



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

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# EXTRAORDINARY COUNCIL

## Open Attachments (Under separate cover 2)

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Meeting Date: Thursday 9 October 2025

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Time: 9.30am (Adopt Annual Report & PDP)

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Venue: Ocean Suite  
East Pier Hotel  
50 Nelson Quay  
Ahuriri  
Napier

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## Independent Auditor's Report

### To the readers of Napier City Council's annual report for the year ended 30 June 2025

The Auditor-General is the auditor of Napier City Council (the Council). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf.

We have audited the annual report of the Council in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

We refer to this information as "the disclosure requirements" in our report.

## Opinion on the audited information

### ***Unmodified opinion on the audited information, excluding the statement of service performance (called "our performance by activity group")***

In our opinion:

- the financial statements of the Council on pages 114 to 193:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2025;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;



- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of the Council for the year ended 30 June 2025 on page 199, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding statement for each group of activities of the Council for the year ended 30 June 2025 on pages 32 to 111 has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act;
- the funding impact statement of the Council for the year ended 30 June 2025 on page 119, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

### ***Qualified opinion on the statement of service performance***

In our opinion, except for the possible effects of the matter described in the *Basis for our opinion on the audited information* section of our report, the Council's statement of service performance (*called "our performance by activity group"*) for the year ended 30 June 2025 on pages 22 to 111:

- provides an appropriate and meaningful basis to enable readers to assess the Council's actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;
- fairly presents, in all material respects, the Council's actual levels of service for each group of activities, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

### **Report on the disclosure requirements**

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act for the year ended 30 June 2025; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2025 are complete and accurate.

## Date

We completed our work on 9 October 2025. This is the date on which we give our opinion on the audited information and our report on the disclosure requirements.

## Basis for our opinion on the audited information and the disclosure requirements

### ***Statement of service performance: Our work was limited with respect of water supply, wastewater and stormwater fault response times performance measures***

The Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to the time taken to attend and resolve water supply, wastewater and stormwater faults.

The Council was unable to accurately report on fault response times for each of the three water services. The information produced by the system used to report on fault response times was not reliable because the attendance and resolution times for service requests recorded were not always accurate. Our opinion on these performance measures was also qualified for the 2024 performance year.

As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audited information and the disclosure requirements section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information and our report on the disclosure requirements.

## Emphasis of matter – Future of water delivery

Without further modifying our opinion, we draw attention to page 191, which outlines that in response to the Government's Local Water Done Well reforms, the Council has decided to establish a wholly owned water organisation to deliver water, wastewater and stormwater services.

There is some uncertainty as the proposal is yet to be accepted by the Secretary for Local Government.

## **Responsibilities of the Council for the audited information and the disclosure requirements**

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing its ability to continue as a going concern.

## **Responsibilities of the auditor for the audited information and the disclosure requirements**

### **Responsibilities for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Council's three-year plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the statement of service performance includes all groups of activities that we consider are likely to be material to the readers of the annual report.
- We evaluate whether the measures selected and included in the statement of service performance for groups of activities present an appropriate and meaningful basis that will enable readers to assess the Council's actual performance. We make our evaluation by reference to generally accepted accounting practice in New Zealand.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Responsibilities for the disclosure requirements**

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and
- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the Council's audited information and, where applicable, the Council's long-term plan, three-year plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Public Audit Act 2001.

### **Other information**

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the audited information and our report on the disclosure requirements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

We are independent of the Council in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out a limited assurance engagement related to the Council's debenture trust deed, which is compatible with the independence requirements.

Other than our audit, our report on the disclosure requirements, and the assurance engagement, we have no relationship with or interests in the Council.

Debbie Perera  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand





Te Kaunihera o Ahuriri  
Napier City Council

# Annual Report 2024-2025

Adopted 9 October 2025

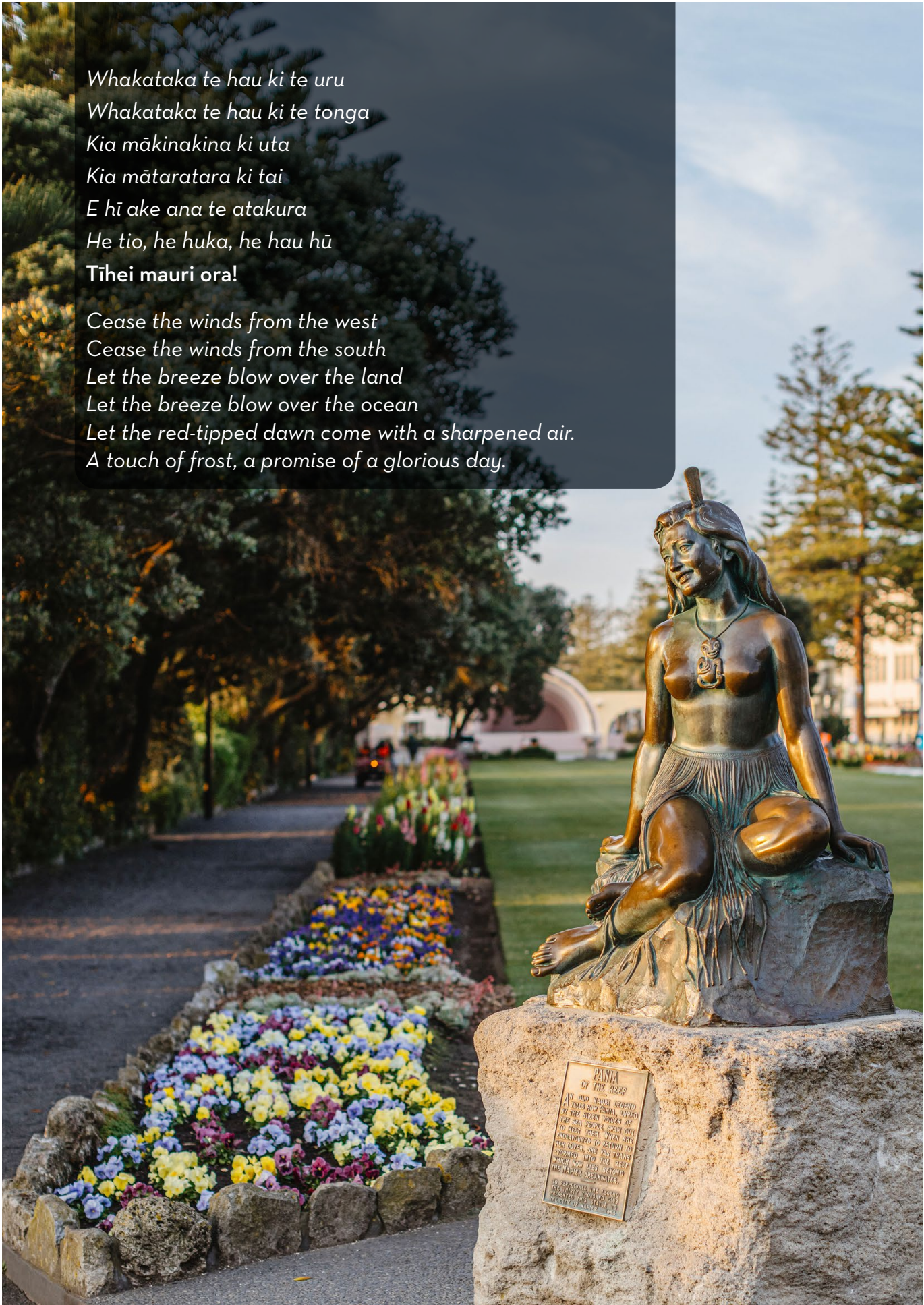


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Whakataka te hau ki te uru  
Whakataka te hau ki te tonga  
Kia mākinakina ki uta  
Kia mātaratara ki tai  
E hī ake ana te atakura  
He tio, he huka, he hau hū  
**Tihei mauri ora!**

Cease the winds from the west  
Cease the winds from the south  
Let the breeze blow over the land  
Let the breeze blow over the ocean  
Let the red-tipped dawn come with a sharpened air.  
A touch of frost, a promise of a glorious day.

# A WARM WELCOME

## Ngā mihi nui.

This annual report summarises the performance of Napier City Council from 1 July 2024 to 30 June 2025. It provides an overview of what we did over the past year to realise the outcomes and initiatives set out in our Annual Plan 2023-24 and Three Year Plan 2024-2027.

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

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







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OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL

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# ABOUT US

## IN THIS SECTION

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

## STRATEGIC DIRECTION

### OUR VISION

*Enabling places and spaces where everybody wants to be.  
Ko rua tē pāia ko Te Whanga.*

## OUR STRATEGIC PRIORITIES (COMMUNITY OUTCOMES)

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



### Financially sustainable Council He kainga ka awatea

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



### A resilient city - the ability to thrive and withstand impacts, knocks and shocks Te toka tū moana

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



### Spaces and places for all Te toka tū moana

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



### Nurturing authentic relationships with our community and partners Te takutai moana

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



### A great visitor destination Te ūnga waka

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







# KIA ORA FROM *Kirsten Wise*

TE KAHIKA O TE KAUNIHERA O AHURIRI  
NAPIER MAYOR



This past year has been one of balance and progress. We have managed ongoing change while continuing to deliver consistent services for our community. At the same time as strengthening safety and resilience, we have focused on ensuring our city remains vibrant and thriving.

Our ambitious infrastructure programme has been advanced alongside fresh thinking about how best to use our assets. This will help us reduce future reliance on rates and ensure long-term sustainability. We have achieved this with careful financial management, by placing community at the centre of our decisions, and by keeping our focus firmly on the future.

The year has seen many highlights. We have completed significant renovations to local landmarks and heritage sites, while also delivering progress that may be less visible but is equally important.

Over \$22 million has been invested in water services, transport projects continue to benefit from our alliance approach, and pivotal work has advanced on the civic precinct and the revitalisation of our inner city.

We have also deepened collaboration across the region, ensuring key services from tourism and civil defence to water delivery are well coordinated and financially sustainable. These partnerships are vital to building a resilient and connected future for our community.

**Kirsten Wise**  
MAYOR OF NAPIER

# KIA ORA FROM *Louise Miller*

TUMU WHAKARAE  
CHIEF EXECUTIVE



As we look back on 2024/25, I am proud of what the organisation has achieved.

Navigating government reform and positioning ourselves so we can deliver on these changes has been a hallmark of this year.

We've continued to ready ourselves for Local Water Done Well changes. We've been preparing our Water Services Plan to deliver to Government. We've agreed to join with Hastings District Council and Central Hawke's Bay District Council to form a Council Controlled Organisation to deliver safe and effective three waters services to our communities. We are working at pace to have the CCO in place next year.

Alongside this, there are forthcoming changes to the Resource Management Act. The proposals will impact local government processes for infrastructure planning, housing, consents and natural hazards. Further changes recently announced that will soon affect us are in building consent processing.

In light of these reforms, we have completed a significant organisation redesign. The redesign

will realise around \$3 million in labour cost savings and ensures we're positioned to continue to deliver well on our core services and activities.

Napier City Council has continued to focus on being more commercial and increasing its income streams. Our new Council-controlled trading organisation, Ahuriri Investment Management Ltd, was incorporated earlier in 2025. It will manage an income-earning investment portfolio to bring in additional income to offset rates.

From a financial standpoint, Napier City Council is well prepared to continue to deliver the services and activities our residents need and expect – from critical infrastructure to services and activities that improve residents' wellbeing and add to the city's vibrancy.

Ngā mihi nui,

**Louise Miller**  
CHIEF EXECUTIVE



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# NAPIER CITY COUNCIL'S GREENHOUSE GAS EMISSIONS

This year we made steady progress towards our climate action goals. We continued with our annual greenhouse gas reporting and independent verification. Our third annual greenhouse gas inventory based on activities under Napier City Council's operational control between 1 July 2024 and 30 June 2025 was calculated at 37,503 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). This is a 4% increase compared to our baseline inventory, due to an increase in emissions from delivery of our capital projects. Despite this increase, emission reductions were achieved across various sources including, fleet fuel use, waste sent to landfill and business travel.

Alongside our reporting we have been making steady progress on implementing the emission reduction actions outlined in the Emission Reduction Plan adopted by NCC in 2024. Across council our operations are embracing more

sustainable practices with improved energy efficiency across our facilities. We completed energy audits at seven facilities with more than \$100,000 annual energy spend. Combined the audits identified 50 different energy and cost saving opportunities, with a combined emission reduction potential of more than 460 tonnes of CO<sub>2</sub>e, if all were implemented.

We are also transitioning facilities from fossil fuels to more efficient, low carbon heating sources with gas boiler replacements confirmed at Ocean Spa and MTG, our top two facilities using fossil fuel gas. The Ocean Spa project requires a transformer upgrade to allow a switch to efficient electric hot water heat pumps while the MTG boiler is likely to be replaced with an efficient wood pellet boiler.

We are leading the way in our specification of low carbon concrete in footpaths, kerb and channel, car parks and other infrastructure projects.

We are already achieving a 50% reduction in carbon emissions compared to a standard concrete mix, at no additional cost. There are exciting emission reduction opportunities on the horizon for roading materials such as asphalt and we are working collaboratively with local suppliers to trial these new products and materials. Our Subdivision Code of Practice Guidelines have been updated so that other developers will soon need to meet the same emission reduction targets as our Council projects.

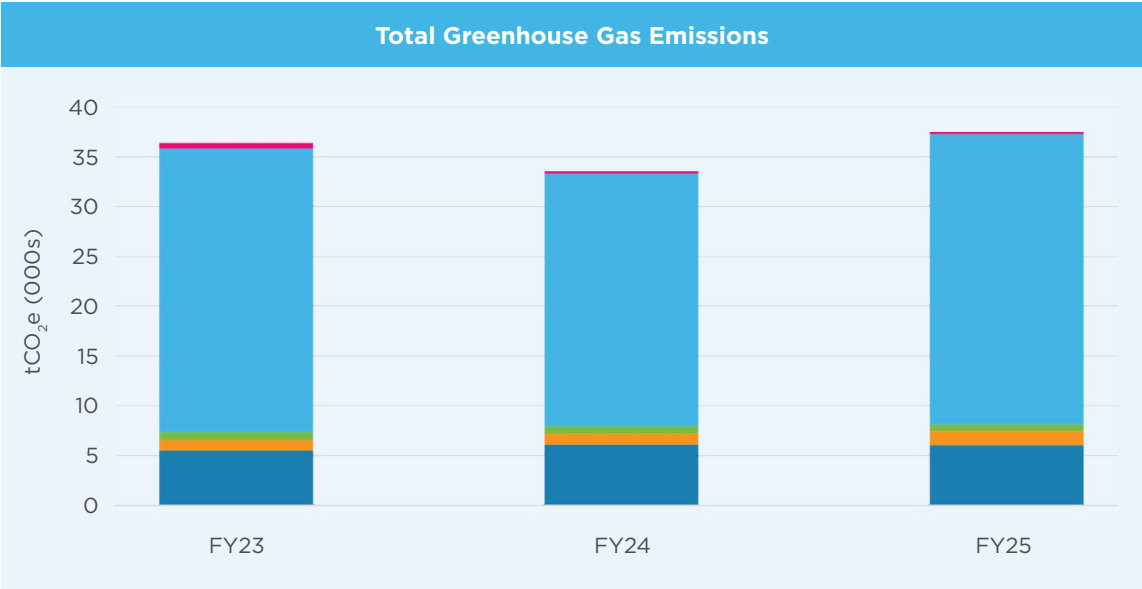
Our flagship Green Star 5 designed Te Aka and Civic Precinct Project is underway. This is a long-term project based on best practice sustainable design and construction practices to deliver energy efficiencies, lower emissions and environmental impacts. It will also reduce ongoing operating costs while providing a

sustainable, fit for purpose space benefiting health and well-being for occupants.

We are updating our Council report writing templates to ensure climate impacts such as emission reduction and climate resilience are considered in decision making. To support this, we are also developing guidance and training materials for staff.

These are just a few of the projects we have underway that demonstrate our ongoing commitment to reducing our impact. While we are pleased with our progress in our first year, the scale and urgency of the climate crisis demand even more ambitious action. Looking ahead, we remain focused on deepening our efforts, engaging our community, and identifying new opportunities to accelerate emission reductions across all areas of council's operations.

Source	Scope	Category	FY2023 t CO <sub>2</sub> e	FY2024 t CO <sub>2</sub> e	FY2025 t CO <sub>2</sub> e
Category 1	1	1 Direct Emissions	5,528	6,085	6,046
Category 2	2	2 Indirect imported energy	1,068	1,136	1,420
Category 3	3	3 Indirect from transportation	784	733	698
Category 4	3	4 Indirect from products used	28,453	25,378	29,104
Category 5	3	5 Indirect from organisations products	549	201	236
Total t CO <sub>2</sub> e			36,112	33,532	37,503





# PERFORMANCE OVERVIEW

## Satisfaction with council services

To help Napier City Council identify improvement opportunities, SIL Research engaged with Napier residents to determine satisfaction levels with and perceptions of Council services. Results from the survey help form service performance measures for some of our activities (as detailed in the 'Our performance by activity group' section). We considered how the selected measures align with our strategic direction and community outcomes as part of the Three-Year Plan 2024-27 process.

A handful of points have been highlighted below and the full yearly reports from SIL Research can be found on our website here: [Annual Resident Satisfaction Survey | Napier City Council](#).

- The top three performing service attributes were sports fields (83%), kerbside rubbish collection (81%), and playgrounds (79%).
- 14 out of 30 (47%) assessed services recorded good satisfaction levels of 60% and above.
- The greatest drops in satisfaction for 2025 were seen for swimming pools (34% compared to 53% in 2024), car parking in the CBD (38% compared to 52% in 2024), town planning (49% compared to 60% in 2024), and animal control (54% compared to 66% in 2024).
- Resident age continued to play a significant role in satisfaction levels, with older adults (aged 65+) remaining more satisfied with Council performance overall (66%) and across most service areas.

# FINANCIAL OVERVIEW

Napier City Council continues to demonstrate strong financial stewardship and resilience, delivering outcomes that support our community's wellbeing and long-term prosperity. Despite a challenging economic environment, our financial results reflect prudent management, strategic investment, and a commitment to delivering value for ratepayers.

This year's financial performance highlights our ability to adapt to changing conditions while maintaining a robust balance sheet and delivering essential services. The following summary outlines key variances and achievements across revenue, expenditure, assets, liabilities, and equity.

## Revenue

While total revenue was \$6.2 million below the Three Year Plan budget, several areas performed strongly:

- **Other Revenue** exceeded budget by \$13.7 million, driven by a surge in vested assets—reflecting vibrant development activity across Napier.
- **Subsidies and Grants** were higher than expected, supporting key initiatives and community programmes.
- **Interest Revenue** significantly outperformed budget, showcasing effective treasury management.

These gains helped offset shortfalls in Parklands Residential Development sales and user charges, which were impacted by strategic shifts and conservative forecasting.

## Expenditure

Total expenditure was \$0.7 million below budget, reflecting disciplined cost control. Significant variances include:

- **Operating Expenses** were reduced due to the reclassification of Civic Accommodation costs to capital budgets.
- **Cost of Sales for Parklands** were lower due to a deliberate strategy to defer sales for greater long-term value.
- **Depreciation and amortisation** costs offset these savings due to high revaluations from previous years, and an adjustment to roading useful lives based on previous valuations.

# CAPITAL EXPENDITURE

Capital expenditure is the investment we make in our city's infrastructure—everything from new facilities and upgrades to essential renewals. It's a practical measure of what we've accomplished: whether it's improving the services we offer, supporting growth, or ensuring our core assets are fit for the future. By tracking our capital expenditure, we can clearly see the progress we've made in making Napier a better place to live, work, and play.

Council's total Capital Expenditure for the 2024/25 financial year reached \$92.5 million, exceeding the budget of \$87.3 million by \$5.2 million.

A significant portion of this variance is due to vested assets—infrastructure constructed by external parties, such as property developers, and subsequently vested into Council ownership. Vested assets totalled \$22.5 million, compared to a budget of \$1.3 million, reflecting the inherent uncertainty in forecasting external development activity.

Even without vested assets, this is still the largest capital programme Council has ever delivered, with a wide range of impactful projects completed across the city.







Key Projects Delivered Across Activity Groups

In the Water Supply activity group, Council delivered several important upgrades and extensions, including the Water Air Valves Survey and Renewals Project, the Ngarimu Road Water Supply Pipeline Renewal, and the Meeanee & Awatoto Watermain Extension. These works have strengthened the reliability and reach of Napier’s water infrastructure.

The Wastewater programme saw major improvements such as the Stafford Street Pumpstation Upgrade, the construction of Storage Cells 2 and 3 at the Wastewater Treatment Plant, and the Taradale Line Repair. Additional enhancements included the extension of the trade waste pipeline at 41 Thames Street and upgrades to the Greenmeadows and Munroe Pumpstations.

In Stormwater, Council completed the Lighthouse Road Stormwater Improvement and installed

a new gate at the Purimu Channel, both of which contribute to improved flood resilience and water management.

Beyond the waters activity groups, Council also delivered a number of high-impact projects across Transportation, Community and Visitor Experiences, and Property Assets. These included extensive road resealing, intersection improvements at Fryer Road and Puketitiri Road, upgrades to bridges and structures, alongside traffic management initiatives and lamp replacements across the city. Community facilities were also a focus, with renewals at the Napier Aquatic Centre, Kennedy Park, and Veronica Sun Bay, as well as upgrades to the Memorial Square Community Rooms and Anderson Park Playground. Cultural and recreational assets such as the Municipal Theatre and the Pirates Rugby Club were also enhanced.

Capital Programme by Activity Group (including vested assets)

	Actual 2024/25 \$000	TYP/AP 2024/25 \$000
Governance and Representation	2	-
City Strategy	595	918
Community and Visitor Experiences	20,157	26,607
Other Infrastructure	2,845	4,740
Property Assets	8,830	12,940
Stormwater	15,467	5,083
Transportation	14,868	13,657
Wastewater	16,434	9,654
Water Supply	9,425	8,686
Support Units	3,855	4,980
Total	92,478	87,265



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# INSURANCE OF ASSETS

## Above ground assets

The total value of above ground buildings and plant and equipment owned by Napier City Council and covered by insurance contracts is \$726 million. These are insured under a group policy held in the name of the five Hawke’s Bay Councils.

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

The above ground insured assets of Napier City Council are also subject to the Hawke’s Bay Council’s Collective Insurance group Natural Disaster (Earthquake) Loss Limit of \$600m.

Full cover is available for each individual property on Council’s Property Schedule however in any one year Council’s natural disaster cover is subject to the group limit of \$600m.

Motor vehicles and mobile plant are insured for market value.

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

Council carried out a revaluation of Infrastructure Assets as at 31 March 2025. This revaluation was carried out in conjunction with the initial four partner Council’s as part of the Local Water Done Well regional proposal. This was used for insurance purposes and note recognised in the financial statements.

The updated replacement cost of the Napier City Council underground assets is \$1.2 billion.

Council commissioned a loss modelling analysis in early 2025 based on a \$1.2 billion value. This analysis delivers estimates of financial losses resulting from earthquake damage to three waters infrastructure assets.

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

The updated probable loss resulting from a one in 500 year seismic event was estimated at \$418.2 million.

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

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

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

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

This insurance cover after assuming Government’s 60% contribution results in an estimated \$123.3 million uninsured exposure to Council in a one in 500 year seismic event.

**In summary:**

Total value of underground assets covered by insurance contracts is	\$1.2 billion
Estimated probable loss in a one in 500-year seismic event is	\$418.2 million
Less Government assistance 60%	-\$250.9 million
Council Liability	\$167.3 million
Insurance Recovery 40% of \$110m	-\$44 million
Uninsured Exposure	\$123.3 million

## Risk Sharing Arrangements

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

### Formal self-insurance scheme

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

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

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

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

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



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# MĀORI CONTRIBUTION TO DECISION MAKING

Under the Local Government Act 2002, councils are required to:

- Provide opportunities for Māori to contribute to decision-making processes, and
- Ensure appropriate and effective processes for consulting with Māori.

Te Kaunihera o Ahuriri (Napier City Council) recognises the significant role of Ahuriri Hapū as mana whenua of Napier and acknowledges their ancestral and kinship ties within the iwi of Ngāti Kahungunu.

Council holds and maintains strong relationships with mana whenua of Te Whanganui-a-Orotu, working in partnership with their mandated Māori entities. These relationships are maintained at both governance and operational levels through the Mayor, Chief Executive, Elected Members, and Te Waka Rangapū. Council actively engages with:

- Mana Ahuriri Trust
- Maungaharuru-Tangitū Trust
- Te Taiwhenua o Te Whanganui-a-Orotu
- Ngāti Pārau Hapū Trust
- Te Kāhui Kaumātua o Ahuriri
- Ngā Marae o Ahuriri

Beyond formal partnerships, Council also works closely with Māori community organisations including the Māori Wardens, Māori health and housing providers, and a range of social service agencies. Council maintains valued relationships with Pukemokimoki Marae, including an elected member representation on the Marae Trust. Council also maintains a valued relationship with Waipureku Waitangi Trust and has elected member representation on the trust.

**Te Waka Rangapū**

Established in 2021, Te Waka Rangapū was created to foster a culturally enriched environment at Napier City Council. The team upholds and promotes the principles of Te Tiriti o Waitangi and works to nurture meaningful and enduring partnerships with mana whenua, tangata whenua, and the wider Ahuriri community.

Their work includes:

- Building authentic, mana-enhancing relationships with mana whenua and iwi, supporting Council work through a Te Ao Māori lens.
- Partnering with mana whenua to understand their aspirations and ensure Council activities align with the needs and priorities of the Ahuriri Māori community.

- Embedding mana whenua voices at the decision-making table from the earliest project stages through to completion.
- One of the leading examples of this partnership is *Te Kete*—Napier’s civic precinct project encompassing a new library, council chambers, and refurbished accommodation for council services. Formerly known as *Te Aka*, Te Kete is a flagship for co-design and shared leadership, with mana whenua involved from conception. The development reflects shared values and includes mahi toi that tells our stories, honours our whakapapa, and grounds our connection to Te Whanganui-a-Orotu. Te Kete sets a precedent for future project delivery across Napier City Council. Te Waka Rangapū also leads and supports:
- Cultural events, pōhiri, blessings, and celebrations such as Matariki, Waitangi Day, Toitū te Reo and Te Wiki o Te Reo Māori
  - Organisation-wide cultural capability through *Ka Awatea*, an internal development programme offering pepeha and mihi wānanga, kapa haka, te reo Māori classes, and daily karakia.

## Ngā Mānukanuka o te Iwi – our Māori Committee

Ngā Mānukanuka o te Iwi, meaning “*the concerns and aspirations of the people*”, is a specialist committee established to ensure that mana whenua and Māori voices are central in Council decisions that affect the city and its people. The committee includes representatives from:

- Each of the six traditional marae in Ahuriri and one from our urban marae.
- Each of the two Post-Settlement Governance Entities (PSGEs)
- The Mayor and four elected members (or committee chairs)
- Council Kaumātua (in an advisory capacity)

The nine mana whenua representatives, including the Committee Chair, hold voting rights. The Committee’s objectives include:

- Ensuring Council activities recognise and respect Māori relationships, values, and traditions.
- Raising matters of importance to the Ahuriri Māori community and making recommendations to Council.



- Advising on ways to enhance Council’s capacity and capability to engage meaningfully with mana whenua and tangata whenua.

## Partnership in Practice – Supporting Significant Projects

Mana whenua continue to contribute meaningfully to Council initiatives across a wide range of projects and planning areas, including:

- **Local Water Done Well** – advising on stormwater treatment in Te Whanganui-a-Orotu and contributing to broader water management decisions.
- **Representation Review** – guiding the establishment of Māori Wards for the 2025 local election.
- **Ahuriri Regional Park** – partnering in environmental planning and design.
- **Te Kete Project** – co-designing the civic precinct redevelopment.
- **Whare Waka Project** – providing guidance through the developed design phase.
- **Cultural Assessments** – undertaking assessments that consider impacts on cultural values and sites of significance.





# KEY REFORMS IN THE LOCAL GOVERNMENT SECTOR

In the past financial year Central Government has progressed considerable changes that have affected Local Government. Here are three examples that may impact Napier City Council's (NCC) responsibilities, operations and financial statements in future reports.

## Water Services Reforms

All New Zealanders rely and depend on having safe, reliable drinking, wastewater and stormwater for the wellbeing of our communities and the environment.

In the past financial year, water laws have undergone further significant changes. The Three Waters reform has been replaced by the legislative framework known as 'Local Water Done Well'. This policy returns the responsibility for drinking, wastewater and stormwater to local Councils. The Local Government (Water Services Preliminary Arrangements) Act 2024 which came into effect in August 2024, required Councils to submit a Water Services Delivery Plan by 3 September 2025.

This plan details how financially sustainable, high quality water services will be delivered, including an assessment of the current condition of the overall water infrastructure network. It must also include a proposal for the governance, management, and operations of water services delivery. NCC could choose to be part of a regional water services entity or to manage our water services independently. NCC worked with our regional partner Councils to explore a shared delivery service for water at the same time as investigating the ability to manage our water services independently.

NCC's preferred option was for a jointly owned regional water entity, and this was publicised in April 2025. Community consultation was conducted during May and June 2025 asking whether NCC should work alone or collaborate on a joint regional Council-Controlled Organisation. Hearings to provide the community with the opportunity to speak were undertaken on 21 July 2025. NCC decided to proceed with a joint model on 31 July 2025. The Water Services Delivery Plan was adopted on 28 August 2025 ahead of the deadline of 3 September 2025. Through this Plan, NCC has committed to working with Hastings and Central Hawke's Bay Councils to deliver a regional approach to water, wastewater and stormwater. The partner councils are working on governance arrangements to set out the role of each council and how the transition will happen.

## Māori Wards and constituencies

Local Councils can decide to establish Māori wards for voters on the Māori electoral roll. In 2021, NCC resolved to introduce Māori wards for Napier at the 2025 local election. The Local Electoral (Māori Wards and Constituencies) Amendment Act came into effect on 30 July 2024. This changed the position that existed in 2021. Now, where a Council had decided to introduce Māori wards without a poll, a further decision would need to be made to retain or rescind the earlier decision. If the earlier decision was rescinded, then no Māori ward would be established. If it was retained, then a binding poll would be held at the 2025 local elections to decide the future of the Māori ward in that electorate.

NCC made the decision to introduce Māori wards in 2021 without holding a poll, which means that a further decision had to be made to determine whether to retain or rescind that decision. In September 2024, after considering feedback from the community, NCC resolved to retain its 2021 decision to introduce Māori wards at the 2025 local election. The Te Whanga ward has been established for the 2025-2028 triennium. This is a city-wide ward with two Councillors. At the 2025 local election a binding referendum will also be held to determine whether the Te Whanga ward should continue beyond 2028.

NCC has run educational and voting campaigns with Māori partners leading up to the October 2025 local election, ensuring that voters understand the Māori ward referendum question and voting arrangements.

If the voters decide 'Yes' the Te Whanga ward will stay in place for the 2028 and 2031 local elections. If the voters decide 'No' the Te Whanga ward will be abolished at the end of the 2025-2028 triennium.

## Resource Management Reforms

The Resource Management Act 1991 (RMA) set out how land, air, water and natural resources were used and protected. The changes to the resource management system have continued to progress at pace during this financial year.

The repeal of the previous Government's RMA amendments is being followed by a phased approach to reshaping the RMA. The most recent reforms are focused on speeding up development and simplifying the consent process.

The Fast Track Approvals Act, operational from February 2025, introduced a new streamlined pathway for projects of regional or national significance. Qualifying projects can have separate approvals considered by a single, expert panel. Several local infrastructure projects, including upgrades to the Taradale and Awatoto borefields and Water Treatment Plant have been brought within this process.

Two further central new Acts will be introduced alongside a raft of National Policy Directions and amendment Acts. The proposed National Policy Directions are currently open for public consultation and are intended to provide interim changes to the application of the RMA until the new legislation is implemented.

The Natural Environment Act will cover freshwater, indigenous biodiversity and coastal policy. The Planning Act will cover urban development, infrastructure and natural hazards. The National Policy Direction changes aim to simplify, streamline and direct Local Government plans and decision making. These changes are being developed in parallel and will impact on regional and local planning.

As part of a regional approach, NCC has been working alongside Hastings District Council and Hawke's Bay Regional Council on the Future Development Strategy to determine how well-functioning urban environments will be delivered across the Heretaunga Plains. This balances housing and business development with infrastructure and environmental considerations. NCC have also been progressing with the review of our District Plan. The Proposed District Plan Hearings have been taking place over this financial year and are nearly complete. These enable submitters to be heard on specific topics by the Hearings Panel, who will then take these matters into account before making a decision. The District Plan review becomes the key mechanism for implementing future growth and environmental priorities for Napier.

On 17 July 2025 the Government halted all new RMA plan changes and suspended current plan review obligations which means that NCC is pausing any active District Plan review components that haven't reached hearings unless they fall within the specific exemptions.





# OUR PERFORMANCE BY ACTIVITY GROUP

## IN THIS SECTION

*This section describes in detail how we performed in each of our activity groups. Each activity area includes an overview of the activities from the year, and a summary of financials and performance measures.*



**WATER SUPPLY**  
Drinking water



**WASTE WATER**  
Wastewater



**PROPERTY ASSETS**  
Parklands Residential Development, Lagoon Farm, Inner Harbour, Property and Investment Assets, Buildings Asset Management



**GOVERNANCE AND REPRESENTATION**  
Democracy and Governance  
Te Waka Rangapū



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



**STORMWATER**  
Stormwater



**COMMUNITY AND VISITOR EXPERIENCES**  
Kennedy Park Resort, Napier Conferences & Events, Napier i-SITE Visitor Centre, Par2 Mini Golf, National Aquarium of New Zealand, Napier Libraries, Napier Municipal Theatre, MTG Hawke's Bay, The Faraday Centre, McLean Park, Reserves, Sportsgrounds, Napier Aquatic Centre, Ocean Spa, Bay Skate, Retirement and Rental Housing, Community Facilities (Halls), Community Strategies, Engagement, Events and Marketing



**OTHER INFRASTRUCTURE**  
Cemetaries, Public Toilets, Waste Minimisation



**CITY STRATEGY**  
City Development, Building Consents, Regulatory Solutions, Animal Control, Parking Resource Consents







# REPORTING SERVICE PERFORMANCE INFORMATION

## Statement of compliance

The New Zealand Accounting Standards Board (XRB) issued Standard for Service Performance Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) in November 2017, with amendments made in January 2019.

The standard requires public benefit entities, including local government, to apply the requirements of the standard to annual reports that relate to a period beginning on or after 1 January 2022.

Our service performance information (detailed in 'Our performance by activity group' section, pages 28 to 111) has been presented in accordance with the requirements of the standard and the Local Government Act 2002, which includes the requirement to report on the level of service achieved for a group of activities against the performance target or targets for that group of activities.

As acknowledged in PBE FRS 48, the following attributes apply to the current service performance reporting environment:

- Service performance reporting is in an area of reporting that continues to evolve,
- Entities may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks, and
- It provides flexibility for entities to determine how best to 'tell their story' in an appropriate and meaningful way.

The Service Performance information has been prepared in accordance with generally accepted accounting practice (GAAP) and Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

## Aims of service performance reporting

As mentioned above, our service performance information has been prepared in accordance with PBE FRS 48. The information aims to:

- Provide adequate contextual detail to enable users to understand Council's Strategic Priorities, Community Outcomes, and Community Wellbeings, as well as details regarding council activities and accomplishments during the reporting period in alignment with the above. Details of Council's financial and non-financial achievements for each activity are included in the 'Our performance by activity group' section (pages 28 to 111).
- Present service performance information and financial statements together in the Annual Report (FRS 48, paragraph 6) – financial and non-financial performance is reported for each activity under the 'Our performance by activity group' section.
- Present service performance information for the same entity and same reporting period as the financial statements (FRS 48, paragraph 11) – financial and non-financial information is reported for the financial year. For this Annual Report, that is from 1 July 2024 to 30 June 2025.
- Apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework - relevance, faithful representation, understandability, timeliness, comparability, and verifiability (FRS 48, paragraph 7). These characteristics are also considered when performance measures are developed and/or reviewed through the Long Term Plan process.
- Disclose judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information through disclosures throughout the section (FRS 48, paragraph 44).
- Provide comparative information (FRS 48, paragraph 37) – comparative data, where available, is included for the current and previous year throughout the section.



## Selecting and aggregating service performance information

The level of aggregation used by NCC has been based on:

- Reporting against levels of service – our performance measures reflect the levels of service that were confirmed in the Three-Year Plan 2024-27 (replacing the Long Term Plan this round) and include mandatory measures that local government is required to report on.
- Reporting targets for levels of service – our targets are set to reflect the level of service for the activity. When setting measures through the TYP process, other considerations included materiality, cost-benefit, and the balance between timeliness, understandability, and relevance of information for the end user.
- Consideration was given to the views expressed by our community. This includes feedback relevant to levels of service and performance measures received through the TYP consultation process.
- Presentation of the information allows for comparability and understandability.
- Performance indicators are applied as follows: Green – Achieved; Amber/Yellow - Within 10%; Red – Not achieved.





# METHODOLOGY – RESIDENT SATISFACTION SURVEY

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

## Questionnaire

Since 2019, the Resident Satisfaction Survey has been conducted by SIL Research. NCC and SIL Research developed the questionnaire for the survey by considering how the selected questions and associated measures align with our Strategic Direction and Community Outcomes.

Since 2019, data collection has been administered quarterly to allow for seasonal variations to be tracked using a 1-10 Likert scale, which provides more robust options for residents to express their views.

## Data collection

For this year, research was conducted quarterly; September-October 2024, November-December 2024, February - March 2025, and May - June 2025. 150 responses were collected each quarter, resulting in 600 responses in total for final analysis for the 2024-2025 year.

In each quarter, multiple data collection methods were utilised to ensure residents were well-represented. The mixed-methods approach included:

- **Telephone survey** - Respondents were randomly selected from the publicly available telephone directories within each ward.
- **Social media** - Available via SIL Research social media platforms, such as Facebook. The invitation advertisement was randomly promoted to Napier residents within each ward.
- **Postal survey** - Survey forms were delivered to randomly selected Napier households.

## Data Analysis

Every quarter, surveys are conducted in proportion to the population in each of Napier’s wards. Post-stratification (weighting) is then applied to the full dataset to reflect the ward, age, and gender group proportions as determined by the Statistics New Zealand 2023 Census.

SIL Research ensures quality control during the fieldwork period. In addition, a quality control check is performed using follow-up calls across randomly selected respondents to verify key responses. Further checks include, but are not limited to, removal of incomplete responses and responses coming from outside of Napier.

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

## Benchmarking

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

The benchmarking results for 2024-25 are based on 400 responses. The data is collected using a 1-10 scale; satisfaction percentages are aggregated 6-10 ratings.

Benchmarking results are reported at a 95% confidence level (plus/minus 4-5%).

# COMMUNITY WELLBEINGS

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

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

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

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



SOCIAL  
WELLBEING



ECONOMIC  
WELLBEING



ENVIRONMENTAL  
WELLBEING



CULTURAL  
WELLBEING





# GOVERNANCE AND REPRESENTATION

## SCOPE

### Democracy and Governance

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

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

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

### Te Waka Rangapū




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





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

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Wellbeings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Democracy and Governance	 					1
Te Waka Rangapū	   					1

KEY: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Economic Wellbeing  = Environmental Wellbeing  = Cultural Wellbeing

## YEAR IN REVIEW

### Democracy and Governance

The Representation Review has been a key governance project which began in 2023 and was concluded this year. Councils are required by the Local Electoral Act 2001 to take a fresh look at their representation arrangements at least once every six years. This is to ensure the council is structured to best serve the interests and needs of its community.

Community consultation on proposed representation arrangements was carried out, concluding with Council voting in favour of three general wards (Taradale Ward, Napier Central Ward, and Ahuriri Ward) with three elected members representing the General Electoral communities in each ward, and one city-wide Māori ward (Te Whanga Ward) with two elected members representing the Māori Electoral community.

The 2025 Local Government elections will be held via postal vote in October 2025. Council has retained the first past the post electoral system for the election. The region’s councils have combined efforts, and in partnership with the Electoral Commission, have been attending community events, meetings, organisations and schools to encourage participation in the elections.

In line with new Government legislation, a binding poll is to be held alongside the 2025 local election which will ask the community whether Napier should keep Māori wards beyond the 2025-2028 triennium. If the community’s answer is no, then Māori wards will be removed from the 2028 election. If the community’s answer is yes, then Māori wards will remain, at least until the 2031 local government election.

November 2024 marked the 150th anniversary of the establishment of Napier borough. As part of the celebrations, the Mayor, councillors and key staff hosted a delegation from Napier’s Canadian Sister City, Victoria, which comprised of the Mayor of Victoria and a delegation of chiefs and councillors from the Songhees and Esquimalt First Nations. An anniversary celebratory community event was held for the people of Napier, which included kapa haka, pipe band, choral performances, and the ringing of the Veronica Bell.

