been consultation with Iwi and consideration given to the site's history to devise the names submitted for each of the proposed roads within the new roading network within Stage 1 of the Mission Hills Residential Subdivision Development. Accordingly, the proposed names are considered appropriate.

3.2 Attachments

Nil

4. PROCUREMENT PLANNING REPORTING

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1740016
<i>Reporting Officer/s & Unit:</i>	Sharon OToole, Procurement Manager

4.1 Purpose of Report

The purpose of this report is to outline the process for the approval of procurement planning documents and how to improve the visibility of significant projects and contracts to Council through regular reporting.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the report titled Procurement Planning Reporting.
- b. **Note** the process for approval and reporting of procurement planning to ensure improved visibility of significant projects and contracts.

4.2 Background Summary

The delegation of powers and authority from Council to committees and to the Chief Executive is an essential part of having effective and efficient governance and management systems in place.

A Financial Delegation includes the approval to commit expenditure on the Council's behalf and includes contracts and contract variations, Memorandum of Understanding's, rents and leases for equipment, as well as purchase orders, works orders, and other purchases of services, works or goods.

Financial delegations are a financial control that help support Council's strategic priorities to be a financially sustainable Council.

4.3 Issues

Council uses procurement planning documents to help manage the process of finding and selecting the suppliers that will provide services, works or goods. The purpose of a procurement plan is to increase the efficiency, effectiveness and transparency of the procurement process. The document encourages teams to consider how works or services will be acquired and how suppliers and consultants and contractors will be managed during the project - the type of contract that will be used, delivery dates, the type of metrics that will be used to evaluate performance, and an explanation of how the procurement process will be performed.

The procurement plan is an operational document which establishes the roadmap on how expenditure will be made, as it is a 'plan' there is no financial commitment. The award of a contract is more usually the expenditure commitment which requires financial approval.

4.4 Significance and Engagement

NA

4.5 Implications

Financial

To ensure appropriate oversight of decisions the approval of procurement plans will be aligned with Council financial delegations. Those that exceed the delegated financial authority of directors will require CE approval. Procurement plans and procurement strategy documents for significant, complex or high-risk projects will be approved by the CE regardless of value.

Details of procurement plans which require CE approval will be included in the quarterly financial report to Council. This will provide greater transparency and visibility around significant contracts and projects. This reporting is in addition to any project specific governance and reporting arrangements that have been agreed.

Social & Policy

NA

Risk

Standardizing the oversight of significant procurement and contract activities will strengthen current risk and assurance processes.

4.6 Preferred Option

Inclusion of procurement plan details which require CE approval to be included in the quarterly financial report to Council.

4.7 Attachments

Nil

5. TREASURY ACTIVITY AND FUNDING UPDATE

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1742954
<i>Reporting Officer/s & Unit:</i>	Garry Hrustinsky, Corporate Finance Manager Caroline Thomson, Chief Financial Officer

5.1 Purpose of Report

The purpose of this report is to update the Prosperous Napier Committee on Council's treasury activity.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the report titled Treasury Activity and Funding Update dated 28 March 2024.

5.2 Background Summary

Investments

As at 8 March Council held \$14m on term deposit at an average interest rate of 5.70%.

The following table reports the cash and cash equivalents on 29 February 2024:

8 March 2024	\$000
Cash on call	\$4,160
Short term bank deposits	\$14,000
Total cash and deposits	\$18,160

Debt

Council's current total external debt position as at 8 March is \$10m. During June 2023 \$10m was borrowed from the Local Government Funding Agency (LGFA) in two tranches at fixed interest rates. The details are as follows:

Draw date	Amount	Interest rate	Maturity date
21/06/2023	\$5m	5.61%	15/04/2026
21/06/2023	\$5m	5.46%	15/05/2028

Council's debt portfolio is managed within macro limits set out in the Treasury Policy. It is recognised that from time to time Council may fall out of policy due to timing issues. The Treasury Policy allows for officers to take the necessary steps to move Council's funding profile back within policy in the event that a timing issue causes a breach in policy.

Year end external debt is forecast to be \$67m (2023/24 projections)

Council's internal debt balance is \$98.2m

Council is currently compliant with its Treasury Management Policy.

Council's current Long Term Plan (LTP) forecasts a closing debt position of \$312m at the end of 2026/27. This calculation is based on the assumption that capital projects budgets will be completed.

The Reserve Bank of New Zealand's (RBNZ) Official Cash Rate (OCR) is at 5.5% at its last review on 28 February 2024. The next review is on 10 April 2024.

In making its decision the RBNZ noted "Core inflation and most measures of inflation expectations have declined, and the risks to the inflation outlook have become more balanced." Although no further rate rises are expected this year, inflationary pressure from sectors such as the rental market have prevented cuts during this rates review.

Debt to revenue ratio headroom

This is the key measure for Councils debt profile as it is the measure used by Council's major funders.

The closer Council gets to its limits the more likely it is that it will experience problems raising new debt. A Council with a credit rating would experience an increase in cost of funds (lower credit rating and higher borrowing margins).

Council's Treasury Policy for net external debt as a percentage of income is set at 175%. As at 29 February Council's debt to income ratio was 6.9%. Council has substantial debt headroom (extra capacity to borrow) to respond to any future event.

Council is compliant with its debt to income ratio for the LTP. Officers are exploring the option around taking on a credit rating. This would unlock more competitive borrowing rates through the LGFA and could increase Council's debt limit to 280% of its revenue (providing more headroom to borrow). There is a cost to maintain a credit rating and requires council's financials to be externally audited each year. Once Council reaches approximately \$100m of external borrowings the interest savings achieved from having a credit rating start to outweigh the audit cost.

5.3 Issues

No issues

5.4 Significance and Engagement

N/A

5.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

5.6 Options

The options available to Council are as follows:

- a. Receive the report titled Treasury Activity and Funding Update dated 28 March 2024
- b. Amend the report titled Treasury Activity and Funding Update dated 28 March 2024.
- c. Reject the report titled Treasury Activity and Funding Update dated 28 March 2024.

5.7 Development of Preferred Option

N/A

5.8 Attachments

Nil

6. FINANCIAL FORECAST TO 30 JUNE 2024

<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1739748
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer Talia Foster, Financial Controller

6.1 Purpose of Report

To report to Council the financial forecast to the 30 June 2024 for the whole of Council.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the report titled Financial Forecast to 30 June 2024.

6.2 Background Summary

The purpose of this report is to provide a financial forecast for Council's operating and capital expenditure to 30 June 2024. The operating and capital forecasts are based on actual expenditure January year to date, plus estimated remaining spend for the 2023/24 financial year. **Attachment 1** provides analysis of the variations between the financial forecast for 2023/24, the revised budget, and the Annual Plan 2023/24 for both capital and operational items.

The revised budget is where the Annual Plan has been amended for capital and operating budgets carried forward from 2022/23, and additional staffing resources approved since the adoption of the Annual Plan.

Net operating expenditure (accounting result)

The operational forecast shows a forecast net deficit of \$17.0m at 30 June 2024 which is below the revised budget deficit of \$24.8m, but above the Annual Plan budget deficit of \$14.1m (see **Attachment 1**).

When we set the Annual Plan for 2023/24 Council agreed to loan fund operating costs so that the rates increase was smaller. This meant borrowing to fund operating expenditure, resulting in an unbalanced budget and net operating deficit position. This funding approach is not considered sustainable in the long term. Council has changed its funding strategy for the Long Term Plan and is not proposing to borrow for operating expenditure and will run a balanced budget for 9 out of the 10 years.

The main variance in the operating expenditure compared to the Annual Plan is due to Employee Benefits. Additional resources which were approved since the adoption of the Annual Plan were intended to be offset by additional revenue and lower expenditure in other areas. While the Other Operating Expenditure is lower than budget, it is not enough to fully offset the additional employee expenses. Additional revenue looks unlikely to be achieved.

Net rates position

In terms of Local Government, the rating result is regarded as being an important indicator as it shows how the rates that were collected have been spent.

The forecast rates position shows a net rates surplus of \$530k mainly due to lower than anticipated other operating expenditure and higher than budgeted revenue from subsidies and grants. There will be an exercise at year end to review the timing of the grant revenue (i.e. if we have not spent it we may not be able to record the income), and to ensure that the expenditure is correctly recorded to offset it. This exercise could further affect the rates position. The forecast rates surplus of \$530k equates to 0.6% of rates. Officers will be recommending that any rates surplus at year end is used to repay debt.

The following table sets out Council's forecast rates position for the year ended 30 June 2024:

	Forecast	Revised Budget	Variance	% Variance	Annual Plan
Revenue					
Finance Revenue	797	(0)	797	>100%	(0)
Other Revenue	30,913	30,453	460	2%	30,453
Rates Revenue	85,272	84,769	503	1%	84,769
Subsidies and Grants	4,503	2,508	1,995	80%	2,508
	121,485	117,730	3,755	3%	117,730
Expenditure					
Employee Benefit Expense	54,598	52,651	(1,947)	(4)%	47,427
Finance Costs	1,177	2,048	871	43%	2,048
Offsetting Expenditure	4,928	4,928	0		4,884
Other Operating Expenses	60,253	63,352	3,099	5%	63,289
	120,956	122,978	2,023	2%	117,648
Rates Operating Surplus/(Deficit)	530	(5,248)	5,778	<(100)%	82

Capital plan

Officers have reviewed the timing of the capital programme and this has resulted in a number of projects being reprioritised. The capital plan for 2023/24 (including vested assets) is forecast at \$51.7m compared to a revised budget of \$102.3m and Annual Plan budget of \$75.9 (see **Attachment 1**). The key movements in the forecast capital plan are set out below:

Figures are shown in thousands (\$,000)

Capital Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan
Transportation	10,302	14,962	(4,660)	(31)%	11,848
Stormwater	3,780	15,528	(11,748)	(76)%	14,452
Wastewater	5,484	14,293	(8,809)	(62)%	12,017
Water Supply	6,266	17,359	(11,093)	(64)%	16,474
Community and Visitor Experiences	17,762	24,713	(6,951)	(28)%	15,557
Property Assets	2,314	7,551	(5,237)	(69)%	423

6.3 Issues

There are capital projects worth \$25m that have been re-budgeted in the proposed capital plan for the 2024-34 Long Term Plan. Council's policy position of not carrying forward

budget from one financial year to the next means that funding for the remaining unspent capital budgets of \$25m will be re-forecast as part of the revised budget process in 24/25. Officers will work to the same fiscal envelope for 2024/25 when revising the capital budgets which may involve moving projects into future years of the LTP.

Executive Directors will be available at the meeting to provide further detail on the status of capital projects.

6.4 Significance and Engagement

The issues for discussion are not significant in terms of Council's Significance and Engagement Policy and no consultation is required.

6.5 Implications

Financial

The attachment includes a summary schedule showing forecast operating and capital expenditure by activity group against the revised budget and compared to Annual Plan. The attachment also includes detail at a project level where the forecast expenditure varies from the revised budget.

Social & Policy

N/A

Risk

Given the large capital programme there is a risk that some projects may not be completed as forecast due to capacity and market constraints. Officers will continue to monitor and identify any variance to the capital work programme and will report to management on a monthly basis and Council quarterly.

6.6 Options

The options available to Council are as follows:

- a. Council receive the financial forecast to 30 June 2024.
- b. Council provide feedback to officers.

6.7 Development of Preferred Option

Option a. Council receives the financial forecast to 30 June 2024.