Council has received and responded to over 200 requests for official information from across the organisation, with some responses requiring significant officer time.

Council has continued to celebrate its community in its regular civic events. 304 new citizens were welcomed to Napier at citizenship ceremonies; Mayor Kirsten Wise and councillors hosted earthquake survivors at the memorial service for the 1931 Napier Earthquake’s 94th anniversary; and the annual Art Deco weekend event was a great success, with the Acting Mayor hosting a lunch for the youth of Napier.

### Te Waka Rangapū

Te Waka Rangapū has made significant strides this year across cultural, strategic, and infrastructure initiatives. The successful launch of the Te Kete project, including ceremonial milestones led by Council Kaumātua, reflects a deepening commitment to Māori partnership and cultural integration. Early recognition of the cultural importance of the Napier City Civic Precinct project, alongside progress on the Whare Waka initiative and Emerson Street Upgrade, highlights Council’s commitment to embedding cultural narratives into the city’s physical and strategic landscape.

The team’s support for Matariki celebrations and Toitū te Reo 2025, as well as ongoing emergency response training, demonstrates a proactive approach to community resilience and cultural leadership. The establishment of Kāhui Kaumātua o Ahuriri and their growing relationship with Council leadership further strengthens the foundation for enduring partnership and shared governance.

Internally, Te Waka Rangapū continues to foster cultural capability through initiatives like daily karakia, monthly pōhiri, and the Ka Awatea learning programme. Staff engagement in te reo Māori education and cultural practices is growing, with visible support from leadership. Contributions to civic events, cultural translations, and media engagement reinforce the team’s integral role in shaping a culturally responsive and inclusive Council environment.



ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL





PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Democracy and Governance	Council holds regular Council and Council Committee meetings that are accessible and notified to the local community	Percentage of Council meetings for which meeting agenda is made publicly available two working days before the meeting date.	100%	100%	100%	◆	
	Council will comply with legislative requirements.	Number of LGOIMA requests responded to within statutory time frames	99%	100%	97%	◆	Two LGOIMA requests in Q2 were late. One by one day and the other by five days, both as a result of internal process delays.
Te Waka Rangapū	We are strengthening our partnerships and recognise the special and integral place of mana whenua and tangata whenua in Council decision making (co-governance)	Legislative compliance with ss 14(1)(d), 60A, 77(1)(c), 81 and 82(2) of the Local Government Act 2002	Compliant	Compliant	Compliant	◆	
		Sustained participation at Ngā Manukanuka o Te Iwi Komiti Meetings <sup>1</sup>	Achieved	Achieves Quorum <sup>2</sup>	New measure	◆	
		Mana whenua participation in Council projects, workshops etc.	Achieved	Participation	New measure	◆	Please see page 19 'Partnership in Practice – Supporting Significant Projects' for further details.

<sup>1</sup> Meeting frequency is quarterly so four meetings were held over the 2024/25 financial year.

<sup>2</sup> Quorum: The minimum number of members needed to make decisions. For this committee, the quorum is 8 members, including at least 5 mana whenua representatives and 3 Councillors.

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







Napier City Council

# FUNDING IMPACT STATEMENT

For the year ended 30 June 2025

(Governance and Representation)

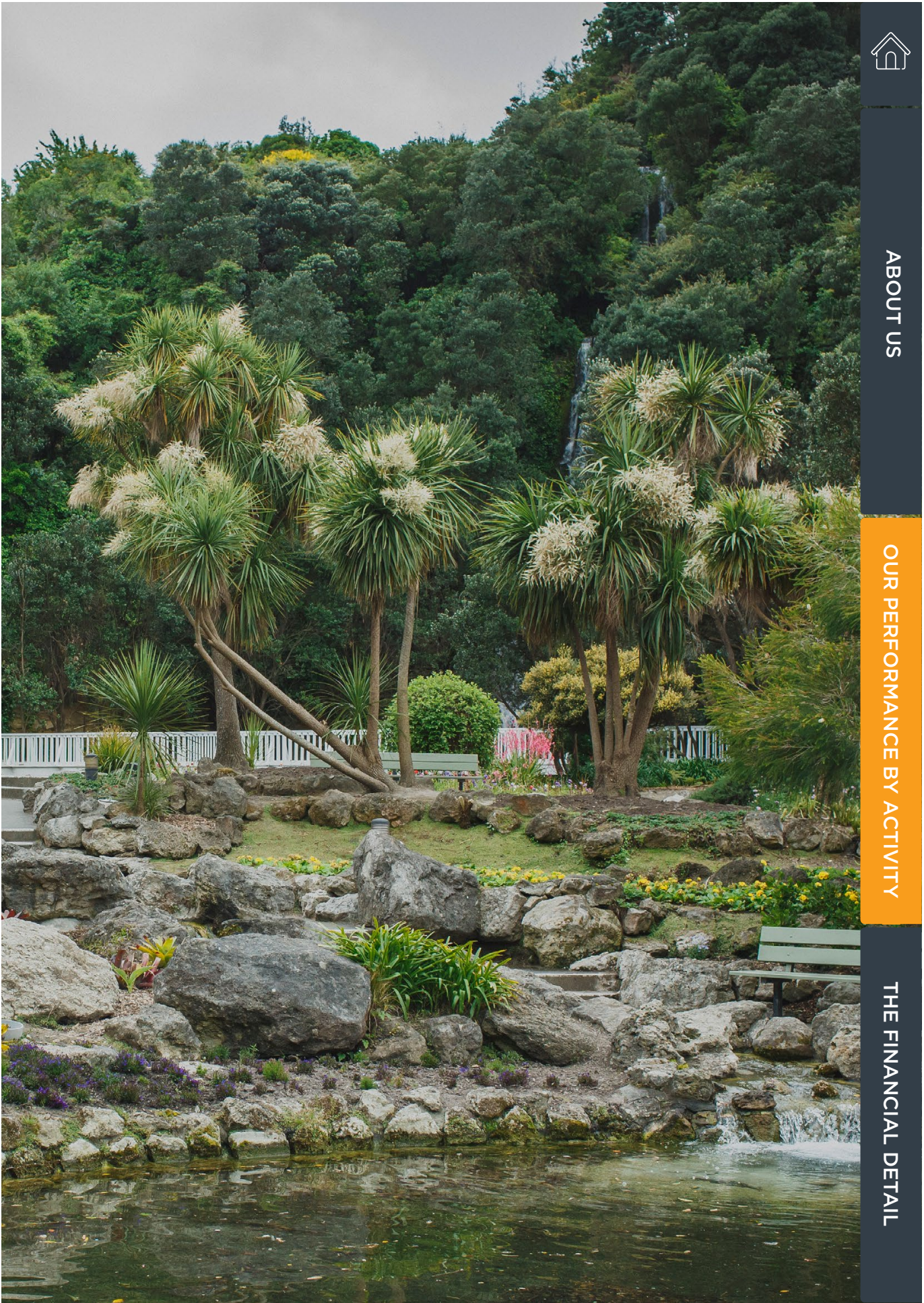
	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,417	5,595	4,830
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overhead recoveries	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	3	14
<b>Total operating funding (A)</b>	<b>5,417</b>	<b>5,598</b>	<b>4,844</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	391	3,945	3,028
Finance costs	-	-	-
Internal charges and overheads applied	5,026	1,653	1,906
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,417</b>	<b>5,598</b>	<b>4,934</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<b>(90)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	2
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(92)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from above</b>			
Group depreciation and amortisation <i>For the year ended 30 June 2025</i>	-	-	1

NOTES FOR FUNDING IMPACT STATEMENTS

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

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

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











# CITY STRATEGY

## SCOPE

### City Development

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

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

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

### Cyclone Gabrielle - Category 3 Voluntary Residential Property and Property Rights Purchase

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

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

### Building Consents

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

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

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

### Resource Consents

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

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

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

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

### Regulatory Solutions

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

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

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

### Animal Control

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

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

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

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

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

### Parking

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

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

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

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

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

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



4 freedom camping sites



District Plan reviewed every 10 years























Space for 34 dogs in our Animal Shelter





COMMUNITY WELLBEING AND OUTCOMES

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

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

YEAR IN REVIEW

City Development

**Ahuriri Regional Park:** The Ahuriri Estuary draft masterplan was endorsed by the Joint Committee at their meeting on 9 June 2025 after feedback from the public was incorporated. The next step in the project is for all partner Councils to adopt the final version of the masterplan so the projects can be included in their respective Long Term Plans.

**Proposed District Plan (PDP):** The Proposed District Plan was notified in September 2024. We received 288 submissions, three of which were late submissions. Hearings for the PDP started in November 2024 and in June 2025, hearing stream 5 and 6 covered Rural Zones, Development Areas, Designations, Financial Contributions, and Rezoning requests alongside

Definitions and Abbreviations as they relate to the chapters being heard within the topics in this hearing stream. Decisions are scheduled for the end of this year.

**Sites of significance to Māori:** The variation will be notified before the end of 2025.

**Significant Natural Areas Ecosystems and Biodiversity chapter (ECO):** The variation was notified earlier this year. We received over 600 submission points and more than 200 further submission points. Hearings for this variation took place in August and decisions on the ECO variation are expected by the end of the 2025 calendar year.

**Natural Hazards Variation:** The RMA reform and pending release of a final National Policy Statement on Natural Hazards has delayed this variation and it is now scheduled for early 2026.

**Future Development Strategy:** The Future Development Strategy (FDS) is the 30-year growth strategy for Napier and Hastings. NCC, Hastings District Council, and Hawke’s Bay Regional Council, along with iwi and hapū partners are jointly developing the Hastings and Napier FDS. Hearings took place from 24 to 27 of March 2025 and decisions from the independent hearing panel (IHP) were presented to the Joint Committee for adoption at the 19 May meeting. The FDS Joint Committee adopted the IHP recommendations but left the Riverbend site in Napier out of the strategy. Council approved the FDS, which included the Riverbend site with some additional comments, at their meeting on 26 June 2025.

**Freedom Camping Bylaw:** The new Freedom Camping Bylaw will become operational on 1 July 2025. An implementation plan was presented to the Future Napier meeting in May updating Councillors on the next steps with the Freedom Camping Bylaw. The Bylaw includes two new sites; the National Aquarium of New Zealand and the Marine Parade carpark beside Ocean Spa.

**Climate Action:** The Climate Action Joint Committee received the Hawke’s Bay Regional Risk Assessment report developed in collaboration with NCC, Central Hawke’s Bay District Council, Hastings District Council, Hawke’s Bay Regional Council, and Wairoa District Council. Despite NCC having withdrawn from the Climate Action Joint Committee earlier this year, officers are developing a work programme on Climate Action and will continue collaborating at a regional level while continuing to report on progress in this space.

Cyclone Gabrielle – Category 3 Voluntary Residential Property and Property Rights Purchase

Over the last year, fourteen properties were categorised as Category 3 and eligible for a buyout under the joint policy between Hastings District Council and Napier City Council. Of the fourteen, six were eligible for a full buyout (land and buildings) and the remainder were eligible for a buyout in relation to the residential component.

Building Consents

In November 2024 the building team had its two yearly Building Consent Authority accreditation assessment. With all outstanding non-compliances cleared in due course, accreditation was maintained. Building consent activity was down on previous years however, the team struggled to meet our statutory processing timeframes due

to the ongoing compounding effects of Cyclone Gabrielle. To get on top of our processing timeframes we activated our AlphaOne Client Group Shared Services Agreement to enable Selwyn District Council to process some building consent applications for us as we have done for them in the past. Staff recruitment and higher than normal absenteeism have again been the key challenges faced this year as we look to build succession planning into the team.

Resource Consents

Resource consent applications received decreased slightly, with the number of applications going from 251 in 2023/24 to 209 this year. The team continues to achieve processing timeframes within the legislated requirements. Further reform to the RMA is imminent, and officers are assessing information as it is released to understand the implications of changes.

Regulatory Solutions

We have continued to focus on further developing our working relationships with the local business community. We have also continued to provide advice, education, and assistance to individuals and businesses to help them comply, while taking enforcement action where required to ensure the safety and well-being of the public.

Animal Control

Public safety, education, and dog registration compliance have remained the focus points for Animal Control over 2024/25. This year has shown a decrease in activity involving roaming and barking dogs, as well as dogs reported lost.

Parking

With the 2025 increase in Central Government and in turn NCC parking fees, the data collected from the electronic meters has shown an increase of approximately 6% in the yearly average occupancy rate paid for parking. Data points to a change in public behavior with trends suggesting that users are now paying and occupying spaces longer to avoid receiving a larger fine. This behavior also appears to be accounting for a decrease in transaction counts compared to earlier periods.

The ongoing collection of data from parking meters will inform future parking strategies and assist in the assessment of parking demand, behaviors, and their impact on parking availability within certain areas of both CBD and suburban centres.



PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
City Development	Provide the policy planning and strategic functions for Napier City	District Plan reviewed to align with Napier Spatial Plan document, the National Policy Statements and the Infrastructure Strategy	100%	District Plan Summary of Submissions released, further submissions received by Council	90%	◆	
		Develop and review the Future Development Strategy (FDS)	100%	2024 final FDS document adopted by Council	New measure	◆	The FDS was approved by Council on 26 June.
	Provide the strategic economic development function for Napier City	Publication of data to measure success of council objectives and inform future decision making	100%	100%	100%	◆	
Building Consents	Council monitors and enforces legislative compliance to protect its citizens and their safety	Process building consent applications within the statutory time frame of 20 working days	83%	100%	82.05%	◆	Staffing challenges resulted in delays in removing applications from the unallocated list on a high number of days.
		Process code compliance certificates within the statutory time frame of 20 working days	100%	100%	100%	◆	
		Audit buildings requiring building warrants of fitness annually	23%	20%	20.87%	◆	
		Percentage of residential swimming pools inspected annually to ensure that all pool barriers are inspected at least once every 3 years	131% (729 out of 555)	100%	70.71% (391 out of 553)	◆	The total number of registered residential swimming pools at the end of the 2025 financial year was 1,665. To ensure all pools are inspected at least once every three years, we aim to inspect approximately one-third of them annually — that is, around 555 pools per year.  In the 2025 financial year, 729 swimming pools were inspected, which significantly exceeded the annual target.  We have ensured that every residential swimming pool has been inspected at least once within the past three years.
		Maintain Building Consent Authority (BCA) accreditation	Maintained	Maintained	Maintained	◆	
Resource Consents		Process all resource consents and all subdivision consents within the statutory timeframes*^	100%	Compliant	New measure	◆	
		Land Information Memorandums to be processed within the statutory limit of 10 working days	100%	100%	100%	◆	
		All formal complaints are initiated and responded to within 3 days of receipt by Council.	100%	100%	100%	◆	

\* Statutory timeframes vary in some circumstances due to the nature of the application and/or its complexity. Please see <https://environment.govt.nz/publications/applying-for-a-resource-consent/timeframes/> for more information.

^ Resource Consenting statistics are reported annually to the Ministry for the Environment.

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





Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Regulatory Solutions	Council monitors and enforces legislative compliance to protect its citizens and their safety	Percentage of residents satisfied with Council management and enforcement of Noise Control in the Residents' Satisfaction Survey	61%	80%	71%	Not achieved	While it is a 10% drop on last years results, satisfaction ratings sat between 59% to 64% across 2021 through to the end of the 2023/24 financial year.
		Percentage of Noise Control complaints referred to the contractor which have an Officer onsite and action commenced to resolve the complaint within 30 minutes of the call being received	100%	80%	90%	Achieved	
		Percentage of residents satisfied with Council management and enforcement of freedom camping in the Residents' Satisfaction Survey	48%	50%	58%	Within 10%	
		Percentage of Food Act Verification audits completed in accordance with the scheduled times in the Food Act 2014	100%	100%	41%	Achieved	New staff appointed to inspection monitoring and time taken to become operational. Work focused on ensuring very high risk premises were inspected.
		Percentage of liquor licensed premises inspected annually for compliance with their licence conditions	39%	50%	9%	Not achieved	
		Percentage of very high and high risk liquor licensed premises inspected at least annually.	100%	100%	100%	Achieved	
Animal Control	Implement and enforce the requirements of the Dog Control Act 1996	Percentage of residents satisfied with Council management and enforcement activity of Animal Control in the Residents' satisfaction Survey	54%	75%	66%	Not achieved	Results show a trend of gradual decline over time, with this result being a new low. However, satisfaction with animal control is on par with the New Zealand average of 57% (also falling from 66% nationwide in 2024).
		All requests for services are investigated and responded to within 21 days	96%	100%	100%	Within 10%	
Parking	Provide and manage parking facilities for the city	Percentage of residents satisfied with Parking in the Inner City in the Residents' Satisfaction Survey	38%	60%	52%	Not achieved	While this is a significant drop from last years result, it is similar to levels seen through 2019 to 2023 where satisfaction levels ranged from 42% to 48%. 69% of respondents provided a comment in relation to car parking in the CBD, with cost and pricing concerns most frequently mentioned. Limited availability and restrictive time limits were also themes raised by respondents.
		Percentage of CBD parking occupancy rate	72%	50-85%	60%	Achieved	
		Percentage of Taradale parking occupancy rate	39%	50-85%	36%	Not achieved	With the introduction of electronic meters, the method for calculating occupancy changed. Occupancy is now calculated based on payment rather than a physical count. It is likely that actual occupancy is higher than reported due to carparks being utilised without payment.



Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025 City Strategy

(City Strategy)

	*Amended LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,513	8,529	7,906
Targeted rates	306	486	482
Subsidies and grants for operating purposes	2,443	1,047	1,527
Fees and charges	5,646	7,855	7,339
Internal charges and overhead recoveries	211	104	104
Local authorities fuel tax, fines, infringement fees, and other receipts	1,540	590	1,242
<b>Total operating funding (A)</b>	<b>15,659</b>	<b>18,611</b>	<b>18,600</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	14,768	15,415	12,373
Finance costs	-	-	-
Internal charges and overheads applied	5,413	5,130	4,284
Other operating funding applications	10	-	-
<b>Total applications of operating funding (B)</b>	<b>20,191</b>	<b>20,545</b>	<b>16,657</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>(4,532)</b>	<b>(1,934)</b>	<b>1,943</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,176	1,819	(1,486)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,176</b>	<b>1,819</b>	<b>(1,486)</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	173	294	172
- to improve the level of service	267	528	308
- to replace existing assets	58	96	114
Increase (decrease) in reserves	(1,854)	(1,033)	(137)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>(1,356)</b>	<b>(115)</b>	<b>457</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>4,532</b>	<b>1,934</b>	<b>(1,943)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from Above</b>			
Group depreciation and amortisation	475	-	491

\* 2023/24 LTP budget figures are based on amended LTP 2023/2024 adopted 14 September 2023.

NOTES FOR FUNDING IMPACT STATEMENTS

The Funding Impact Statement (FIS) is provided in accordance with section 98 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent than might be the case if only the usual GAAP financial statements were provided. The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act. The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that have been used.



ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL







# WATER SUPPLY

## SCOPE

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




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

- Water supply activity assets include:
- Water sources and bores
  - Booster pump stations
  - Treatment plants, and
  - Reticulation mains and pressure valves.

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Water supply	  	2	2	2	1	2

KEY: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Economic Wellbeing  = Environmental Wellbeing  = Cultural Wellbeing

## YEAR IN REVIEW

Napier City Council is committed to delivering safe, clean, and reliable drinking water to our community. This year, we've made strong progress on a number of important projects to upgrade and future-proof our water supply system.

What we've achieved:

**New Reservoir for Mataruahou:** We've completed the design phase for a new reservoir on Hospital Hill to replace the ageing Enfield Reservoir. This project will improve water pressure and storage and includes space for future expansion as Napier grows.

**New Pipelines for Resilience:** We're designing new pipelines to connect the Taradale and Mataruahou reservoirs. These will ensure a more reliable water supply and help us respond better during emergencies.

**New Borefields and Treatment Plants:** Two new borefields and treatment plants are being developed in Awatoto and Taradale. These will supply high-quality water with modern treatment systems, including UV and chlorination.

**Mission Hills Expansion:** We're adding more water storage and building a new pump station to support growth in the Mission Hills area. This includes upgrades to improve fire safety and future-proof the network.

**Air Valve Upgrades:** We've completed work to replace older air valves in the water network, reducing the risk of contamination and improving safety.

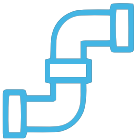
**SCADA System Relocation:** Our water monitoring system has been moved to a more secure location, helping us manage the network more efficiently and prepare for future upgrades.

**Te Awa Water Main Extension:** A new section of pipeline has been completed and connected to the town supply, improving service in the Waitangi Road area.

**Water Consent Renewal:** We're working on renewing our permit to draw water from the Heretaunga Aquifer, which is essential for Napier's public water supply.

**Local Water Done Well (LWDW):** As part of the Government's new Local Water Done Well programme, we've been working with other Hawke's Bay councils to explore the best way to deliver water services in the future. This includes financial modelling, service delivery options, and preparing a Water Services Delivery Plan due in September 2025.

**Drinking Water Compliance:** This year, we reported on 104 drinking water safety rules. We met 87 of them, giving us an 87% compliance rate. We're continuing to improve our systems to meet all safety and quality standards.



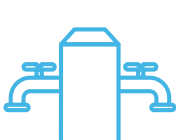
482 kilometres of water mains



11 service reservoirs (situated on 8 sites)



Almost 1 billion litres delivered to homes and businesses each year



2 dechlorinated water stations available

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




ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL



PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Water Supply	Safeguard Public Health	The extent to which the local authority's drinking water supply complies with the following parts of the drinking water quality assurance rules: - 4.10.1 T3 Bacterial Rules; - 4.10.2 T3 Protozoal Rules; and - 4.11.5 D3.29 Microbiological Monitoring Rule¹	No	All met	<p>Treatment Plant – Bacterial Compliance (T3 Rules, DWQAR) A2 Plant – Almost compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 6 days</li><li>• Compliance: 360 days</li><li>• Commentary: The 6 non-compliant days occurred while the plant was offline. No data was recorded during these periods.</li></ul> <p>A3 Plant – Almost complaint</p> <ul style="list-style-type: none"><li>• Period non-compliant: 2 days</li><li>• Compliance: 364 days</li><li>• Commentary: The 2 non-compliant days occurred while the plant was offline. No data was recorded during these periods.</li></ul> <p>T2, T3, T5, T6, T7 Plants – Not compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 366 days</li><li>• Compliance: 0 days</li><li>• Commentary: Inputs not monitored (chlorine contact time not recorded). Compliance could not be demonstrated despite chlorine treatment being present.</li><li>• Corrective Action: Commission the new Taradale and Awatoto bores and associated treatment plants by 2028 to ensure bacterial compliance.</li></ul> <p>D3.29 Microbiological Monitoring Rule - Fully compliant</p> <p>Treatment Plant – Protozoal Compliance (T3 Rules, DWQAR) A2, A3, T2, T6 Plants - Compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 0 days</li><li>• Compliance: 366 days</li><li>• Commentary: Secure sources; no protozoal barrier required.</li></ul> <p>T3, T5, T7 Plants - Not Compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 366 days</li><li>• Compliance: 0 days</li><li>• Commentary: No protozoal barrier currently installed.</li><li>• Corrective Action: Commission the new Taradale and Awatoto bores and associated treatment plants by 2028.</li></ul>	 <p>Treatment Plant – Bacterial Compliance (T3 Rules, DWQAR) A2, A3 Plants – Compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 0 days</li><li>• Compliance: 100%</li><li>• Commentary: Fully compliant.</li></ul> <p>T2, T3, T5, T6, T7 Plants – Not compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 365 days</li><li>• Compliance: 0%</li><li>• Commentary: Inputs not monitored (chlorine contact time not recorded). Compliance could not be demonstrated despite chlorine treatment being present.</li><li>• Corrective Action: Commission the new Taradale and Awatoto bores and associated treatment plants by 2028 to ensure bacterial compliance.</li></ul> <p>D3.29 Microbiological Monitoring Rule - Fully compliant</p> <p>Treatment Plant – Protozoal Compliance (T3 Rules, DWQAR) A2, A3, T2, T6 Plants - Compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 0 days</li><li>• Compliance: 100%</li><li>• Commentary: Secure sources; no protozoal barrier required.</li></ul> <p>T3, T5, T7 Plants - Not compliant</p> <ul style="list-style-type: none"><li>• Period non-compliant: 365 days</li><li>• Compliance: 0%</li><li>• Commentary: No protozoal barrier currently installed.</li><li>• Corrective Action: Commission the new Taradale and Awatoto bores and associated treatment plants by 2028.</li></ul>	

<sup>1</sup> The Department of Internal Affairs updated this mandatory performance measure after the council had published our Long-term Plan, which sets our statement of service. The updated measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules.

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





Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
	Management of Environmental Impacts	The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance (Mandatory measure 2) <sup>2</sup>	18%	Decrease on previous year	19.10%	◆	
		Average annual consumption of drinking water per day per resident (Mandatory measure 5) <sup>3</sup>	436L	<430L	394L	◆	This measure is calculated using the total volume produced. Last year the total population was considered but this year, this was changed to only consider the serviced population (which is 93% of the total population). Recalculating the result for last year considering the serviced population results in 440L.
		Median response times from time notification received: attendance time for urgent call-outs (Mandatory) <sup>4</sup>	30 minutes <sup>5</sup>	≤ 90 minutes	16.2 minutes <sup>5</sup>	◆	
		Median response times from time notification received: resolution time for urgent call-outs (Mandatory) <sup>4</sup>	2.0 hours <sup>5</sup>	≤ 6 hours	1.35 hours <sup>5</sup>	◆	
		Median response times from time notification received: attendance for non-urgent call-outs (Mandatory) <sup>4</sup>	22.6 hours <sup>5</sup>	≤ 24 hours	22.5 hours <sup>5</sup>	◆	
		Median response times from time notification received: resolution time for non-urgent call-outs (Mandatory) <sup>4</sup>	47.73 hours <sup>5</sup>	≤ 72 hours	43.55 hours <sup>5</sup>	◆	
	Customer Satisfaction	Total number of complaints per 1,000 connections relating to drinking water taste, drinking water clarity, drinking water odour, drinking water pressure or flow, continuity of supply, and the local authority's response to any of these issues (Mandatory measure 4)	2.27	≤ 2	2.42	◆	There has been a slight increase in complaints over the 3rd and 4th quarter - but in line with expectations. Target is aspirational in that it is lower than other comparable councils, many of which target <5 complaints per 1000 connections.
		Percentage of residents satisfied with Water Supply in the Residents' Satisfaction Survey	43%	70%	49%	◆	Perceptions of drinking water have improved in the last six years, with this service area's ranking rising relative to other lower-rated areas. This years result of 43% is only slightly lower than the six-year peak of 49% experienced last year. As noted in the survey, the presence of chlorine in the water supply remained the most sited issue that is contributing to resident dissatisfaction with water services. Under the Water Services Act 2021, all councils must provide residual disinfection (chlorine) for all public drinking water supplies, unless an exemption from chlorination is granted by the drinking water regulator, Taumata Arowai.

Footnotes: See page 50

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





<sup>1</sup> The Department of Internal Affairs updated this mandatory performance measure after the council had published our Long-term Plan, which sets our statement of service. The updated measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules.

<sup>2</sup> This measure tracks unexplained water losses as a percentage of total water produced.

<sup>3</sup> A Department of Internal Affairs (DIA) mandatory measure to provide information on whether the water supply system is being managed to ensure demand does not outstrip capacity. Careful management of the demand for water is an important component of integrated water resources management to ensure that demand does not exceed capacity, that water is allocated efficiently, and that productivity is maximised.

<sup>4</sup> An urgent call-out is one that leads to a complete loss of supply of drinking water. A non-urgent call-out is one where there is still a supply of drinking water.

<sup>5</sup> Council received qualified audit opinions for the 2024/25 and previous audits concerning performance measures for response times in water supply, stormwater, and wastewater services. The reported response and resolution times could not be verified because of data entry errors, which led to inaccuracies in Council systems. While previous audits identified these issues, steps were taken in the 2023/24 financial year to improve data entry accuracy through regular checks and record maintenance. However, results from 2024/25 indicate that additional training and further checking procedures are needed. Internal reviews are planned for 2025/26 to help ensure accurate data recording.

Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025

(Water Supply)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	(2,042)	-	-
Targeted rates	8,574	9,133	8,968
Subsidies and grants for operating purposes	-	-	196
Fees and charges	35	37	8
Internal charges and overhead recoveries	91	69	26
Local authorities fuel tax, fines, infringement fees, and other receipts	13	14	2
<b>Total operating funding (A)</b>	<b>6,671</b>	<b>9,253</b>	<b>9,200</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,485	4,383	5,282
Finance costs	-	-	-
Internal charges and overheads applied	1,865	3,611	3,747
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,350</b>	<b>7,994</b>	<b>9,029</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>321</b>	<b>1,259</b>	<b>171</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,836	1,918	325
Increase (decrease) in debt	16,608	1,927	6,896
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>18,444</b>	<b>3,845</b>	<b>7,221</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	3,658	4,761	2,422
- to improve the level of service	15,630	977	949
- to replace existing assets	1,844	2,817	1,879
Increase (decrease) in reserves	(2,367)	(3,451)	2,142
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>18,765</b>	<b>5,104</b>	<b>7,392</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(321)</b>	<b>(1,259)</b>	<b>(171)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from above</b>			
Group depreciation and amortisation	3,810	-	6,746

**NOTES FOR FUNDING IMPACT STATEMENTS**

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

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

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



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# WASTEWATER

## SCOPE

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

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Wastewater					<b>1</b>	<b>2</b>

KEY: **1** = Primary Focus   **2** = contributes to    = Social Wellbeing    = Economic Wellbeing    = Environmental Wellbeing    = Cultural Wellbeing

## YEAR IN REVIEW

Napier City Council has made strong progress this year in upgrading and maintaining the city's wastewater system to protect public health and the environment. These improvements help ensure that wastewater is safely collected, treated, and discharged—now and into the future.

What we've achieved:

**Outfall Pipe Replacement:** We're preparing to replace the city's main wastewater outfall pipe, which has been in service since 1973. This new pipe will ensure safe discharge of treated wastewater for the next 100 years.

**Extra Storage at the Treatment Plant:** New storage cells are being built to hold wastewater during heavy rain or emergencies. One cell is complete, and another is nearly finished.

**Treatment Plant Review:** We're reviewing how well our treatment plant is working and whether any upgrades are needed to meet future environmental standards.

**Latham Street Upgrades:** We've replaced a collapsed flow structure and renewed a 150-metre section of 75-year-old pipe to improve safety and reliability.

**Smarter Monitoring:** New flow meters and automated valves have been installed across the network. These help us track wastewater flows more accurately and respond faster during storms.

**Pump Station Improvements:** Several pump stations—including Stafford Street and Constable Crescent—have been upgraded with new pumps, valves, and monitoring systems to improve performance and reduce the risk of overflows.

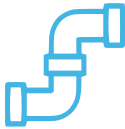
**SCADA System Relocation:** We've moved our wastewater monitoring servers to a more secure and resilient location, supporting future upgrades and new infrastructure.

**Ocean Outfall Repairs:** We carried out important repairs to the ocean outfall, including installing a new stainless-steel manifold to replace damaged parts.

**Taradale Main Repair:** A corroded section of the Taradale pumping main was replaced to ensure continued safe operation.



51 pump stations



390 kilometres of wastewater mains



1,500 metres long marine outfall pipe





PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Wastewater	Public Health and Sanitation: We operate, maintain, and size the network to minimise the occurrence of raw wastewater overflows into habitable areas	Number of dry weather wastewater overflows, expressed per 1000 connections <sup>1</sup>	1.32 per 1000 connections	<0.12 per 1000 connections	0.84	❖	Symptom of an aging wastewater network, however the target is set aspirationally compared to other comparable service providers which often target around <1 dry weather overflow per 1000 connections.
	Minimise Environmental Impacts: By treating wastewater to the legally required standard before discharging into the environment	Compliance with resource consents for discharge from the wastewater system as measured by the number of abatement notices received in relation to wastewater resource consents (Mandatory)	0	0	0	❖	
		Compliance with resource consents for discharge from the wastewater system as measured by the number of infringement notices received in relation to wastewater resource consents (Mandatory)	0	0	0	❖	
		Compliance with resource consents for discharge from the wastewater system as measured by the number of enforcement orders received in relation to wastewater resource consents (Mandatory)	0	0	0	❖	
		Compliance with resource consents for discharge from the wastewater system as measured by the number of convictions received in relation to wastewater resource consents (Mandatory)	0	0	0	❖	
	Customer Responsiveness and Satisfaction: We respond to and restore loss of service and address complaints and will deliver a consistently high level of customer satisfaction	Median response times to sewerage overflows: attendance time from notification to staff on site (Mandatory) <sup>2</sup>	0.48 hours <sup>3</sup>	≤2 hours	0.65 hours <sup>3</sup>	❖	
		Median response times to sewerage overflows: resolution time from notification to resolution of the issue (Mandatory) <sup>2</sup>	1.88 hours <sup>3</sup>	≤8 hours	2.45 hours <sup>3</sup>	❖	
		Customer satisfaction with wastewater in the Residents' Satisfaction Survey	64%	70%	67%	❖	
		Total number of complaints per 1,000 connections relating to sewage odour, sewerage system faults, sewerage system blockages, and response to issues with Napier's sewerage system (Mandatory)	4.04	≤36	7.57	❖	

Footnotes: See page 56

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



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<sup>1</sup> Dry weather sewerage overflow means sewage that escapes a territorial authority’s sewerage system and enters the environment during periods of dry weather. “Dry weather” means the sewer system is working under normal conditions, without rain. Overflows happen because of blockages or system faults, not because of extra water from rainfall.

<sup>2</sup> Sewerage overflow means sewage that escape a territorial authority’s sewerage system and enters the environment.

<sup>3</sup> Council received qualified audit opinions for the 2024/25 and previous audits concerning performance measures for response times in water supply, stormwater, and wastewater services. The reported response and resolution times could not be verified because of data entry errors, which led to inaccuracies in Council systems. While previous audits identified these issues, steps were taken in the 2023/24 financial year to improve data entry accuracy through regular checks and record maintenance. However, results from 2024/25 indicate that additional training and further checking procedures are needed. Internal reviews are planned for 2025/26 to help ensure accurate data recording.

Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025

(Wastewater)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	(3,066)	-	-
Targeted rates	11,407	9,690	9,534
Subsidies and grants for operating purposes	-	-	196
Fees and charges	691	1,237	668
Internal charges and overhead recoveries	97	78	27
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	2,032
<b>Total operating funding (A)</b>	<b>9,129</b>	<b>11,005</b>	<b>12,457</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,678	4,335	4,412
Finance costs	-	-	-
Internal charges and overheads applied	1,776	3,872	4,022
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,454</b>	<b>8,207</b>	<b>8,434</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>2,675</b>	<b>2,798</b>	<b>4,023</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,292	2,395	185
Increase (decrease) in debt	9,509	5,892	9,589
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>11,801</b>	<b>8,287</b>	<b>9,774</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	2,359	705	1,272
- to improve the level of service	6,051	3,627	5,654
- to replace existing assets	3,664	5,087	4,159
Increase (decrease) in reserves	2,402	1,666	2,712
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>14,476</b>	<b>11,085</b>	<b>13,797</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(2,675)</b>	<b>(2,798)</b>	<b>(4,023)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from above</b>			
Group depreciation and amortisation	6,690	8,140	9,803

**NOTES FOR FUNDING IMPACT STATEMENTS**

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



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# STORMWATER




## SCOPE





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

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Stormwater	  				1	2

KEY: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Economic Wellbeing  = Environmental Wellbeing  = Cultural Wellbeing



## YEAR IN REVIEW

Napier City Council continues to invest in stormwater infrastructure to protect homes, reduce flood risk, and improve the health of our environment. With around 75% of Napier relying on pumps to manage stormwater, we’ve focused on both immediate upgrades and long-term planning to make our system more resilient to climate change and urban growth.

What we’ve achieved:

**Lagoon Farm Stormwater Diversion:** We’re designing a new system to improve the quality of stormwater flowing into the Ahuriri Estuary. This project will also support the wider Ahuriri Regional Park and help future-proof our network.

**Purimu Stream Penstock Installation:** A new gate has been installed to control stormwater during high tides and heavy rain, helping prevent flooding in nearby areas.

**Stormwater Outfalls Upgrade:** At Marine Parade and Westshore, we’re designing upgrades to stormwater outlets along the coast that have been affected by erosion and shingle build-up. These improvements will help protect the shoreline and improve drainage.

**Lighthouse Road Upgrade:** We have completed upgrades to pipes and surface infrastructure to better manage stormwater and reduce local flooding.

**Herrick Street & Taradale Road Culverts:** Designs are nearly complete for larger culverts to improve water flow under these busy roads. Construction is expected to begin next year.





**Te Awa Pump Station & Waterway (IAF):** With support from the Infrastructure Acceleration Fund (IAF), we’re designing a new pump station and waterway improvements to reduce flood risk and support housing development in Maraenui.

**Te Awa & Thames/Tyne Street Swales:** Two new swales (grassed drainage channels) are being built to reduce flood risk and protect the estuary. One will help prevent flooding in the Te Awa subdivision, and the other will restore a drainage reserve along Thames Street.

**SCADA System Relocation:** We’ve moved our stormwater monitoring system to a more secure site, helping us manage the network more efficiently and prepare for future upgrades.

**Carlisle Street Improvements:** We’re preparing to install new access points to improve cleaning and performance of the stormwater channel during rain events.

The network comprises of:

 <p>10 pump stations</p>	 <p>244 kilometres of pipe network</p>
 <p>5,337 manholes</p>	 <p>2 detention dams</p>

47 kilometres open drains





PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Stormwater	The stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Number of flooding events that occur per year (Mandatory) <sup>1</sup>	0	≤1	0	◆	
		For each flooding event, the number of habitable floors affected per 1,000 properties (Mandatory)	0	≤1	0	◆	
		Median response time to attending a flood event (notification to personnel being on site) (Mandatory)	0 <sup>2</sup>	≤2 hours	0.55 hours <sup>2</sup>	◆	No flooding events have been recorded for the 2024/25 financial year.
	Stormwater is collected and disposed of in a manner that protects public and environmental health	Compliance with resource consents for discharge from the stormwater system as measured by the number of abatement notices (Mandatory)	0	0	0	◆	
		Compliance with resource consents for discharge from the stormwater system as measured by the number of infringement notices (Mandatory)	0	0	0	◆	
		Compliance with resource consents for discharge from the stormwater system as measured by the number of enforcement orders (Mandatory)	0	0	0	◆	
		Compliance with resource consents for discharge from the stormwater system as measured by the number of convictions received in relation to stormwater resource consents (Mandatory)	0	0	0	◆	
	Residents are satisfied with Council's stormwater service	Number of complaints received about performance of stormwater system (per 1,000 properties connected) (Mandatory)	3.68	≤5	4.5	◆	
		Percentage of residents satisfied with stormwater in Residents' Satisfaction Survey	42%	70%	46%	◆	Satisfaction with stormwater has remained consistent over the last five years, with results ranging from 37% to 46% since 2021.
	Stormwater is collected and disposed of in a manner that protects public and environmental health	Number of education programmes delivered to improve stormwater quality	2	>1	2	◆	



Footnotes: See page 62

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





<sup>1</sup> Flood event means an overflow of stormwater from a territorial authority’s stormwater system that enters a habitable floor. Habitable floor means a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

<sup>2</sup> Council received qualified audit opinions for the 2024/25 and previous audits concerning performance measures for response times in water supply, stormwater, and wastewater services. The reported response and resolution times could not be verified because of data entry errors, which led to inaccuracies in Council systems. While previous audits identified these issues, steps were taken in the 2023/24 financial year to improve data entry accuracy through regular checks and record maintenance. However, results from 2024/25 indicate that additional training and further checking procedures are needed. Internal reviews are planned for 2025/26 to help ensure accurate data recording.

Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025  
(Stormwater)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	5,094	6,512	6,446
Subsidies and grants for operating purposes	-	-	196
Fees and charges	-	-	-
Internal charges and overhead recoveries	124	96	38
Local authorities fuel tax, fines, infringement fees, and other receipts	53	57	63
<b>Total operating funding (A)</b>	<b>5,271</b>	<b>6,665</b>	<b>6,743</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,650	1,761	1,825
Finance costs	-	-	-
Internal charges and overheads applied	1,898	3,164	3,041
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,548</b>	<b>4,925</b>	<b>4,866</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,723</b>	<b>1,740</b>	<b>1,877</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	491
Development and financial contributions	2,160	2,257	671
Increase (decrease) in debt	2,882	1,653	4,789
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,042</b>	<b>3,910</b>	<b>5,951</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	2,922	298	1,316
- to improve the level of service	2,016	2,283	2,820
- to replace existing assets	1,328	2,241	1,959
Increase (decrease) in reserves	499	828	1,733
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>6,765</b>	<b>5,650</b>	<b>7,828</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,723)</b>	<b>(1,740)</b>	<b>(1,877)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
Note: Excluded from above			
Group depreciation and amortisation	4,647	5,517	5,585

**NOTES FOR FUNDING IMPACT STATEMENTS**

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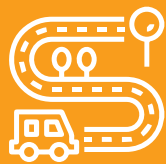
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# TRANSPORTATION

## SCOPE

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

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





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

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Transportation	   		2	2	1	

KEY: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Economic Wellbeing  = Environmental Wellbeing  = Cultural Wellbeing

## YEAR IN REVIEW

The 2024/25 year saw a reduced capital programme resulting from changes in Central Government funding priorities. All minor improvement projects were re-prioritised and reviewed for scope and design to maximise benefits from the available funding. Projects delivered within the available funding include the new roundabouts at the intersections of Latham Street and Nuffield Avenue, and the intersection of Carlyle Street and Chaucer Road. Both of these have improved traffic flow and provided opportunities for pedestrian islands to assist crossing. We also delivered a safety intervention at Marewa Shops on Kennedy Road to isolate through traffic from car parking activity.

Construction of new retaining structures was completed on Clyde Road and Lucy Road along with the replacement of a failing retaining wall supporting Kowhai Road. The Lucy Road wall was required following a slip associated with Cyclone Gabrielle and the new layout includes a safety barrier and fence to minimise risk of falling. The wall at Clyde Road was required as the road was unsupported and was being undermined by erosion of the ground below. Construction was complex due to the presence of numerous power and gas lines within the road corridor.

The upgrade of Puketitiri Road was one of the major projects progressed within the year. The purchase of land and completion of enabling earthworks made way for the widening and easing of curves and crests.

Planning, design and procurement are complete for upgrading Eriksen Road in Te Awa to urban standards including kerb and channel, berms and footpaths, with physical work underway at year-end. This project is a component of the Structure Plan which provides for the infrastructure needs of this developing neighbourhood.

In the CBD, planning and design for Emerson Street has included concept design for the whole street between Clive Square and Marine Parade. With detailed design complete for the first stage, construction for between Clive Square West and Clive Square East has been scheduled.

In the operational space, the carriageway resurfacing programme delivered in the year was over 50% larger than in recent years, with almost 18km of road resurfaced. This used a combination of chip seal, asphalt paving and an innovative surface rejuvenator, which will add several years life to older asphalt surfaces that don't have heavy traffic loading.

Two key Central Government priorities of managing temporary traffic management costs and ensuring that potholes are repaired in a timely manner required new ministerial reporting. Analysis of Napier's asset and contract data shows that approximately 12% of the cost of doing work is spent on traffic management and that 90% of potholes are repaired within 24hrs of being reported.



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310km of urban roads and footpaths



61km of rural roads



5,441 sumps and manholes



49km of cycleways



5,902 street trees



24 bus shelters



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PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Transportation	Design and construct safety improvements to minimise the number of injury crashes	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (DIA Performance Measure 1)	+8	-1 on previous year	-9	◆	2023/24: 1 fatal, 18 serious 2024/25: 2 fatal, 25 serious
	Provide well maintained roads	The average quality of ride on a sealed local road network, measured by smooth travel exposure (DIA Performance Measure 2)	88%	85%	93%	◆	
		Average roughness	92.85	<100 surface irregularities above a defined magnitude (15.2 mm) per kilometre of road, measured by high speed surveying.	81.97	◆	The method of data collection and processing for this measure has transitioned to a national model with some amended parameters. This has resulted in an increase compared to previous years which is mostly due to previously excluded events like speed humps and rail crossings now being included in this measure.
		Peak Roughness	169.02	<145 surface irregularities above the defined magnitude (15.2 mm) per kilometre of road on the roads in the 95 percentile (i.e. the roughest roads).	141.39	◆	The method of data collection and processing for this measure has transitioned to a national model with some amended parameters. This has resulted in an increase compared to previous years which is mostly due to previously excluded events like speed humps and rail crossings now being included in this measure.
		Number of instances where road access is lost	0 (arterial), 1 (total)	<2 (arterial), <8 (total)	0 (arterial), 1 (total)	◆	Brookfields Bridge continued closure.
	Provide well- maintained footpaths and cycleways (DIA Performance Measure 4)	Percentage of footpaths and cycleways rated 4 or 5 (rating 1 best to 5 worst) based on independent survey	2.90%	1%	0.39%	◆	Footpath renewal and maintenance budgets have been reduced under the 2024-27 National Land Transport Programme which may see a minor reduction in overall footpath condition, although not of a scale indicated by the current rating. Rating methodology is under review to ensure consistent reporting year on year.
		Percentage of residents being satisfied (very satisfied or fairly satisfied) with 'footpaths' in the Napier City Council Residents' Satisfaction Survey	58%	85%	62%	◆	Similar to last years result and above the New Zealand benchmark of 55%. As noted above, footpath renewal and maintenance budgets have been reduced under the 2024-27 National Land Transport Programme which may have contributed to satisfaction leveles due to a minor reduction in overall footpath condition.
		Percentage of residents satisfied (very satisfied and fairly satisfied with 'roads' in the Napier City Council Residents' Satisfaction Survey	37%	85%	42%	◆	Close to the New Zealand benchmark of 43%. As noted by the survey, concerns were raised in relation to layout changes and general maintenance.
	Maintain a high level of customer service	Percentage of customer service requests responded to within 5 working days (DIA Mandatory Measure 5)	100%	90%	Result not available	◆	
	Provide adequate renewal of road surfacing	Percentage of the sealed local road network that is resurfaced (DIA Mandatory Measure 3)	4.70%	5%	2.28%	◆	



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









Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025

(Transportation)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,086	13,384	13,129
Targeted rates	150	157	133
Subsidies and grants for operating purposes	2,242	2,944	3,032
Fees and charges	150	157	150
Internal charges and overhead recoveries	725	554	239
Local authorities fuel tax, fines, infringement fees, and other receipts	485	525	526
<b>Total operating funding (A)</b>	<b>13,838</b>	<b>17,721</b>	<b>17,209</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,621	10,316	11,115
Finance costs	-	-	-
Internal charges and overheads applied	1,994	3,121	3,194
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,615</b>	<b>13,437</b>	<b>14,309</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>4,223</b>	<b>4,284</b>	<b>2,900</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,152	5,724	4,190
Development and financial contributions	542	417	1,748
Increase (decrease) in debt	1,774	1,122	1,004
Gross proceeds from sale of assets	-	-	55
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,468</b>	<b>7,263</b>	<b>6,997</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	1,757	1,640	952
- to improve the level of service	3,317	2,878	2,634
- to replace existing assets	5,017	8,794	8,688
Increase (decrease) in reserves	600	(1,765)	(2,377)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>10,691</b>	<b>11,547</b>	<b>9,897</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(4,223)</b>	<b>(4,284)</b>	<b>(2,900)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from above</b>			
Group depreciation and amortisation	9,033	7,774	14,452

**NOTES FOR FUNDING IMPACT STATEMENTS**

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

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

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



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# OTHER INFRASTRUCTURE

## SCOPE

### Waste Minimisation

Napier City Council provides a wide range of waste management and minimisation services to ensure we manage and minimise our waste safely and effectively within Ahuriri Napier. These services include residential kerbside collections for general waste through our 120L wheelie bins and our three 45L crates system for separating clean and non-contaminated household recycling materials. We offer a variety of bin options to some of our commercial properties and multi-unit dwellings, and work with our stakeholders to ensure the services we provide are suitable and fit for purpose.

At our Redclyffe Refuse Transfer Station (RTS), we offer general waste and green waste drop-off services, along with free recycling drop-off options. Our Redclyffe RTS is open to the public seven days a week, making it convenient and accessible to all.

Napier’s general waste goes to Omarunui Landfill, which we jointly own with Hastings District Council who operate and manage it. With Hastings District Council, we proudly own the first waste education building on a working landfill in New Zealand, called Te Whare Mukupara. This is where we host waste education programmes, teaching schools and groups how a modern landfill operates, what happens to our waste when it goes to landfill, and the impact our waste has on the environment.

Our recycling collection services get separated at the kerbside to allow for the sorted recycling material to be sold to various markets. Our cardboard and paper stay right here in Hawke’s Bay where it goes straight to Hawk Packaging in Whakatu and gets turned into apple trays. Our glass, separated into colours, goes to Visy in Auckland to be recycled. Clear PET plastics go to Flight in Wellington and get turned into punnets, and our coloured #1s, #2s and #5s get sold to various other reuse markets. All metals are shipped overseas as they are a valuable commodity.

Under the Waste Minimisation Act 2008, councils are required to have a Waste Management and Minimisation Plan in place that they review every six years. In mid-2025 we adopted our 2025-2031 plan jointly with Hastings District Council. The vision of our plan is that it is normal for our communities to waste less, work in partnership, and value our resources in order to protect te taiao. Our Waste Management and Minimisation Bylaw that was also adopted in 2025, will help us implement our plan to minimise waste and continue to deliver safe, effective and efficient waste management services in our community.

We continue to focus on advocating for, and educating about, ways to reduce waste. To be effective, solutions must be relatively easy and accessible, and we will continue to work with our schools, communities, mana whenua partners, and industry to find these solutions to reduce the volumes of waste we send to landfill and have a better impact on the environment into the future

### Cemeteries

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

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

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

### Public Toilets

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

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Waste Minimisation			2	2	1	2
Cemeteries				2	1	2
Public Toilets			2	1		2

KEY: 1 = Primary Focus 2 = contributes to = Social Wellbeing = Economic Wellbeing = Environmental Wellbeing = Cultural Wellbeing



48 public toilets



6 cemeteries



4 tons of waste diverted from landfill







# YEAR IN REVIEW

## Waste Minimisation

A key focus for 2024/2025 was on reviewing Napier City Council's Waste Management and Minimisation Plan (WMMP). City and district councils are mandated under the Waste Minimisation Act 2008, to review their WMMP every six years. NCC and Hastings District Council develop a joint WMMP.

This time round, the project began with a waste assessment and stakeholder pre-engagement to understand the current waste scene and gather initial feedback. The joint WMMP sets out the vision, objectives, goals and actions for waste management over the next six years. Both Councils adopted the draft joint WMMP and it went out for public consultation in April 2025. The WMMP was then adopted on 13 June 2025 by the Joint Waste Futures Project Steering Committee. This plan highlights a momentous first for both Councils, where they have actively prioritised partnership with mana whenua for the region's approaches to managing and minimising waste. Establishing and strengthening relationships with mana whenua and Kaupapa Māori organisations has been a key component of the plan's development and has created a firm foundation for a waste future that meaningfully acknowledges and incorporates Te Ao Māori.

NCC also adopted a new Waste Management and Minimisation Bylaw to support the joint WMMP. The bylaw supports waste management and minimisation activities through regulation of safe storage, collection, transport, recovery, and disposal of waste.

Community education and events are vital. Over the last year, 1,208 residents joined various events, from composting workshops in schools to sessions with waste and sustainability experts.

Redclyffe Transfer Station is running well, with improvements like new road markings, recycling barriers, and updated signage. The flat glass recycling bunker for 5R customers has diverted 223.8 tonnes of glass from landfill. Redclyffe is also a registered collection site for the new nationwide tyre product stewardship scheme, Tyrewise.

Free household recycling is still available, and we encourage separating green waste from general waste to get a discount.

## Cemeteries

Our cemeteries hold deep meaning for our community, providing quiet spaces to honour loved ones, reflect on our shared history, and maintain important cultural connections across generations.

Over the past year, we have continued to look after these spaces through targeted maintenance and ongoing improvements to help preserve their respectful character. Tree maintenance was carried out at Park Island, Wharerangi, Western Hills, and Eskdale cemeteries to ensure safety and keep the grounds healthy and tidy. New planting at Western Hills has enhanced the landscape and supports a peaceful setting for visitors and families. We also replaced old bollards at Taradale and Western Hills to keep access to the area clear and safe.

Alongside this physical work, we reviewed how we manage cemetery records to make searching and updating more straightforward for our team. This work makes it easier for families to get timely support and ensures our records remain accurate and well-managed into the future.

Our efforts demonstrate our continued commitment to maintaining cemeteries as special and well-kept places that contribute to Napier's heritage and open spaces, now and into the future.

## Public Toilets

This year, several upgrades have been carried out to enhance comfort, safety, and accessibility. An accessibility upgrade is underway for the public toilets at Anderson Park, and the Westshore toilet block has received a minor building refresh. We have also continued to strengthen hand hygiene facilities at several locations to support public health and user wellbeing.

To help keep every facility in good condition, our teams have adopted new digital inspection schedules, performance assessments, and consistent cleaning forms. This makes it easier to monitor each facility and respond promptly when maintenance or cleaning is needed. Each facility is cleaned and checked daily, with strong attention to hygiene, safety, and general upkeep.

These improvements are part of our ongoing care of public toilets as every day essential places that are clean, safe, and there when people need them.



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PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Waste Minimisation	A weekly kerbside refuse collection service is provided to city residents	Weeks per year that the refuse service is available to the residents of Napier	52 weeks	52 weeks	52 weeks	◆	
		Percentage of residents satisfied with the refuse collection in the Residents' Satisfaction Survey	81%	80%	85%	◆	
		Weeks per year that the recycling service is available to the residents of Napier	52 weeks	52 weeks	52 weeks	◆	
	Provision of recycling drop-off facility	Days per year where drop-off services are available to the public	362 days	362 days	363 days	◆	
	Availability of the user-pays refuse transfer station and associated services	Days per year where transfer station services are available to the public	362 days	362 days	363 days	◆	
		Compliance with resource consents related to the transfer station and closed landfills	100%	100%	100%	◆	
	Availability of and attendance at waste minimisation education	Students/customers attending education sessions for the Waste Aware Programme or other education in person	1262	> 750 attendees	793	◆	
	Litter control, graffiti, and vandalism	Percentage of residents satisfied with control of litter and graffiti in the Residents' Satisfaction Survey	62%	90%	67%	◆	Satisfaction has remained in the mid to low 60% range for the last five years.
	Council promotes waste minimisation activities	Waste to landfill per capita	256.02 kg per capita per annum	≤270 kg per capita per annum	256kg per capita per annum	◆	
Cemeteries	Cemeteries' records are well maintained and accessible	An online cemeteries records system is available 90% of the time	99%	100%	95%	◆	
	Cemeteries are well maintained and provide a quiet and aesthetically pleasing environment for users	Satisfaction with cemeteries as measured by the Residents' Satisfaction Survey	74%	85%	84%	◆	Despite a drop in satisfaction when compared to last year, cemeteries remain a consistently high performing service area and are the sixth-highest rated area in 2025.
Public Toilets	Public conveniences are clean hygienic, and safe	Percentage of customers who are satisfied with public toilets in the Residents' Satisfaction Survey	54%	70%	63%	◆	Proper implementation and data collection of fortnightly inspection schedules over 2025/26 will aim to improve this result.
		Fortnightly inspection score based on cleanliness, supplies, and safety.	*Not Measured. Inspections were not conducted at the scheduled fortnightly frequency; data incomplete.	Maintain a fortnightly inspection schedule with an average inspection score of at least 4 out of 5.	New measure	◆	Due to low staffing levels, inspection data was collected intermittently, and the fortnightly schedule was not maintained. Where inspections were completed, the average score ranged between 3 and 4 out of 5 across sites, with notable improvements at some locations. However, results are not considered fully representative for year-end reporting. Measures have been put in place to ensure collection of data for the next financial year.







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Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025

(Other Infrastructure)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,325	4,827	3,919
Targeted rates	7,562	7,919	8,578
Subsidies and grants for operating purposes	260	941	1,248
Fees and charges	3,251	3,703	3,277
Internal charges and overhead recoveries	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	6,906	8,292	6,876
<b>Total operating funding (A)</b>	<b>21,304</b>	<b>25,682</b>	<b>23,898</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	16,586	20,798	17,171
Finance costs	-	-	-
Internal charges and overheads applied	1,374	1,644	1,686
Other operating funding applications	1	-	-
<b>Total applications of operating funding (B)</b>	<b>17,961</b>	<b>22,442</b>	<b>18,857</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>3,343</b>	<b>3,240</b>	<b>5,041</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	201	273	(12)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>201</b>	<b>273</b>	<b>(12)</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	6	210	-
- to improve the level of service	57	86	(999)
- to replace existing assets	3,087	4,445	3,843
Increase (decrease) in reserves	394	(1,228)	2,185
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>3,544</b>	<b>3,513</b>	<b>5,029</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(3,343)</b>	<b>(3,240)</b>	<b>(5,041)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from above</b>			
Group depreciation and amortisation	1,126	1,479	1,415

**NOTES FOR FUNDING IMPACT STATEMENTS**

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# COMMUNITY AND VISITOR EXPERIENCES

## SCOPE

Activities in the Community and Visitor Experiences Group include:

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

### Ocean Spa (Commercial Facility)

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

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

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

### Kennedy Park Resort (Commercial Facility)

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

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

### Napier Conferences and Events (Commercial Facility)

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

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

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

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

### Napier i-site Visitor Centre

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

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

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

### Par2 Mini Golf

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

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

### National Aquarium of New Zealand

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

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

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

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

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

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

### Napier Libraries

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

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

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

### Napier Municipal Theatre

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

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

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

### MTG Hawke’s Bay

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

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

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



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

### The Faraday Museum of Technology

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

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

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

### McLean Park

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

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

### Reserves

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

Our reserves exist to enhance the quality of life of Napier’s residents by providing high quality passive and active recreational facilities. As well as providing recreational areas for our community to meet and play, we support many tourist and local events that boost our economy.

### Sportsgrounds

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

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

### Napier Aquatic Centre

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

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

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

### Bay Skate

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

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

### Retirement and Rental Housing

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

### Community Facilities (Halls)

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

### Community Strategies

The Community Strategies activity encompasses the following main activities:

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

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

### Engagement

Napier City Council makes decisions about our city that affect residents in different ways. It is important for people who are likely to be affected to know what could happen and to have an opportunity to tell us what they think.

The Engagement Activity is the key link between Council and community and is responsible for initiating those conversations in various ways as appropriate.

Some examples of how we engage with the community include:

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

### Communications, Marketing and Events

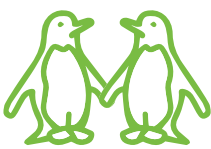
We provide communications and marketing support across Council to keep the community and staff well informed. These activities include brand management, media management, corporate communications, internal communications, marketing, and publicity.

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

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

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

We are responsible for delivering Napier City Council’s Events Strategy, which includes supporting over 50 local events and hosting Council-owned events such as the Napier Night Fiesta, Botanic Beats, and the New Year’s Eve celebration. Events play a key part in the social wellbeing, economic and cultural fabric of Napier. They reflect who we are and provide a way for the community to come together and engage with one another. Events enhance the region as a visitor destination and contribute significantly to the local economy.



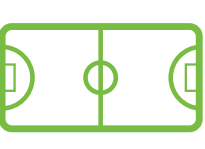
16 little penguins at the National Aquarium of New Zealand



9 public gardens



Approximately 90,000 objects in the MTG collection



16 sportsgrounds over 213 hectares of land


















COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Ocean Spa (Commercial Facility)	 	2	2	1		
Kennedy Park Resort (Commercial Facility)	 	2	1	2		
Napier Conferences & Events (Commercial Facility)	 	2	1	2		
Napier i-SITE Visitor Centre	 	2	1	2		
Par2 Mini Golf	 	2	1	2		
National Aquarium of New Zealand	   		1			
Napier Libraries	 		2	1		2
Napier Municipal Theatre	  		2	1		
MTG Hawke's Bay	 		2	1	2	2
The Faraday Museum of Technology	 		2	1		2
McLean Park	 		2	1		
Reserves	  		2	1		
Sportsgrounds	  		2	1		
Napier Aquatic Centre	 		2	1		
Bay Skate	 		1			

KEY: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Economic Wellbeing  = Environmental Wellbeing  = Cultural Wellbeing

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Retirement and Rental Housing	  		1			2
Community Facilities (Halls)	 		2	1	2	
Community Strategies	 		2	2	1	
Engagement	  		2	2	1	
Communications, marketing and events	  		2	2		1

KEY: 1 = Primary Focus 2 = contributes to  = Social Wellbeing  = Economic Wellbeing  = Environmental Wellbeing  = Cultural Wellbeing

YEAR IN REVIEW

Ocean Spa (Commercial Facility)

In December 2024, Ocean Spa launched the Hawke's Bay Residents Card, offering discounted household rates. The initiative has been a resounding success, with over 605 cards sold to local addresses —strengthening community engagement and fostering lasting connections.

For the second consecutive year, Ocean Spa exhibited at Explore NZ in Auckland, connecting with 170 travel agents and establishing new partnerships with national wholesalers. Direct sales to small groups and independent domestic and international travellers continued to gain traction. The “Sip, Cycle, Soak” experience—our collaboration with Takaroa Tours—has shown steady growth, with 104 packages sold in the past 12 months over \$4,950 in cafe revenue only.

While overall admissions dipped slightly compared to 2023/24, revenue increased, driven by our new pricing structure introduced in February. Strategic holiday events aimed at boosting community participation have resulted in notable spikes in both attendance and café revenue—with strong results achieved from minimal marketing investment.

The Ocean Spa Gym experienced a significant uplift in memberships and supplementary revenue from personal training, small group sessions, and wellness challenges. Year-to-date fitness income exceeded budget expectations. Ongoing investment in new high-performance weight equipment is expected to further propel growth.

Looking ahead, we will be replacing our 21-year-old boiler, which has required continued maintenance. Transitioning to heat pump technology will position Ocean Spa as an energy-conscious facility—projected to reduce annual energy costs by \$170,000 and eliminate over 500 tonnes of carbon emissions.

Commercial Efficiency & Cost Reduction Update:

As one of three key commercial facilities, Ocean Spa has been the focus of an ongoing review to identify areas of operational efficiency and expenditure reduction. Over the past few months, we have achieved several significant savings, including:

- A reduction in our cleaning contract costs
- Removal of the static security guard
- Termination of the lease on the Ocean Spa ute

Further savings are being realized through strategic staffing adjustments. These include cross-training team members across roles and reducing selected operating hours where appropriate. In terms of the overall outlook, net contribution is improving, but cashflow remains negative (-\$2.3M) and losses continue to be loan funded. The focus remains on fitness/wellbeing offerings and resident engagement.

We continue to explore additional opportunities to streamline operations while maintaining service quality.







### Kennedy Park Resort (Commercial Facility)

Kennedy Park Resort proudly welcomed a significant number of guests this year, reflecting strong interest and continued support from visitors. The peak season from December through April saw a sharp rise in occupancy, with January 2025 standing out as our highest-grossing month to date.

While the winter period presented some headwinds in room sales (largely driven by cost-of-living pressures and broader economic trends) we remain optimistic. Forecasts from the Ministry of Tourism indicate a promising increase in visitor arrivals to the Hawke’s Bay region, positioning us well for future growth.

As one of the three commercial facilities Kennedy Park has been the focus of an ongoing review to identify areas of operational efficiency. Cost recovery for the financial year was 75.96% and over the reporting period:

- Hardtop revenue increased 9% due to increased distribution channels growing sales.
- Restaurant and Café revenue increased 33% due to a new outlet café and breakfast service.
- Employee costs grew 21% with variable cleaning costs increasing in line with revenue growth.
- Other operating expenditure increased 17% due to increases in travel agent commission, gas prices and inflation for consumables.
- Outlook: Net contribution margin decreased in 2025 but is forecast to improve in 2026. Cashflow remains negative (-\$1.3M) and losses continue to be loan funded.

### Napier Conferences & Events (Commercial Facility)

The venue saw six of twelve months exceed revenue expectations, which is down from nine months when compared to last year. Traditionally, strong months fell short while other weaker months performed stronger than usual. Government and government-funded organisation bookings were down by approximately 35%, which is in line with the national industry average of 50% down.

The venue hosted Porsche Club NZ in March which brought 240 delegates to the region for three to four days. Over those days, provided an economic return to Napier through spending in areas such as accommodation, food and beverage.

In June the team attended Meetings 2025 in Auckland and secured multiday business for

early 2026 and other leads to convert for late 2026 to 2027.

Cost savings initiatives:

- Cleaning supplies for the team now distribute through a dispensing hub to ensure the product is dispensed accurately per bottle fill rather than over supplied, this should provide savings through less wastage.
- Terminating the Napier Conferences and Events vehicle lease

Cost recovery for the year was 37.47%. The net contribution margin is improving, but cashflow remains negative (-\$1.7M) and losses continue to be loan funded. The long-term commercial viability is still under review.

### Napier isite Visitor Centre

The newly refurbished Napier isite is operating exceptionally well. The updated layout has significantly improved the flow and functionality of the space. Clear and intuitive wayfinding enables visitors to easily navigate the centre and self-select the most appropriate of the three service counters based on their needs. This has enhanced the overall visitor experience by reducing wait times and enabling more personalised interactions. The open-plan design comfortably accommodates high visitor volumes while still allowing ample space for browsing and movement. While overall visitor numbers are tracking slightly below the same period last year, this is largely attributed to a decrease in domestic travel across New Zealand and a reduction in cruise ship arrivals. Despite this, retail sales are performing strongly, indicating that those who do visit are engaged and willing to spend. Ticket sales have been slower to recover but are showing signs of improvement. Encouragingly, the i-SITE has achieved 3% year-to-date growth overall, a positive result given the challenging external factors impacting the tourism sector.

### Par2 Mini Golf

Par2 MiniGolf has performed well overall during the current financial year, despite facing several external challenges. While total player numbers are slightly below those recorded for the 2023/24 period, revenue is tracking ahead of last year. This reflects a strong per-visitor spend and effective operational management, particularly given the impact of several rain-affected days during the peak summer season.

Group bookings have remained a key strength for Par2, with consistent uptake during weekends and school holidays. These bookings contribute significantly to both revenue and visibility, supporting broader engagement with local families, tourists, and school groups.



A major highlight of the year has been the successful replacement of the Green Course turf. The upgrade has greatly enhanced the playing experience and has received overwhelmingly positive feedback from visitors. This investment has not only improved the appearance of the course but has also contributed to increased customer satisfaction and repeat visitation. The presentation of the overall site remains a standout feature. The gardens continue to be maintained to an exceptional standard by the dedicated team of Napier City Council gardeners, contributing to the overall appeal of the facility and enhancing the experience for all visitors.

### National Aquarium of New Zealand

National Aquarium of New Zealand continues to deliver high-quality experiences, conservation advocacy and engaging education sessions. This has been reflected in a solid improvement in Net Promoter Scores, alongside revenue that has exceeded expectation.

To continue to encourage visitation through new content and experiences onsite, the National Aquarium developed and delivered several exciting campaigns and events, including:

**Forests of the Sea campaign** in partnership with Love Rimurimu (Mountains to Sea Trust), which raised awareness about the ecology and cultural importance of seaweed forests.

**Summer 'Our Oceans' programming** included Ocean Detectives public conservation education sessions, wildlife photography sessions at Rocky Shore, and a Summer Snaps competition to encourage engagement with nature.

**Annual Marine Stewardship Council** partnership highlighting sustainable fishing and the influence and impact of the ocean and its interconnectedness with the earth.

The hosting of the popular and successful international exhibition by **National Geographic** **Pristine Seas: Bringing the Ocean Back**. This exhibition was extremely well received by visitors and the internationally recognised National Geographic brand and imagery was huge drawcard.





**Seaweeek** regional coordination to assist other organisations to plan and deliver their Seaweeek events. National Aquarium staff carried out beach clean-up, a quiz night to raise money for beach clean-up kits for local schools to use and a school roadshow delivering free 30-minute sessions to schools across Hawke's Bay.

**Hide and Seek Campaign** highlighting Hawke's Bay's biodiversity at popular locations (Marine Parade, White Pine Bush, Ahuriri Estuary, Hardinge Road, Boundary Stream and Te Taha).

**Beautiful Bay in May** has been an annual campaign to promote the community to explore and connect with nature during the month of May.

**Matariki** celebration by learning of the nine stars of Matariki constellation through hands on activities throughout the Aquarium.

Other significant achievements through the year include:

**The removal of the Oceanarium traveller** – a low-cost solution that has enhanced the feel and accessibility of the space.

A successful partnership with Gallagher Insurance and Save the Kiwi saw the **Kiwi Art Trail** along Napier's foreshore supporting city vibrancy and kiwi conservation.

**Upgrades completed** on HVAC and fire systems, ensuring continued reliability and performance.

**Toitū Carbon Reduce certification** achieved.

The upcoming year will see development of business cases for future options for the National Aquarium. The Aquarium will continue to operate in status quo while this process takes place.

Napier Libraries

The construction contract for the new Napier Library was awarded in May 2025 with work starting in July and completion scheduled for the 2027/28 financial year. As Napier's main library, it will support the educational, cultural, and creative life of our community. It will be the heart of the new Civic Precinct, and we are excited that this new space will soon be available for our community.

Napier's new library will include bookable community meeting rooms, innovation spaces, places to collaborate, a dedicated children's area, and a coffee kiosk, as well as facilities and services that will attract a diverse range of users and activities.

This year has been a year of growth, innovation, and strengthened community engagement for Napier Libraries. From launching new programmes for teens and children to expanding adult services and embarking on new digital based programmes. Our focus has remained on creating accessible, inclusive, inspiring, and educational experiences for all members of our community.

Programme Launches

**Teens Create** is an extension of our Creation Station programme tailored for young adults. This was in response to a growing need for teen-focused programming.

**Tech Titans** is a Saturday morning drop-in programme for children aged 7 and over. This tech-based initiative aims to inspire curiosity, problem-solving, and STEM learning in a fun and accessible way with tools such as VR headsets, LEGO® Robotics, Spheros, and other educational tech.

**Anime Club** provides a safe and inclusive space for fans to view current and classic anime series while socialising with peers who share similar interests.

**Book Brag** was introduced in April; this is a relaxed book discussion group for adults aged 18 and over.

**ESOL (English for Speakers of Other Languages) Reading Group** was launched to support English language learners in developing their reading and speaking skills.

Selected highlights include:

- Shortlisted in the Taituarā Local Government Excellence Awards for Reading to Dogs programme.
- We were proud to collaborate with the National Aquarium of New Zealand to celebrate Sea Week in March, the country's annual celebration of the marine environment.
- Move towards shelf ready books and magazines straight from the supplier and onto the library shelves.

Napier Municipal Theatre

The theatre has had another great year, offering our community access to a wide range of high-quality performing arts. After a break of several years, we were delighted to welcome back the Napier Operatic Society in October for their stunning and well received season of *Jersey Boys*. The Royal New Zealand Ballet staged two performances of *A Midsummer Night's Dream* in November, with the NZ Symphony Orchestra also performing at the theatre in March.



The theatre is not only a stunning venue for performers, it is also a fantastic and versatile setting for other kinds of events. In August we hosted an Art Deco themed dinner on the stage for a national business group conferencing in Napier, and this group also sampled the delights of our city's other attractions while here. We also hosted a three-day scientific conference in November.

Late December we began the refurbishment of the front of house bathrooms and the upgrade of the reception and ticketing office. These two projects have taken several years of planning as they needed to be completed with minimum interruption to programmed events. Considerable care was taken to ensure both projects were designed to enhance the look and feel of our beautiful Art Deco theatre. The projects included the heating of the Port of Napier Foyer and bathroom areas, which improves our patron experience. As this work was being completed during a busy time for tourism, we worked closely with the Art Deco Trust to ensure both their vintage car and walking tours still had access to the theatre auditorium as part of their tours.

MTG Hawke's Bay

MTG Hawke's Bay, Tai Ahuriri, provides a safe and stimulating space for the community to engage with arts and culture. It contributes to the wellbeing of the community by helping people build a sense of self, understanding the history of their place, and creating a sense of connection. The museum consistently works to provide a genuine sense of ownership for and with the regional community. Highlights from this year's exhibition programme include:

**Hidden in History:** Trailblazing Women of Hawke's Bay. Developed over three years of extensive research by Associate Research Curator, Kay Morris Mathews, this exhibition is also accompanied by a book. Providing a more in-depth consideration of each woman represented in the exhibition, this book has proved very popular with locals and visitors.

**Shockwave:** Hawke's Bay's Great Quake, 1931. A complete redevelopment of the museum's earthquake gallery including mātauranga Māori content, provide a 'shake house' experience and better reflect the entire region. The shake house experience has been made possible with generous support from the Natural Hazards Commission Toka Tū Ake.





**Art of the Outfit:** Bringing much loved and rarely seen artworks together that feature outfits represented across a range of cultures and centuries.

**Toi Koru: Sandy Adsett:** Celebrating local and national treasure with works spanning six decades of Sandy Adsett's extraordinary career.

**Art Deco on the Edge:** Commemorating 100 years since the Paris Exposition where Art Deco emerged on the scene and 40 years since the creation of the Art Deco Trust here in Te Matau-a-Māui/Hawke's Bay.

**Rita Angus:** New Zealand Modernist. Celebrating another Aotearoa art giant with a local connection - born in Hastings and buried in Napier.

All exhibitions are accompanied by a varied public programme of events (including talks, tours, panel discussions, and film screenings) as well as equally diverse activities for schools. We are fortunate to have support for our vital schools' programme from the Ministry of Education and, for the redevelopment of our earthquake education programmes, from the Natural Hazards Commission Toka Tū Ake. These activities and events are also an opportunity for us to continue engaging with significant local, regional, and national community events such as Te Wiki o te Reo, Matariki, the New Zealand International Film Festival, Nuit Blanche, the Art Deco Festival, and the Hawke's Bay Arts Festival.

Two new partnerships were established this year. The museum submitted a successful proposal to the Natural Hazards Commission Toka Tū Ake to incorporate a 'shake house' into our earthquake gallery redevelopment. This new experience adds significantly to the museum's earthquake story, education programmes and supports our responsibility to inform the community about what they can do to keep themselves and their whānau safe before, during and after an earthquake. We were also delighted to bring prestige winery Paritua onboard as our wine sponsor, enabling us to host our guests at events with beautiful wine from a special local winery.

The museum, through its Century Theatre, is developing a growing reputation and following for film festivals and art films. This year we were one of the few regions who managed to secure the New Zealand International Film Festival, a testament to the quality of our theatre, the hard work of the MTG team, and the ongoing patronage from the community. Our programme of art films includes ArtBeats, MET opera and National Theatre Live.

New programmes added this year include the Latin America & Spain Film Festival, Five Films for Freedom, Exhibition on Screen, and the Architecture & Design Film Festival. Our Sunday Cinema programme continues, and we are excited to have secured the British and Irish Film Festival to add to the coming year's programme.

This year we were delighted to host the Arts for All breakfast, raising the profile and importance of arts. We sadly farewelled Art Curator, Toni MacKinnon, who has gone on to take up the role of Director at the Suter Gallery in Nelson. Cyclone filming continued throughout the year, adding to a growing body of oral history archive on this significant event.

The Napier-Hastings joint building project is nearing completion and will provide a long-awaited permanent home for the large and significant collection (both regionally and nationally) for which the Trust is kaitiaki. Packing of the collection is complete and the team are working on final logistical plans and resourcing for the move, due to commence late August 2025. We would like to acknowledge the considerable contributions of all involved in this project. The Napier-Hastings Join Working Group continues to progress a new name for the museum and the new facility in Hastings, along with a governance structure review for the museum.

### The Faraday Museum of Technology

The Faraday has had a fantastic year of progress, and the support from our community continues to grow alongside the changes in train and the ones to come.

One of the exhibition highlights was hosting the *100 Years of Unison* exhibition—celebrating a century of energy innovation here in Hawke's Bay. We also marked a very special occasion: the 100th birthday of our Fullagar engine. As the only working Fullagar engine left in the world, it's a truly rare piece of history—and we celebrated it in style.

Our *Science of Colour* exhibition was another major success, bringing interactive, hands-on learning to life for visitors of all ages. It was a bright and engaging addition to our exhibition lineup.

We also refreshed our Science Centre, introducing a wind wall and a mesmerising infinity room. Both have quickly become must-see experiences for our visitors.

To cap off an incredible year, we were honoured to receive two Hawke's Bay Heritage Awards—recognising the dedication of our team and the important role The Faraday plays in preserving and sharing local history.

It's been a year of momentum, and we're excited for what comes next.

### McLean Park

McLean Park enjoyed another action-packed year, showcasing a diverse range of major sporting events and vibrant community activities. February saw the thrilling return of Super Rugby Pacific, with the Hurricanes taking on Fijian Drua in a high-energy Saturday afternoon clash. That same month, the park came alive with the Freestyle Kings motorbike show—an adrenaline-pumping spectacle featuring motorbikes soaring and flipping across the stadium in one of the largest shows on their nationwide tour.

Summer wrapped up with world-class international cricket in March, as the White Ferns hosted Sri Lanka and the Black Caps claimed a memorable win over Pakistan. Domestically, McLean Park played host to both the Hawke's Bay Magpies and Central Stags. The Magpies drew strong home support across five regular season games, while Central Districts hosted seven matches across all three formats, including three crowd-pleasing Super Smash fixtures.

Local sport also had its place on the park. Hawke's Bay Cricket returned with the HB Premier Club T20 Finals, Port Hill Football Club celebrated their 50th anniversary with a four-game football showcase, and Napier Boys' High School's First XI competed in a national qualifier match.

Off the field, McLean Park's venues remained active throughout the year. The Centennial Events Centre (CEC) continued to serve as a hub for community sport and events, with Basketball Hawke's Bay utilising the courts extensively whilst also basing their office now onsite in the centre. CEC also regularly hosted Table Tennis, Badminton, and Volleyball through their respective community sport seasons. Additional highlights included weddings, workshops, and the ever-popular annual Home and Garden Show, which made full use of McLean Park's versatile spaces.

### Reserves

Parks and reserves continue to play an important role in Napier, providing places for people to play, relax, gather with friends and family, and connect with nature. Taking care of these green spaces is a responsibility we take seriously, and it has been a big year of caring for them, with a great deal of work, both large and small, to keep them safe, welcoming, and enjoyable for everyone.

New features and upgrades have made many of our reserves more comfortable and accessible, while also improving how people move through and between green spaces. Shade sails installed at Pirimai Park now offer families better sun protection on warm days. Footpaths and walking tracks have been extended or upgraded at Ahuriri Park, Sturms Gully, Bluff Hill, and Gleeson Park, which together help increase walking connections across the city and make it easier for everyone to enjoy safe, pleasant routes for exercise and everyday journeys.

Restoration work at Veronica Sunbay and the historic Tom Parker fountain has preserved much-loved landmarks for future generations. Barrier repairs at Marine Parade and the Kennedy Park Rose Gardens have strengthened the protection of sensitive areas, helping to safeguard native plants, bird habitats, and the special character of these gardens for visitors to enjoy year-round. At Anmer Place Reserve, slip protection work was carried out following Cyclone Gabrielle to reduce future risk and maintain safe access for the local community in an area affected by storm damage. Together, this work shows our care for the people who enjoy our parks and the natural environments they support. Ongoing planting and landscaping projects also continue to bring life, colour, and habitat value to reserves across Napier.

Working alongside local partners and community groups has made more improvements possible this year, adding value that benefits everyone who uses our parks. New specimen trees along Prebensen Drive and Park Island, and the playful new musical area at Anderson Park, were made possible with support from Rotary. Anderson Park, in particular, has grown into a lively destination, with further upgrades to the playground, outdoor dining area, and the second stage of the disc golf course giving people of all ages more reasons to spend time there.

Behind the scenes, our teams have also improved how everyday maintenance are managed, so that issues can be resolved more quickly and public spaces stay in good condition. New digital tools help staff track service requests, plan and carry out playground inspections, and keep BBQ areas and drinking fountains clean and working well. We have also strengthened how we assess the condition of all playgrounds, and we have started assessing fountains citywide, so families and visitors can continue to enjoy safe, reliable facilities.

We continue to look after our parks and reserves as special places where people can unwind, stay active, and come together. We are proud to care for these green spaces on behalf of the community, ensuring they remain inviting and well-loved.



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ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL



Sportsgrounds

Changing weather patterns continue to shape how we care for Napier’s sportsgrounds. Dry seasons are happening more often, and our teams have kept a strong focus on providing safe, playable, and well-presented fields, carefully managing water use and responding to longer dry spells during peak playing months.

This year, a mix of targeted upgrades, maintenance, and new equipment has supported the ongoing quality and resilience of our playing fields. A carpark upgrade at Petane War Memorial Reserve has improved access for players and visitors. Building maintenance and repairs at Marewa Park have ensured local football clubs can continue to enjoy reliable facilities. At Nelson Park, Phase 1 of irrigation improvements for cricket wickets has been completed, building on earlier work to make playing conditions more consistent. At MacRae Field, a secondary drainage system was installed to help manage surface water better, and a new decompactor attachment was purchased for use across all 60 sports fields to keep turf healthy and safe.