6.8 Attachments

- 1 2024 Financial Forecast (Doc Id 1744717) [↓](#)

Financial Forecast - Operating Snapshot

Figures are shown in thousands (\$,000)

Net Operating Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan
Revenue					
Rates Revenue	(85,760)	(85,308)	451	1%	(85,308)
Finance Revenue	(797)	0	797	>100%	-
Financial and Development Contributions	(8,582)	(7,478)	1,104	15%	(7,478)
Subsidies and Grants	(14,066)	(11,193)	2,873	26%	(8,196)
Other Revenue	(54,593)	(56,967)	(2,374)	(4)%	(56,967)
Other gains/losses	(42)	(294)	(253)	(86)%	(294)
	(163,839)	(161,241)	2,599	2%	(158,243)
Expenditure					
Employee Benefit Expense	56,676	57,838	1,162	2%	52,494
Depreciation and Amortisation	41,474	42,538	1,064	3%	42,538
Finance Costs	1,177	2,048	871	43%	2,048
Other Operating Expenses	81,562	84,462	2,900	3%	76,192
Share of associate surplus/deficit	(99)	(239)	(139)	(58)%	(239)
Offsetting Expenditure	-	(654)	(654)	(100)%	(655)
	180,789	185,992	5,203	3%	172,379
Net Operating (Surplus) / Deficit	16,950	24,752	7,802	32%	14,136

Financial Forecast - Operating Activity Group Summary

Figures are shown in thousands (\$,000)

Net Operating Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan	Comments
Democracy and Governance						
Revenue	-	-	-		-	
Expenditure	597	671	74	11%	442	
Depreciation	-	-	-		-	
Net Operating Expenditure	597	671	74		442	
Transportation						
Revenue	(9,119)	(8,971)	148	2%	(8,971)	
Expenditure	8,989	8,203	(786)	(10)%	8,146	Capex forecast to be underspent, which will lead to lower Waka Kotahi subsidies
Depreciation	7,646	8,527	881	10%	8,527	Under budget due to timing of capital expenditure
Net Operating Expenditure	7,516	7,759	242		7,701	
Stormwater						
Revenue	(9,204)	(9,259)	(55)	(1)%	(9,259)	
Expenditure	1,935	1,887	(48)	(3)%	1,887	
Depreciation	5,397	5,443	46	1%	5,443	
Net Operating Expenditure	(1,872)	(1,930)	(58)		(1,930)	
Wastewater						
Revenue	(12,558)	(12,928)	(370)	(3)%	(12,928)	
Expenditure	4,622	4,670	48	1%	4,670	
Depreciation	7,888	7,855	(33)	(0)%	7,855	
Net Operating Expenditure	(48)	(404)	(356)		(404)	
Water Supply						
Revenue	(10,477)	(10,700)	(223)	(2)%	(10,700)	
Expenditure	5,068	4,974	(94)	(2)%	4,974	
Depreciation	4,795	4,653	(142)	(3)%	4,653	
Net Operating Expenditure	(614)	(1,073)	(459)		(1,073)	

Net Operating Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan	Comments
Other Infrastructure						
Revenue	(18,876)	(18,038)	838	5%	(18,038)	
Expenditure	16,730	17,398	669	4%	17,360	
Depreciation	1,351	1,388	37	3%	1,388	
Net Operating Expenditure	(795)	748	1,543		710	
City Strategy						
Revenue	(10,494)	(9,591)	903	9%	(7,148)	
Expenditure	17,904	18,143	238	1%	11,778	
Depreciation	462	540	78	14%	540	Under budget due to timing of capital expenditure
Net Operating Expenditure	7,872	9,091	1,219		5,169	
Community and Visitor						
Revenue	(25,245)	(22,963)	2,282	10%	(22,408)	Higher than expected revenue in Ocean Spa (offset by higher expenditure) and Housing (unbudgeted rent increases)
Expenditure	43,903	43,657	(246)	(1)%	40,103	
Depreciation	9,712	9,950	238	2%	9,950	
Net Operating Expenditure	28,370	30,644	2,274		27,644	
Property Assets						
Revenue	(14,343)	(16,361)	(2,018)	(12)%	(16,361)	Parklands residential sales lower than budgeted, partially offset by unbudgeted insurance payment from Cyclone damage to other Council assets
Expenditure	12,935	16,498	3,563	22%	15,884	Parklands expenditure lower than budgeted due to timing of sales and development
Depreciation	1,950	1,333	(617)	(46)%	1,333	Under budget due to timing of capital expenditure
Net Operating Expenditure	542	1,470	928		856	
Support Units						
Revenue	(2,196)	(1,922)	274	14%	(1,922)	Unbudgeted Better Off Funding grants
Expenditure	25,587	26,195	608	2%	23,440	
Depreciation	2,273	2,850	576	20%	2,850	Under budget due to timing of capital expenditure
Net Operating Expenditure	25,664	27,122	1,458		24,367	

Net Operating Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan	Comments
Rates and Special Funds						
Revenue	(51,328)	(50,507)	821	2%	(50,507)	Financing expense is under budget due to timing of capital expenditure leading to lower than anticipated borrowings
Expenditure	1,045	1,814	770	42%	1,814	
Depreciation	-	-	-		-	
Net Operating Expenditure	(50,284)	(48,692)	1,591		(48,692)	

Financial Forecast - Capital Snapshot

Figures are shown in thousands (\$,000)

Total Capital Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan
Total Capital Expenditure	51,743	102,299	(50,556)	(49)%	75,934

Financial Forecast - Capital Activity Group Summary

Figures are shown in thousands (\$,000)

Capital Expenditure	Forecast	Revised Budget	Variance	% Variance	Annual Plan
Transportation	10,302	14,962	(4,660)	(31)%	11,848
Stormwater	3,780	15,528	(11,748)	(76)%	14,452
Wastewater	5,484	14,293	(8,809)	(62)%	12,017
Water Supply	6,266	17,359	(11,093)	(64)%	16,474
Other Infrastructure	2,867	3,266	(399)	(12)%	3,150
City Strategy	1,177	1,364	(187)	(14)%	117
Community and Visitor Experiences	17,762	24,713	(6,951)	(28)%	15,557
Property Assets	2,314	7,551	(5,237)	(69)%	423
Support Units	3,161	3,264	(103)	(3)%	1,897
Total Capital Expenditure	53,113	102,299	(49,187)	(48)%	75,934

Activity Group	Project name	Forecast	Revised Budget	Variance	% Variance	Comment	Budget re-prioritised Yr 1	Budget re-prioritised Yr 2	Budget re-prioritised Yr 3	Budget re-prioritised Yr 4 onwards
Transportation	BOF CBD West Revitalisation S822	411,033	1,650,000	(1,238,967)	(75)%	Requires re-prioritising to 24/25. Funded by Better Off Funding.	1,238,967	-	-	-
Transportation	Intersection Safety Improvement Projects	90,426	1,585,200	(1,494,774)	(94)%	Project is designed and expected to begin in 2024/25 - re-prioritisation required into LTP	1,494,774	-	-	-
Transportation	Marine Parade Safety Improvements S864	0	1,662,540	(1,662,540)	(100)%	Project is designed and expected to begin in 2024/25 - re-prioritisation required into LTP	1,662,540	-	-	-
Transportation	Ahuriri Masterplan - Thames Severn Stormwater Management	0	264,200	(264,200)	(100)%	Re-prioritisation required into LTP	264,200	-	-	-
Stormwater	EIT Stormwater Valve Upgrade	5,000	100,000	(95,000)	(95)%	This is an ongoing project - while the budget will not be fully spent in the current year, there is budget in the LTP to ensure upgrades continue	95,000	-	-	-
Stormwater	Purimu SWPS - Roof Water Proofing - S852	29,856	40,000	(10,144)	(25)%	Project now completed, under budget	-	-	-	-
Stormwater	SWPS- Switch Board and Misc Replacement - Purimu (EOL - S852)	200,000	528,400	(328,400)	(62)%	Already phased in LTP	-	-	-	-
Stormwater	Sale St SWPS - Switch Board and Control System (EOL)	0	21,136	(21,136)	(100)%	Already phased in LTP	-	-	-	-
Stormwater	Stormwater pump replacements	50,000	190,224	(140,224)	(74)%	Remaining budget not required this year and there is further renewals budgets included in LTP	-	-	-	-
Stormwater	Outfalls Marine Parade	0	211,363	(211,363)	(100)%	Not required in current year and is included in LTP as a recurring project	-	-	-	-
Stormwater	Ahuriri Master Plan Project 3 - improve direct outfalls	0	(16,700)	16,700	(100)%	Already phased in LTP	-	-	-	-
Stormwater	Ahuriri Master Plan Project 3 - improve direct outfalls	0	113,088	(113,088)	(100)%	Already phased in LTP	-	-	-	-
Stormwater	CBD Stormwater Upgrade	0	160,684	(160,684)	(100)%	Re-prioritisation required into LTP	-	-	-	160,684
Stormwater	Tennyson St outfall improvements	100,000	475,558	(375,558)	(79)%	Already phased in LTP	-	-	-	-
Stormwater	Maraenui Storm Trunks - S800	149,873	1,724,848	(1,574,975)	(91)%	Already phased in LTP	-	-	-	-
Stormwater	CBD & West Central Storm Trunks-A (S853)	45,000	342,619	(297,619)	(87)%	Already phased in LTP	-	-	-	-
Stormwater	CBD & West Central Storm Trunks-A (LF)	0	237,780	(237,780)	(100)%	Already phased in LTP	-	-	-	-
Stormwater	Waterway Site Sampling - S800	27,840	52,840	(25,000)	(47)%	Already phased in LTP	-	-	-	-
Stormwater	Cultural Stream Assessments - S800	23,408	63,408	(40,000)	(63)%	Project just started and will carry into 2024/25	40,000	-	-	-
Stormwater	OTRB Core Sampling (Ford Rd to WTG) - S800	0	95,112	(95,112)	(100)%	No longer required	-	-	-	-
Stormwater	Depot Stormwater Discharge Quality Improvements - Site	0	105,684	(105,684)	(100)%	Already phased in LTP	-	-	-	-
Stormwater	Te Awa Structure Plan - S846	200,000	3,076,460	(2,876,460)	(93)%	Already phased in LTP	-	-	-	-
Stormwater	Growth Mission Estate - S846	100,000	1,375,442	(1,275,442)	(93)%	Already phased in LTP	-	-	-	-
Stormwater	Te Awa Land Purchase - S800	100,000	3,881,154	(3,781,154)	(97)%	Already phased in LTP	-	-	-	-
Wastewater	15 Enfield Rd wastewater blocked/capped	49,999	99,999	(50,000)	(50)%	Project in progress and will carry into 2024/25	50,000	-	-	-
Wastewater	SCADA - Upgrade Project - S800	214,197	264,197	(50,000)	(19)%	Already phased in LTP	-	-	-	-
Wastewater	Pump Station - Electrical Panel Renewal - S855	74,500	139,500	(65,000)	(47)%	Already phased in LTP	-	-	-	-
Wastewater	Pump Station - Switchboard Replacement (Latham, Greenmeadows)	0	264,198	(264,198)	(100)%	This is a multi-year project which will now start in 2024/25 where there is already budget.	-	264,198	-	-
Wastewater	Treatment - WWTP ongoing asset replacements - S800	150,000	422,720	(272,720)	(65)%	Already phased in LTP	-	-	-	-
Wastewater	Wastewater Treatment Plant Upgrade	150,000	1,211,238	(1,061,238)	(88)%	Project delayed due to cyclone - currently in progress and will carry into 2024/25	1,061,238	-	-	-
Wastewater	Outfall - New Outfall (LF)	20,000	634,080	(614,080)	(97)%	Re-prioritisation required into LTP	-	-	-	614,080
Wastewater	Outfall - New Outfall (LF)	0	158,523	(158,523)	(100)%	Re-prioritisation required into LTP	-	-	-	158,523
Wastewater	Outfall - Consenting Outfall - S800	75,000	215,814	(140,814)	(65)%	Already phased in LTP	-	-	-	-
Wastewater	Outfall - Consenting Outfall - S875	75,000	323,724	(248,724)	(77)%	Already phased in LTP	-	-	-	-
Wastewater	Treatment - Renew Milliscreens	0	185,400	(185,400)	(100)%	Project delayed due to cyclone and expected to start in 2024/25 - re-prioritisation required	185,400	-	-	-
Wastewater	Treatment - Electrical, Instruments & Control (Site Integrat	40,000	331,133	(291,133)	(88)%	Already phased in LTP	-	-	-	-
Wastewater	Pump Station - Pacific Surf Lifesaving Solution - S800	231	100,000	(99,769)	(100)%	Project on hold but not in LTP need to push out	-	-	-	99,769
Wastewater	Pump Station - Bay View Transfer Investigate Dosing and/or FI	0	105,680	(105,680)	(100)%	Project delayed and expected to start in 2024/25 - re-prioritisation required	105,680	-	-	-
Wastewater	Treatment - WWTP On-line Monitoring (TSS, COD, pH, DO, NO3,	0	158,520	(158,520)	(100)%	Project delayed and expected to start in 2024/25 - re-prioritisation required	158,520	-	-	-
Wastewater	Pandora Industrial Tradewaste Treatment - S800	5,000	264,203	(259,203)	(98)%	Already phased in LTP	-	-	-	259,203
Wastewater	Growth Mission Estate - S846	10,995	1,964,995	(1,954,000)	(99)%	Already phased in LTP	-	-	-	-
Wastewater	Treatment - Site Wide National Environment Standards	0	317,042	(317,042)	(100)%	Already phased in LTP	-	-	-	-
Wastewater	Pump Station - Flow Metering - S800	20,000	822,449	(802,449)	(98)%	Already phased in LTP	-	-	-	-
Wastewater	Pump Station - Flow Metering - S800	0	211,360	(211,360)	(100)%	Already phased in LTP	-	-	-	-
Wastewater	Installation of Generator Connections	0	143,246	(143,246)	(100)%	Already phased in LTP	-	-	-	-
Wastewater	Taradale Wastewater Diversion	100,000	192,361	(92,361)	(48)%	This is a multi-year project which has been delayed. There is already budget in the first two years of the LTP, but further prioritisation will be required for year 3	-	-	92,361	-
Wastewater	Taradale Wastewater Diversion S846	0	82,442	(82,442)	(100)%	This is a multi-year project which has been delayed. There is already budget in the first two years of the LTP, but further prioritisation will be required for year 3	-	-	82,442	-
Wastewater	Growth Te Awa Structure Plan Area - S800	10,000	1,056,801	(1,046,801)	(99)%	Already phased in LTP	-	-	-	-
Wastewater	Te Awa Structure Plan	0	134,019	(134,019)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Water Air Valves Survey and Replace - S850	20,000	105,680	(85,680)	(81)%	Already phased in LTP	-	-	-	-
Water Supply	Reservoir & Reservoir Booster Controls Upgrades - S800	90,000	211,360	(121,360)	(57)%	Already phased in LTP	-	-	-	-
Water Supply	NCC New Water Take Consent - S800	0	313,699	(313,699)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Reservoir Roof Lining	0	105,680	(105,680)	(100)%	Already phased in LTP	-	-	-	-