A significant milestone this year was the development of our Sportsfield Improvement Plan, providing a clear pathway for investment and care across all fields over the coming decade and beyond. Prepared with input from our internal turf team, it builds on the Regional Sportfield Review by Sport Hawke’s Bay and the New Zealand Sports Turf Institute’s independent assessment of all Council-managed fields.

Planning for new sports facilities has also progressed well. Napier City Council has completed detailed design work for three new rugby fields at the Northern Sports Hub in the Park Island area. Construction is expected to start next year, with the fields available for community use in time for future winter seasons. Open Spaces staff continue to work closely with Pirates Rugby to support the successful development of clubrooms, changing rooms and supporting infrastructure on the reserve.

Our Parks and Reserves team also engaged with local groups to shape the future of the Humber Street Waka Ama Hub. Stage 1 development of this space is planned for the next financial year, ensuring it grows in line with community needs and aspirations.

Napier Aquatic Centre

The 2024–2025 year was a significant period of transformation for the Napier Aquatic Centre, with our primary focus centred around the major remediation project. Beginning in the discovery phase in November 2023 the project saw physical work commence onsite on 27 May 2024, aimed at ensuring the long-term viability of our facilities. The first phase of work focused on the Old Pool/ Lap Pool from August to November 2024, followed by a larger shutdown period for the Ivan Wilson facility, which ran from 10 February to 9 May 2025. While much of the work was not immediately visible to the public, these upgrades were undertaken with the goal of extending the facility’s lifespan by 8 to 10 years, as outlined in Napier City Council’s Three-Year Plan 2024–27.

**Remedial Works and Facility Upgrades:** Key elements of the remediation included:

- Flooring upgrades with new anti-slip coatings for improved safety
- Pool maintenance, including relining
- Structural and roofing repairs
- A new heating system
- Upgrades to internal lighting, seating, and accessibility features

It was a pleasure to welcome our community back through our doors. The reopening marked more than just the return to business—it symbolised renewed commitment to providing a safe, modern, and inclusive environment for all users.

**Operational Resilience and Financial Highlights:** Despite 10 months of partial or full closures, we saw stronger-than-expected financial results:

- Revenue exceeded our forecasted projections, largely driven by growth in retail and new programme offerings
- Expenditure remained lower than anticipated due to reduced maintenance needs following the upgrades
- Considered maintenance planning, ensuring we were able to maximise peak periods e.g. school holidays

Our administration and front-line teams worked diligently to manage limited space during closures. Impressively, we were able to maintain 85% of regular bookings and stakeholder commitments, ensuring ongoing access and community connection. Positive feedback from customers and user groups was a testament to our staff’s commitment and adaptability.

**Swim School Innovation:** A standout success this year was the launch of our online Swim School booking system in September 2024. This new platform, while requiring considerable planning



and effort, has been met with enthusiastic customer feedback—especially from those who appreciate not having to queue in person.

Importantly, we have retained an in-person service option through our friendly Swim School Team Leader and Customer Engagement staff, ensuring accessibility and choice. We also have exciting plans to expand our online offerings via Envibe Online in the near future.

**Inclusivity and Community Programming:** Napier Aquatic Centre continues to embrace its role as a community facility for all, placing a strong emphasis on reducing barriers to participation, especially for vulnerable and under-represented groups.

Highlights in this space include:

- Hosting our first Para-Tryathlon in 2024, with a 70% increase in participation at the 2025 event, involving many local tamariki and rangatahi.
- Launching Swimtopia, a nationally unique swim programme tailored specifically for neurodiverse young people, providing an inclusive alternative for those often excluded from mainstream activities.

These are just two of the five new programmes introduced over the past 18 months, which have resulted in increased participation from individuals who were previously considered non-participants.

Bay Skate

We have successfully hosted an extraordinary competition season, featuring BMX, skateboarding, and scootering events, attracting participants from throughout Aotearoa New Zealand. This year, our main event on the calendar, New Zealand Scooter Nationals, was extended from a three day event to a six day event, with our out-of-town visitors both staying longer and visiting many other attractions our city has to offer.

Our roller discos have continued to be a highlight of our events programme, moving to a monthly staple over the winter months that brings joy and enthusiasm to participants of all ages. Our team are also competitors and advisors for events and organisations in other parts of the country and overseas reflecting Bay Skate’s expertise and profile as Aotearoa New Zealand’s premier skateboarding and scootering destination.







We have begun to expand our activities outside of our facility, bringing roller sports to events/ programmes like Nuit Blanche and Para-Tryathlon. We look forward to continuing and growing this work moving forward.

This year, we enhanced the experience for parents and spectators by adding even more seating options and ensuring the seating areas are as comfortable as possible with the inclusion of heating for winter months. Our goal is to create a welcoming atmosphere where families can gather and enjoy watching.

As we reflect on the successes of the year, we are filled with anticipation for the future. We remain committed to supporting local and international roller sports events, expanding our community programmes, and ensuring that Bay Skate continues to be a dynamic hub for the community. Together, we look forward to another year of growth, excitement, and achievements in roller sports at Bay Skate.

### Retirement and Rental Housing

The Housing Team continues to work on complex case management and rent arrears, and these issues have reduced significantly, following proactive management and the engagement of community stakeholder agencies. A focus on moving from reactive towards preventative maintenance, the firsthand management of building and grounds contractors, and tighter controls on renewal processes have led to improved reporting, communication, and faster renewal turnarounds.

The upgrade of the exterior of a village has occurred including double glazing to replace wooden windows to further enhance Healthy Home obligations. Moving forward, service level expectations and costs will be testing with auditing and procurement practices. The use of a personal bequest to benefit tenants is underway, with communal connectivity social areas of seating and sunshades being installed across a number of villages in the coming months

The implementation of improved movement sensitive lighting across the portfolio has been effective in addressing nuisance crime, enhancing senior security confidence, and clarity on fire evacuation expectations from multi storey windows and enclosed backyards has been implemented.

Housing continues to target consistency and efficiency improvements, following best practice, to provide cost-effective, subsidised, long-term housing solutions which enable our often vulnerable target demographic to age in place without the challenge of high market rents on fixed incomes.

**Housing Divestment Project:** As per the Three-Year Plan decisions (June 2024) and the Housing Strategy (adopted October 2024), Council made the decision to move away from providing social housing and continue to focus on providing senior housing. This has seen Council commence the process to divest the three social villages, being, Wellesley Street, Carlyle Street and Nelson Street. Additionally, Council is also investigating alternative options for delivering senior housing. Given the complex nature of the process to divest the social villages, including ensuring current tenants will continue to have a home throughout the process, the focus has been on preparing for the market procurement process. This will be undertaken in the coming 2025/26 financial year.

### Community Facilities (Halls)

Eighty-four percent of our hall bookings were made by community groups or for community-focused purposes, which is just below our target of 85%. We have completed several maintenance projects, including refurbishing the Arthur Richards Hall kitchen, replacing the bathroom flooring in the Taradale Rotary Lounge, and upgrading some fire exit doors at Meeanee Hall. Maintenance efforts will continue into the 2025/26 financial year. Additionally, we plan to review the community halls, including Te Pihinga, in the coming year (year 2 of the Three-Year Plan).

### Community Strategies

**Community Resilience and Emergency Preparedness:** Over the past year, the Community Strategy team has continued to make progress in enhancing community resilience and emergency preparedness across Napier. The rollout of Community Emergency Hubs continued, ensuring more neighbourhoods are better equipped to respond to civil defence events. A strong focus was placed on supporting older adults, with eight emergency preparedness sessions held and approximately 220 emergency grab bags distributed. The team also supported Napier Central School to deliver a successful Shake Out earthquake drill. In partnership with the disability community, the new “Ready Steady Respond” programme was developed to ensure inclusive emergency readiness. The team continues to work with residents of cyclone yellow-stickered homes, helping them to access the support they need.

**Neighbourhood Support and Safety Initiatives:** Neighbourhood Support in Napier saw significant growth, with 150 new members joining, bringing the total to over 800 active groups. The team has continued to build and strengthen partnerships with emergency services. One of the key initiatives

this year was the development of the SAFE-CARE programme, now being implemented in collaboration with Fire and Emergency New Zealand, focusing on proactive safety in our migrant communities.

**Strategy Development and Community Collaboration:** The team completed a draft of a new community-wide Multicultural Strategy, with final community consultation expected in the latter half of 2025. Alongside this, a review of the existing Youth Strategy was undertaken, with a shift to a more community-based strategy. The Joint Alcohol Strategy (JAS), a collaboration between Hastings District Council and Napier City Council, was reviewed with a JAS Advisory Group established to guide its future direction. Significant work has also been undertaken in the area of homelessness, with the team working closely with the Whatever It Takes Trust, other councils, and public sector agencies. A recent initiative includes supporting the Napier Ahuriri Night Shelter Society with their work to pilot a temporary shelter for men experiencing chronic homelessness. Additionally, a new community funding grants framework was developed and approved, ready for implementation in the 2025/26 financial year. This will see Council’s Funding processes streamlined and more transparent to the public.

**Community Connection and Events:** Fostering a sense of connection and belonging continued to be a priority, with the team organising a wide range of community events. Highlights included the Silver Screen Movie series and the “Hats Through the Ages” celebration for the International Day for Older People. Events such as Coffee with a Cop and the Whānau Fest 150 at Anderson Park provided opportunities for local engagement and celebration. The team also organised the Mayoral Welcome for Welcoming Communities at the MTG and the annual Christmas Cheer collection – supporting those members of the Napier Community in need.

**Youth Engagement and Empowerment** Youth participation remained a focus throughout the year. The Youth Council supported young people through Youth Development Grants and a dedicated Youth Event Fund. Several initiatives were delivered to promote youth engagement, including a community beach clean-up at Awatoto and a fun Youth Week quiz. The Youth Council were also very engaged in making representations and submissions to Council. These types of activities strengthen youth voice and action in the community.

### Engagement

This year, the Council actively engaged with the community on numerous projects, including the Annual Plan, Local Water Done Well, Coastal

Hazards Strategy, District Plan, Representation Review, 2025 Elections, Local Alcohol Policy, the Youth and Multicultural Strategies, and a Joint Waste policy with Hastings District. Engagement methods included an Open House event where the community had the opportunity to talk to Council staff from different Departments as well as hear from Councillors on the proposed Annual Plan. Other methods included pop-ups, drop-in sessions, public meetings, and online and postal surveys. A Community Think Tank was used to create a collective submission to the Annual Plan.

The team continued to be actively engaged with our Strategy partners including the Positive Ageing Strategy Advisory Group (PASAG), Safer Napier, and the Napier Disability Action Group.

### Communications, Marketing and Events

Over the past year, Napier City Council's Communications Team has delivered a high volume of consultation-led campaigns, reflecting a strong focus on community input into key strategic decisions. Significant efforts were put into promoting the 2025/26 Annual Plan process, ensuring the public had clear opportunities to engage and understand how their feedback influenced funding priorities and service delivery. The Local Water Done Well campaign was another major communications push, generating over 650 public submissions on the future governance of Napier’s water services.

Over the past year, Napier City Council has delivered a series of vibrant events to mark the city’s 150th anniversary, culminating in a day of celebration on 28 November 2024. Activities included an official commemoration event, a Whānau Fest 150 family fun day at Anderson Park, a business gala, a free Christmas concert and sponsorship of a number of community-led events. A dedicated marketing campaign supported the 150th activities, using social media and video content to tell historical stories about Napier’s people, places and progress, build awareness of upcoming events, and encouragecommunity participation. Throughout the campaign, the Council maintained strong engagement with residents by sharing behind-the-scenes content, celebration highlights and personal reflections ensuring a wide-reaching and inclusive tribute to Napier’s heritage.

Other events for Napier included Ahuriri Matariki, the Night Fiesta series, Botanic Beats and the Christmas Parade. Support for other events included Freestyle Kings at McLean Park, Art Deco Festival, World Cup Triathlon Series, Hawke’s Bay Marathon and Hurricanes vs Fijian Drua.





PERFORMANCE RESULTS











Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Kennedy Park	To provide a range of high quality accommodation and related visitor experiences	Maintain Qualmark 5 star Gold Holiday Park rating	Maintain	Maintain	Maintain	◆	
		Maintain Qualmark 4+ star Gold Motel rating	Maintain	Maintain	Maintain	◆	
	Services provided are value for money in the accommodation sector	Maintain high level of occupancy (visitor nights)	87,000 visitor nights booked per annum	73,000	88,344 visitor nights booked per annum	◆	
		Maintain high level of occupancy (room nights)	31,897	28,750	32,203	◆	
	To provide a sustainable business	Average length of stay for visitors	2.25 nights in built accommodation	3.0 nights in built accommodation	2.28 nights in built accommodation	◆	Hawke's Bay/Napier region reduction in market demand for longer stays has contributed to reduced average length of stay for visitors
Napier Conferences & Events	Council provides a quality conference and events facility which enables events and services to be hosted, contributing to the economic wellbeing of the city	Maintain Qualmark (4+ star Silver rating)	Maintain	Maintain	Maintain	◆	
		Number of local, national, and international hires	351	330	435	◆	
Napier isite Visitor Centre	Council provides an isite facility for visitors and locals to Napier and Hawke's Bay to deliver tourism information and tour and accommodation services	Maintain Qualmark Silver rating	Maintain	Maintain	Maintain	◆	
		Visitor numbers per annum	111,739	≥150,000	114,358	◆	Numbers slightly down compared to last year as there were less cruise ships than past years and less foot traffic. There has been a marked decrease in domestic visitors.
Par2 MiniGolf	Council provides a MiniGolf facility as a visitor attraction and for local community use, which provides high customer satisfaction and a sustainable business	Maintain Qualmark Silver rating	Maintain	Maintain Silver	Maintain	◆	
		Visitor numbers per annum	47,969	≥48,000	53,137	◆	
		Return on assets	5%	16%	12%	◆	Revenue was lower than budgeted, driven primarily by a decline in player participation, exacerbated by unfavourable weather conditions during the summer season and multiple rainout days. With the inability to scale fixed operational costs and depreciation in line with declining participation this also impacted the bottom line, reducing net profitability.
National Aquarium of New Zealand	Provide an aquarium for visitors and local citizens for recreation and education	Number of admissions	137,247	≥145,000	132,917	◆	
		Maintain Qualmark Gold endorsed rating	Maintain Gold	Maintain Gold	Maintain	◆	
		ZAA (Zoo Aquarium Association) Accreditation	Maintain accreditation	Maintain accreditation	Maintain	◆	


















Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
	Embody sustainability and ensure practical alignment with core conservation messaging	Toitū Carbon Neutral Certification	Not achieved	Achieve certification	New measure		Toitū Carbon Reduce certification was achieved in FY25, based on FY24 data. While our emissions have increased in FY24, this certification means NANZ are committed to ongoing emissions reductions and annual GHG measurement to ISO 14064-1:2018. For more information on this certification refer to <a href="https://www.toitu.co.nz/solutions/climate-impact-certification/toitu-carbon-reduce/">https://www.toitu.co.nz/solutions/climate-impact-certification/toitu-carbon-reduce/</a>  Management chose to focus on reduction actions before progressing to Toitū Carbon Neutral certification, which would cost ~\$22K in offsets based on the quote received from Toitū.
Libraries	Council provides library services, literacy support and other programmes for all ages to meet the communities' recreational, social, and educational needs	Percentage of library members who are active borrowers (in 24-month period - card use only)	44%	40%	49%		
		Percentage of residents satisfied with library service in the Residents' Satisfaction Survey (excluding don't knows)	64%	70%	74%		
		Percentage of collection that is actively used	76%	70%	74%		
		Number of internet sessions	311,492	200,000	261,571		
		Number of programme sessions delivered for all ages per year	651	450	665		
Napier Municipal Theatre	Council provides a quality performing arts venue experience for visitor and local use	Maintain Qualmark Silver rating	Maintained	Maintain	Maintain		
		No. of shows/ performances	48	65	67		The refurbishment of the public toilets and the extension of the reception/ticketing office impacted on our ability to hold ticketed shows during the third and fourth quarters.
MTG Hawke's Bay	Napier City Council provides a quality museum, theatre, and art gallery experience for local and visitor use	Visitor numbers per year	241,944	210,000	232,408		
		Percentage of residents satisfied with MTG Hawke's Bay in the Residents' Satisfaction Survey	56%	60%	64%		
Faraday Centre	Council provides a quality technology museum that is accessible to the community	Visitor numbers per annum	19,345	25,000	20,962		Numbers were lower as a result of the re-imagining process, along with a noticeable decline in domestic visitors.
McLean Park	Provides a sport and recreation facility catering for a range of activities	Number of major events hosted annually	17	11	20		



Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Reserves	Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use	Percentage of park users satisfied with parks and reserves in the Residents' Satisfaction Survey	78%	85%	85%		
	Playgrounds are safe, challenging, and enjoyable for both users and caregivers	All playgrounds are inspected fortnightly	100%	100%	99%		
	Parks are maintained efficiently and sustainably to a standard that is appropriate to their primary use	Annual reduction in the number of service requests for maintenance and repairs in parks and reserves	337	Downwards trend	358		Total service requests for 2024/25 encapsulating maintenance requests on parks and reserves assets was 337, a reduction of 21 compared to the prior year. However, these do not include requests not triggering any maintenance, pest control issues, policy related, reserve access / fencing contributions, reserve bookings, or general feedback.  Internal categorisation improvements in our service request system have been implemented but are not fully reflective within this financial year due to changes made part way through the year. These changes ensure visibility and better distribution to asset team.
Sportsgrounds	Council provides a sufficient number and range of sports and recreation facilities to satisfy the needs of the community	Provide an appropriate provision of sport and recreation parks to meet community need and continue to review provision	Maintain 11.7 ha per 1000 people	Maintain 2.5 ha per 1,000 people	New measure		
	Sporting surfaces and facilities are well maintained and suitable for use	Percentage of those surveyed who are satisfied with sportsgrounds in the Residents' Satisfaction Survey	83%	85%	84%		
	Sports facilities support the event industry within the city	Events held on the sportsgrounds per annum	243	>50	274		
Napier Aquatic Centre	Provide aquatic facilities that focus on accessibility and safety	Number of users using the centre each year	137,161	140,000	142,300		Number of visitors significantly impacted due to large scale remedial work undertaken across the facility in past 12 months, this included multiple partial shutdown periods therefore impacting capacity and visitation.
		Water chemical value tests must confirm the presence of chemicals between the lowest and highest values set in NZS 5826:2010 or immediate corrective action taken. Pools are tested 5 times daily. Monthly Independent laboratory tests confirm the absence of pathogens as outlined in NZS 5826:2010 or immediate corrective action taken.	97%	97%	New measure		
		Maintain Poolsafe accreditation standard	Maintained	Maintain	Maintained		
		Maintain Registered Swim School (RSS) standard, provided by Swimming New Zealand.	Maintained	Maintain	Maintained		





Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Ocean Spa	The Marine Parade Pools complex is a safe recreational facility for the community	Water chemical value tests must confirm the presence of chemicals between the lowest and highest values set in NZS 5826:2010 or immediate corrective action taken. Pools are tested 5 times daily. Monthly Independent laboratory tests confirm the absence of pathogens as outlined in NZS 5826:2010 or immediate corrective action taken.	97%	97%	New measure		
		Number of users using the centre each year.	229,000	205,000	New measure		
		Achieve and maintain Poolsafe accreditation standard.	Achieved	Achieve	New measure		
		Cost recovery %	55%	85%	New measure		During 2024/25, revenue saw a 9% increase, while expenses decreased by 4% compared to 2023/24. The goal of achieving breakeven (100% cost recovery) within three years remains highly ambitious. Moving forward, there is a focus on understanding optimal commercial operations and long-term forecasts.
Bay Skate	Provide a facility to cater for a range of roller sports activities	Visitor numbers per year (entry passes sold)	23,576	24,000	24,952		
		Deliver between 8-12 events per year	12	8 to 12	14		
Retirement and Rental Housing	Provide affordable and safe housing that meets the needs of tenants	Percentage of tenants satisfied with service	Data not collected this year	85%	96%		While we did not have the resources to collect this data for 2024/25, measures have been taken to ensure resources are available to collect this information for 2025/26.
		Number of unit inspections	100%	all 377 units inspected once per year	100%		
	Maximise the occupancy and use of housing and village halls	Occupancy rate of total units	91%	90%	New measure		
Community Facilities (Halls)	Provide affordable indoor facilities that meet the social, leisure, and cultural needs of the community	Percentage of community, hobby and sports groups hireage for halls directly managed by Council.	83%	85%	New measure		
		Percentage of customers satisfied with halls directly managed by Council	94%	95%	98%		
Community Strategies	Develop effective strategies, policies, and initiatives that support community wellbeing	Number of local community events per year	42	40	57		
	Provide quality advice, information, and support to community groups and agencies, and help build a strong community and voluntary sector	Number of community training and network meetings facilitated each year	58	20	18		
		Percentage of attendees satisfied with community training and network meetings	96%	96%	99%		
	Promote safety in response to issues and priorities in the community	Percentage of residents who perceive they are safe or very safe in Napier (source: Social Monitor Survey)	56%	75%	52%		The percentage of residents who feel safe, as reported in the Annual Survey, has been steadily improving. Following the cyclone, this figure dropped to a low of 38%, but it has since shown consistent recovery. Currently, 73% of residents report feeling safe during the day. However, perceptions of safety at night remain low, which continues to impact the overall safety rating.





Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Communications, Marketing and Events	Council works with strategically targeted new and existing events to assist them to grow, develop, and become sustainable	Economic impact of events funded under the Council events strategy	\$12.6m	\$12m	\$17m	◆	
	We keep people informed, make it easy for people to interact, engage, and transact with Council. We listen and act on the needs of the people	Satisfaction with Council communication in the Annual Residents' Satisfaction Survey	47%	60%	60%	◆	A drop since last year but above the New Zealand benchmark of 46%. The disestablishment of the free community weekly newspaper, the Napier Courier, reduced a key information channel for some demographics. While another print option was introduced, cost constraints limited its frequency of distribution. This contributed to reduced reach and lower satisfaction.
Engagement	Provide high quality information to the public to empower communities to participate in the decision-making process	The percentage of residents satisfied with the amount of public consultation undertaken in the Residents' Satisfaction Survey	42%	75%	57%	◆	A drop since last year but very close to the New Zealand benchmark of 43%. Resident satisfaction decreased compared to the previous year due to fewer community consultations being undertaken and structural changes as engagement functions transitioned across teams.

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









Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025

(Community and Visitor Experiences)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	25,714	34,196	29,802
Targeted rates	-	385	376
Subsidies and grants for operating purposes	211	267	913
Fees and charges	14,567	19,561	17,874
Internal charges and overhead recoveries	1,789	2,300	1,977
Local authorities fuel tax, fines, infringement fees, and other receipts	3,316	5,934	5,149
<b>Total operating funding (A)</b>	<b>45,597</b>	<b>62,643</b>	<b>56,091</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	33,267	45,278	46,529
Finance costs	-	-	-
Internal charges and overheads applied	11,232	16,005	14,744
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>44,499</b>	<b>61,283</b>	<b>61,273</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,098</b>	<b>1,360</b>	<b>(5,182)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	396	-	229
Development and financial contributions	649	678	617
Increase (decrease) in debt	11,677	19,002	16,627
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>12,722</b>	<b>19,680</b>	<b>17,473</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	740	981	593
- to improve the level of service	3,915	7,172	2,465
- to replace existing assets	8,858	18,178	16,799
Increase (decrease) in reserves	307	(5,291)	(7,566)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>13,820</b>	<b>21,040</b>	<b>12,291</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,098)</b>	<b>(1,360)</b>	<b>5,182</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from Above</b>			
Group depreciation and amortisation	11,331	11,291	10,682

**NOTES FOR FUNDING IMPACT STATEMENTS**

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

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

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



ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL







# PROPERTY ASSETS

## SCOPE

### Parklands Residential Development

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

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

### Lagoon Farm

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

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

### Inner Harbour

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

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

### Property and Investment Assets

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

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

### Buildings Asset Management

The Building Asset Management Activity provides:

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

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

## COMMUNITY WELLBEING AND OUTCOMES

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

Activity	Well-beings	Financially sustainable council	A great visitor destination	Spaces and places for all	A resilient city	Nurturing authentic relationships
Parklands Residential Development		1				
Lagoon Farm				2	1	
Inner Harbour				2	1	
Property and Investment Assets		1				
Buildings Asset Management		1			2	

KEY: 1 = Primary Focus 2 = contributes to = Social Wellbeing = Economic Wellbeing = Environmental Wellbeing = Cultural Wellbeing

## YEAR IN REVIEW

### Parklands Residential Development

The focus has been to ensure that the earthworks for Area 4 and 3 were completed which has been achieved. The available sections have been reconfigured as a result of a future plan change. Focus is now on completing stage 12 A and B, and stage 1 of Area 4.

### Lagoon Farm

Over the past year, Lagoon Farm continued to operate as a low-impact commercial farming activity primarily used for sheep farming, with selected paddocks leased for seasonal hay cropping. The activity remains financially self-sustaining, covering land retention costs and generating supplementary revenue to support coastal amenities and maintenance efforts for Napier. Additionally, Lagoon Farm continues to support public access and recreational use, providing cycleway access to the estuary zone and maintaining a designated area for blokarting.

A significant portion of the land (particularly the low-lying areas adjacent to the lower Purimu

Stream) has continued to serve an essential function by offering stormwater ponding capacity during periods of extreme weather, contributing to the city’s stormwater resilience strategy.

The land remains strategically important, retained by Council for potential future residential, commercial, or recreational development opportunities.

### Inner Harbour

Much of the focus for the Inner Harbour has been on the planning and design of two major projects; the replacement of the failed Discharge Wharf and the development of the Waka Hub berth and whare at the northern part of the Napier Sailing Club reserve on Pandora Road.

The protection of Kororā (little blue penguin) and their habitat is a major consideration in both projects, so Council is working with specialists to ensure that habitats are not disturbed by physical works and kororā do not move in to the sites once work is underway. The renewal of the Discharge Wharf will be carried out in two stages. Firstly, the demolition and removal of the existing structure will make the area safe, with detailed design and consenting of its replacement in progress at the same time.







Napier City Council has a responsibility to maintain navigation channels within the Inner Harbour and this requires regular dredging, generally every four or five years. Dredged materials are disposed of in approved locations off Westshore beach. This year was the first time the dredging undertaken by a suction hopper dredge, much larger equipment than usually used and at 75m, one of the largest vessels recently navigating the Inner Harbour. Dredging using this method took only a quarter of the time of other methods and meant lower cost and less interruption to harbour users.

Property and Investment Assets

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

Buildings Asset Management

Over the past year, the Buildings Asset Management team focused on maintaining and enhancing the performance, safety, compliance and sustainability of our building portfolio.

Key achievements included the successful delivery of scheduled maintenance programs, supporting several major refurbishment projects including Napier Aquatic Centre, Veronica Sunbay, Municipal Theatre.

The team led the implementation of improved asset data management systems including a Geographic Information System (GIS) to manage information including asbestos records across NCC's buildings portfolio. We also advanced our long-term asset planning by updating condition assessments and refining lifecycle forecasting models. These efforts have strengthened our ability to make informed investment decisions and manage risk



PERFORMANCE RESULTS

Activity	Level of Service	Service Performance Measure	Actual 2024/25	Target 2024/25	Actual 2023/24	Indicator	Comment - what's behind the result?
Parklands Residential Development	Residential lots are created to provide an expanding residential development to meet the demand for the sections	Completion of any residual infrastructure works for Area 3 and sections in Area 4 available to market	Consents for stages 11 and 12 were completed	Complete all consents and approvals for stages 11 and 12 to 224	New measure	◆	There has been a change in what we will develop in Area 3 as a consequence of a future plan change
Lagoon Farm	Lagoon Farm ensures stewardship of Council's 289 hectare land holding on the Ahuriri Lagoon Bed	Farm revenue will cover the cost of retaining the land as measured by the operating budget and Napier City Council annual internal financial statements for year ended 30 June each year	\$96,785 surplus	Revenue exceeds expenditure (prior to internal chargebacks)	\$72,761 surplus (prior to internal chargebacks)	◆	Revenue exceeded expenditure prior to internal chargebacks
Inner Harbour	To provide and maintain Inner Harbour facilities to enable the safe berthing of commercial and recreational vessels	Dredging is carried out as required so the channel is maintained to a minimum depth of 2.4 m at lowest tide (source: depth sound checks)	Achieved	Achieved	Achieved	◆	
		No. of Permanent Berths	88	98	98	◆	Closure of Discharge Wharf due to structural failure necessitated closure of Jull Wharf pontoon berths, which were accessed via Discharge Wharf. 10 berths therefore currently unavailable.
Buildings Asset Management	Council maintains and renews Specified Systems to ensure buildings remain safe and compliant	Buildings with compliance schedules under the Building Act 2004 which have current Building Warrants of Fitness (or acceptable compliance documentation in lieu)	100%	100%	98%	◆	







Napier City Council

# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2025  
(Property Assets)

	LTP 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	(300)	(418)	(499)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	571	510	492
Internal charges and overhead recoveries	5,044	7,866	7,989
Local authorities fuel tax, fines, infringement fees, and other receipts	18,390	15,864	10,664
<b>Total operating funding (A)</b>	<b>23,705</b>	<b>23,822</b>	<b>18,646</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	16,727	20,042	12,649
Finance costs	-	-	-
Internal charges and overheads applied	2,692	3,077	2,387
Other operating funding applications	2	-	-
<b>Total applications of operating funding (B)</b>	<b>19,421</b>	<b>23,119</b>	<b>15,036</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>4,284</b>	<b>703</b>	<b>3,610</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	777
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,695	15,384	7,303
Gross proceeds from sale of assets	150	-	19
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,845</b>	<b>15,384</b>	<b>8,099</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	1,319	7,542	3,059
- to replace existing assets	1,376	5,397	5,772
Increase (decrease) in reserves	4,434	3,148	2,878
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>7,129</b>	<b>16,087</b>	<b>11,709</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(4,284)</b>	<b>(703)</b>	<b>(3,610)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: Excluded from above</b>			
Group depreciation and amortisation	11,407	2,537	2,351

**NOTES FOR FUNDING IMPACT STATEMENTS**

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

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

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



ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL





# THE FINANCIAL DETAIL

## In this section

This section contains the financial statements of Napier City Council for the year ended 30 June 2025.

It provides the detail for how well we performed against our budgets and targets in the 2024-27 Three-Year Plan and compared to our performance last year. As well as our financial performance, it shows our financial position and cash flows for the year, and the accounting policies which have been applied.

## Notes to the financial statements

The notes to the financial statements are classified under the following four categories indicated by the following colours and symbols:



### Accounting policies

Accounting policies are the specific procedures implemented by the Council that are used to prepare its financial statements. These include any accounting methods, measurement systems, and procedures for presenting disclosures. They are indicated by a blue background.



### Notes

The notes are like footnotes that provide more detail than can be presented in the financial statements. They are indicated by a green background.



### Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. They are indicated by an orange background.



### Major budget variances

Explanation of major budget variances between the 2023/24 actual results compared to the budgeted figures in the 2023/24 Annual Plan. They are indicated by a magenta background.

# FINANCIAL CONTENTS

●	Statement of Comprehensive Revenue and Expenses		
●	Statement of Financial Position		
●	Statement of Changes in Equity		
●	Statement of Cash Flows		
●	Funding Impact Statement		
●	Statement of Accounting Policies	● Reporting Entity	● Other Financial Assets
●	Notes to the Financial Statements	● Revenue	● Liabilities
		● Expenditure	● Net Assets / Equity
		● Current Assets	
●	Reserve Funds		
●	Borrowing Programme		
●	Financial Prudence Benchmarks		
●	Statement of Compliance and Responsibility		
●	Independent Auditor's Report		
●	Council Controlled Organisations		
●	Glossary		



ABOUT US

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Statement of  
COMPREHENSIVE REVENUE  
AND EXPENSES

For the Year Ended 30 June 2025

	Note	Actual 2024/25 \$000	TYP/AP 2024/25 \$000	Restated * 2023/24 \$000
<b>Revenue</b>				
Rates revenue	1	101,095	102,478	85,724
Subsidies and grants	2	13,027	11,084	20,086
Development and financial contributions		3,547	7,665	5,106
Interest revenue	4	805	166	1,256
Other revenue	3	81,318	67,661	62,170
Other gains	5	(10,952)	5,968	(6,173)
<b>Total revenue</b>		<b>188,840</b>	<b>195,022</b>	<b>168,169</b>
<b>Expenditure</b>				
Employee benefit expenses	6	61,751	60,554	59,871
Depreciation and amortisation	7	54,352	44,951	49,893
Borrowing Costs	8	2,338	3,425	644
Other expenses	9	81,427	91,668	86,130
<b>Total expenditure</b>		<b>199,868</b>	<b>200,598</b>	<b>196,538</b>
<b>Operating surplus/(deficit) before tax</b>		<b>(11,028)</b>	<b>(5,576)</b>	<b>(28,369)</b>
Share of associate surplus/(deficit)	22	852	728	(222)
<b>Surplus/(deficit) before tax</b>		<b>(10,176)</b>	<b>(4,848)</b>	<b>(28,591)</b>
Income tax expense	10	-	-	-
<b>Surplus/(deficit) after tax</b>		<b>(10,176)</b>	<b>(4,848)</b>	<b>(28,591)</b>
<b>Other comprehensive revenue</b>				
Valuation gains/(losses) taken to equity	32	1,214	42,026	65,376
Fair value gains/(losses) through comprehensive revenue on investments	32	5	-	8
<b>Total comprehensive revenue and expenses</b>		<b>(8,957)</b>	<b>37,178</b>	<b>36,793</b>

The notes to the Financial Statements on pages 123-193 form part of and should be read in conjunction with these financial statements.

\*In the 2023/2024 year depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.

Statement of  
FINANCIAL POSITION

As at 30 June 2025

	Note	Actual 2024/25 \$000	TYP/AP 2024/25 \$000	Restated * 2023/24 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	11	9,119	6,073	17,326
Debtors and other receivables	12	16,851	25,386	17,573
Inventories	13	3,248	5,246	4,782
Biological assets	14	289	297	158
Forestry	15	93	-	93
Non-current assets held for sale	16	-	-	1,076
Other financial assets	17	2,670	-	-
<b>Total current assets</b>		<b>32,270</b>	<b>37,002</b>	<b>41,008</b>
<b>Non-current assets</b>				
Property, plant and equipment	18	2,351,544	2,324,400	2,314,134
Intangible assets	19	3,619	1,463	3,479
Inventories	13	25,011	16,313	15,074
Investment property	20	89,094	108,727	98,206
Investment in associates	22	14,276	14,030	13,648
Other financial assets	17	2,659	7,563	974
<b>Total non-current assets</b>		<b>2,486,203</b>	<b>2,472,496</b>	<b>2,445,515</b>
<b>Total assets</b>		<b>2,518,473</b>	<b>2,509,498</b>	<b>2,486,523</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables and other accruals	24	19,710	26,017	22,399
Employee benefit liabilities	25	6,654	7,528	6,677
Borrowings	26	10,000	-	-
Provisions	29	1,350	-	-
<b>Total current liabilities</b>		<b>37,714</b>	<b>33,545</b>	<b>29,076</b>
<b>Non-current liabilities</b>				
Employee benefit liabilities	25	601	689	582
Borrowings	26	55,000	85,565	20,000
Provisions	29	1,486	1,738	4,236
<b>Total non-current liabilities</b>		<b>57,087</b>	<b>87,992</b>	<b>24,818</b>
<b>Total liabilities</b>		<b>94,801</b>	<b>121,537</b>	<b>53,894</b>
<b>Total net assets</b>		<b>2,423,672</b>	<b>2,387,961</b>	<b>2,432,629</b>
<b>Net assets / equity</b>				
Accumulated revenue and expenses	32	829,428	809,644	839,412
Other reserves	32	1,594,244	1,578,317	1,593,217
<b>Total net assets / equity</b>		<b>2,423,672</b>	<b>2,387,961</b>	<b>2,432,629</b>

The notes to the Financial Statements on pages 123-193 form part of and should be read in conjunction with these financial statements.

\*In the 2023/2024 year depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.







Statement of  
CHANGES IN EQUITY

For the Year Ended 30 June 2025

	Note	Actual 2024/25 \$000	TYP/AP 2024/25 \$000	Actual 2023/24 \$000
Total net equity balance at 1 July		2,432,629	2,350,783	2,395,836
Total comprehensive revenue for the period		(8,957)	37,178	36,793
Total net equity balance at 30 June	32	2,423,672	2,387,961	2,432,629
Total comprehensive revenue and expenses attributable to:				
Napier City Council		(8,957)	37,178	36,793
Total comprehensive revenue and expenses		(8,957)	37,178	36,793

The notes to the Financial Statements on pages 123-193 form part of and should be read in conjunction with these financial statements.

Statement of  
CASH FLOWS

For the Year Ended 30 June 2025

	Note	Actual 2024/25 \$000	TYP/AP 2024/25 \$000	Actual 2023/24 \$000
Cash flows from operating activities				
Receipts from rates revenue		100,685	102,228	85,171
Interest received		733	166	1,282
Dividends received		259	-	1
Insurance claims received		-	-	6,894
Receipts from other revenue		78,708	79,465	80,320
Goods and services tax (net)		(1,091)	(99)	(1,498)
Payments to suppliers and employees		(156,834)	(147,697)	(143,471)
Interest paid		(1,960)	(3,425)	(473)
Net cash from operating activities		20,500	30,638	28,226
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment		113	4,940	2,251
Proceeds from withdrawal of investments		-	-	4,889
Purchase of property, plant and equipment		(68,580)	(86,400)	(54,664)
Purchase of intangible assets		(1,666)	(610)	(897)
Acquisition of investments		(1,324)	(4,151)	(250)
Net cash from investing activities		(71,457)	(86,221)	(48,671)
Cash flows from financing activities				
Proceeds from borrowings		42,750	56,965	10,000
Net cash from financing activities		42,750	56,965	10,000
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(8,207)	1,382	(10,445)
Cash, cash equivalents and bank overdrafts at 1 July		17,326	4,691	27,771
Cash, cash equivalents and bank overdrafts at 30 June		9,119	6,073	17,326

The notes to the Financial Statements on pages 123-193 form part of and should be read in conjunction with these financial statements.



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Reconciliation of Net Surplus after tax to net cash flow from operating

	Actual 2024/25 \$000	Restated* 2023/24 \$000
Surplus/(deficit) after tax	(10,176)	(28,591)
Add/(less) non-cash items		
Share of associate (surplus)/deficit	(594)	222
Share of joint venture	-	(3,297)
Depreciation and amortisation expense	54,360	49,893
Vested assets	(22,469)	(2,496)
Impairment	54	-
(Gain)/loss on revaluation of library bookstock	7	96
(Gain)/loss on revaluation of investment properties	9,112	5,049
(Gain)/loss on revaluation of forestry	-	(59)
Fair value (gain)/loss on livestock	(47)	150
Other non-cash items	(72)	(1,474)
(Gain)/loss on disposal of PPE	1,985	-
Total non-cash items	42,336	48,084
Add/(less) items classified as investing or financing activities:		
Proceeds from Sale of property, plant & equipment	(113)	937
Total items classified as investing or financing activities	(113)	937
Add/(less) movements in working capital items:		
Receivables	1,578	4,520
Prepayments	(785)	(629)
Inventories	(8,403)	(1)
Biological assets	(83)	(11)
Forestry	-	(34)
Payables	(2,618)	1,494
Provisions	(494)	2,400
Revenue received in advance	(738)	(488)
Employee benefits	(4)	545
Total movement in working capital items	(11,547)	7,796
Net cash inflow/(outflow) from operating activities	20,500	28,226

The notes to the Financial Statements on pages 123-193 form part of and should be read in conjunction with these financial statements.

\*In the 2023/2024 year depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.

Napier City Council

FUNDING IMPACT STATEMENT

For the year ended 30 June 2025

(Whole of council)

	AP 2023/24 \$000	Actual 2023/24 \$000	TYP 2024/25 \$000	Actual 2024/25 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	50,941	51,197	68,717	67,093
Targeted rates	34,367	34,527	33,761	34,003
Subsidies and grants for operating purposes	2,973	13,954	5,360	7,340
Fees and charges	28,227	29,642	34,893	31,777
Interest and dividends from investments	-	1,256	166	806
Local authorities fuel tax, fines, infringement fees, and other receipts	27,485	26,689	31,520	27,072
Total operating funding (A)	143,993	157,265	174,417	168,091
Applications of operating funding				
Payments to staff and suppliers	128,017	146,000	152,222	143,126
Finance costs	2,048	644	3,425	2,338
Other operating funding applications	13	-	-	-
Total applications of operating funding (B)	130,078	146,644	155,647	145,464
Surplus/(deficit) of operating funding (A - B)	13,915	10,621	18,770	22,627
Sources of capital funding				
Subsidies and grants for capital expenditure	5,222	6,132	5,724	5,687
Development and financial contributions	7,478	5,106	7,665	3,546
Increase/(decrease) in debt	66,646	10,000	56,965	45,000
Gross proceeds from sale of assets	250	235	-	198
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	3,341	-	-
Total sources of capital funding (C)	79,596	24,814	70,354	54,431
Application of capital funding				
Capital expenditure*				
- to meet additional demand	27,058	7,987	9,560	7,084
- to improve the level of service	19,553	19,874	26,370	18,010
- to replace existing assets	28,069	29,417	50,088	45,593
Increase (decrease) in reserves	18,831	(21,843)	3,106	6,371
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	93,511	35,435	89,124	77,058
Surplus/(deficit) of capital funding (C - D)	(13,915)	(10,621)	(18,770)	(22,627)
Funding balance ((A-B) + (C-D))	-	-	-	-

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

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

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

The notes to the Financial Statements on pages 123-193 form part of and should be read in conjunction with these financial statements.