Activity Group	Project name	Forecast	Revised Budget	Variance	% Variance	Comment	Budget re-prioritised Yr 1	Budget re-prioritised Yr 2	Budget re-prioritised Yr 3	Budget re-prioritised Yr 4 onwards
Water Supply	Water Supply Building Renewals - S850	90,000	158,520	(68,520)	(43)%	Currently in planning stages so will require some budget for the current year and will continue in 2024/25.	-	-	-	-
Water Supply	Development of Borefield 2 - S800	100,000	718,624	(618,624)	(86)%	Currently in planning stages so will require some budget for the current year and will continue in 2024/25 where budget has already been accounted for.	-	-	-	-
Water Supply	Development of Borefield 2	0	179,658	(179,658)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Enfield Reservoir Replacement	5,000	528,399	(523,399)	(99)%	Re-prioritisation required into LTP	-	-	-	523,399
Water Supply	Te Awa Structure Plan (LF)	0	68,800	(68,800)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	New Bores at Awatoto S849	25,000	118,231	(93,231)	(79)%	Re-prioritisation required into LTP	-	-	-	93,231
Water Supply	New Bores at Awatoto	0	354,690	(354,690)	(100)%	Re-prioritisation required into LTP	-	-	-	354,690
Water Supply	Development of Borefield 1 - S800	15,000	100,397	(85,397)	(85)%	Already phased in LTP	-	-	-	-
Water Supply	Development of Borefield 1	0	163,801	(163,801)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Mission Reservoir - New	100,000	1,059,640	(959,640)	(91)%	Currently in planning stages so will require some budget for the current year and will continue in 2024/25 where budget has already been accounted for.	500,000	-	-	-
Water Supply	Water Treatment Plant 1 - S800	35,000	232,495	(197,495)	(85)%	Already phased in LTP	-	-	-	-
Water Supply	Water Treatment Plant 1	0	31,704	(31,704)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Water Treatment Plant 2 - S800	25,000	232,496	(207,496)	(89)%	Re-prioritisation required into LTP	-	-	-	207,496
Water Supply	Reservoir inlets and outlets improvements	0	422,720	(422,720)	(100)%	Project no longer required	-	-	-	-
Water Supply	Reservoir inlets and outlets improvements	5,000	422,720	(417,720)	(99)%	Project no longer required	-	-	-	-
Water Supply	New Enfield - Rising and Falling Trunk Mains - S800	170,000	1,308,616	(1,138,616)	(87)%	Already phased in LTP	809,628	-	-	-
Water Supply	New Enfield - Rising and Falling Trunk Mains	0	101,453	(101,453)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Borefield No.1 Rising Main	45,000	1,999,988	(1,954,988)	(98)%	Re-prioritisation required into LTP	-	-	-	1,954,988
Water Supply	Borefield No.1 Rising Main s846	0	380,950	(380,950)	(100)%	Re-prioritisation required into LTP	-	-	-	380,950
Water Supply	Awatoto Industrial & Phillips Road Bore	600,000	2,658,909	(2,058,909)	(77)%	Already phased in LTP	-	-	-	-
Water Supply	Reservoir Seismic Valves - S800	50,000	167,896	(117,896)	(70)%	Already phased in LTP	-	-	-	-
Water Supply	Alternative Emergency Water Supply - S800	0	211,360	(211,360)	(100)%	Already phased in LTP	-	-	-	-
Water Supply	Reduce the Manganese Load - S800	40,000	149,661	(109,661)	(73)%	Already phased in LTP	-	-	-	-
Other Infrastructure	Infrastructure Asset Renewal	76,665	475,560	(398,895)	(84)%	Re-prioritisation required into LTP	250,000	-	-	-
City Strategy	Parking Equipment Replacement	50,000	237,430	(187,430)	(79)%	Project will begin in current year and remaining budget will be required in 2024/25	187,430	-	-	-
Community and Visitor Experiences	Neighbourhood Parks Upgrades	0	232,496	(232,496)	(100)%	Re-prioritisation required into LTP	232,496	-	-	-
Community and Visitor Experiences	Pirates Rugby Club Relocation	646,268	1,056,800	(410,532)	(39)%	Re-prioritisation required into LTP	-	410,532	-	-
Community and Visitor Experiences	Coastal Erosion	329,000	628,929	(299,929)	(48)%	Project has links to HBRC and timing and total budget requirement is uncertain - re-prioritisation required	-	-	-	-
Community and Visitor Experiences	Marine Parade Renewals	155,621	432,231	(276,610)	(64)%	Re-prioritisation required into LTP	276,610	-	-	-
Community and Visitor Experiences	Marine Parade renewals - S800	265,196	420,554	(155,358)	(37)%	Re-prioritisation required into LTP	155,358	-	-	-
Community and Visitor Experiences	Ahuriri Estuary Projects	221,309	621,398	(400,089)	(64)%	Re-prioritisation required into LTP	300,000	-	-	-
Community and Visitor Experiences	Humber Reserve (incl Aratiki site) Park Development (LR)	111,747	402,221	(290,474)	(72)%	Re-prioritisation required into LTP	290,474	-	-	-
Community and Visitor Experiences	Destination Playground Stage 2	575,557	907,865	(332,308)	(37)%	Already phased in LTP	332,308	-	-	-
Community and Visitor Experiences	Plaza-style Skating Deck	0	100,396	(100,396)	(100)%	This budget is no longer required. Budget for this project has already been re-prioritised and included in the LTP.	-	-	-	-
Community and Visitor Experiences	Memorial Square Community Rooms	565	878,177	(877,612)	(100)%	Re-prioritisation required into LTP	877,612	-	-	-
Community and Visitor Experiences	Memorial Square Community Rooms	8,154	594,075	(585,921)	(99)%	Re-prioritisation required into LTP	585,921	-	-	-
Community and Visitor Experiences	Napier Aquatic Centre Renewals - S800	1,690,808	2,208,711	(517,903)	(23)%	At forecasting deadline it is unknown what the recommendation is for this project - decision expected end of March	517,903	-	-	-
Community and Visitor Experiences	Napier Aquatic Centre expansion	0	528,402	(528,402)	(100)%	At forecasting deadline it is unknown what the recommendation is for this project - decision expected end of March	-	-	-	-
Community and Visitor Experiences	Napier Municipal Theatre Renewals - S800	21,548	350,087	(328,539)	(94)%	Re-prioritisation required into LTP	328,539	-	-	-
Community and Visitor Experiences	Kennedy Park Minor Capital - S800	43,403	871,569	(828,166)	(95)%	Re-prioritisation required into LTP	828,166	-	-	-
Community and Visitor Experiences	Building Upgrades	0	515,000	(515,000)	(100)%	Re-prioritisation required into LTP for a portion of this budget only	100,000	-	-	-
Community and Visitor Experiences	Seismic Strengthening	0	271,351	(271,351)	(100)%	Project no longer required	-	-	-	-
Property Assets	Pandora Pond Buildings - S800	208,015	78,615	129,400	165%	Actioned - WIP transfer- opening budget incorrect	-	-	-	-
Property Assets	Building Purchase	0	1,854,000	(1,854,000)	(100)%	Re-prioritisation required into LTP	1,854,000	-	-	-
Property Assets	Seismic Strengthening Council Buildings - S800	0	206,000	(206,000)	(100)%	Re-prioritisation required into LTP	206,000	-	-	-
Property Assets	BOF Ahuriri Waka Hub & Surrounds S822	411,218	2,200,000	(1,788,782)	(81)%	Project in progress and will carry into 2024/25	1,788,782	-	-	-
Property Assets	Inner Harbour Project - Iron Pot Upgrade	944,054	2,461,293	(1,517,239)	(62)%	Project in progress and will carry into 2024/25	1,517,239	-	-	-
Support Units	Technology Equipment Minor Capital	294,243	354,909	(60,666)	(17)%	Recruitment in progress for resource to implement remaining project which is likely to happen in 2024/25	60,666	-	-	-
Support Units	Infocouncil Replacement	0	42,277	(42,277)	(100)%	Project no longer required	-	-	-	-
							18,355,450	674,730	174,803	4,807,013

RECOMMENDATION TO EXCLUDE THE PUBLIC

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

AGENDA ITEM

1. Debt write off

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

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Debt write off	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

PROSPEROUS NAPIER COMMITTEE

Open Minutes

Meeting Date: Thursday 8 February 2024

Time: 9.30am – 11.45am

Venue Chapman Room
Level 1, Chapman Pavilion
McLean Park
Latham Street
Napier

Livestreamed via Council's Facebook page

Present **Chair:** Councillor Crown
Members: Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor (Deputy Chair)
Ngā Mānukanuka o te Iwi representative – Evelyn Ratima

In Attendance Chief Executive (Louise Miller)
Deputy Chief Executive / Executive Director Corporate Services (Jessica Ellerm)
Executive Director Infrastructure Services (Russell Bond)
Executive Director Community Services (Thunes Cloete)
Manager Communications and Marketing (Julia Atkinson)
Chief Financial Officer (Caroline Thomson)
Programme Manager- Long Term Planning (Stephanie Murphy)
Corporate Finance Manager (Mr Hrustinsky)
Strategic Programmes Manager (Mr Gillies)
Senior Advisor Corporate Planning (Danica Rio)
Commercial Director (Richard Munneke)
Manager Community Strategies (Anne Bradbury)
Scott Hamilton - Tautaki Consulting [via zoom link]
Team Leader Governance (Anna Eady)

Administration Governance Advisor (Carolyn Hunt)

PROSPEROUS NAPIER COMMITTEE – Open Minutes

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ORDER OF BUSINESS

Karakia

The meeting opened with the Council karaka.