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Reconciliation of Funding Impact Statement to Operating Surplus/(deficit)

	Note	Actual 2024/25 \$000	* Restated 2023/24 \$000
Surplus/(deficit) of operating funding (A - B) from Funding Impact Statement		22,626	10,621
Not included in Funding Impact			
Depreciation and amortisation	7	(54,360)	(49,893)
Impairment		(52)	-
Vested Assets	3	22,469	2,496
Other gains	5	(10,613)	(6,173)
Share of associate	21	852	(222)
Total Not included in Funding Impact Statement		(41,704)	(53,792)
Items that are under sources of Capital Funding in Funding Impact Statement			
Subsidies and grants for capital		5,687	6,132
Other dedicated capital funding		-	3,341
Development and financial contributions		3,547	5,107
Total sources of capital funding		9,234	14,580
Operating surplus/(deficit) before tax		(9,844)	(28,591)

*\*In the 2023/2024 year depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.*

ACCOUNTING POLICIES



Reporting Entity

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

The reporting entity consists of the Council only. The Council has investments in the following entities:

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

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

reporting purposes. The financial statements and Statement of Service Performance comply with PBE Standards and have been prepared in accordance with Tier 1 PBE Standards.

The financial statements of the Council are for the year ended 30 June 2025. The financial statements were authorised by the Council for issue on 9 October 2025

Basis of Preparation

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

Statement of Compliance

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

The financial statements (and service performance information) have been prepared in accordance with and comply with PBE Accounting Standards.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the severance payment disclosure in Note 6 which are rounded to the nearest dollar.

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific item are outlined below.

Budget Figures

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

Goods and Services Tax (GST)

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Foreign Currency Translation

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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

Changes in Accounting Policies

Where there have been changes to accounting policy during the year or where there are new accounting standards that have been issued but are not yet effective this has been indicated at the start of the accounting policies for that note. Refer to page 134 for current year changes.

Standards issued and not yet effective, and not early adopted

Standards and amendments issued but not yet effective that have not been early adopted and that are relevant to the Council and group are:

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1).

This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. The amendment is effective for the year ended 30 June 2027. The Council has not yet assessed in detail the impact of these amendments.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and will replace PBE IFRS 4. This standard is effective for the year ended 30 June 2027. This standard is not expected to have a significant impact.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. Where estimates and assumptions have been made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, this is disclosed in the accounting policy for that note.



Revenue

Accounting Policies

Revenue Recognition		
Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:		
Non-exchange Revenue		
Rates Revenue	The following policies for rates have been applied:	
	General rates, targeted rates (excluding water-by-meter), and uniform annual general charges	Are recognised as revenue at the start of the financial year to which the rates resolution relates, and they are recognised at the amount due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
	Late payment penalties	Are recognised as revenue when rates become overdue.
	Water-by-meter rates	Are recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
	Rates Remissions	Are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

1. Rates Revenue

	Actual 2024/25 \$000	Actual 2023/24 \$000
General rates	67,520	51,637
Targeted rates attributable to activities		
Water (excluding metered water)	7,977	7,613
Metered water	795	790
Sewerage	9,365	9,442
Refuse and sanitation	8,536	7,947
Roading	115	114
Marketing	373	358
Swimming pool safety	104	92
Stormwater	6,368	6,703
Whakariri Revetment	4	4
Disaster Recovery	366	1,464
Rates penalties	617	493
Rates remissions	(1,045)	(933)
Total revenue from rates	101,095	85,724

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2025 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

In accordance with the Local Government (Rating) Act 2002, rates are charged on all rateable properties including Council owned property. Under financial reporting standards the Council recognised rates of \$1,820,270 on council properties as internal revenue so this has been offset in the above (2024: \$1,557,334).

Rates are levied based on total values in the council’s rating base in the year preceeding the financial year. This information was:

	30-Jun-24	30-Jun-23
Number of rating units	27,019	26,872
Total capital value of rating units (in \$million)	25,285	20,954
Total land value of rating units (in \$million)	12,174	9,817

Rates Disclosure – Three-Year Plan 2024-27

Napier City Council identified several presentation errors in the Funding Impact Statement (FIS) and rates resolution for the 2024/25 financial year, as adopted in the Three-Year Plan 2024-27.

The issues identified include:

- General Rate: The FIS incorrectly stated the rate as “cents per \$ of land value” when the actual rate applied was in dollars. This misstatement was a typographical error and did not affect the rates assessed or collected.
- Vehicle Levy, Stormwater Targeted Rate, Promotion Rate/Levy and Fire Protection Rate: The FIS omitted whether the rate was expressed in cents or dollars. The correct cents-per-dollar rate was applied.
- Water by Meter Charges: The extraordinary supply charge was overstated as \$0.86573 per cubic meter in the FIS, which did not align with the rates resolution. The correct, lower rate of \$0.75281 per cubic meter was charged.
- Refuse Collection Rate: The rates resolution stated \$456.60 per SUIP for two collections per week, instead of the correct \$453.60. The lower, correct amount was charged.

Council sought legal advice which concluded that while there were some areas of technical non-compliance with section 23 of the Local Government Rating Act 2002 which requires the rates resolution to set the rates in accordance with the relevant provisions in the FIS:

- The errors are clearly typographical or presentation-related.
- Ratepayers were not disadvantaged, as the correct rates were assessed and collected.

Council will continue to strengthen its internal review processes to ensure accuracy in future rating documentation.





Subsidies and Grants	Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance and recognised as revenue when the conditions of the grant are satisfied. When subsidies and grants include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised. The Council receives the majority of subsidies and grants revenue from Waka Kotahi (New Zealand Transport Agency), which subsidises part of the Council's costs of maintenance of, and capital expenditure on, the local roading infrastructure. The right to receive the funding from Waka Kotahi arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.
Donated, Subsidised or Vested Assets	<p>Donated, subsidised or vested assets are recognised when the right to receive them is established. Revenue is recognised at this time unless there are conditions attached to the asset, which require the asset to be returned if conditions are not met. A liability is recognised until the conditions are met. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.</p> <p>The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. However, where there is evidence that cost information provided by developers may materially differ from fair value at the point of transfer, the Council will recognise vested assets at assessed fair value.</p>
Parking and Traffic Infringement	Revenue is recognised when the ticket is issued as there are no conditions attached.

2. Subsidies and Grants		
	Actual 2024/25 \$000	Actual 2023/24 \$000
Waka Kotahi (NZ Transport) grants	6,663	8,094
Other government grants	5,648	11,382
Other grants and donations	716	610
Total grants and donations	13,027	20,086
There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2024: \$nil).		

3.

Other Revenue

	Actual 2024/25 \$000	Actual 2023/24 \$000
Dividend income	1	1
Infringements and fines	695	617
Insurance recovery on plant and equipment	2,006	6,894
Omarunui Landfill Joint-Venture	6,845	7,156
Petrol tax	463	420
Regulatory charges	6,226	5,287
Rental revenue from investment properties	2,188	1,959
Rental revenue other	6,390	5,781
Residential development sales	6,808	6,547
Retail and product sales	12,178	11,816
User fees and charges	13,373	12,539
Vested assets	22,469	2,496
Other revenue	1,676	657
Total other revenue	81,318	62,170

Operating leases as lessor

The Council holds various properties that are leased under operating leases. These include investment properties, properties used for social housing or residential rentals, leases to community groups occupying Council-owned buildings, and commercial buildings leased for strategic purposes. The remaining leases are commercial land leases, either held by the Council for strategic reasons or where the Council acts as a sublessor.

The investment property leases provide for renewal in successive 21-year periods indefinitely and the lessees retain the right not to renew the lease at each renewal point. The minimum lease payments have been determined based on the remaining years of the current 21-year review cycle where applicable, which represents the non-cancellable period.

There was no contingent rent recognised in the period (2024: \$nil). The future aggregate minimum lease payments to be collected by the Council under non-cancellable operating leases are as follows:

	Actual 2024/25 \$000	Restated* Actual 2023/24 \$000
Not later than one year	3,070	2,591
Later than one year and not later than five years	7,990	8,531
Later than five years	9,670	9,694
Total non-cancellable operating leases	20,730	20,816

\* The prior period balance has been restated. An omission was identified in the calculation of the future lease receipts to be collected under non-cancellable operating leases for the 2023/24 financial year. Leases on investment properties was omitted from the disclosures only and did not have any impact on the financial results for the year. Correction of the omission in the 30 June 2025 financial statements has resulted in the following restatements to comparative numbers for the year ending 30 June 2024.

	Before Adjustment 2023/24 \$000	Leases Omitted 2023/24 \$000	Restated* 2023/24 \$000
Not later than one year	231	2,360	2,591
Later than one year and not later than five years	234	8,297	8,531
Later than five years	6	9,688	9,694
Total non-cancellable operating leases	471	20,345	20,816



Exchange Revenue	
Development and Financial Contributions	Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.
Interest Revenue	Interest revenue is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Council reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest revenue. Interest revenue on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.
Licences and Permits	Revenue derived from licences and permits are recognised on receipt of appropriate application.
Residential Developments	Sales of sections in residential developments are recognised when contracts for sale are unconditional as control is deemed to have been transferred.
Sales of Goods (Retail)	Sales of goods are recognised when a product is sold to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.
Sales of Services	Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed, on the basis of the actual service provided as a proportion of the total services to be provided.
Rental Revenue	Rental revenue is recognised on a straight line basis over the term of the lease.
Dividend Revenue	Dividend revenue is recognised when the right to receive payment is established.
Building and Resource Consent Revenue	Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.
Leases as Lessor	Assets leased to third parties under operating leases are included in investment property or property, plant and equipment in the Statement of Financial Position. For those included in property, plant and equipment, They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental revenue (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

## MAJOR BUDGET VARIANCES

### Revenue

Total revenue was \$6.2m lower than the Three Year Plan budget for the 2024/25 year. Significant variances include:

- Other Revenue** was \$13.7m higher than budget. Vested assets were \$21.2m higher than budgeted due to to uncertainty in the level of development in the city at the time of budgeting. This is offset by certain key items being lower than anticipated in the budget:
  - Parklands Residential Development** sales are \$5.3 million below budget, reflecting a strategic shift aimed at maximising realised value over an extended timeframe.
- User Charges** were \$2.6 million below budget, primarily because revenue from trade waste and Ocean Spa was overestimated compared to actual earnings.
- Other Rental Income** is \$1.0m under budget because actual rents and occupancy were lower than projected, as we accommodated residents with lower incomes and maintained vacancies during the housing review.

**Financial and Development Contributions** were \$4.1m lower than budget due to uncertainty in the level of development in the city at the time of budgeting.

- Other gains/losses** are \$16.9m below budget. This year saw a \$9.1m loss in value on Investment Properties compared to a budgeted gain of \$5.5m, a variance of \$14.6m.

4. Interest Revenue		
	Actual 2024/25 \$000	Actual 2023/24 \$000
Term deposits and call accounts	805	1,256
Total interest revenue	805	1,256

5. Gains/(Losses)		
	Actual 2024/25 \$000	Actual 2023/24 \$000
Non-financial instruments		
Gain/(loss) on revaluation of Library bookstock	(7)	(96)
Gain/(loss) on revaluation of investment properties	(9,112)	(5,049)
Gain/(loss) on sale of assets	113	181
Gain/(loss) on disposal of assets	(1,993)	(1,118)
Fair value gain/(loss) on livestock	47	(150)
Fair value gain/(loss) on forestry	-	59
Total gains/(losses)	(10,952)	(6,173)







Expenditure

Accounting Policies

Employee Benefit Expenses	Salaries and wages	Salaries and wages are recognised as an expense as employees provide services.
	Superannuation Schemes: Defined Contribution Schemes	Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

6. Employee Benefit Expenses

	Actual 2024/25 \$000	Actual 2023/24 \$000
Salaries and wages	60,223	57,906
Employer contributions to multi-employer defined benefit plans	1,532	1,420
Increase/(decrease) in employee benefit liabilities	(4)	545
Total employee benefit expenses	61,751	59,871

Employee Staffing Levels and Remuneration

As at 30 June 2025 the number of employees employed by Napier City Council was 755 (2024: 785).

2024/25 Staffing Levels by Salary Band\*

Annual Remuneration Band	Full Time Staff 2024/25	Other Staff Full Time Equivalent (FTE) 2024/25	Total FTEs	Total Number of Employees
Less than \$60,000	29	84	113	212
\$60,000-\$79,999	206	21	227	231
\$80,000-\$99,999	117	2	119	121
\$100,000-\$119,999	1	2	3	88
\$120,000-\$139,999	49	2	51	49
\$140,000-\$159,999	23	-	23	23
\$160,000-\$179,999	12	1	13	13
\$180,000-\$199,999	8	1	9	9
\$200,000 - \$279,999	6	-	6	6
\$280,000 - \$389,999	3	-	3	3
Total	454	113	567	755

2023/24 Staffing Levels by Salary Band\*

Annual Remuneration Band	Full Time Staff 2023/24	Other Staff Full Time Equivalent (FTE) 2023/24	Total FTEs	Total Number of Employees
Less than \$60,000	54	100	154	262
\$60,000-\$79,999	224	24	248	253
\$80,000-\$99,999	109	7	116	118
\$100,000-\$119,999	62	2	64	64
\$120,000-\$139,999	40	2	42	43
\$140,000-\$159,999	21	1	22	22
\$160,000-\$179,999	10	-	10	10
\$180,000 - \$239,999	5	-	5	5
\$240,000 - \$379,999	7	1	8	8
Total	532	137	669	785

For the purposes of this disclosure, full time staff are based on 40 hours per week. FTE staff include those personnel receiving salaries and wages and casual staff, and have been calculated on a FTE basis, as at 30 June 2025. The budget 2024/25 full time equivalent staff was 764 (2024: 705).

Napier City Council currently employs a number of regional shared services roles, and costs are recovered on a shared services arrangement.

Napier City Council operates an in-house Design Team, and Works Depot, who are responsible for delivery of infrastructure engineering which is contracted to external consultants in some other Councils. This along with the seasonal component of Napier City staff makes benchmarking based solely on employee numbers and employee costs problematical when attempting staff level and employee cost comparisons between Councils. Elected members are excluded from this disclosure.

\* the number of employees includes permanent, fixed term and casual regardless of hours worked

Chief Executive remuneration

The total cost to the Council of the remuneration package paid or payable to the Chief Executive/ Interim Chief Executive as per above, received:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Chief Executive - Louise Miller		
Salary	391	371
Other taxable benefits (e.g. motor vehicle)	15	13
Total Chief Executive remuneration	406	384



Elected representatives' remuneration

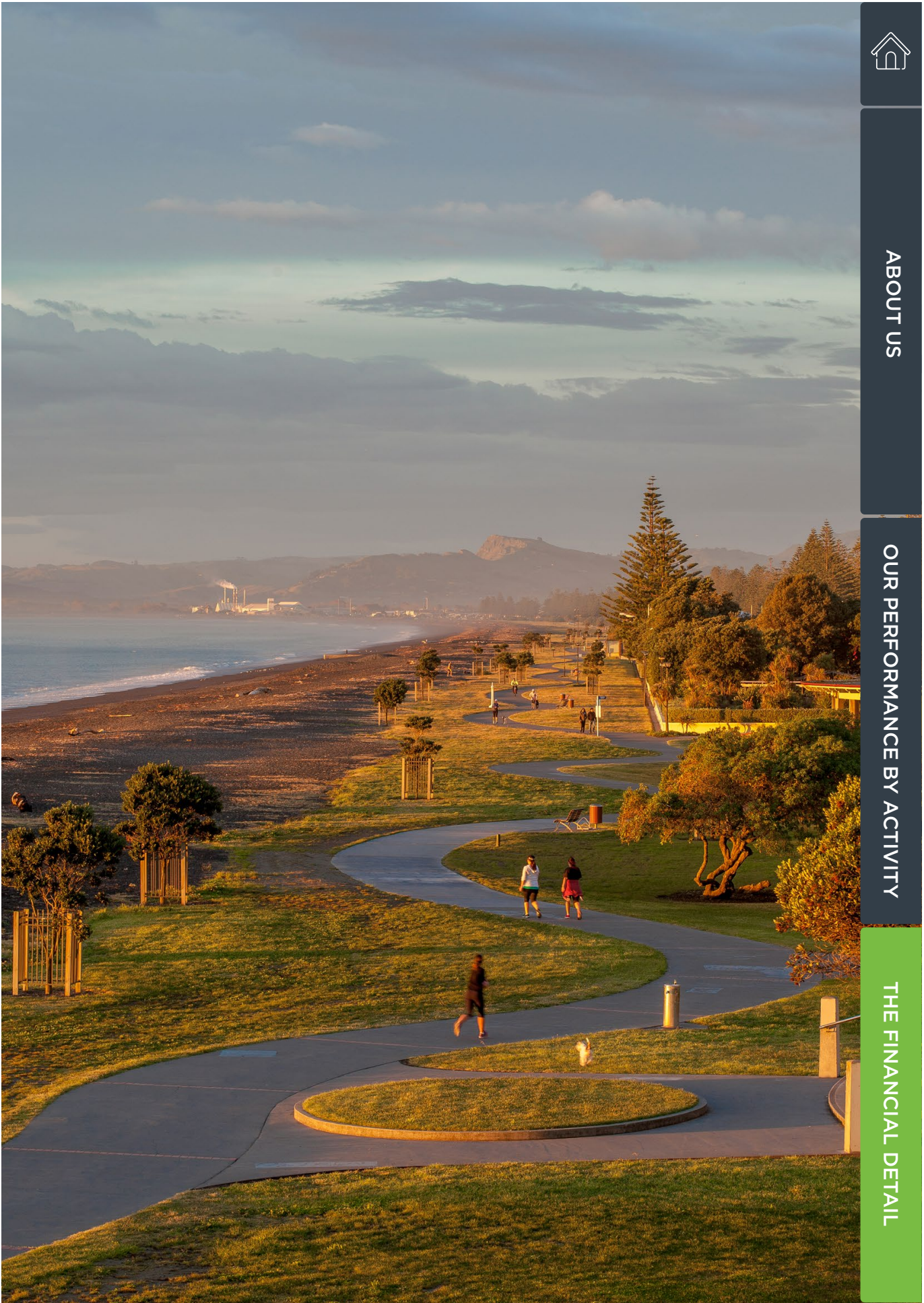
	Actual 2024/25 \$000	Actual 2023/24 \$000
<b>Mayor</b>		
Kirsten Wise	165	160
<b>Councillors</b>		
Annette Brosnan	112	95
Chad Tareha	63	60
Graeme Taylor	70	64
Greg Mawson	67	64
Hayley Browne	73	66
Juliet Greig	55	63
Keith Price	74	71
Maxine Boag	67	64
Nigel Simpson	63	60
Richard McGrath	74	71
Ronda Chrystal	67	64
Sally Crown	74	71
<b>Total elected representatives' remuneration</b>	<b>1,024</b>	<b>973</b>

As part of the Mayor's remuneration package they have full personal use of the Council provided vehicle. The current mayoral vehicle is a 2021 Toyota Rav 4 Hybrid. The total taxable value of this vehicle was \$9,400 (2024: \$9,938)

Severance Payments

In accordance with Section 33, Schedule 10 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ended 30 June 2025, the Council made 12 (2024: 12) severance payments to employees for \$4,500, \$5,279, \$10,710, \$14,000, \$14,863,\$21,507, \$24,542 \$34,300, \$40,000, \$50,939, \$77,500 and \$91,000 (values 2024: \$750, \$1,750, \$3,626, \$6,750, \$23,000, \$23,200, \$23,886, \$26,499, \$26,900, \$35,000, \$38,681 and \$79,183)







Depreciation

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

The following rates have been applied:

	Depreciation
Buildings & Structural Improvements	2–33%
Fixed Plant & Equipment	2–20%
Mobile Plant & Equipment	2–50%
Motor Vehicles	10–33%
Furniture & Fittings	4–20%
Office Equipment	8–67%
Library Book Stock	7–25%

Depreciation of infrastructural and restricted assets is calculated on a straight line basis at rates that will write off their cost or valuation over their expected useful economic lives. The expected lives, in years, of major classes of infrastructural and restricted assets are as follows:

	Years
<b>Transportation</b>	
Base Course	60–130
Surfacings	20–25
Concrete Pavers	80
Footpaths and Pathways/Walkways	15–80
Drainage	25–100
Bridges and Structures	20–100
Road Lighting	4–50
Traffic Services and Safety	10–25
<b>Water</b>	
Reticulation	20–100
Reservoirs	30
Pump Stations	5–80
<b>Stormwater</b>	
Reticulation	75–100
Pump Stations	5–100
Detention Ponds	150
<b>Wastewater</b>	
Reticulation	20–90
Pump Stations	5–80
Milliscreen	5–80
Outfall	75
<b>Others</b>	
Grandstands, Community and Sports Halls	20–50
Sportsgrounds, Parks & Reserves Improvements	5–64
Buildings on Reserves	10–50
Pools	10–50
Inner Harbour	10–50

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

7. Depreciation and Amortisation Expense by Group of Activity

	Actual 2024/25 \$000	Restated* 2023/24 \$000
<b>Directly Attributable depreciation and amortisation expense by group of activity</b>		
City Strategy	491	435
Community and Visitor Experiences	10,681	9,953
Other Infrastructure	1,415	1,286
Property Assets	2,351	2,391
Stormwater	5,585	5,595
Governance and Representation	1	-
Transportation	14,452	12,326
Wastewater	9,803	9,377
Water Supply	6,746	6,313
<b>Total directly attributable depreciation and amortisation by group of activity</b>	<b>51,525</b>	<b>47,676</b>
<b>Depreciation and amortisation not directly related to group of activities</b>		
Support Units	2,827	2,218
<b>Total depreciation and amortisation expense</b>	<b>54,352</b>	<b>49,894</b>

\* In the 2023/2024 year depreciation was not calculated correctly for the Transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.

Borrowing Costs

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

8. Borrowing Costs

	Actual 2024/25 \$000	Actual 2023/24 \$000
Interest expense on borrowings	2,338	644
<b>Total borrowing costs</b>	<b>2,338</b>	<b>644</b>



Grant Expenditure	<p>Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Any funds that are not spent for the approved purpose are returned to the Council by 30 June of the same financial year.</p> <p>Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.</p>
Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)	<p>Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories</p>
Leases	<p><b>The Council is the Lessee</b></p> <p>Leases of Property, Plant and Equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.</p> <p>Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expenses over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.</p> <p>Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Revenue and Expenses on a straight line basis over the period of the lease.</p>



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9. Other Expenses

	Actual 2024/25 \$000	Actual 2023/24 \$000
Fees incurred for services provided by our audit firm		
The Councils financial statements and service performance information for the year ending 30 June 2025 (the “financial report “) are audited by Audit New Zealand on behalf of the Auditor General. During the year the following fees were incurred for services provided by our audit firm:		
Audit of the Financial Report	324	256
Audit or Review Related Services		
Audit fee Audit NZ - debenture trust deed	6	5
<b>Total fees incurred for services provided by the audit firm</b>	<b>330</b>	<b>261</b>
Donations	17	26
Expected credit loss allowance for receivables	45	(647)
Plant and equipment impairment	54	172
Cost of sales residential development	2,866	2,770
Rental expense on operating leases	2,088	1,678
Other operating expenses	76,027	81,870
<b>Total other expenses</b>	<b>81,427</b>	<b>86,130</b>

The audit fee disclosed for the financial report represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards, as described in the audit report on pages 207-210. This fee also includes the audit of the summary annual report, also a statutory requirement, which is completed in conjunction with this engagement and not billed separately.

Operating leases as lessee

Napier City Council leases commercial property in the normal course of business. This includes commercial buildings that are further subleased.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance sheet date is \$17,560,000 (2024: \$51,317). Leases can be renewed at the Council's option, with rents set by reference to current market. There are no restrictions placed on the Council by any of the leasing arrangements.

The Council has commercial leases on leased office space. There are no restrictions placed upon the Council by entering into these leases. The leased office spaces are on a term of 3 years with a right of renewal constrained within the lease that do not extend the term of the lease beyond the final expiry date.

Non-cancellable operating leases as lessee

The future aggregate minimum lease payments to be paid by the Council under non-cancellable operating leases are as follows:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Not later than one year	1,670	1,007
Later than one year and not later than five years	4,002	1,073
Later than five years	13,182	-
<b>Total non-cancellable operating leases</b>	<b>18,854</b>	<b>2,080</b>



ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL





Income Tax

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

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

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

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

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

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

Cost Allocation

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

10. Income Tax

	Actual 2024/25 \$000	*Restated 2023/24 \$000
Relationship between tax expense and accounting profit		
Surplus/(deficit) before tax	(10,176)	(28,591)
Tax at 28%	(2,849)	(8,005)
Non-taxable income	2,849	8,005
Tax expense	-	-

Additional disclosures

A net deferred tax liability has not been recognised in relation to unused tax losses of \$2,262,842 (2024: \$2,793,117).

\* In the 2023/2024 year depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.



MAJOR BUDGET VARIANCES

Expenditure

Total expenditure in 2024/25 was \$0.7m below budget. The most significant variances are in Other Operating Expenses, as follows:

- **Cost of Sales for Parklands Residential Development** are \$4.8m lower than budget, reflecting the lower sales due to the change in strategy.
- **Civic Accommodation Operating Expenses**, budgeted for the uncapitalisable portion of the project, has been transferred to capital budgets. Therefore, the operating expenses are \$3.6m lower than the Three Year Plan.

- **Property Compensation** is \$2.4 million under the Three Year Plan budget, as some costs expected in 2024/25 were actually incurred in 2023/24. This underspend compensates an overspend from the prior year, where extra central government revenue helped offset those higher expenses.
- **Depreciation and amortisation** offset these savings, being \$9.4m over budget due to high revaluations from previous years, and an adjustment to roading useful lives based on previous valuations.





Assets

Accounting Policies

Cash and Cash Equivalents	<p>Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.</p> <p>Bank overdrafts are shown within borrowings under current liabilities in the statement of financial position. Although cash and cash equivalents at 30 June 2025 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial. The Council holds unspent funds, included in cash at bank and investments, of \$1.22 million (2024: \$1.37 million) that are subject to restrictions. These unspent funds relate to retentions monies held in accordance with of the Construction Contracts Act 2002.</p>
Trade Receivables	<p>Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less impairment for doubtful debts.</p> <p>Trade receivables are due for settlement no more than 150 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Revenue and Expenses.</p> <p>When the receivable is uncollectible, it is written-off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).</p>



11. Cash and Cash Equivalents

Breakdown of cash and cash equivalents

	Actual 2024/25 \$000	Actual 2023/24 \$000
Cash at bank and in hand	5,119	8,326
Short-term deposits maturing 3 months or less from date of acquisition	4,000	9,000
Total cash and cash equivalents	9,119	17,326

Total cash and cash equivalents are the same in the statement of financial position as the statement of cashflow as the Council does not have an overdraft as at 30 Jun 2025.

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. There are no restrictions on the use of part or all of the cash.

12. Receivables

Breakdown of receivables

	Actual 2024/25 \$000	Actual 2023/24 \$000
Receivables from non-exchange transactions		
Rates Receivable	1,944	1,653
NZTA subsidy claims	791	1,752
GST Receivable	2,513	1,423
Total receivables from non-exchange transactions	5,248	4,828
Receivables from exchange transactions		
Parklands - unconditional contracts subdivision sales	-	1,158
Prepayments	3,620	2,835
Interest Receivable	113	41
Other Receivables	7,937	8,764
Less: Allowance for Credit Losses	(67)	(53)
Total receivables from exchange transactions	11,603	12,745
Total Receivables	16,851	17,573

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

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

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A of \$Nil (2024: Nil).

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

	Actual 2024/25 \$000	Actual 2023/24 \$000
Current	12,311	12,779
Past due 31-60 days	1,163	1,132
Past due 61-90 days	211	64
Past due 91+ days	3,166	3,598
Total receivables	16,851	17,573





Expected Credit Losses (ECL)

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

The Council does not provide for any ECL on NZTA subsidy claims as the claims have been submitted in accordance with the applicable funding agreements and relevant legislation, with confirmation of acceptance of the claim being provided after balance date.

The Council does not provide for any ECL on GST receivable as the receivable reflects a legitimate claim under the Goods and Services Tax framework, with confirmation of acceptance of the claim being provided after balance date.

The Council does not provide for any ECL on the prepayments balance as the amounts represent valid payments made in advance for goods or services to be received. These prepayments are supported by contractual arrangements or confirmed service delivery schedules, and there is no indication of dispute, cancellation, or risk of non-recovery.

The Council does not provide for any ECL on the interest receivable balance as the amounts are contractually due and relate to financial instruments or arrangements with counterparties of high credit quality. There is no indication of default, dispute, or risk of non-collection, and we expect full recovery in accordance with the agreed terms.

The Council estimates ECL on other receivables using historical write-off data over the past three years. These rates are adjusted for current and forward-looking macroeconomic conditions where material. Given the short-term nature of these receivables, macroeconomic impacts are not considered significant. This approach complies with the simplified lifetime ECL model under PBE IPSAS 41.

During the year ended 30 June 2025, the Council revised its method for estimating ECL on other receivables to better align with the principles of PBE IPSAS 41. Previously, impairment was assessed individually for receivables overdue by more than 90 days. Under the revised approach, ECL are now estimated using historical write-off data over the past three years. This change provides a more objective and forward-looking basis for estimating credit losses and is considered a change in accounting estimate under PBE IPSAS 3. Comparative figures have not been restated.

The Council holds no collateral as security or other credit enhancements over receivables that are past due other than that given under lease arrangements for leasehold land.

The Chief Executive approved the write-off of rates receivable during the year under LG(R)A as follows:

- Section 90A \$24,943 (2024:nil)

-Secction 90B \$74,231 (2024:nil)

The allowance for credit losses based on the Council’s credit loss calculation is as follows:

	2024/25	2023/24
Expected credit loss rate	1.14%	0.60%
Gross Receivable Amount \$(000)	7,937	8,764
Lifetime ECL (\$000)	(67)	(53)

Movements in the allowance for credit losses are as follows:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Balance at 1 July	53	1,527
Additional provision made during the year	46	16
Provisions reversed during the year	-	(1,487)
Receivables written off during the year	(32)	(3)
Balance as at 30 June	67	53







Inventories

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

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

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

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

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

Land held for development and future resale

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

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



13. Inventory

	Actual 2024/25 \$000	Actual 2023/24 \$000
<b>Current portion</b>		
Inventory held for distribution	416	399
Inventory held for resale	311	261
Parklands - land under development	669	668
Parklands - work in progress	1,852	3,454
<b>Total current portion</b>	<b>3,248</b>	<b>4,782</b>
<b>Non-current portion</b>		
Parklands - land under development	10,352	10,847
Parklands - work in progress	14,659	4,227
<b>Total non-current portion</b>	<b>25,011</b>	<b>15,074</b>

Inventory held for distribution and resale increased by \$49k in 2025 (2024: \$7k) as a result of stocktake adjustments. No inventory is pledged as security for liabilities (2024: \$nil).

The Council is currently developing land for future sale, and of the costs to date (including the value of land transferred to inventory) total \$27,532,441. \$25,011,429 is not expected to be recovered until 30 June 2026 (2024:15,074,217). As at 30 June 2025 the development is measured at cost as the cost is lower than the net realisable value.

14. Biological Assets

	Actual 2024/25 \$000	Actual 2023/24 \$000
<b>Biological assets changes in value</b>		
Opening value 1 July	158	297
Change in value arising from changes in fair value	137	(50)
Increase in value due to natural increase/(decrease)	197	282
Increase in value due to purchases	135	149
Change in value due to sales	(338)	(520)
<b>Closing value 30 June</b>	<b>289</b>	<b>158</b>

Biological assets comprise 1,334 sheep (2024:1,381) largely held for trading.





Biological assets	Livestock	Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. Changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.
Non-current Assets Held For Sale	<p>Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.</p> <p>An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell in the Council's operating expenses. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.</p> <p>Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.</p>	
Property, Plant and Equipment	<b>Property, Plant and Equipment consist of:</b>	
	Operational assets	Include land, buildings, library books, plant and equipment and motor vehicles.
	Restricted assets	Mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
	Infrastructure assets	The fixed utility system owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.
	<b>How Property, Plant and Equipment are measured:</b>	
	Additions	<p>Items of Property, Plant and Equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>The cost of an item of property, plant, and equipment is recognised as an asset only when it is probably that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.</p> <p>Where a physical asset is acquired for nil or nominal consideration, it is recognised at its fair value at the date the asset was received with the fair value recognised as revenue. Work in progress is recognised at cost less impairment and is not depreciated.</p>

Disposals	Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated comprehensive revenue and expense within equity.
Revaluations	<p>Assets which are revalued are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation (except land which is not depreciated). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Roading infrastructure assets and Library Collections are valued at depreciated replacement cost and revalued annually. Other infrastructural assets (except land under roads), Land and Buildings and Council Restricted Reserves are revalued on a three yearly valuation cycle.</p> <p>Increases in the carrying amounts arising on a revalued class of assets are credited to a revaluation reserve in public equity. To the extent that the increase reverses a decrease previously recognised for the same class of assets in the surplus or deficit, the increase is first recognised in the surplus or deficit. Where the revaluation movement would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.</p>





15. Forestry

	Actual 2024/25 \$000	Actual 2023/24 \$000
Forestry assets changes in value		
Opening value 1 July	93	-
Change in value arising from changes in fair value	-	59
Increase in value due to purchases	-	34
Change in value due to sales	-	-
Closing value 30 June	93	93

16. Non-current Assets Held for Sale

This relates to the following assets:

a) Council Restricted Asset relating to land at 121 Battery Road, Ahuriri (previously occupied by the Ahuriri Bowling Club) which was approved in 2018/19 to be divested for residential development. The sale of the land was previously expected to be completed within a short timeframe.

As at 30 June 2025, the carrying value of this asset is \$nil as the asset has been transferred back to Property, Plant and Equipment. The future intention for the land is currently bring assessed by the Council's newly established CCTO. (2024: \$1,075,551).

17. Other financial assets

	Actual 2024/25 \$000	Actual 2023/24 \$000
Current assets		
LGFA Borrower Notes	375	-
Omarunui Landfill	2,295	-
Total current portion	2,670	-
Non current assets		
Unlisted shares	284	279
Omarunui Landfill	-	195
LGFA Borrower Notes	2,375	500
Total non-current portion	2,659	974

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

18. Property, Plant and Equipment

Valuation of Property, Plant and Equipment

As at 30 June 2025 Council's Property, Plant and Equipment are valued as follows:

Library Collections

Carried at fair value less depreciation. Valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library in May 2002 for general collections and replacement cost for the Heritage Collection. The Library valuation is performed by Jessica Pearless, Director, Paragon Matter Art Services and performed on an annual basis. The valuation was performed as at 30 June 2025.

Land under Roads

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

Land and Buildings

Carried at fair value less depreciation for buildings only. Land and Buildings are valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of CBRE Ltd as at 30 June 2023 using fair value based on market valuations. Land and buildings are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value.

Significant Assumptions and Special Assumptions made within the valuation are:

- The valuations are made on a plus Goods and Services Tax basis, if applicable
- The fair values represent the total of the market values before allowance for any selling costs and are assessed on a "highest and best use" basis.

Land

Land is valued at fair value using market-based evidence on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve of endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions relevant to depreciated replacement cost include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Quotable Value Limited cost information. The range of unit rates used is \$630 to \$11,025 per m2.
- There are no significant asbestos issues associated with the buildings.
- There are no significant earthquake-prone buildings not already identified by Council. Buildings identified by Council as earthquake-prone are the Civic Building, Library Building, Taradale Plunket Rooms, and Henry Charles Village Hall (action underway). Council is still completing work to determine the cost to rectify these issues. The valuations for the Civic Building, Library and Taradale Plunket Rooms have included negative value to the buildings (deducted from land value) to reflect strengthening costs in excess of building value, while the value of Henry Charles Village Hall has been written down by the estimated cost to strengthen.
- Straight-line depreciation over the useful life of the asset has been applied in determining the depreciated replacement cost value. The range of useful lives used is 50 to 100 years.





Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence and the income approach or market approach. The income approach is predicated on the conversion of net actual or market income which either is or could be generated by an owner of the interest, to value. The market approach provides an indication of value by comparing the asset with identical or similar assets for which price information is available. Significant assumptions in the 30 June 2023 valuation include:	
<ul style="list-style-type: none"><li>Market rents range:</li></ul>	
Rental flats	\$460 - \$675 per week
Commercial office	\$260 per m²
Depot buildings	\$50-\$160 per m²
<ul style="list-style-type: none"><li>Capitalisation rates are market-based. Market yield (rates of return) range:</li></ul>	
Rental flats	6.0%-8.25%
Commercial office	6.0-8.0%
Depot buildings	6.5%
A comparison of the carrying value of buildings valued using market-based evidence and buildings valued using depreciated replacement cost is as follows:	
Market-based evidence	\$102,720,400
Depreciated replacement cost	\$34,945,600
Total carrying value of buildings	\$137,666,000
<b>Infrastructure Road Assets</b>	
Carried at fair value less depreciation. Infrastructure road assets are valued on a three yearly valuation cycle, with the last valuation completed as at 30 June 2024 by Pauline True, BBS, PGDipArts (GIS), of Stantec at depreciated replacement cost using the RAMM valuation system. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. Prior to the 2024 revaluation, roading assets were revalued annually.	
Roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised during the valuation process, including:	
<ul style="list-style-type: none"><li>Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts of Council and in the region for modern equivalent assets, from which unit rates are determined. For this valuation Stantec were provided new unit rates by Napier City Council which were based on actual construction costs and did not rely on adjustment factors. Unit rates have been applied to components of the network based on type and materials. The range of unit rates used for the significant categories are shown in the table below.</li><li>Estimates of remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.</li><li>If no construction date is available, the default construction date will be 50% of the Total Useful Life. Default dates are calculated as the first of January of the year that would make the asset halfway through its life. The estimated replacement cost of roading assets without a construction date is \$89.5m, which represents 14% of the total replacement cost for all assets.</li><li>Straight-line depreciation over the assets useful life has been used in this valuation except where assets are deemed not to depreciate. The range of useful lives for significant categories is shown in the table below.</li><li>All replacement rates, where appropriate, have included in the cost an amount for removal and disposal of the existing asset, an amount for site establishment, and an amount for the formation, supply, placement, shaping, etc. of materials.</li></ul>	

Significant categories	Useful life range	Unit rate range
Formation	100 years	\$4.54 - \$4.59 per m²
Sealed pavement layers	50 years	\$11.64-\$32.16 per m²
Sealed surfacing	10-80 years	\$8.22-219.95 per m²
Drainage	60 years	\$30.61-\$18,881.02 per m
Footpaths	20-60 years	\$18.41-\$259.12 per m²
Surface water channels	70 years	\$4.14-\$167.97 per m
<b>Water, Wastewater and Stormwater Below and Above Ground Assets</b>		
Carried at fair value less depreciation. A full revaluation at depreciated replacement cost was completed for Water, Wastewater and Stormwater above ground assets as at 30 June 2024. For underground assets, an indexing approach was applied to update the values as at 30 June 2024. The valuation of both above ground and underground assets was completed by Tony Urquhart, BE(Civil) PGDipBus CEngNZ MInstD CMRP BBCPrac, of Pattle Delamore Partners. This excludes land and building assets in this class, which are valued by CBRE as explained in the Land and Buildings section above.		
These assets are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value.		
Three waters infrastructural assets are valued using the optimised depreciated replacement cost (ODRC) method. There are a number of estimates and assumptions exercised during the valuation process, including:		
<ul style="list-style-type: none"><li>Replacement cost is based on recent construction contracts and indexed costs for modern equivalent assets, with unit rates determined from actual project costs, regional data, and benchmarking against other councils. For pump stations and treatment plants, empirical relationships between hydraulic power and replacement cost were used, supported by recent project data. Where appropriate, cost indices (Statistics NZ CGPI) were applied to update values for inflation.</li><li>Useful lives are determined with reference to the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines (NZIAVDG) and adjusted for local conditions and asset condition assessments. For underground assets, remaining life is based on asset age, with a minimum remaining life of 5 years for assets with less than 2 years remaining. For above-ground assets, a condition-based approach was used, with decay curves applied to reflect observed physical condition rather than just age.</li><li>Assets are valued at the component level, reflecting the level at which replacements typically occur. The ODRC method includes optimisation for technical obsolescence, surplus capacity, and redundant assets, ensuring the valuation reflects the minimum cost to replace the service potential of the network.</li><li>Straight-line depreciation over the asset’s useful life has been used in this valuation, except where assets are deemed not to depreciate.</li><li>Replacement rates include allowances for design, tender, administration, supervision, contingencies, and professional fees, as well as site establishment and removal/disposal of existing assets.</li><li>The valuation excludes assets not owned by Council, assets out of service, and non-physical connection points. No allowance is made for extraordinary costs (e.g., catastrophic events).</li><li>PDP undertook a comprehensive desktop revaluation of Napier City Council’s underground three waters assets in 2023. For the 2024 valuation, replacement costs were updated by indexing the previous year’s values using the Capital Goods Price Index (CGPI).</li><li>For new or newly discovered assets underground three waters assets, unit rates were determined by averaging existing rates for similar assets or by linear interpolation based on asset type and capacity. Where capacity was unknown, the most common size was assumed.</li></ul>		
The following table shows useful life range and unit rate ranges for key asset types.		
Asset Type	Useful Life Range	Unit Rate Range
Sewer Main	65-90 years	\$730 - \$1,585 per meter
Drainage Main	75-100 years	\$550 - \$10,660 per meter
Water Main	60-100 years	\$220 - \$990 per meter
Manhole	80-100 years	\$4,500 - \$9,708 per unit
Service Line	65-100 years	\$130 - \$2,667 per unit





Restricted Assets excluding Inner Harbour

Carried at fair value less depreciation. These were valued by independent registered valuer M. Penrose, ANZIV, SNZPI, AAMINZ of CBRE Ltd as at 30 June 2025 using a mixture of market-based valuation and depreciated replacement cost valuation methods. Restricted assets are revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Two valuation approaches were applied:

Market-Based Valuation

Where market evidence was available, land values were assessed using comparable sales (from 2002 onward) adjusted for location, zoning, and designation restrictions.

\$/ha rates used for different land types and areas:

- Residential block land values range from \$1,119,048 to \$1,642,857 per hectare, indexed between 0.45 and 4.25 based on the location of the land
- Adjoining medium and upper priced localities: \$160,000/ha
- Adjoining lower priced localities: \$130,000/ha

Adjustment factors were applied to reflect:

- Reserve or designation restrictions
- Likelihood of zoning changes
- Site-specific characteristics (e.g., size, access, topography)

Depreciated Replacement Cost (DRC) Valuation

Restricted assets are valued using the Optimised Depreciated Replacement Cost (ODRC) approach where market-based evidence is not available for specialised assets.

- Replacement costs are based on current building costings, including allowances for developer’s profit and fees, and reflect the cost to assemble or construct an equivalent asset. Costs are compared to original construction data for specialized buildings like the MTG, Aquarium, Ocean Spa, McLean Park grandstands, recreation facilities, playgrounds, Marine Parade redevelopment, and the Aquatic Centre. These costs are analysed against the typical cost at the time of construction and indexed annually. The rates applied range from \$3,910 to \$8,976 per m².
- Depreciation is applied for physical deterioration, functional and economic obsolescence, based on the asset’s observed condition and expected useful life. Straight-line depreciation has been applied in determining the depreciated replacement cost value.
- Useful lives and depreciation rates follow accounting and valuation standards (NZ IAS 16, NZ IFRS 13, PBE IPSAS 17, International Valuation Standards (IVS)) and are modified for local conditions and asset management. Adjustments are made when capital upgrades extend the remaining life and utility.
- The ODRC method is used for specialised buildings and structures where no direct sales evidence exists, as recommended by PBE IPSAS 17 and IVS.
- The ODRC approach is applied to all restricted asset improvements, including buildings, amenities, playgrounds, fencing, and other structures. Land values are assessed separately using the market approach, with adjustments for designation and use restrictions as appropriate.
- Sportsgrounds are valued as reserve land, with upgrades like turf and irrigation added when they make up a substantial portion of the assets value to Council (e.g., McRae Field, McLean Park), based on actual costs.
- Grandstand values vary widely due to differences in amenities and construction quality, such as lounges and the heavily built Harris Stand.
- Buildings on reserves range from workshops to Taradale library, resulting in diverse building unit rates.

A comparison of the carrying value of restricted assets valued using depreciated replacement cost and buildings valued using market-based evidence is as follows:

Restricted Assets	2025 \$000
Market-based Valuation	232,053
Depreciation Replacement Cost Valuation	203,119
Total carrying value of Restricted Assets (excl Inner Harbour)	435,172

Restricted Assets - Inner Harbour

Carried at fair value less depreciation. The valuation was undertaken by Stantec New Zealand Ltd, as at 30 June 2025. The principal valuer was Pauline True (BBS Economics, PGDipArts (GIS)). As a restricted asset, Inner Harbour is revalued on a three yearly valuation cycle. The carrying values are also reviewed at each balance date to ensure that those values are not materially different from fair value. If there is a material difference, then the off-cycle asset classes are revalued.

All Inner Harbour infrastructure assets were classified as specialised and valued using the Optimised Depreciated Replacement Cost (ODRC) approach. This method is used where there is no active market for the assets, and is in accordance with NZ IAS 16 and PBE IPSAS 17.

Key Assumptions:

- Asset lives are generally based on NZ Infrastructure Asset Valuation and Depreciation Guidelines, with modifications where justified by Stantec and NCC.
- Unit rates are based on recent construction contracts, indexed costs, and industry sources, with brownfield adjustments.
- Residual values are applied to certain assets (e.g., 20% for most revetments, 70% for Perfume Point Breakwater and SH50 Revetment).
- No impairment adjustments were made, and all assets are assumed to be in service unless otherwise noted.

Asset Type	Useful Life Range	Unit Rate Range
Wharves and Fixed Jetties	50–65 years	\$105,898–\$119,135 per m
Floating Jetties	30 years	\$5,138–\$7,113 per m²
Revetments/Boulder Protection	100 years	\$3,294–\$38,781 per m
Boat Ramps (Pavement)	20–100 years	\$26–\$165 per m²
Infrastructure (Water/Electrical)	23–48 years	Actual cost varies by asset

Plant and Equipment

Carried at cost less depreciation and impairment. These were valued in 1994 using market value. Additions are at cost.

Omarunui Landfill

Carried at cost less depreciation and impairment. Landfill assets are comprised of land, plant and equipment, and motor vehicles.





18. Property Plant and Equipment continued

	Cost / Valuation 1 July 2024 \$000	Accumulated Depreciation and Impairment 1 July 2024 \$000	Carrying Amount 1 July 2024 \$000	Additions \$000	Disposals \$000	Impairment \$000	Depreciation \$000	Transfers \$000	Revaluation Surplus \$000	Cost / Valuation 30 June 2025 \$000	Accumulated Depreciation and Impairment 30 June 2025 \$000	Carrying Amount 30 June 2025 \$000
2024/25	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council operational assets												
Land	140,667	-	140,667	2,822	-	-	-	-	-	144,167	-	143,489
Leasehold land	2,480	-	2,480	-	-	-	-	-	-	2,480	-	2,480
Buildings	138,844	(4,034)	134,810	2,061	(21)	-	(4,151)	713	-	141,596	(8,184)	133,412
Library books	1,804	-	1,804	445	-	-	(159)	-	(7)	2,083	-	2,083
Plant and equipment	72,899	(40,116)	32,783	8,938	(402)	(27)	(5,438)	282	-	78,315	(42,178)	36,137
Motor vehicles	7,302	(3,883)	3,419	899	(28)	-	(797)	-	-	7,087	(4,493)	3,493
Landfill post closure	225	(225)	-	-	-	-	-	-	-	225	(225)	-
Total operational assets	364,221	(48,258)	315,963	15,165	(451)	(27)	(10,545)	995	(7)	375,953	(55,080)	321,094
Council infrastructural assets												
Sewerage system treatment plant	29,151	-	29,151	547	(124)	-	(1,648)	-	-	29,574	(1,648)	27,926
Sewerage system other assets	244,337	-	244,337	4,835	(354)	-	(7,924)	8,165	-	256,983	(7,924)	249,059
Water system	179,791	-	179,791	9,416	(762)	-	(6,442)	4,438	-	192,882	(6,442)	186,440
Drainage network	272,971	-	272,971	10,445	(228)	-	(5,228)	2,422	-	285,611	(5,229)	280,382
Roading network	320,956	(20)	320,936	12,576	-	-	(14,432)	630	-	334,162	(14,452)	319,710
Land under roads	420,862	-	420,862	-	(55)	-	-	-	-	420,807	-	420,807
Total infrastructural assets	1,468,068	(20)	1,468,048	37,819	(1,523)	-	(35,674)	15,655	-	1,520,019	(35,695)	1,484,324
Council restricted assets												
Sportsgrounds	346,375	(6,118)	340,257	3,899	(4)	-	(3,361)	1,993	(11,913)	331,519	(648)	330,871
Grandstands and halls	14,637	(405)	14,232	273	-	-	(206)	-	1,087	15,389	(3)	15,386
Buildings on reserves	60,586	(3,043)	57,543	18	(102)	-	(1,593)	-	13,447	69,368	(55)	69,313
Swimming pools	14,642	(928)	13,714	4,978	-	-	(522)	-	1,432	19,650	(48)	19,602
Inner harbour	59,507	(1,597)	57,910	53	-	-	(1,549)	-	(3,124)	53,391	(101)	53,290
Total restricted assets	495,747	(12,091)	483,656	9,221	(106)	-	(7,231)	1,993	929	489,317	(855)	488,462
Capital work in progress (see breakdown below)	46,689	-	46,689	30,575	(579)	-	-	(19,021)	-	57,664	-	57,664
Total property plant & equipment	2,374,725	(60,369)	2,314,356	92,780	(2,659)	(27)	(53,450)	(378)	922	2,442,953	(91,630)	2,351,544
Capital work in progress	2024/25 \$000	2023/24 \$000	<div>The net carrying amount of plant and equipment held under finance leases is \$nil (2024: \$nil). In accordance with Council's Accounting Policies the revaluation loss for library books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.</div> <div>Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.</div> <div>Disposals in the above are reported net of accumulated depreciation.</div> <div>Revaluation movements are net of the accumulated depreciation</div>									
Buildings	14,671	5,140										
Plant and equipment	602	829										
Sewerage system other assets	17,160	14,542										
Water system	7,417	12,342										
Stormwater network	8,407	7,078										
Roading network	6,213	4,149										
Sportsgrounds/reserves	2,430	2,349										
Inner Harbour	764	260										
Total capital work in progress	57,664	46,689										



18. Property Plant and Equipment continued

	Cost / Valuation 1 July 2023 \$000	Accumulated Depreciation and Impairment 1 July 2023 \$000	Carrying Amount 1 July 2023 \$000	Additions \$000	Disposals \$000	Impairment \$000	Restated * Depreciation \$000	Transfers \$000	Restated* Revaluation Surplus \$000	Cost / Valuation 30 June 2024 \$000	Accumulated Depreciation and Impairment 30 June 2024 \$000	Restated* Carrying Amount 30 June 2024 \$000
2023/24	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council operational assets												
Land	140,667	-	140,667	-	-	-	-	-	-	140,667	-	140,667
Leasehold land	2,480	-	2,480	-	-	-	-	-	-	2,480	-	2,480
Buildings	137,671	(5)	137,666	(1,704)	-	-	(4,030)	2,878	-	138,844	(4,034)	134,810
Library books	1,723	(1)	1,722	325	-	-	(147)	-	(96)	1,804	-	1,804
Plant and equipment	63,073	(40,110)	22,963	10,953	(61)	(172)	(4,569)	3,439	8	72,451	(39,890)	32,561
Motor vehicles	6,374	(3,799)	2,575	1,596	(53)	-	(699)	-	-	7,302	(3,883)	3,419
Landfill post closure	225	(225)	-	-	-	-	-	-	-	225	(225)	-
Total operational assets	352,213	(44,140)	308,073	11,170	(114)	(172)	(9,445)	6,317	(88)	363,773	(48,032)	315,741
Council infrastructural assets												
Sewerage system treatment plant	39,548	(80)	39,468	4,948	-	(1,335)	(875)	-	(13,055)	29,151	-	29,151
Sewerage system other assets	207,811	(430)	207,381	(967)	(80)	-	(8,266)	4,841	41,428	244,337	-	244,337
Water system	186,360	(444)	185,915	1,660	(936)	-	(6,141)	972	(1,679)	179,791	-	179,791
Drainage network	275,029	(357)	274,672	1,891	(1,009)	-	(5,274)	317	2,374	272,971	-	272,971
Roading network	280,880	(16)	280,864	10,201	-	-	(12,306)	1,595	40,582	320,956	(20)	320,936
Land under roads	420,862	-	420,862	-	-	-	-	-	-	420,862	-	420,862
Total infrastructural assets	1,410,490	(1,327)	1,409,162	17,733	(2,025)	(1,335)	(32,862)	7,725	69,650	1,468,068	(20)	1,468,048
Council restricted assets												
Sportsgrounds	339,344	(3,071)	336,273	5,133	(4)	-	(3,050)	1,905	-	346,375	(6,118)	340,257
Grandstands and halls	14,448	(202)	14,246	189	-	-	(203)	-	-	14,637	(405)	14,232
Buildings on reserves	57,298	(1,550)	55,748	3,334	(7)	-	(1,532)	-	-	60,586	(3,043)	57,543
Swimming pools	14,642	(446)	14,196	-	-	-	(482)	-	-	14,642	(928)	13,714
Inner harbour	60,589	-	60,589	962	-	(3,242)	(1,597)	1,198	-	59,507	(1,597)	57,910
Total restricted assets	486,321	(5,269)	481,052	9,618	(11)	(3,242)	(6,864)	3,103	-	495,747	(12,091)	483,656
Capital work in progress (see breakdown below)	45,060	-	45,060	20,132	(1,358)	-	-	(17,145)	-	46,689	-	46,689
Total property plant & equipment	2,294,084	(50,736)	2,243,347	58,653	(3,508)	(4,749)	(49,171)	-	69,562	2,374,277	(60,143)	2,314,134
Capital work in progress												
	2023/24 \$000	2022/23 \$000										
Buildings	5,140	6,714										
Plant and equipment	829	3,605										
Sewerage system other assets	14,542	15,945										
Water system	12,342	5,866										
Stormwater network	7,078	4,793										
Roading network	4,149	4,514										
Sportsgrounds/reserves	2,349	2,330										
Pool	-	-										
Inner Harbour	260	1,293										
Total capital work in progress	46,689	45,060										
*In the 2023/2024 year depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.												
The net carrying amount of plant and equipment held under finance leases is \$nil (2023: \$nil). In accordance with Council's Accounting Policies the revaluation loss for library books has been taken to profit and loss. There are no restrictions over the title of the Council's Property, Plant and Equipment nor any pledged as security for liabilities.												
Loss on library revaluation included in operating surplus/(deficit) due to \$nil revaluation reserve.												
Disposals in the above are reported net of accumulated depreciation.												





Replacement Cost of Core Infrastructural Assets

	Closing book value \$000	Additions: constructed by Council \$000	Additions: transferred to Council \$000	Most recent replacement cost estimate for revalued assets \$000
2025				
Water supply:				
- treatment plants and facilities	3,997	103	-	6,046
- other assets	182,443	9,576	4,175	358,800
Sewerage:				
- treatment plant and facilities	27,926	547	-	74,432
- other assets	249,059	7,650	5,350	482,579
Stormwater drainage	280,382	3,495	9,372	540,155
Roads and footpaths	319,710	10,612	2,594	677,619
2024				
Water supply:				
- treatment plants and facilities	4,028	104	-	5,884
- other assets	175,763	1,698	830	360,356
Sewerage:				
- treatment plant and facilities	29,151	4,948	-	73,154
- other assets	244,337	2,283	1,591	567,865
Stormwater drainage	272,971	799	1,409	461,419
Roads and footpaths	320,936	10,463	1,333	647,068



CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS



Infrastructural Assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are underground such as stormwater, wastewater and water supply pipes. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and

Estimating the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth.

If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under in estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expenses. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections and deterioration

and condition modelling are also carried out regularly as part of the Council asset management planning activities, which gives the Council further assurance over its useful life estimates.

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

Critical Judgements in applying Napier City Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2025.

Classification of Property

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









Intangible Assets	Subsequent costs	Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Revenue and Expenses during the financial period in which they are incurred.
	Carbon Credits	Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.
	Computer Software	<p>Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.</p> <p>Costs associated with maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years.</p>

19. Intangible Assets

	Computer Software \$000	Carbon Credits \$000	Total 2024/25 \$000
Carrying amount 1 July 2024	2,480	999	3,479
Additions	1,666	-	1,666
Disposals	(5)	-	(5)
Reclassification	380	(999)	(619)
Amortisation	(902)	-	(902)
Carrying amount 30 June 2025	3,619	-	3,619
Cost/ Valuation 30 June 2025	7,171	-	7,171
Less Accumulated Impairment and Amortisation	(3,552)	-	(3,552)
Carrying amount 30 June 2025	3,619	-	3,619

	2024/25 \$000	2023/24 \$000
Capital work in progress		
Software	596	207
Total capital work in progress	596	207

	Computer Software \$000	Carbon Credits \$000	Total 2023/24 \$000
Carrying amount 1 July 2023	2,103	-	2,103
Additions	1,103	999	2,102
Disposals	(4)	-	(4)
Amortisation	(722)	-	(722)
Carrying amount 30 June 2024	2,480	999	3,479
Cost/ Valuation 30 June 2024	6,426	999	7,425
Less Accumulated Impairment and Amortisation	(3,946)	-	(3,946)
Carrying amount 30 June 2024	2,480	999	3,479

<b>Restrictions</b> There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.		
Capital work in progress	2023/24 \$000	2022/23 \$000
Software	207	0
Total capital work in progress	207	0





Trademarks and Licences

Where software is provided under a software-as-a-service (SaaS) arrangement, costs of configuration and customisation are recognised as an intangible asset only if the activities create an intangible asset that the Council controls and asset recognition criteria are met. Costs, including ongoing fees for use of software, which do not result in an intangible asset or a software finance lease are expensed as a service contract as incurred. However, where fees represent payment for future services to be received, the Council recognises these as a prepayment and expenses these as subsequent services are received.

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

Goodwill

Goodwill on acquisition of businesses and subsidiaries is included in “intangible assets”. Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

20. Investment Property

	Actual 2024/25 \$000	Actual 2023/24 \$000
Balance at 1 July	98,206	103,254
Additions from acquisitions	-	-
Disposals	-	-
Reclassification	-	-
Fair value gains/(losses) on valuation	(9,112)	(5,048)
Balance at 30 June	89,094	98,206

Information about the revenue and expenses in relation to the investment property is included below:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Rental income from investment property	2,188	1,959
Expenses from investment property generating income	-	-
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-









# INVESTMENT PROPERTIES – ESTIMATING FAIR VALUE



Council's investment properties are valued annually at fair value effective 30 June. The valuation was performed by M. Penrose ANZIV, SNZPI, AAMINZ an independent valuer from CBRE Ltd. CBRE Ltd are experienced valuers with extensive market knowledge of the types of investment properties owned by the Council.

The valuation applied a blended approach, combining:

- Discounted Cash Flow (DCF) Method (40% weighting)
- Direct Comparable Sales Approach (60% weighting)

### Discounted Cash Flow (DCF) Method

The DCF method forecasts net cash flows from each lease over a long-term horizon (100 years in this report), then discounts those cash flows using a market-derived discount rate to reflect the time value of money and investment risk.

#### Key Assumptions

- Land Value Escalation Rate: 1.85% per annum
- Discount Rate: Range from 6.5% to 7.3%, depending on lease characteristics
- Market Rent Rates:
  - Traditional Approach: Applied as a percentage of land value, typically ranging from 5.25% to 6.70% depending on rent review frequency
  - Classical Approach: Based on comparable ground rents, analysed to a rate per square metre, ranging from \$16.81/m<sup>2</sup> to \$30.07/m<sup>2</sup>

#### Other inputs

- Current Contract Rent: The rent currently payable under each lease
- Prescribed Rental Rate: Often 5% of land value, used in leases with fixed rent formulas
- Land Value: Assessed based on market evidence and zoning
- Lease Term and Type: Perpetually renewable leases with no termination date

### Direct Comparable Sales Approach

The comparable sales approach estimates the market value of the property by multiplying the area (in square metres) by a rate per square metre derived from recent comparable sales. Where the property is subject to a leasehold arrangement, a land value-based lessor interest adjustment is applied to reflect the ownership interest in the land — specifically, the value attributable to the lessor's interest, which typically comprises the present value of future ground lease income.

#### Key Assumptions

- Rate per Square Metre: Land values were derived from comparable sales and ranged from \$450/m<sup>2</sup> to \$1,945/m<sup>2</sup>, depending on location, zoning, and site characteristics.
- Lessor Interest Relativity Adjustment: A percentage of the assessed freehold land value was applied to reflect the lessor's interest in each leasehold property. This adjustment varied based on lease terms, including:
  - Prescribed rental rates (e.g. 5% of land value)
  - Rent review frequency (e.g. every 5, 7, or 21 years)
  - Market rent provisions
  - Relativity percentages ranged from 82.5% to 100% of land value, with lower percentages applied to less favourable lease terms (e.g. long review periods or fixed rents), and higher percentages applied to leases with market rent reviews.

#### Other inputs

- Land Area: Measured in square metres for each site
- Lease Type and Term: Typically perpetually renewable ground leases
- Zoning and Site Attributes: Used to benchmark against comparable sales



ABOUT US

OUR PERFORMANCE BY ACTIVITY

THE FINANCIAL DETAIL





Investment Property	<p>Investment property is held for long term rental yields and capital appreciation and is not occupied by the Council or held to meet service delivery objectives.</p> <p>Properties leased to third parties under operating leases will generally be classified as investment property unless:</p> <ul style="list-style-type: none"><li>the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation;</li><li>the occupants provide services that are integral to the operation of the owner’s business and/or these services could not be provided efficiently and effectively by the lessee in another location;</li><li>the property is being held for future delivery of services;</li><li>the lessor uses services of the owner and those services are integral to the reasons for their occupancy of the property.</li></ul> <p>Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recognised in the surplus or deficit of the Statement of Comprehensive Revenue and Expenses.</p>
Impairment of Non-Financial Assets	<p>Assets that have an indefinite useful life and capital work in progress are not subject to amortisation and are tested annually for impairment. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment will depend on whether the asset is deemed to be cash generating or non-cash generating. All cash generating assets are assets held with the primary objective of generating a commercial return, all other assets are non-cash generating.</p> <p>An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For non-cash generating assets where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For cash generating assets, value in use is determined using a present value of future cash flows valuation methodology.</p> <p>For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for assets that are cash generating. Once this assessment is made, this is adjusted through the revaluation reserve for revalued assets (where there is a positive reserve), or in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses where revaluation does not occur or there is no positive revaluation reserve.</p>



Investments	<p>Investment in Associates</p> <p>The Council’s associate investment is accounted for in the financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the financial statements is increased or decreased to recognise the Council’s share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.</p> <p>If the share of deficits of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further deficits. After the Council’s interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.</p> <p>Where the Council transacts with an associate, surplus or deficits are eliminated to the extent of the Council’s interest in the associate.</p> <p>Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.</p>
	<p>Subsidiaries</p> <p>Subsidiaries are all entities over which the Council has control. The Council controls an entity if all three of the following elements are present: power over the entity, exposure to variable returns from the entity, and the ability of the Council to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.</p> <p>The Council has no subsidiaries during the periods presented in the financial statements.</p>
	<p>Joint Arrangements</p> <p>A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement and that is subject to joint control. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.</p> <p>A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. The Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement.</p> <p>For joint operations, the Council recognises its direct right to the assets, liabilities, revenues, and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council’s interest in a joint operation are accounted for in line with Council’s accounting policies and included in the relevant line items of the Councils financial statements.</p>



## 21. Investments in Associates



The Council has a 26% interest in Hawke’s Bay Airport Limited and its reporting date is 30 June. The remaining interest is held by Hastings District Council (24%) and The Crown (50%).

With effect from 1 July 2009, Hawke’s Bay Airport Authority was corporatised. The new entity, Hawke’s Bay Airport Limited, took over the business, assets and liabilities from that date.

Hawke’s Bay Airport Limited is an unlisted entity and, accordingly, there are no published price quotations to determine the fair value of this investment.

### Breakdown in investments of Hawke’s Bay Airport Ltd

	Actual 2024/25 \$000	Actual 2023/24 \$000
Balance at 1 July	13,648	13,573
Revaluation gains/(losses)	34	297
Share of total recognised revenues and expenses	852	(222)
Share of dividend	(258)	-
Balance at 30 June	14,276	13,648

### Summarised financial information of associate entities

	Actual 2024/25 \$000	Actual 2023/24 \$000
Assets	93,363	89,396
Liabilities	38,455	36,903
Revenues	14,751	13,031
Surplus/(deficit)	3,278	(855)
Group's interest	26%	26%

## 22. Joint Operation



The Council's 36.32% interest in the Omarunui Refuse Landfill joint venture is accounted for as a jointly controlled asset. The remaining 63.68% interest in the joint venture is held by Hastings District Council. The Council's interests in the jointly controlled operation are as follows.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Current assets		
Non-current assets	12,711	11,044
Current liabilities	2,295	-
Non-current liabilities	1,277	2,392
Revenue	8,171	7,844
Revenue (NCC sales eliminated)	(890)	(687)
Expenses	4,485	4,578
Depreciation	843	732

Interests that the Council holds in jointly controlled assets and jointly controlled operations are accounted for on a line-by-line basis of the Group’s share of assets, liabilities, revenue and expenses.

There were no contingent liabilities relating to interests in joint ventures to which the Council was jointly and/or severally liable (2024: \$nil).

There were no contingent assets relating to interests in joint ventures to which the Council would benefit either jointly and/or severally (2024 \$nil).

There were no commitments relating to the Council’s joint venture which the council was jointly and/or severally liable (2024: \$nil).

There were no capital or other commitments relating to interests in joint ventures to which the Council was jointly and/or severally liable (2024: \$nil).





Other Financial Assets (excluding derivatives)

Accounting Policies

Other financial assets are initially recognised at fair value. Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.	
They are then classified based on its cash flow characteristics and the Council’s management model for managing them. Then subsequently measured under the following categories:	
Amortised cost	<p>A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.</p> <p>Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include cash and cash equivalents, receivables, term deposits and the financial instrument portion of jointly controlled assets.</p>
Fair value through other comprehensive revenue and expense (FVTOCRE)	<p>A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.</p> <p>Debt instruments in this category are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not currently have debt instrument’s in this category.</p> <p>Equity instruments in this category designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term. Equity instruments in this category are unlisted shares.</p>
Fair value through surplus and deficit (FVTSD)	<p>Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.</p> <p>Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.</p> <p>Debt instruments in this category are the Council’s borrower note’s in the Local Government Funding Agency (LGFA).</p>

23. Financial Instruments Assets

The following table are comparisons of carrying amounts of the Group’s financial assets in each of the financial instrument categories:		
Financial instrument categories		
	Actual 2024/25 \$000	Actual 2023/24 \$000
Amortised Cost		
Cash and cash equivalents	9,119	17,326
Debtors and other receivables	8,773	11,662
LGFA Borrower Notes	2,750	500
Omarunui Landfill	1,731	195
Total amortised cost	22,373	29,683
Fair value through other comprehensive revenue and expenditure		
Unlisted Shares	284	279
Total fair value through other comprehensive revenue and expenditure	284	279
Total financial assets	22,657	29,962

Expected credit loss allowance (ECL)

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

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

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

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

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





Fair value heirachy

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

- Level 1** – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
- Level 2** – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3** – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

		Actual 2024/25 \$000	Actual 2023/24 \$000
	Level		
Financial assets			
Unlisted Shares	3	284	279

There were no transfers between the different levels of the fair value hierarchy

Valuation techniques with significant non-observable inputs (level 3) PBE IPSAS 30.33 (c). The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Balance as at 1 July	279	271
Gains or losses recognised in other comprehensive revenue and expense	5	8
Balance as at 30 June	284	271

Financial Instrument Risks

Napier City Council has a series of policies to manage the risks associated with financial instruments. This Council is risk-averse and therefore seeks to minimise risk exposure from its treasury activities through adherence to its approved Investment Management Policy and Liability Management Policy. These policies do not allow transactions of a speculative nature.

Market Risk  
Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Napier City Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of this Council's investment portfolio in accordance with the limits set out in Napier City Council's Investment Management Policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Napier City Council does nor expose to currency risk as the Council has minimal overseas transactions.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Napier City Council to fair value interest rate risk. Napier City Council's Liability Management policy is to stay within a minimum and maximum percentage of its borrowings in fixed-rate instruments. Fixed-to-floating interest rate swaps can be entered into to hedge the fair value interest rate risk arising where this Council's fixed rates borrowings are in excess of the target range.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Napier City Council to cash flow interest rate risk. In order to manage the cash flow interest rate risk, under its Liability Management Policy this Council has the ability to raise long-term borrowings at floating rates, then later swap them to fixed rates using interest rate swaps.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Napier City Council, causing this Council to incur a loss. Due to the timing of its cash inflows and outflows, this Council invests surplus cash into term deposits or local authority stock, which gives rise to credit risk. This Council's Investment Management Policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are generally secured by charges over rates. Other than other local authorities, this Council invests funds only with entities that have a Standard and Poor's credit rating of at least A-1 for short-term investments, and at least A+ for long-term investments. Napier City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Cash at bank and term deposits	9,119	17,326
Receivables	8,773	11,662
Total credit risk	17,892	28,988

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 30.







Credit quality of financial assets

The credit quality of financial assets excluding receivables that are neither past due nor impaired can be assessed by reference to Fitch’s credit ratings (if available) or to historical information about counterparty default rates. On 12 July 2021 Kiwibank announced the credit rating service from Standard & Poor’s Global Ratings to Kiwibank Limited is ending. As a result Standard & Poor’s ratings on Kiwibank have been withdrawn. For 2024/25 Fitch’s credit ratings have been used instead.

	Actual 2024/25 \$000	Actual 2023/24 \$000
Counterparties with credit ratings		
Cash at bank and term deposits		
AA-	9,119	17,326
AA	-	-
Total term deposits	9,119	17,326

Contractual Maturity Analysis

The table below analyses the Council’s financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 year \$000	1–2 years \$000	2–5 years \$000	More than 5 years \$000
2024/25						
Cash and cash equivalents	9,119	9,136	9,136	-	-	-
Receivables	8,773	8,773	8,773	-	-	-
LGFA Borrower Notes	2,750	3,616	402	543	480	2,191
Total	20,642	21,525	18,311	543	480	2,191
2023/24						
Cash and cash equivalents	17,326	17,407	17,407	-	-	-
Receivables	11,662	11,662	11,662	-	-	-
LGFA Borrower Notes	500	622	-	-	457	165
Total	29,488	29,691	29,069	-	457	165

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council’s financial instrument exposures at balance date.

Interest rate risk

	2024/25 \$000				2023/24 \$000			
	-50	bps	150	bps	-50	bps	150	bps
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
Cash and cash equivalents	(46)	-	137	-	(87)	-	260	-
Term deposits	-		-		-		-	
LGFA Borrower Notes	(14)	-	41	-	(3)	-	8	-
	(60)	-	178	-	(90)	-	268	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity has been calculated based on a shift in interest rates of -50bps/+150bps (2024: -50bps/+150bps).

MAJOR BUDGET VARIANCES



Current Assets

Overall, current assets are \$4.7m lower than budget. The significant variances are:

- Debtors and other receivables are \$8.5m below budget, attributed to revenue changes, especially from reduced Parklands Residential Development sales, resulting in fewer pending sales at year-end.
- Inventories are \$2.0m below budget due to the change in strategy for Parklands Residential Development which has led to less inventory held as current due to sales expected in the 2025/26 year, and higher inventory held as non-current for future year sales.
- This is offset by higher cash and cash equivalents which are \$3.0m higher than budget due to the timing of borrowing and investing activities and the upcoming requirements for cash on hand, and other financial assets which were budgeted as non-current assets but have been reclassified to current.

Non-Current Assets

Total non-current assets for 2023/24 are \$13.7m higher than budget.

- Property, plant and equipment is \$27.1m higher than budget due to the higher than expected increase in fair value from revaluations, in particular the revaluation for three waters assets in the prior year which was not available at the time of budgeting leading to lower opening balances budgeted compared to actuals.
- Non-current inventories are \$8.7 million above the budget as a result of development activities on the Parklands Residential Development. Silt was used in earthworks to prepare areas designated for sale after the 2025/26 year, as favourable pricing was available at the time.
- Partially offsetting this, investment property is \$19.6m below budget, primarily due to the compounding effects of multiple unforeseen valuation declines caused by the downturn in the property market.



Accounting Policies

Trade and Other Payables

Short-term creditors and other payables are measured at amount payable. They represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave and Gratuities

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

Retirement Benefit Obligations

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

Bonus Plans

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

24. Payables and other accruals

	Actual 2024/25 \$000	Actual 2023/24 \$000
Payables from non-exchange transactions		
Rates in advance	1,474	1,592
Other taxes payable	757	762
Total payables from non-exchange transactions	2,231	2,354
Payables from exchange transactions		
Trade payables and accrued expenses	13,768	17,053
Deposits and bonds	1,547	587
Accrued interest	563	184
Revenue in advance	1,601	2,221
Total payables from exchange transactions	17,479	20,045
Total payables and other accruals	19,710	22,399

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

25. Employee benefit liabilities

	Actual 2024/25 \$000	Actual 2023/24 \$000
Current portion		
Accrued pay	1,419	1,191
Annual leave	4,721	4,848
Retirement and long service leave	514	638
Total current portion	6,654	6,677
Non-current portion		
Retirement and long service leave	601	582
Total non-current portion	601	582
Total employee entitlement	7,255	7,259

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Borrowings

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

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

Financial Guarantee

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

- the amount determined in accordance with the ECL model described in the financial asset accounting policy on page 173; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue

26. Borrowings

Breakdown of borrowings

	Actual 2024/25 \$000	Actual 2023/24 \$000
LGFA Borrowings		
Current Portion	10,000	-
Non-Current Portion	55,000	20,000
Total balance at 30 June	65,000	20,000

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

Reconciliation of movements in liabilities arising from financing activities The table below provides a reconciliation between the opening and closing balance of liabilities with cash flows that were or future cash flows that will be classified as a financing activity in the statement of cash flows.

Balance at 1 July	20,000	10,000
Cash Inflows	45,000	10,000
Cash Outflows	-	-
Balance at 30 June	65,000	20,000

Interest terms for secured loans

The Council's secured loans are issued at fixed rates of interest. The LGFA sets its interest rate using a base yield and adds a margin for the Council as an unrated guarantor.

Internal Borrowings

Information about internal borrowings is provided on page 198 of the Council's Annual Report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

27. Financial Guarantees

The Council is listed as sole guarantor to two community organisation bank loans. The Council is obligated under the guarantees to make payments in the event the organisation defaults on a financial arrangement. The exercising of guarantees will be dependent on the financial stability of the organisations, which will vary over time. As at June 2025 there is no indication that the community organisation will not be able to pay these loans so no liability has been recognised. The carrying amount of financial guarantees approximates their fair value.

Breakdown of financial guarantees

		Authorised 2024/25 (\$000)	Outstanding Amount 2024/25 (\$000)	Authorised 2023/24 (\$000)	Outstanding Amount 2023/24 (\$000)
Napier Sailing Club	Westpac	50	-	-	-
Regional Indoor Spots and Events Centre Trust	BNZ	2,000	2,000	2,000	2,000
Total		2,050	2,000	2,000	2,000

28. Financial Instrument Liabilities

The following tables are comparisons of carrying amounts of the Group's financial liabilities in each of the financial instrument categories:

Financial instrument categories

Financial liabilities	Actual 2024/25 \$000	Actual 2023/24 \$000
Amortised Cost		
Creditors and other payables	15,132	17,396
LGFA Borrowings	65,000	20,000
Total amortised cost	80,132	37,396
Total financial liabilities	80,132	37,396







Liquidity Risk

Management of Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the Council’s Long Term Plan (LTP). The Council has an overdraft facility of \$300,000 (2024: \$300,000), and there are no restrictions on the use of this facility. Gross overdraft facility in use at 30 June 2025 was \$nil (2024: \$nil). The Council holds negotiated off-setting arrangements with its bank for all its bank accounts and was \$8,309,417.84 in funds as at 30 June 2025 (2024: \$8,309,418).

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Council’s financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flow \$000	Less Than 1 Year \$000	1–2 Years \$000	2–5 Years \$000	More Than 5 Years \$000
2024/25						
Creditors and other payables	15,132	15,132	15,132	-	-	-
Financial Guarantees	-	-	-	-	-	-
LGFA loan	65,000	84,310	13,270	12,888	21,576	36,576
Total	80,132	99,442	28,402	12,888	21,576	36,576
2023/24						
Creditors and other payables	17,396	17,396	17,396	-	-	-
Financial Guarantees	-	-	-	-	-	-
LGFA loan	20,000	26,345	555	648	18,538	6,604
Total	37,396	43,741	17,951	648	18,538	6,604

The Council is exposed to liquidity risk as a guarantor of all of the LGFA’s borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 30

Maximum exposure to credit risk

The Council has no exposure to credit risk arising from financial liability instruments.  
All financial guarantees are counterpatries without credit ratings that have not previously defaulted.

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

Interest rate risk

	2024/25 \$000				2023/24 \$000			
	-50	bps	150	bps	-50	bps	150	bps
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial Liabilities								
LGFA Borrowings	325	-	(975)	-	100	-	(300)	-
	325	-	(975)	-	100	-	(300)	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.  
The sensitivity has been calculated based on a shift in interest rates of -50bps/+150bps (2024: -50bps/+150bps).









Provisions

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

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

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

29. Provisions



	Actual 2024/25 \$000	Actual 2023/24 \$000
<b>Current Provisions</b>		
<b>Redesign provision</b>		
Balance at 1 July	-	-
Additional provisions made	1,350	-
<b>Balance at 30 June</b>	<b>1,350</b>	<b>-</b>
<b>Total Current Provisions</b>	<b>1,350</b>	<b>-</b>
<b>Non-Current Provisions</b>		
<b>Landfill aftercare provision</b>		
Balance at 1 July	2,392	1,738
Additional provisions made	-	654
Amounts used/unused amounts reversed	(906)	-
<b>Balance at 30 June</b>	<b>1,486</b>	<b>2,392</b>
<b>Tertiary education grant</b>		
Balance at 1 July	-	100
Amounts used/unused amounts reversed	-	(100)
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>
<b>Category 3 voluntary buy-out provision</b>		
Balance at 1 July	1,844	-
Additional provisions made	-	1,844
Amounts used/unused amounts reversed	(1,844)	-
<b>Balance at 30 June</b>	<b>-</b>	<b>1,844</b>
<b>Total Non-Current Provisions</b>	<b>1,486</b>	<b>4,236</b>

Provision for Landfill Aftercare

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

Capacity of the Site:

	Total Capacity (million)	Useful Life of Valley	Remaining Useful Life
<b>The landfill is divided into four valleys as below:</b>			
Valley A - opened in December 1998, closed 2006	2.6m³	17 years	closed
Valley D - opened in December 2006 and currently in operation	2.1m³	18 years	0.89 years
Valleys B & C - not yet in operation			

Estimates of the life have been made by Hastings District Council's engineers based on historical volume information.

The cash outflows for landfill post-closure are expected to occur in 2025 for Valley D and began in 2007 for Valley A. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.5%.

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

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

Provision for Tertiary Education Grant

Council has formed an agreement with Eastern Institute of Technology (EIT) to provide education grants until 2024.

Category 3 voluntary buy-out provision

The Category 3 voluntary residential property purchases are completed at 30 June 2025.

Redesign Provision

In February 2025, Napier City Council management announced an organisational redesign driven by Central Government Reform, efficiency savings and shifting priorities. In May, detailed information about the proposed changes and impacts to roles was released to staff. This step included informing staff of proposed disestablishments of roles, creating the need to recognise a provision in the financial statements as at 30 June 2025. The new structure took effect on 1 September, with the organisation moving into the post-redesign business continuity phase..



Leases

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

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

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



30. Contingencies

	Actual 2024/25 \$000	Actual 2024/25 \$000
Legal proceedings	968	-
Total contingent liabilities	968	-
Contingent assets	-	228
Total contingent assets	-	228

Quantified Contingent Liabilities

As at the date of these financial statements, Napier City Council is involved in legal proceedings with a total estimated maximum financial exposure of \$968,000 (excluding GST, costs, and general damages). These amounts are likely to be covered by insurance with Council only liable for the excess. The claims against Council seek compensation for alleged breach of easement terms and damage caused by Council stormwater assets. The final outcome and timing remain uncertain for these matters.

Quantified Contingent Assets

At 30 June 2024 the Category 3 voluntary residential property purchases were still being negotiated. The associated revenue from the Crown was a contingent asset due to the uncertainty in timing and amount. These negotiations concluded in the 2024/25 year and there is no contingent asset related to this activity at 30 June 2025.

Unquantified Contingent Liabilities

Legal proceedings

Council is involved in legal proceedings which are unable to be quantified due to uncertainty and the potential to legally prejudice negotiations. These proceedings relate to the obligations and liabilities imposed on local authorities under the Building Act 2004, specifically regarding the issuance of building consents and the inspection of completed work. Council’s legal counsel have advised that any financial exposure will be covered by insurance with Council liable only for a small excess. The outcome and timing remain uncertain.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand.

LGFA has a current credit rating from Fitch Ratings of AA+ and Standard and Poor’s of AAA. The foreign currency long term rating is AA by Fitch Ratings and AA+ by Standard and Poor’s.

The Council is a guarantor of all of the LGFA’s borrowings in the event of default. At 30 June 2025, the LGFA had borrowings totalling \$25.0 billion (2024: \$22.9 billion). In such an event, each guarantor would be liable to pay a proportion of the amount owing based on each guarantor’s rates revenue. Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Riskpool

Napier City Council was previously a member of the New Zealand Mutual Liability Riskpool scheme (‘Riskpool’). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the Riskpool scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance or where reinsurance is delayed), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, following the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, which addressed the treatment of claims against Riskpool that involved a mixture of non-weathertightness and weathertightness defects (mixed claims), a number of proceedings against Riskpool, which were stayed pending the Supreme Court’s decision in 2023, have since recommenced. Several member Councils have brought proceedings against Riskpool related to mixed claims. Two of these claims are currently listed for trial in September 2025. These cases are important in clarifying the scope of Riskpool’s historical obligations and the interpretation of past Scheme terms. At this point the total potential liability of the outstanding claims against Riskpool is unable to be quantified.



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Other contingent liabilities

The Council is a participating employer in a Defined Benefit Plan Contributors Scheme which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employees ceased to participate in the scheme, the Council could be responsible for an increased share of the deficit. As at 31 March 2025, the scheme had a deficit of \$0.9 million (2024: \$1.2 million deficit)

Unquantified Contingent Assets

Napier City Council is involved in proceedings in the High Court against its former professional indemnity insurer, Riskpool, seeking indemnity for the non-weathertightness component of a claim settled with an apartment complex.

The case is complex and subject to possible appeals. At this stage, the total potential proceeds of a successful claim are unable to be quantified.

31. Capital Commitments

Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	Actual 2024/25 \$000	Actual 2023/24 \$000
Infrastructural Assets		
Drainage	1,066	1,023
Roading network	671	988
Sewerage system	1,995	2,510
Sewerage Treatment Plant	201	679
Water System	4,383	2,698
Restricted Assets		
Building on Reserves	186	-
Inner Harbour	332	-
Sportsgrounds	232	-
Swimming Pools	-	3,812
Grandstands and Halls	35	196
Operation Assets		
Plant and equipment	510	796
Software	44	48
Buildings	74,354	33
Motor vehicles	-	56
Total capital commitments	84,009	12,839

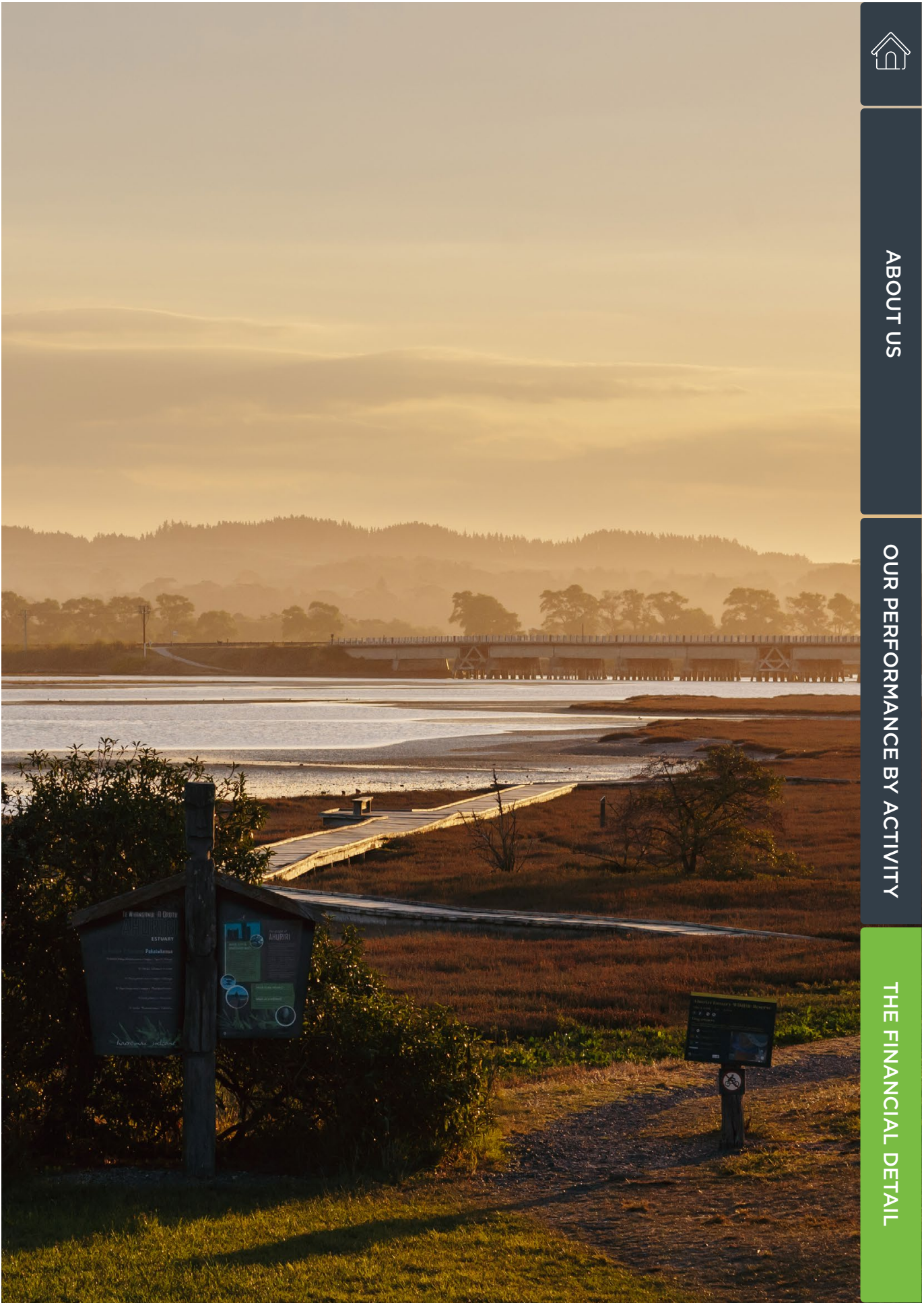
MAJOR BUDGET VARIANCES

Current Liabilities

Current liabilities are \$4.2m higher than budget. The main variance is due to \$10.0m of borrowings which have moved from non-current into current liabilities due to the terms of the loans. This is offset by the timing of payments and lower than expected capital spend which led to lower than expected payables at year end.

Non-current Liabilities

Non-current liabilities are \$30.9m lower than budget. The main variance is in borrowings which were not required due to less than budgeted capital spend over the past two years, and the move of \$10.0m of borrowings to current liabilities due to the terms of the loans.



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Net Assets / Equity

Accounting policies

Net Assets/Equity is the community’s interest in the Council and is measured as the difference between total assets and total liabilities. Net Assets/Equity is disaggregated and classified into a number of components see Note 32.

These are:

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

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

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

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

Asset Revaluation Reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

The Council's objectives, policies and processes for managing capital are described in Note 33

32. Equity

	Actual 2024/25 \$000	Restated * 2023/24 \$000
Accumulated comprehensive revenue and expenses		
As at 1 July	839,414	866,776
Transfers to:		
Restricted reserves	(1,812)	(1,920)
Transfers from:		
Asset revaluation reserve	(529)	1,317
Restricted reserves	2,532	1,833
Surplus/(deficit) for the year	(10,176)	(28,592)
As at 30 June	829,428	839,414
Restricted reserves		
As at 1 July	3,567	3,480
Transfers to:		
Retained earnings	(2,532)	(1,833)
Transfers from:		
Retained earnings	1,812	1,920
As at 30 June	2,847	3,567
Restricted reserves consist of:		
Loan funds reserves	-	-
Trusts and bequests	262	334
Other restricted reserves	2,585	3,233
Total restricted reserves **	2,847	3,567
Asset revaluation reserves		
As at 1 July	1,589,825	1,525,766
Revaluation gains/(losses) property, plant and equipment	1,180	65,080
Revaluation gains/(losses) Hawke’s Bay Airport Limited	34	296
Total valuation gains/(losses) as per Other Comprehensive Revenue	1,214	65,376
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	529	(1,317)
As at 30 June	1,591,568	1,589,825

\* In the 2023/2024 year depreciation was not calculated correctly for the Transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.

\*\* For full details on the restricted reserves refer to pages 192–195.







	Actual 2024/25 \$000	Restated* 2023/24 \$000
Asset revaluation reserves consist of:		
Operational assets		
Land	118,910	118,910
Leasehold land	2,246	2,246
Buildings	114,036	113,229
Plant and equipment	519	282
Infrastructural assets		
Sewerage Treatment Plant	3,467	3,588
Sewerage system	255,934	256,267
Water system	151,560	152,248
Drainage network	242,830	243,032
Roading network	316,112	316,112
Sportsgrounds	259,770	271,683
Grandstands and halls	9,014	7,926
Buildings on reserves	48,206	33,678
Swimming pools	11,007	9,575
Inner Harbour	53,218	56,342
Hawke's Bay Airport Authority	4,739	4,706
Total asset revaluation reserves	1,591,568	1,589,824
Fair value through equity reserve		
As at 1 July	(177)	(185)
Valuation gains/(losses) on unlisted shares taken to equity	5	8
As at 30 June	(172)	(177)
Total other reserves	1,594,244	1,593,215
Total equity	2,423,672	2,432,629

## MAJOR BUDGET VARIANCES



### Equity

Equity is \$35.7m above budget. This is due to significant valuation gains from the prior year which lead to higher opening balances that budgeted.

### 33. Capital Management



The Council's capital is its equity (or Ratepayers' Funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' Funds are managed largely as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has Asset Management Plans in place for major classes of assets, detailing renewal and maintenance programmes to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan.

Napier City Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surpluses or deficits relating to these separate areas of benefit are applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by Council.

Trust and bequest reserves are set up where the Council is donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purposes for which they were donated.



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34. Related Party Transactions



Transactions with key management personnel

Key management personnel includes the Mayor, councillors, the Chief Executive and other senior management personnel.

During the year, councillors and key management, as part of normal local authority relationships, were involved in transactions of a minor and routine nature with the Council on normal commercial terms (such as payment of rates and transfer station fees).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2024: \$nil).

Key management personnel compensation

	FTE 2024/25	FTE 2023/24	Actual 2024/25 \$000	Actual 2023/24 \$000
Elected members	13	13	1,024	973
Executive management (includes Chief Executive, direct reports and people who sit on the Executive Leadership Team)	7	9	2,149	2,465

Due to the difficulty in determining the full-time equivalent of councillors, the full-time equivalent figure is taken as the number of councillors.

Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions with subsidiaries, associates, or joint operations

All transactions between Napier City Council and its subsidiaries, associates and joint operations are at arm's length.

The Council has significant influence over Hawke's Bay Museums Trust. The Council also has a 36.32% share in the Omarunui Landfill joint venture and has significant influence over Hawke's Bay Airport Limited due to its 26% ownership.

The Hawke's Bay Museums Trust is a council-controlled organisation as three of the five member Board are Napier City Council or Hastings District Council nominees. Hawke's Bay Museums Trust is classified as an associate entity for financial reporting purposes. Napier City Council provides operational and administrative support to the Trust, and due to the perceived influence we have provided further information on the related party transactions with the Trust below.

	Actual 2024/25 \$000	Actual 2023/24 \$000
<b>Hawke's Bay Museums Trust</b>		
Grants paid to the trust	757	635
Services provided to the trust	1,462	1,250
Other services provided to the trust	26	25

35. Events After the Balance Sheet Date



Local Water Done Well

As outlined in the "Key Reforms in the Local Government Sector" section of this report (page 16), Council has been actively engaged in responding to the Local Water Done Well reforms, including public consultation and regional collaboration.

Napier City Council, in collaboration with Hastings District Council and Central Hawke's Bay District Council, has developed a joint Water Services Delivery Plan (WSDP) outlining a regional approach to delivering water services. The plan proposes the establishment of a new Water Services Council Controlled Organisation (WSCCO), which will introduce new funding and governance arrangements for water service delivery across Hawke's Bay.

The WSDP was approved by all three councils in August 2025 and submitted to the Government on 2 September 2025. Under the plan, Napier City Council's drinking water, wastewater, and stormwater operations—along with associated assets and liabilities—are expected to transfer to the new WSCCO from 1 July 2026. The rights and responsibilities of Napier City Council as a shareholder in the WSCCO will be defined in the organisation's Constitution and Shareholder's Agreement, which are anticipated to be finalised and presented for ratification in late 2025.

As at the date of this report:

- The Secretary for Local Government has not yet confirmed acceptance of NCC's delivery plan.
- The final structure and governance arrangements for the proposed regional entity remain under development.
- The financial impact of the proposed model cannot yet be reliably measured, as asset transfers, funding mechanisms, and operational details are still being refined.

Further legislation to establish enduring settings for water service delivery is expected to be introduced in December 2025, with implementation anticipated in mid-2026. NCC continues to work with regional partners and central government to progress the business case and prepare for the next phase of reform.

Napier City Council Investment Portfolio and Ahuriri Investment Management Limited

Following the balance date, the Council established the Napier City Council Investment Portfolio, formed Ahuriri Investment Management Limited (AIM), and designated AIM as its investment manager for the Napier City Council Investment Portfolio. Council's purpose for the Napier City Council Investment Portfolio is to be an inter-generational investment portfolio that builds financial resilience and reduces future reliance on ratepayers for funding activities.

The Inflation-Adjusted Net Value of the Napier City Council Investment Portfolio is classified as a strategic asset under the Council's Significance and Engagement Policy. This classification confirms its long-term, intergenerational purpose. Therefore, Council cannot withdraw from the portfolio's Inflation-Adjusted Net Value without considering this policy.

The Napier City Council Investment Portfolio comprises assets that are commercial in nature and would benefit from commercially focused management by AIM. These include Parklands property development, selected surplus property, the leasehold land portfolio, Council's shareholding in Hawke's Bay Airport, and managed funds. Should any additional assets be identified as suitable, Council may add these to the portfolio.

The assets within the NCC Investment Portfolio remain under Council ownership. However, they are ring-fenced to allow AIM to manage them commercially at arm's length, in accordance with Council's strategic objectives. AIM may diversify the portfolio to achieve the objectives, meaning the composition of the portfolio may change over time as individual assets are sold and new assets are acquired.

On 4 August 2025, Council announced the appointment of AIM's inaugural independent directors: Hamish Bell (Chair), Wendie Harvey, and Justin Kean. Two elected member appointments are expected to follow the 2025 local elections.



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### 36. Prior Period Adjustment

The Council has adjusted its comparative year financial statements for the year ended 30 June 2024 for correction of a prior period error. This includes adjustments to the opening equity balances.

During the 2024/25 financial year, the Council identified that the useful lives of assets classified under the roading category had not been updated to reflect the appropriate depreciation rates following asset revaluations in 2023 and 2024. This oversight resulted in an understatement of both depreciation expenses and valuation gains.

A total of \$10,007,745 in depreciation related to roading assets was not recognised across the 2023 and 2024 financial years (\$4,779,089 and \$5,228,656, respectively). As a result, the 2024 financial statements—presented as comparative information in the financial statements for the year ended 30 June 2025—have been restated to correct this error.

	Actual 2024		
	Before Adjustments \$000	Correction \$000	After adjustments \$000
Statement of Comprehensive Revenue and Expense			
Expenditure			
Depreciation and Amortisation	44,665	5,229	49,893
Surplus/(deficit)after tax	(23,363)	5,228	(28,591)
Other Comprehensive Revenue			
Valuation Gains/(Losses)	60,148	5,229	65,376
Statement of Financial Position			
Net assets/equity			
Accumulated Revenue and Expenses	849,421	10,009	839,412
Other reserves	1,583,208	(10,009)	1,593,217
Note 32. Equity			
Opening Balance Accumulated Revenue & Expenses	871,554	(4,779)	866,776
Opening Balance Asset Revaluation Reserves	1,520,987	4,779	1,525,766
Closing Accumulated Revenue & Expenses	849,421	(10,008)	839,414
Closing Asset Revaluation Reserves	1,579,818	10,008	1,589,825

These restatements had a consequential impact on the 2024 Property, Plant and Equipment schedule (Note 18), the Depreciation and Amortisation Expense note (Note 7), and the Equity note (Note 32). In addition, the Reconciliation of Net Surplus after tax to net cash flow from operating, Income Tax note and Reconciliation of Funding Impact Statement to Operating Surplus/(Deficit) and the Financial Prudence Benchmarks have also been restated.



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RESERVE FUNDS

Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2024	Deposits	Expenditure	Closing Balance 30 June 2025
COUNCIL CREATED RESERVES						
Bay View Targeted Rate Fund	Established to recover the cost of connection to the Bay View Sewerage Scheme for properties connecting where the lump sum payment option was not elected. Income is derived from the Bay View Connection rate, and is used to recover loan servicing costs.	Wastewater	(21)	10	-	(11)
Capital Reserve	Derived from rating surpluses. The reserve is available to provide funding for capital projects or debt repayment.	All Activities	2,638	1,004	(1,315)	2,327
CBD and Taradale Promotional Levy Funds	Funds from the targeted rates for CBD and Taradale Promotion. The funds collected are paid in full to Napier Inner City Marketing and Taradale Marketing Association.	City and Business Promotion	3	-	-	3
Commercial Reserves	Funds established to ring fence profits/losses of business and tourism facilities grouped as commercial so they can be self funding.	Kennedy Park Resort, Napier Conferences and Events, Ocean Spa, Par2 Minigolf	-	10,389	(14,972)	(4,583)
Cycleway / Walkway Fund	Derived from donations and contributions for the construction and improvements of Cycleways/Walkways	Roading	389	-	(44)	345
Robson Collection Fund	This fund was set up by the Napier Pilot City Trust in memory of John Robson. Revenue is derived from community donations for the Robson Collection on restorative justice.	Libraries	12	-	-	12
Development Contributions	Collected from development contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	733	-	(733)	-
Financial Contributions	Collected from financial contributions from developers on the subdivision of land and various land use activities. Used to fund capital works and services. Note: Council is itself a developer (Parklands) and contributions are transferred as internal charges.	Roading, Stormwater, Water, Wastewater, Reserves, Sportsgrounds, Libraries	26,619	10,074	(4,807)	31,886
Infrastructural Asset Renewal and Upgrade Funds	Collected from the annual rate funded allocation as per the Capital Plan. Used for capital expenditure on infrastructural asset renewals and associated upgrades.	Water Supply, Stormwater, Wastewater, Solid Waste, Sportsgrounds, Reserves, Public Toilets, Cemeteries, Napier Aquatic Centre	30,785	25,371	(24,068)	32,088
Plant & Equipment Renewals	This fund is derived from the depreciation and interest on capital portions of plant hire charges and profit on plant sold. The fund is used for the purchase of new and replacement plant and vehicles.	All Activities	(1,389)	5,166	(4,025)	(248)
Marine Parade Disability Hoist	Derived from fundraising carried out by Mr N Bains for the purchase a disability hoist for the Marine Parade Pool.	Marine Parade Pools	3	-	-	3
Mayor's Discretionary Fund	Interest on the fund is used for charitable purposes to assist the needy, including contributions to purposes such as the Christmas Cheer Appeal.	Community Planning	2	-	-	2
Pensioner Housing Upgrade Reserve	Established from a contribution from rates equivalent to the annual depreciation on pensioner flats and houses owned by Council. The reserve is available to provide capital upgrade of these facilities.	Retirement & Rental Housing	353	-	-	353
Parking Contributions Account	Funds derived for the provision of parking facilities.	Parking	3,428	260	(536)	3,152
Parking Account	Funds are derived from the surplus revenue from the Parking Business Unit and are used to provide for parking facilities generally.	Parking	4,405	3,523	(2,388)	5,540
Parking Equipment Reserve Account	To provide funds for replacement of parking equipment on a regular basis.	Parking	1,277	117	(39)	1,355
Taradale Parking Meters	Funds collected from Parking Meters in Taradale Town Centre to fund the 2010 upgrade of the Town Centre (including parking).	Parking	(18)	18	-	-
Parklands Residential Development Fund	Derived from proceeds of section sales of the Parklands Residential Development project less development expenditure.	Parklands Residential Development, Property Holdings, Sportsgrounds, Reserves, Napier Skate Park	(6,735)	6,313	(12,812)	(13,234)
Roading Property Reserve	Derived from the sale or lease of surplus roading property. The proceeds are available for Roothing property purchases and improvements.	Roading	178	63	-	241
Property Reserve	Derived from the sale of miscellaneous property. The proceeds are available for the acquisition of other miscellaneous land and buildings. Its purpose in particular is for unscheduled property purchases related to district scheme designations and for private developments which occur from time to time.	Property Holdings	4,589	186	(266)	4,509



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Name of Reserve	Purpose of Reserve	Activity to which reserve relates	Opening 1 July 2024	Deposits	Expenditure	Closing Balance 30 June 2025
McLean Park Property Reserve Account	Derived from rental income from the McVay Street and Vigor Brown Street houses less current loan servicing costs. As per Council resolution dated 15 May 2002, the fund may be used to fund future McLean Park property purchases or loan servicing costs on future purchases.	Sportsgrounds	451	319	(157)	613
Hawke's Bay Harbour Board Endowment Land Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land. The Hawke's Bay Endowment Land Empowering Act 2002 provides an unrestricted use of proceeds from leasehold land freeholded after 30 March 2002.	Property Holdings, Parklands Residential Development, Marine Parade Pools, Reserves	20,093	495	(127)	20,461
Investment Property Portfolio Sale Account	Derived from proceeds from freeholding HB Harbour Board Endowment Land.	Property Holdings	4,978	207	(36)	5,149
Solid Waste Disposal Income Account	Amount is derived from returns from the Joint Regional Landfill Committee for the operation of the Omarunui Regional Landfill and is used to fund capital development of the landfill and the net operating costs including loan servicing, of the Transfer Station.	Solid Waste	1,690	8,115	(6,054)	3,751
Reserve Subdivision of Land	Derived from contributions on the subdivision of land towards the development of reserves and subject to Council approval as part of the annual budget process.	Reserves	32	1	-	33
Resilience Rate	Funds from rate to build resilience to be used for activities related to emergency preparedness.	Emergency Preparedness	-	791	(791)	-
Subdivision and Urban Growth Fund	To service all borrowing in relation to Council's share of subdivision and urban growth projects, and to meet any servicing costs on financing the developer's share of projects where expenditure requirements precede the receipt of financial contributions. A part of the surplus is also used to reduce the general rate requirement.	All Activities	4,781	199	(1,504)	3,476
Total Council Created Reserves			99,276	72,621	(74,674)	97,223
RESTRICTED RESERVES						
Endowment Land Account	Derived from the sale of BCP Faraday Street land and the transfer of the Criterion Account capital sum previously advanced to the Land Development Account. This account is now used for the sale and purchase of other endowment land.	Property Holdings	2,114	88	-	2,202
Hawke's Bay Harbour Board Endowment Land Income Account	Derived from proceeds from the sale of former Harbour Board leasehold properties up to 30 March 2002. To be used to fund maintenance and capital improvements of the Inner Harbour and any other future capital expenditure related to Napier Harbour as defined by the Act.	Inner Harbour, Reserves, Lagoon Farm, Property Holdings	1,029	1,676	(2,322)	383
Total Restricted Reserves			3,143	1,764	(2,322)	2,585
BEQUESTS AND TRUST FUNDS						
Colenso Bequest	Bequest is invested and the income derived used to: i) Provide a fund for the assistance of poor families. (Capital \$2500) ii) Provide assistance for prisoners released from Napier jail. (Capital \$500) iii) Provide a fund for the assistance of distressed seamen and strangers. (Capital \$1000) iv) Provide prizes for senior scholars at Napier Boys, Napier Girls & Colenso High Schools. (Capital \$1000)	Community Planning	33	1	-	34
Estate Henry Hodge	For charitable purposes, with a wish that it be used for the erection of flats for the needy.	Retirement & Rental Housing	197	7	(82)	122
Eskdale Cemetery Trust	This Trust fund, comprising a number of bequests totalling \$1,400, was taken over from the former Hawke's Bay County Council, and is available for the maintenance and upkeep of the Eskdale Cemetery.	Cemeteries	29	1	(9)	21
Hawke's Bay Municipal Theatre	Funds held on behalf of Hawke's Bay Arts and Municipal Theatre Trust.	Napier Municipal Theatre	7	-	-	7
John Close Bequest	Bequest is invested and income used in two ways: i) Cemetery Trust - for upkeep and maintenance of the Close burial plot, with surplus income to provide ham and ale at Christmas to the poor, old and needy. ii) Coal Trust - provided wood and coal to the needy.  A scheme for arrangement for the disposition of income in terms of the Charitable Trusts Act 1957 was to have been initiated in 1993.	Community Planning	54	2	(1)	55
Morecroft Bequest	To provide a Municipal gymnasium or gymnasium equipment, either as a separate building or as part of any memorial or centennial hall which Napier City Council may decide to erect.	Sportsgrounds	17	1	-	18
Napier Christmas Cheer	For community fundraising through the HB Today for the preparation of Christmas parcels to be distributed to disadvantaged individuals and families within the Napier District.	Community Planning	21	8	(24)	5
Mayoral Relief Fund	Donations received to help with emergencies, specifically setup in 2023 to assist those affected by Cyclone Gabrielle.	Community Planning	66	28	(94)	-
Total Bequests Trust Funds			424	48	(210)	262



BORROWING PROGRAMME

	Actual 2024/25 \$000	TYP/AP 2024/25 \$000	Actual 2023/24 \$000
New loans			
- Rates funded	51,712	53,406	42,142
Total new loans	51,712	53,406	42,142
Less repayments (net)	(6,359)	(3,853)	(14,482)
Movement in debt	45,353	49,553	27,660
Opening public debt	128,863	114,989	101,203
Gross Public debt	174,216	164,542	128,863
Internal funding	(109,216)	(78,977)	(108,863)
Net Public debt	65,000	85,565	20,000

	Actual 2023/24 \$000	Borrowed 2024/25 \$000	Repaid 2024/25 \$000	Actual 2024/25 \$000	Interest paid 2024/25 \$000
Internal borrowing					
Transportation	12,723	1,500	(496)	13,727	659
Stormwater	8,473	5,299	(510)	13,262	439
Wastewater	12,185	9,978	(389)	21,774	631
Water Supply	19,347	7,376	(480)	26,243	1,002
Other Infrastructure	2,267	35	(47)	2,255	117
City Strategy	8,993	450	(1,936)	7,507	466
Community and Visitor Experiences	40,291	17,876	(1,249)	56,918	2,087
Governance and Representation	-	2	-	2	-
Property Assets	9,496	7,640	(337)	16,799	492
Loan redemptions	15,088	1,556	(915)	15,729	782
Total Internal Borrowing	128,863	51,712	(6,359)	174,216	6,675

Council classifies loans as those where a formal loan raising resolution is required by Council. The loan raising process does not differentiate on the basis of the source of funds raised, i.e, internal or external

This schedule is prepared specifically to meet the requirements under Schedule 10, section 27 - Internal Borrowing, Local Government Act 2002.

A credit offset for internal interest income is applied when setting the level of general rates.

Council classifies loans as those where a formal loan raising resolution is required by Council. The loan raising process does not differentiate on the basis of the source of funds raised, i.e, internal or external

CAPITAL EXPENDITURE

Capital Programme by Activity Group	Actual 2024/25 \$000	TYP/AP 2024/25 \$000
Capital Expenditure by Council		
Governance and Representation	2	-
City Strategy	595	918
Community and Visitor Experiences	19,857	26,331
Other Infrastructure	2,845	4,740
Property Assets	8,830	12,940
Stormwater	6,095	4,822
Transportation	12,274	13,312
Wastewater	11,084	9,419
Water Supply	5,250	8,555
Support Units	3,855	4,980
Subtotal	70,687	86,017
Vested Assets transferred to Council		
Governance and Representation	-	-
City Strategy	-	-
Community and Visitor Experiences	300	276
Other Infrastructure	-	-
Property Assets	-	-
Stormwater	9,372	261
Transportation	2,594	345
Wastewater	5,350	235
Water Supply	4,175	131
Support Units	-	-
Subtotal	21,791	1,248
Total Capital Programme		
Governance and Representation	2	-
City Strategy	595	918
Community and Visitor Experiences	20,157	26,607
Other Infrastructure	2,845	4,740
Property Assets	8,830	12,940
Stormwater	15,467	5,083
Transportation	14,868	13,657
Wastewater	16,434	9,654
Water Supply	9,425	8,686
Support Units	3,855	4,980
Total	92,478	87,265





# FINANCIAL PRUDENCE BENCHMARKS

Annual Report Disclosure Statement for the year ending 30 June 2025

## What is the purpose of this statement?

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

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

## Rates affordability Benchmark

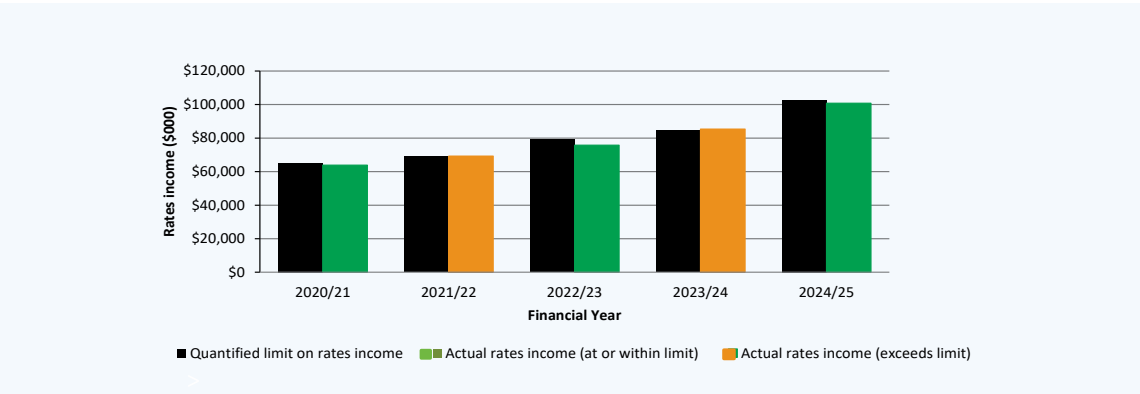
The Council meets the rates affordability benchmark if:

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

### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan (2024-27 was a Three Year Plan due to Cyclone Gabrielle). The quantified limits are:

LTP/TYP Year	Year in graph	Quantified limit	Water by meter/ rates remissions and penalties
2024-27	2024/25	Total rates will increase by no more than the forecast increase to rates for each year, plus the Local Government Cost Index (LGCI) on operating expenditure (a way to calculate inflation) plus a consistent allowance of 0.3% per annum for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
2021-31	2023/24	8% in 2021/22 and thereafter no more than the Local Government Cost Index (LGCI) plus 6.5%, together with an allowance of 0.3% for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
	2022/23		
	2021/22		
2018-28	2020/21	LGCI plus 5%	Includes water by meter, rates remissions and rates penalties

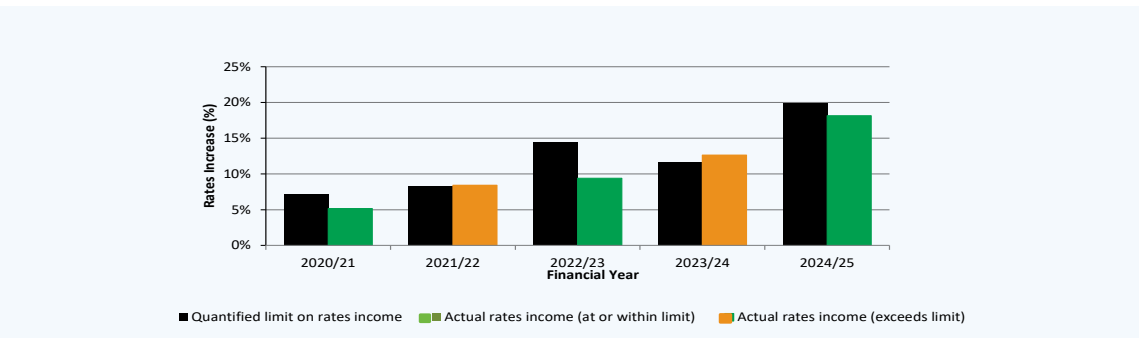


### Rates (increases) affordability

The following graph compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan (2024-27 was a Three Year Plan due to Cyclone Gabrielle).

The quantified limits are:

LTP/TYP Year	Year in graph	Quantified limit	Water by meter/ rates remissions and penalties
2024-27	2024/25	Total rates will increase by no more than the forecast increase to rates for each year, plus the Local Government Cost Index (LGCI) on operating expenditure (a way to calculate inflation) plus a consistent allowance of 0.3% per annum for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
2021-31	2023/24	8% in 2021/22 and thereafter no more than the Local Government Cost Index (LGCI) plus 6.5%, together with an allowance of 0.3% for growth in the rating base	Excludes water by meter, rates remissions and rates penalties as these are not included in the rates collection calculation
	2022/23		
	2021/22		
2018-28	2020/21	LGCI plus 5%	Includes water by meter, rates remissions and rates penalties





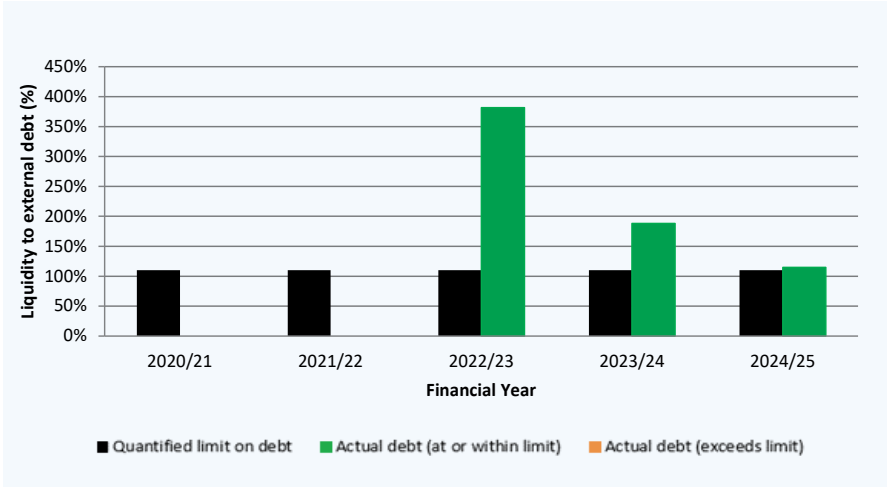
Debt affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limits described in the 2024-27 TYP are;

- liquidity to external debt;
- net external interest as a percentage of income; and
- net interest expense to income.

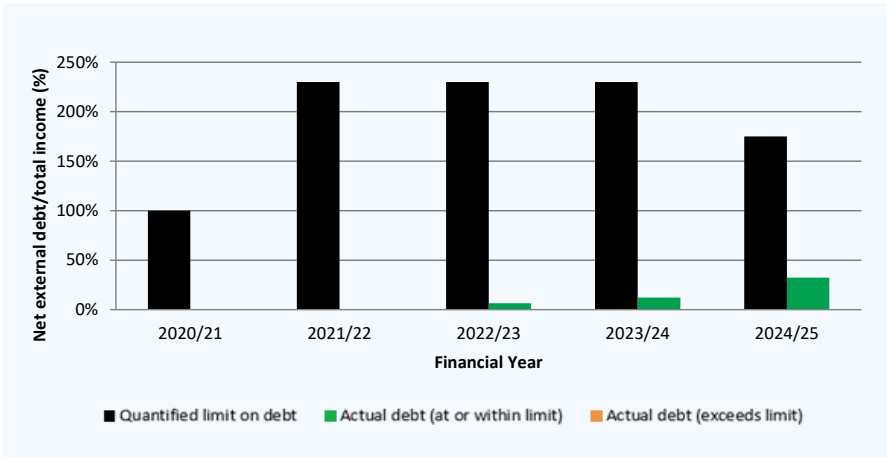
Liquidity to external debt

The following graph compares the Council's debt with a quantified limit contained in the relevant LTP's financial strategy. The quantified limit is liquidity (term debt plus committed bank facilities and liquid available financial investments) to external debt must be at least 110%.



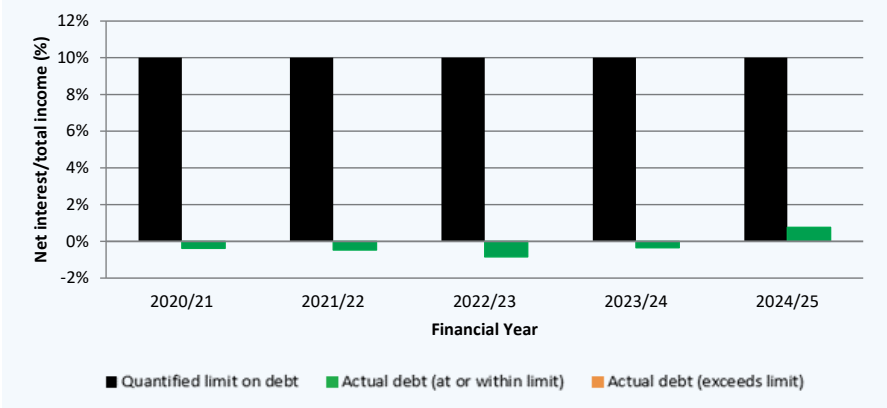
Net external debt to income

The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit was set to be 230% from 2021/22 to 2023/24 in the 2021-31 LTP, and 175% for 2024/25 in the 2024-27 TYP. Note, where the external debt is \$0 in a particular year, net debt is shown as \$0 as well.



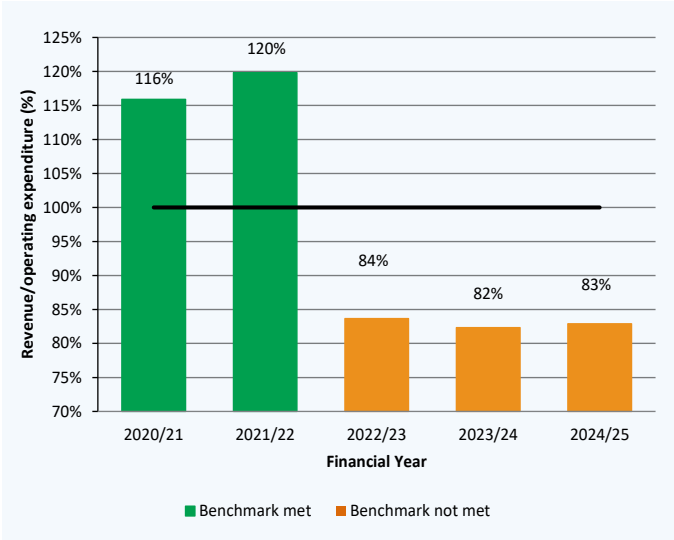
Net interest expense to income

The following graph compares the Council's debt with a quantified limit on borrowing in the relevant LTP's financial strategy. The quantified limit is net interest expense on external debt to total income will not exceed 10%.



Balanced Budget Benchmark

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



Council's balanced budget benchmark for 2024/25 reached 83%, compared to the 100% threshold. This reflects a financially prudent decision to support service levels and capital investment while managing short-term financial pressures. These pressures include transitional deficits from the decision to loan-fund operating losses at Ocean Spa, Kennedy Park Resort, and Napier Conferences and Events as they move toward financial self-sufficiency. Additionally, the depletion of income from the Parklands Development—where fewer sections were sold as part of a more strategic approach—has impacted revenue. The benchmark remains aligned with long-term sustainability goals as outlined in the three-year plan.

The financial prudence benchmarks have been restated. Discrepancies were identified in how the benchmarks were calculated compared to the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014, and how they were presented in the long-term and annual plans. Correction of these discrepancies has resulted in the following restatements to comparative figures

Additionally in the 2022/2023 and 2023/2024 years depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above.

Refer to Note 36 for further details of the correction.

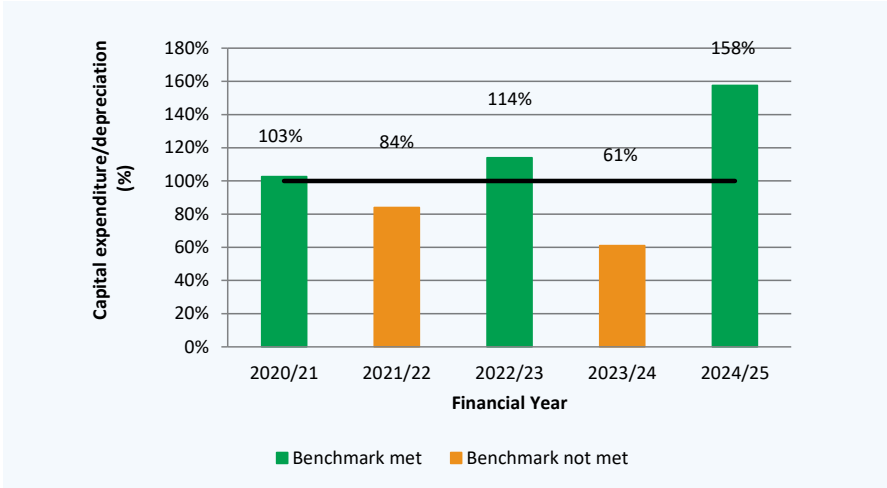
Year	Corrected Result		Previous Result	
2020/2021	116%	Met	100%	Met
2021/2022	120%	Met	96%	Not Met
2022/23	84%	Not met	88%	Not Met
2023/24	82%	Not met	87%	Not Met





### Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

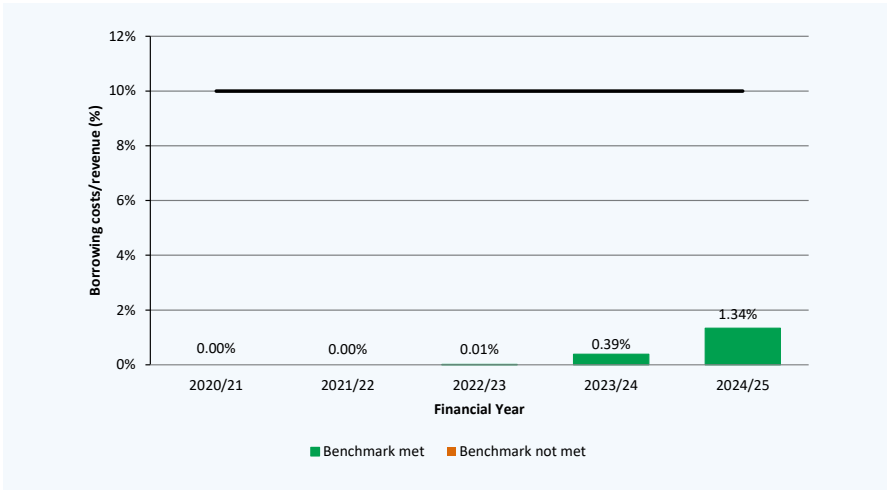


In the 2022/2023 and 2023/2024 years depreciation was not calculated correctly for the transportation activity. These numbers have been restated and updated in the results above. Refer to Note 36 for further details of the correction.

Year	Corrected Result	Previous Result
2022/23	114% Met	139% Met
2023/24	61% Not met	72% Not Met

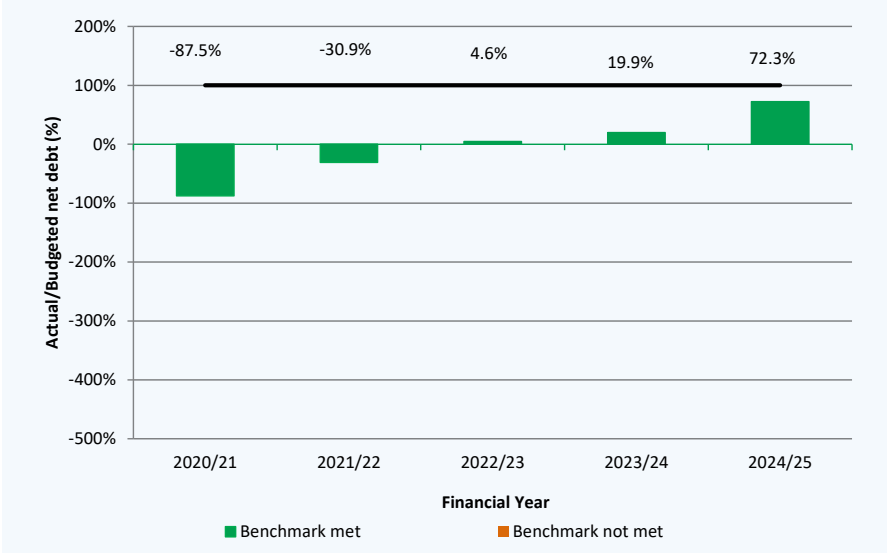
### Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.



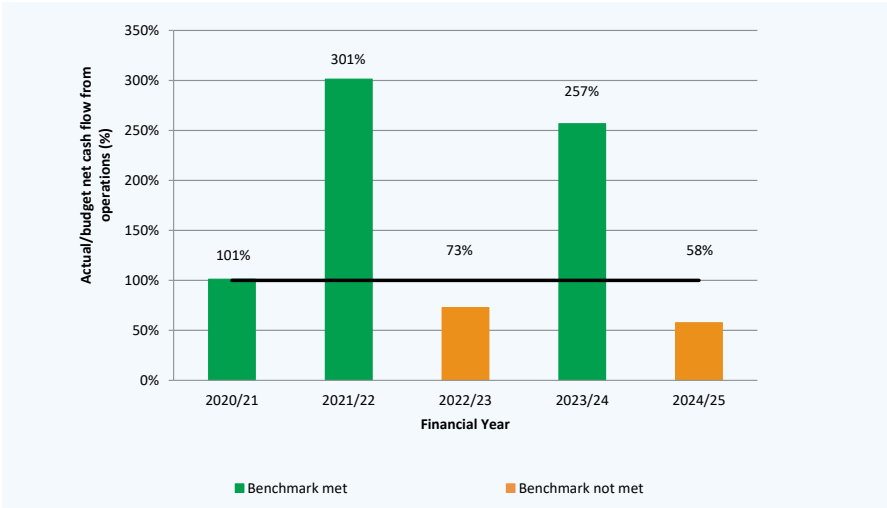
### Debt Control Benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council did not achieve the operations control benchmark for 2024/45. This was primarily impacted by increased expenditure on inventory development within the Parklands Residential Development. This investment was a strategic decision to take advantage of lower-cost infill opportunities created by silt deposits. This is combined with a shift in the strategic direction of the development to focus on maximising long-term profitability rather than achieving short-term sales targets, reducing the associated cash inflows from section sales. As a result, the development costs remain held as inventory, and the timing mismatch between expenditure and revenue has temporarily reduced operational cash flow, contributing to the benchmark shortfall.



# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Council and management of the Napier City Council confirm that all the statutory requirements in relation with the Annual Report have been complied in accordance with Clause 34 of Schedule 10 of the Local Government Act 2002.

### Responsibility

The Napier City Council and its management accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Napier City Council and its management accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Napier City Council and its management, the annual Financial Statements for the year ended 30 June 2025 fairly reflect the financial position and operations of Napier City Council.

Kirsten Wise

MAYOR

9 October 2025

Louise Miller

CHIEF EXECUTIVE

9 October 2025

# INDEPENDENT AUDITOR’S REPORT

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of Napier City Council’s annual report for the year ended 30 June 2024

The Auditor-General is the auditor of the Napier City Council (the City Council). The City Council has appointed me, Karen, to audit the financial statements and the Statement of Service Performance for the year ended 30 June 2024, including: the information in the financial statements; the information in the Statement of Service Performance; the information in the Statement of Financial Position; and the information in the Statement of Financial Flows. We are required to report on the information in the financial statements and the Statement of Service Performance. We are not required to report on the information in the Statement of Financial Position or the Statement of Financial Flows.

- the Statements of service provision on pages 28 and 29, 40 to 43, 50 to 52, 60 and 61, 68 and 69, 74 and 75, 82 and 83, 102 to 107, and 116 and 117;

We have audited the financial statements and the Statement of Service Performance for the year ended 30 June 2024, including: the information in the financial statements; the information in the Statement of Service Performance; the information in the Statement of Financial Position; and the information in the Statement of Financial Flows. We are required to report on the information in the financial statements and the Statement of Service Performance. We are not required to report on the information in the Statement of Financial Position or the Statement of Financial Flows.

We have audited the financial statements and the Statement of Service Performance for the year ended 30 June 2024, including: the information in the financial statements; the information in the Statement of Service Performance; the information in the Statement of Financial Position; and the information in the Statement of Financial Flows. We are required to report on the information in the financial statements and the Statement of Service Performance. We are not required to report on the information in the Statement of Financial Position or the Statement of Financial Flows.

We have audited the financial statements and the Statement of Service Performance for the year ended 30 June 2024, including: the information in the financial statements; the information in the Statement of Service Performance; the information in the Statement of Financial Position; and the information in the Statement of Financial Flows. We are required to report on the information in the financial statements and the Statement of Service Performance. We are not required to report on the information in the Statement of Financial Position or the Statement of Financial Flows.

- the financial statements and the Statement of Service Performance for the year ended 30 June 2024, including: the information in the financial statements; the information in the Statement of Service Performance; the information in the Statement of Financial Position; and the information in the Statement of Financial Flows.
- present fairly, in all material respects, the financial position of the City Council as at 30 June 2024; and
- the results of its operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

### Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and

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Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 227, but does not include the audited information, the disclosure requirements, and our auditor’s report thereon.

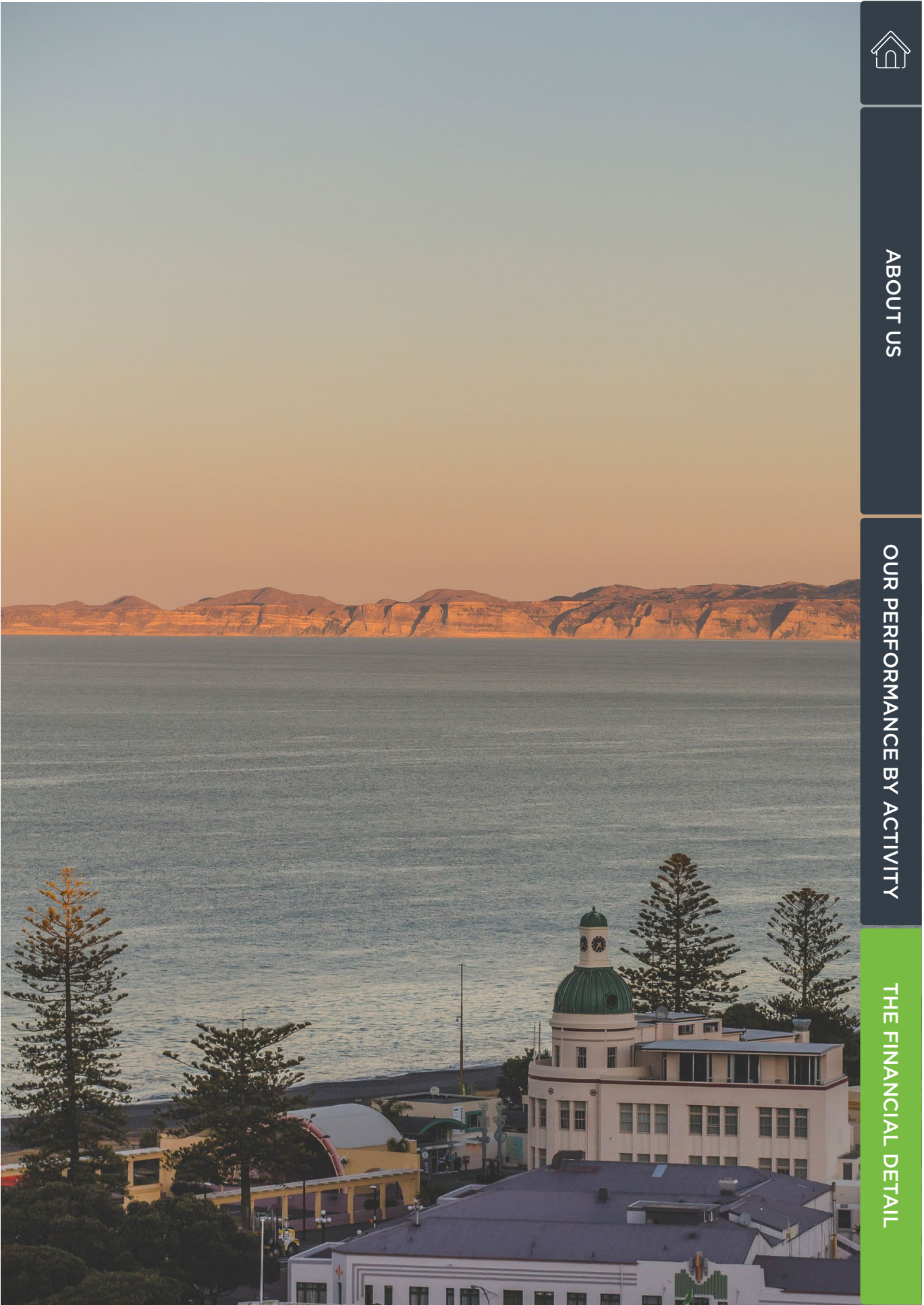
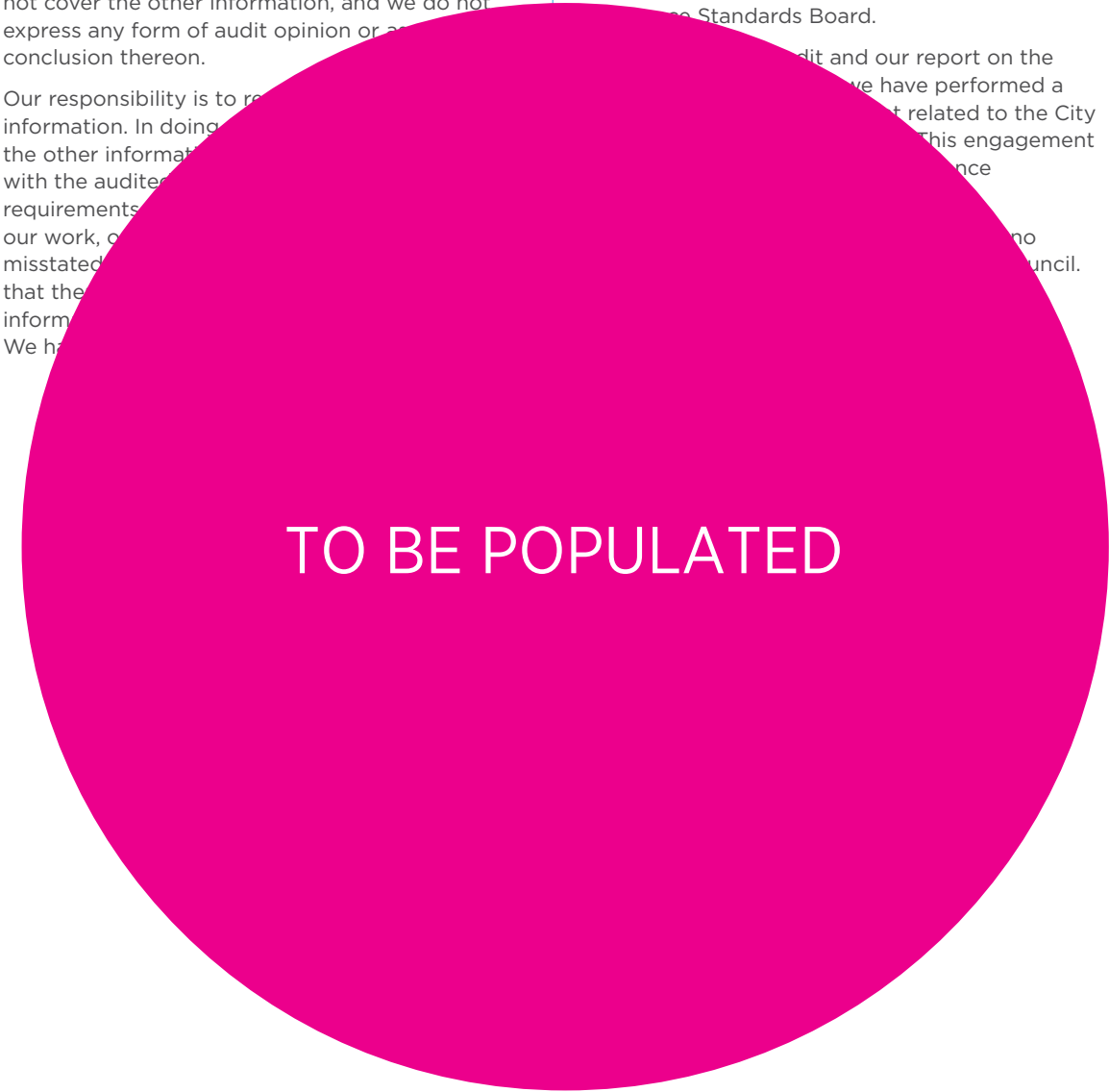
Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or any conclusion thereon.

Our responsibility is to read the other information. In doing so, we have taken into account the other information in the context of the audited information. This engagement with the audited information is in accordance with the disclosure requirements. Our work, or the work of others, has not misstated or omitted any material information. We have not identified any material misstatements or omissions.

Independence

We are independent of the City Council in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

We have performed a review of the City Council’s financial statements and our report on the review is included in the annual report. This engagement is in accordance with the disclosure requirements. Our work, or the work of others, has not misstated or omitted any material information. We have not identified any material misstatements or omissions.



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# COUNCIL CONTROLLED ORGANISATIONS

This part of the Annual Report reports the performance of the Council Controlled Organisations as required in Clause 28 of Schedule 10 of the Local Government Act 2002.

## Hawke’s Bay Airport Limited

### Policies and Objectives Regarding Ownership and Control

Hawke’s Bay Airport Limited (HBAL) is incorporated in New Zealand under the Companies Act 1993 and is owned by the Crown 50%, Hastings District Council 24% and Napier City Council 26%. The Company produces separate annual accounts. No payments were made by the Council to the Company during the financial year and there was no financial provision included in Council budgets. The Council share of the Company is included in its annual financial statements as an investment, valued using the equity method of accounting.

Council’s policies and objectives have been met in full.

### Nature and Scope of Activities

The HBAL’s core business is to be an airport operator providing appropriate facilities for all airport users and the travelling public.

### Strategic Priorities

The global landscape for aviation is re-shaping the world we live in. We expect significant change in the years ahead driven by the electrification of aviation, modal shifts, technological advancements to improve customer experience and support operational efficiencies, as well as the imperative for resilience to climate change. With our eyes firmly on the future, we have taken the opportunity to reshape our strategic priorities to position our business to reflect these developments.

Progressive and Resilient Infrastructure - Optimising Airport assets for growth and resilience

- Airfield power & lighting upgrade
  - Airfield runway improvements
  - Apron extension
  - Back-up generator
  - Carpark roading improvements and enhancements
- New Fire Station
- Stormwater improvements

Airport Land Development and Enhancements - Enabling sustainable regional growth and revenue diversification.

- Environmental ground water monitoring
- Aeropark infrastructure
- Tenant growth

Air Service Development – Creating new connections for the region.

- New routes/passengers

Renewable Energy and Resource Efficiency – Enabling a green energy future.

- Solar-powered vehicles and equipment
- Electricity supply improvements
- Solar farm

Digital Transformation – Harnessing technology to advance all areas of the business.

- Digital Transformation Strategy

## Performance Targets

The following is a Statement of Service Performance relating to the key objectives listed in the Company's Statement of Corporate Intent for the year ending 30 June 2025 (as reflected in the Company's Annual Report for 2024/25).

		SOI 2024/25	Actual 2024/25	Status
Optimize Shareholder Value & Returns	Passenger numbers	665,795	612,254	🔴
	Revenue	\$15,445,239	\$14,750,947	🔴
	EBITDA	\$9,424,302	\$8,510,445	🔴
	NPAT	\$2,874,110	\$3,278,158	🟢
	ROE	4.8%	6.0%	🟢
	Gearing	33%	31%	🔴
	Equity	61%	59%	🔴

Completed/Achieved In progress Not completed



Strategic Pou (Pillar)	Goal	Objective	Key Performance Measure (KPM)	Target/Date	Progress to Date	Commentary
Operations	We ensure a safe, secure and intuitive customer journey for all.	Maintain legislative and regulatory compliance	No significant legislative or regulatory breaches.	30-Jun-25	◆	No breaches identified.
			No significant adverse audit findings by our aeronautical regulatory bodies (CAA, MPI or HBRC).	30-Jun-25	◆	No inspections conducted during FY2025.
	We strive for excellence.	Provide collaborative and productive health, safety and wellbeing support to our team and HBAL tenants, business partners and visitors, including easy to use data and tools, and timely reporting	Continuous improvement of the company's H&S management framework delivering improving KPI trends.	30-Jun-25	◆	The new Health & Safety Management System (HSMS) is under development with 9 of the 10 high priority items complete. Improvements rolled out during FY25 include: *Finalising health & safety risk register associated with HBAL assets & operations. *Emergency plan training delivered to team in November 2024. *Bomb threat training delivered March 2025. *Health, Safety and Wellbeing survey undertaken in February 2025 and a subcommittee from the team formed to address issues identified as key by the team. *Near miss reporting is increasing due to the roll out of QR codes to all staff, contractors and tenants.
			Fire Station design completed, consented and construction ready.	30-Jun-25	◆	The new Fire Station has been designed, tendered & the project awarded to the preferred contractor. Building Consent has been granted and the project is now in the construction stage.
			Robust Asset Management Plan processes are implemented, encompassing infrastructure planning, asset renewal and proactive maintenance schedules.	30-Apr-25	◆	*Asset Management Plan update complete and approved by Board. *Pavement Condition Assessment report completed in April 2025 and provides a roadmap for works required on pavement assets which has been prioritised based on condition with the 10 year capital plan, with works estimated to begin in Quarter 2, FY26. *Airfield Pavement Condition Report complete. 10 year Capital Plans aligned with infrastructure planning. *Maintenance schedules & processes established in conjunction with defined Service Level Agreements with suppliers of key equipment to ensure these assets are maintained in optimal condition. The Service Level Agreements outline scope of services and maintenance intervals to ensure proactive rather than reactive maintenance is undertaken.
			Customer Experience enhanced through the implementation of an agreed Landside Strategy. This will include landside opportunities and offerings, and associated performance measures.	16-Oct-24	◆	*The Landside Strategy was presented to the Board in October 2024, including a timeline of projects to be implemented. Implementations completed by year end include: Customer Kiosk installation & recruitment of Customer Services Officers, Carpark Masterplan, AI shop feasibility study, vending machines introduced. *Cleaning contract tendered in September 2024 and awarded to new vendor which has improved overall customer satisfaction as evidenced through Passenger Research Survey results.
Our People	We treat our people with respect, empower them with knowledge and allow them to flourish.	Nurture a culture of continuous improvement and value-driven work performance	A competency framework is developed, outlining role expectations and required capabilities and skills.	30-Sep-24	◆	A full HR framework has been implemented during FY2025. This includes competencies by role and outlines the training matrices to be implemented and reviewed for FY2026.
			A learning and development matrix is established that aligns with the competency framework to support our team to develop the capabilities and skills they need to succeed.	31-Dec-24	◆	A matrix summarising all roles was designed in December 2024 which will be reviewed with individuals as part of the FY26 goal setting process and updated as required.
	A great place to work.		Our team is upskilled in how to provide and receive feedback by establishing a structured process for feedback and recognition programme.	31-Mar-25	◆	Feedback training deferred to Quarter 1 FY26.
			Staff satisfaction rating shows a positive trend.	31-Mar-25	◆	Team climate survey rolled out to team in March 2025 as a follow up to the survey completed in 2024. 17 of the 18 invited team completed and metrics are showing improvement on the survey completed last year. Key areas of improvement are leadership which reflects the CE appointment, Engagement, and Team Culture.

◆ = Completed/Achieved    ◆ = In progress    ◆ = Not completed





Strategic Pou (Pillar)	Goal	Objective	Key Performance Measure (KPM)	Target/Date	Progress to Date	Commentary
Our Place	<b>We ensure our airport's future through strategic sustainability and resilience practices.</b>  <b>We safeguard our land.</b>	Understand the impacts of climate change and have plans to manage and mitigate its effects.	Develop a roadmap that supports our decisions to defend our site from the effects of climate change. The roadmap will also ensure environmental compliance requirements are met.	31-Mar-25	◆	A roadmap on Climate Change & Resilience was developed & presented to the Board in October 2024. This roadmap includes:  *Implementation of Resilience Explorer tool in September 2024  *Investigation of reporting requirements alignment with Aotearoa Climate Reporting Standards, with an internal report delivered in June 2025  *Involvement in Airport Council International Climate Change Adaptation Working Group.
			Maintain ACA Level 4+ Transition while investigating broader ESG frameworks and supporting standards e.g. Bcorp and alternatives.	31-Oct-24	◆	*Independent verification of FY24 Green House Gas inventory has been completed. ACA Level 4+ is retained until February 2026, interim report has been submitted and approved.  *Review of ESG Frameworks presented at October 2024 Strategy Day and outcome of shareholding negotiations to be considered prior to selection of appropriate framework.
		Ready and capable for a sustainable aviation future.	Collaborate with airlines and others in the aviation industry to understand and prepare for future aviation requirements.	30-Jun-25	◆	*Air New Zealand have confirmed NPE will be included in the Next Gen demonstrator aircraft flights from Hamilton.  *Consultation with NZ Air Ambulance Service underway given their decision to purchase eVTOL fleet in the coming years.  *The Masterplan refresh has been updated to include potential infrastructure changes to allow for electric aircraft and eVTOL.
Our Partnerships	<b>We foster significant relationships with our customers, partners, and community.</b>	Continuously improve our relationships with airport partners, customers and stakeholders.	A Stakeholder Engagement Plan is developed and implemented.	30-Jun-25	◆	*Plan approved by Board & implemented.  Quarterly updates presented to the Board to demonstrate progress against plan.  *Chief Executive Stakeholder Engagement plan launched in February 2025 to ensure relationships are formed between identified airport key stakeholders and the Chief Executive.
			Stakeholder engagement feedback trends positively.	30-Jun-25	◆	A follow up survey was completed with key stakeholders in February 2025. Significant improvements in this group's perception of the airport have been recorded in Passenger Airline, Business Partner & Advisor, and Aeronautical tenant groups across all pillars of trusted, credible, regional enabler and sustainable.
Prosperity	<b>We maximise commercial returns, to provide value for our stakeholders and our region.</b>	Optimise shareholder returns.	Return on Equity greater than or equal to 1.5%.	30-Jun-25	◆	Return on Equity at 5.8%
			Net Profit After Tax greater than or equal to \$2.4M pre-revaluation adjustments.	30-Jun-25	◆	Pre valuation year end NPAT \$2.64M compared to SOI \$2.8M – adjustment reflects reduction in Passengers through FY25 and the impact on associated revenues.
	<b>A profitable, sustainable business.</b>	Pursue commercial opportunities.	Develop new revenue streams that include: *Growth of core business *Land asset developments	30-Jun-25	◆	New hangar tenants in place (Air Napier, Aroha Helicopters) in HBAL owned buildings.  APEX Car rental agreement signed confirming new 'customer' area at the southern end of the airport. Valet car park successfully designed, consented and delivered to rental car companies.  Retail space and opportunities under review with self service convenience and vending opportunities being reviewed.
		Use technology to optimise operational and business performance.	A digital transformation roadmap is developed and implementation is underway.	30-Jun-25	◆	A roadmap outlining key deliverables for the next 3 years was presented to the Board in October 2024.  Key deliverables implemented during FY25 include:  AI training for team (delivered February/April 2025), development of AI policy (approved by Board September 2024) to provide guidance on adoption and use, Urban Intelligence Explorer tool implemented as the start of a Digital Twin model for the airport campus, AI shop concept and feasibility study completed March 2025 and continued development of Lime data dashboards are providing insights into the impacts of airfares, flight delays and passenger feedback.

◆ = Completed/Achieved   ◆ = In progress   ◆ = Not completed





## Hawke’s Bay Museums Trust

### Policies and Objectives Regarding Ownership and Control

The Hawke’s Bay Museums Trust (HBMT) is a Council Controlled Organisation as defined by Section 6 of the Local Government Act 2002.

The objectives of the Trust are:

- To hold and protect the regional collection for the people of Hawke’s Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke’s Bay
- To advance and promote cultural heritage and arts through the use of the collection
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council
- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way which maximises benefit to the collection

### Nature and Scope of Activities

The nature and scope of activities to be undertaken by Napier City Council are outlined below. These activities are achieved in accordance with agreed best industry practice (Museum Industry Standards, MIS) and consistent with HBMT policies and procedures.

#### Protection

- Storage
  - Pest Control
  - Storage Media
  - Shelving
  - Air Quality
- Security
  - Alarm Systems (Burglary, fire)
  - Alarm Monitoring
  - Access Systems
  - Insurance (loan Items, owed Items)
- Records Management
  - Vernon Database
  - Other Records

#### Quality

- Conservation - 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.

#### Access

- 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.

#### 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

There has been no change between the intended and actual nature and scope of activities delivered.

## Performance Targets

The key performance targets and performance results (as reflected in the Trust’s Annual Report for 2024/25) are:

Key Result Area	Performance Indicator	Target/Reporting Method	
		2024/25 target	2024/25 actual
Protection	Full insurance cover is provided for the collection.	Yes	Yes
	Collections are stored in an acceptable environment	No items reported to have suffered deterioration due to the environment	No items reported to have suffered deterioration due to the environment
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes – 63 objects accessioned for 2024/25
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes – 19 objects deaccessioned in 2024/25
Access	HBMT collections are used for academic and personal research	1,500 enquiries	42,201 visitors to online catalogue online sessions (No data available for visitors to online catalogue for July) 143 enquiries
	Collections are made available to the public through quality exhibitions	2-5 collection based exhibitions	4 Art Deco on the Edge Hidden in History Art of the Outfit Shockwave: Hawke’s Bay’s Great Quake
Development	Bequests fund income is used in the manner determined by the donor	Yes	Yes
	Conservation funds income is used solely for collection care.	Yes	Yes

## Other Organisations with Council’s Significant Interest

### Omarunui Landfill Operation

The Omarunui Landfill site is the disposal point of refuse from Napier City and Hastings District. The site is a 180 hectare farm located off Omarunui Road in the Hastings District.

The facility is jointly owned and operated by the two Councils under a Joint Committee

Agreement, the ratio being Hastings District Council 63.68% and Napier City Council 36.32%.

The facility is operated as a part of this Council’s solid waste infrastructure with the charges set at a level to cover all operating and capital costs.





# GLOSSARY

## Activities and Activity Groups

The main elements of the Council’s services offered to the Napier community are divided into Activities. These Activities are described in detail in the Activity Groups section of this plan, including the financial and non-financial performance measures, targets, and the financial budgets.

Council is legislatively required to group the activities it provides and declare certain information about those groups in its Long Term Plan, Annual Plan, and Annual Report. Water supply, wastewater, stormwater, and transportation are all mandatory Activity Groups.

## Allocation of Overheads

Council has a number of cost centres of a corporate and support nature. These cost centres provide the technical and support services necessary for the function of Council’s activities.

Costs of the support services are reallocated to activities either as overheads based on the services each activity receives, or they are recharged directly on a usage basis.

## Annual Plan (AP)

The Annual Plan process focuses on year-to-year budgets. Councils prepare an Annual Plan in each of the two years between Long Term Plan reviews (see “Long Term Plan”) and set out in them what the council plans to do in the next 12 months to move towards achieving its goals. These plans are adopted before the start of the financial year in July, generally following a submission process.

## Bylaw

A local authority/council has the ability to make local bylaws. These enable the council to enforce local rules about things like waste management, open fires, offensive behaviour, or damage to waterways.

## Capital expenditure/CAPEX

Funding used by Council to acquire, upgrade, and/or maintain physical assets such as property, plant, buildings, technology, or equipment.

## Carrying Amount

The net amount at which an asset or liability is recognised in the balance sheet.

## Strategic Priorities/Community Outcomes

In 2023, Council adopted five strategic priorities to guide its decision-making. These Strategic Priorities are also the Community Outcomes that underpin the contents of our Three-Year Plan 2024-27 (see “Three-Year Plan”), as well as subsequent Annual Plans (see “Annual Plan”).

## Derecognition

When an asset value is no longer recorded in the balance sheet it has been derecognised, eg, when an asset is sold it is no longer recorded on the balance sheet as from the date of the sale.

## Derivative

A financial instrument that has the effect of transferring between two or more parties to the instrument one or more risks inherent in an underlying asset. The value of the derivative is determined by fluctuations in the underlying asset. The most common underlying assets include currencies, interest rates, shares, bonds, commodities and market indexes.

## Financial and Development Contributions

The share of the cost of new developments and subdivisions met by developers.

## Financial Statements

This shows in detail the financial reports and accounting policies for the Council. The financial statements provide information about the Council’s assets, liabilities, income and expenditure. The auditor’s report is placed at the end of the financial statements.

## General Rates

Rates other than targeted rates. These are the General Rate and the Uniform Annual General Charge. These fund a wide range of activities that are considered to be of general benefit to the community.

## Impairment

The amount by which the carrying amount of an asset exceeds its recoverable amount.

## Infrastructural Asset Renewal (IAR)

A statutory requirement to provide for maintenance of infrastructural assets in serviceable condition in perpetuity. The amount required is calculated from asset management plans, and “smoothed” to provide a relatively even flow of funds from year to year.

## Infrastructural Assets (IA)

Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components. These include roads, and water, sewerage and stormwater systems.

## Levels of Service (LOS)

A measure of the quality and quantity of services delivered, determined by community expectations, legislative requirements, and affordability.

## Local Government

Local government and local authorities are terms used to describe any or all of New Zealand’s regional, district, city or unitary councils.

While central government is concerned with the broader issues of importance to all New Zealanders, local government manages the issues that are specific to local communities.

## Long Term Plan (LTP)

The Long Term Plan is the key planning tool for councils. The Long Term Plan must include information on activities, goods or services provided by Council, and specific funding and financial management policies and information.

Long Term Plans outline all things Council does and how they fit together. They show what will be done over the plan’s 10 year period, why it’s being done, and what it will cost.

Long Term Plans have to be reviewed every three years. Any year there is not a Long Term Plan review, councils are required to develop an Annual Plan (see “Annual Plan”).

Due to the disruption caused by Cyclone Gabrielle, the Government changed the legislated requirement for Napier City Council to produce a Long Term Plan for the 2024-34 period and a Three-Year Plan was produced instead (see “Three-Year Plan”).

## Non-targeted Rates

Rates other than targeted rates. These are General Rates and Uniform Annual General Charges and fund a wide range of activities considered to be of general benefit to the community.

## Operating expenditure/OPEX

Costs incurred by Council in running day-to-day business, such as rent, wages/ salaries, utilities, taxes, and interest.

## Regional Council

The main responsibility of a regional council is to manage environmental, resource and transport planning issues for the whole region. A region may include several territorial authorities/ councils.

## Resident Satisfaction Survey

A wide-ranging customer satisfaction survey prepared for the Napier City Council by SIL Research. The survey is of public perceptions and interpretations of Council services and representation with comparisons to National and Peer Group averages.

## Restricted Assets

Those assets which cannot be disposed of because of legal or other restrictions and that provide a benefit or service to the community. These include reserves vested under the Reserves Act and endowments or other property held in trust for specific purposes. Prospective Financial Statements.

Refers to future-orientated financial statements.

## Targeted Rate

A rate set under section 16 or 19 of the Local Government (Rating) Act 2002 to fund a specific function or service provided. It may be charged as a fixed dollar amount per rating unit, a fixed charge per factor, such as property value, or a differential charge per factor.

## Three-Year Plan

Due to the disruption caused by Cyclone Gabrielle, the Government changed the legislated requirement for Napier City Council to produce a Long Term Plan (see “Long Term Plan”) with a ten-year horizon. The Government instead enabled council to produce an unaudited, Three-Year Plan for 2024-2027. This change acknowledged the effects Cyclone Gabrielle had on our resources and ability to deliver previously planned projects. Despite preparing a Three-Year Plan, information on budgets and plans beyond 30 June 2027 have been provided to show the community what is in the pipeline over the long term.

## Wellbeing

The Local Government (Community Wellbeing) Amendment Act 2019 reconfirmed the purpose of local government as being “to promote the social, economic, environmental and cultural wellbeing of communities”. It’s up to the community to define what well-being means for Napier, which is why engagement about what our people need and want remains as important as ever.



ABOUT US

OUR PERFORMANCE BY ACTIVITY

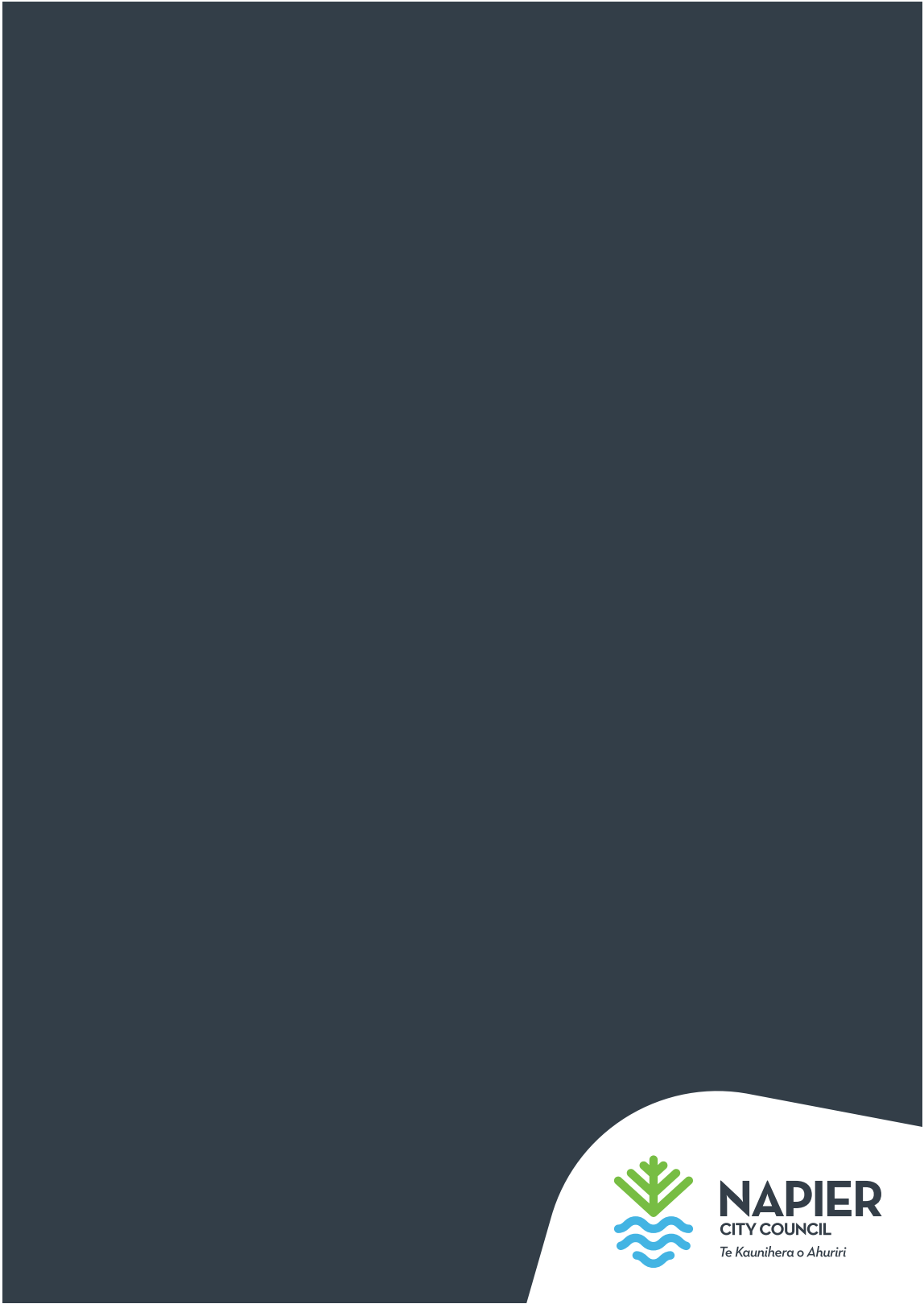
THE FINANCIAL DETAIL











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