Apologies

Councillors Mawson / Tareha

That the apology from Joe Tareha (Ngā Mānukanuka o te Iwi representative) be accepted.

Carried

Conflicts of interest

Nil

Public forum

Nil

Announcements by the Mayor

Nil

Announcements by the Chairperson

Nil

Announcements by the management

Nil

Confirmation of minutes

Councillors Mawson / Price

That the Minutes of the Prosperous Napier Committee meeting held on 7 September 2023 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. DIRECTION FOR THE PREPARATION OF THE THREE-YEAR PLAN 2024-27

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1730288
<i>Reporting Officer/s & Unit:</i>	Danica Rio, Senior Advisor Corporate Planning Stephanie Murphy, Programme Manager- Long Term Planning Jessica Ellerm, Deputy Chief Executive / Executive Director Corporate Services Caroline Thomson, Chief Financial Officer

1.1 Purpose of Report

Council has been providing direction for the preparation of NCC's Three-Year Plan 2024-27 through a series of workshops over 2023 and early 2024. The plan is being prepared under the Severe Weather Emergency Recovery Legislation (SWERL) and replaces the Long Term Plan due to the legislation. The report summarises the following for formal approval and adoption:

- Direction on the financial and infrastructure information that will underpin the combined Finance and Infrastructure Strategy
- Proposed topics for consultation that is scheduled to begin on 25 March 2024
- Direction on Strategic Priorities and Community Outcomes

At the meeting

Senior Advisor Corporate Planning, Ms Rio spoke to the report and displayed a PowerPoint presentation (Doc Id 1736691) providing an overview of the report.

Community Services have indicated an intention for the Faraday Centre facility to be re-imagined, and that Te Pihinga would be considered as part of the Halls Review programmed for Year 2.

Key dates noted for the programme are:

- 14 March 2024 – Council adoption of the consultation document
- 25 March-26 April 2024 – Public consultation period
- 27-28 May 2024 – Council submission Hearings
- 27 June 2024 – Council adoption of the three year plan.

In response to questions the following was clarified:

The Chief Financial Officer, Ms Thomson referred to the Capex projects that were high spend but required minimal officer input and explained the implications to Council's budget.

- Vested assets are where a developer funds an infrastructure project in a new development or subdivision and it is vested back to Napier City Council (NCC) as capital. Capital assets need to be included in the fixed asset register.
- Property purchases are transactions where NCC is buying property.
- Omarunui is the Landfill which is owned and funded jointly between Hastings District Council and NCC. The Landfill is operated by Hastings District Council. Napier's share of the joint funding is approximately 33%.
- Parklands is a transactional project.
- Ms Thomson confirmed the operational costs listed for the Ahuriri Regional Park remained in Council budgets.

COMMITTEE Councillors Mawson / Price

RESOLUTION

The Prosperous Napier Committee:

- a. **Receive** the report titled "Direction for the Preparation of the Three Year Plan 2024-27" and confirm it as being a record of direction setting for the development of the Three-Year Plan 2024-27.

Carried

Attachments

- 1 LTP PowerPoint presentation (Doc Id 1736691)
-

2. DUE DILIGENCE REPORT OF CIVIC ACCOMMODATION BUSINESS CASE

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1710275
<i>Reporting Officer/s & Unit:</i>	Darran Gillies, Strategic Programmes Manager Alix Burke, Strategic Programme Coordinator

2.1 Purpose of Report

To report on a robust due diligence process that ensures that the preferred option of Officer Accommodation Business Case continues to be the best course of action for council. This includes making sure that the work enables the best possible outcomes of the public-facing component of the programme, primarily the implementation of the design and construction of Te Aka - Library and Council Chambers.

At the meeting

The Strategic Programmes Manager, Mr Gillies spoke to the report summarising the preferred option where Council sells the ex-Library Tower and leases back part of a redeveloped site for NCC's long-term occupation. Scoring highest on both the best outcomes score and the best value for money score.

In response to questions the following was clarified:

- There is officer capacity within Council to run the Te Aka project.
 - Mr Gillies advised that in regard to timeframes for delivery completion, the ground lease to developer to Council redevelopment there would be a negotiation period that would be required within the developer option and Resource Management Act consultation undertaken.
 - If negotiations went well the timeframe could be brought forward, however there is a risk of a timeline increase if one party opts out during negotiations as the process would need to commence again.
 - The concept work provides a better understanding of Council's requirements and work that needs to be undertaken.
 - An amount of \$7m has been identified for the "soft fit out" and IT, however full requirements have yet to be determined. It is envisaged that the \$48m budget plus professional fees will be the total for the project.
 - If Council retain ownership of the building there is the opportunity to generate income through tenancy on the top floor and partial tenancy on the ground floor.
 - However the current community expectation is that NCC will retain ownership and stay onsite.
 - Retention of ownership has not been communicated to the public prior to the business case. The site had been referred to as a "precinct" and that the project would be staged. The risk, being time is cost and benefit cost realisation was not taken into account in mobilisation of one contract, looking at shared services across the two projects. The risk is what that the subdivision looks like and is it attractive to the developer.
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- The business case indicated \$4m for hard fit out but did not include additional fittings required for an operational office block. The revised budget is now \$7m.
 - The next stage in the programme is testing the full concept and design of the tower and how it relates to Te Aka, specifically the Chambers. The aim is to bring the tower and Te Aka projects together for shared synergies and to understand the costs.
 - If approved by Council this will assist in moving to the plan for the procurement process

COMMITTEE Deputy Mayor Brosnan / Councillor Tareha

RESOLUTION

The Prosperous Napier Committee:

- a. **Receive** The Due Diligence Report of the Civic Accommodation Business Case.
- b. **Approve** option 5a from the Civic Accommodation Business Case (Doc Id 1690557) – The NCC lead Redevelopment of the library to be the preferred option within the Long Term Plan consultation; and to proceed into the next stages of the programme of work to support that option.

Carried

3. INVESTMENT POLICY REVIEW

Type of Report: Legal and Operational

Legal Reference: Local Government Act 2002

Document ID: 1732872

Reporting Officer/s & Unit: Garry Hrustinsky, Corporate Finance Manager

3.1 Purpose of Report

The purpose of this report is to review the Investment Policy with consideration to proposed changes to Napier City Council's investment strategy.

At the meeting

The Corporate Finance Manager, Mr Hrustinsky spoke to the report providing a brief summary of the three material amendments to the policy being clarification of the role of Development Property, Investment Property and Council Controlled Organisations (CCOs). Mr Hrustinsky also noted due to the specialised nature of investing public consultation was not required for amendments to this policy.

Changing the policy to expand and enable the use of CCOs provides NCC with the flexibility to use CCOs but is not binding.

COMMITTEE Mayor Wise / Councillor Mawson

RESOLUTION

The Prosperous Napier Committee:

- a) **Approve** the amended Investment Policy (Doc Id 1735035).

Carried

4. INVESTMENT PROPERTY PORTFOLIO POLICY (LEASEHOLD) REVIEW

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 1733205

Reporting Officer/s & Unit: Garry Hrustinsky, Corporate Finance Manager

4.1 Purpose of Report

In addition to the requirement to review this policy at least every 3 years, the main purpose of this report is to review the Investment Property Portfolio Policy with consideration to proposed changes to Napier City Council's investment strategy.

At the meeting

The Corporate Finance Manager, Mr Hrustinsky spoke to the report advising that NCC was currently reviewing its investment strategy which means some amendments to this policy are required. Mr Hrustinsky provided a brief summary on the three material changes, being the removal of reference to outdated reports, the process for freeholding land being updated to reflect proposed investment changes and the option for Council to delegate to a Council Controlled Organisation or investment team.

In response to questions the following was clarified:

- Where an offer to freehold is not accepted by the current lessor Council would have the option to look at offers from other parties. This had not previously been possible.
- In practice Council could not enforce a lessor's right to occupy if it sells land. Council can give the lessor first refusal to buy the land the lessor occupies, if they decline then Council could sell that land to another party - but the lessor retains their right to occupy.
- Changes in the policy provides language consistency.
- If a person has a lease and invests in capital items on the property and could not or did not want to purchase the property it cannot be sold and the lease would be renewed.
- If a leaseholder did not wish to continue with the lease it would be a trigger for this policy. Council is bound by its leases and contracts.
- If the contract renews, Council would honour the renewal. If the contract does not renew and the lessee chooses to buy the property Council would honour that. If the contract does not renew and the lessor chooses not to buy the property and looks to exit the property the Council would then have the option to sell.
- If the lease agreement comes to an end Council could renegotiate a new contract if lessee exits the property.
- Legal advice will be sought in relation to the a leaseholder retaining occupancy rights if NCC sells a property to a third party.

The meeting agreed to seek legal advice on transfer of leases and that the decision for approval be referred to the Council meeting on 14 March 2024.

COMMITTEE Councillors Crown / Taylor

RESOLUTION

The Prosperous Napier Committee:

- a) **Defer** approval of the amended Investment Property Portfolio Policy (Doc Id 1735038) subject to legal advice being sought in relation to the transfer of leases.
- b) **Refer** the Investment Property Portfolio Policy report to the Ordinary Council meeting on 14 March 2024 for a decision on approval.

Carried

Councillor Boag left the meeting at 10.31am

5. INVESTMENT STRATEGY NEXT STEPS

Type of Report: Operational

Legal Reference: N/A

Document ID: 1713691

Reporting Officer/s & Unit: Richard Munneke, Commercial Director
Garry Hrustinsky, Corporate Finance Manager

5.1 Purpose of Report

The purpose of this report is to obtain a decision from the Council on a proposal to establish a Council Controlled Trading Organisation (CCTO) to manage Napier City Council's (NCC) core financial investments and to consult on its establishment through the 2024-34 Long Term Plan.

At the meeting

The Commercial Director, Mr Munneke briefly summarised the report which would provide a way for Council to view its financial investments (Parklands and leasehold land) as a whole for the future.

In response to questions the following was clarified:

- Research by officers suggests that the use of a Council Controlled Trading Organisation (CCTO) would be beneficial to improve returns derived from council investment assets, and gradually reduce the rates burden on the city.
 - Council would like to explore the establishment of a CCTO, and will seek community feedback to do so through the Long Term Plan process.
 - The Long Term Plan will provide councillors the mechanism to explore CCTOs on behalf of the community in regard to external/internal membership of the Board and what assets would be included.
 - This was a phased approach, firstly with the exploration of creating a CCTO and what assets it may manage.
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- The Significance and Engagement Policy was created approximately 20 years ago. It would be beneficial to the community if some of NCC's strategic assets are managed by the CCTO. The strategic asset list will be considered separately to the matter of a CCTO.
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COMMITTEE Councillors Browne / Chrystal

RESOLUTION

The Prosperous Napier Committee:

- a. **Receive** the report titled "Investment Strategy Next Steps".
- b. **Explore** the establishment of a Council Controlled Trading Organisation for the management of Council's Investment Portfolio being Parklands development, development sites, commercial and residential leasehold properties, investment related deposits and managed investment portfolios.
- c. **Include** the proposal to create a Napier City Council investments trading organisation within its 2024-34 Long Term Plan to fulfil the statutory requirements in creating a Council Controlled Trading Organisation.
- d. **Endorse** Council building investment capability within it's team to address immediate investment activity needs.

Carried

Minor matters

There were no Minor Matters.

The meeting closed with a karakia at 11.45am

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval