Napier City Council
Annual Plan 2025/26
Consultation Document

SHARP FOCUS STRONG FUTURE

KIA AROTAHI KI TE PAE O ANGITŪ

sayitnapier.nz

kōrero mai!

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Mahia te mahi hei oranga mō te iwi
Do the work for the benefit of the people

Message from the Mayor

Proposals within this Annual Plan consultation document are a direct response to the public's desire to keep rate increases to a minimum. This core driver means we need to make hard decisions, and in some areas we need your feedback to confirm the way forward. Our proposed average rates increase for 2025/26 is 7.9%, down from 11.7% signalled in the Three-Year Plan 2024-27.

To bring the increase down, we have committed to finding labour cost efficiencies, which are currently being worked through. We have also reduced the Resilience Rate for 2025/26 to cover scheduled resilience projects only. We have made changes to how we fund some services, including our successful and highly regarded Napier Assist Āwhina Tāngata.

We are considering new operating models for some of our facilities like Ocean Spa and Kennedy Park Resort. Being a visitor destination is central to who we are as a city, but should that come at a cost to our community?

We want your views on some key areas where budget cuts are possible. Should we close the central Napier Library site for an interim period? Should we demolish the National Aquarium and build something new and more affordable to run in the long term? Should we find a third party to operate the isite and lease out the building in which it currently sits? Should we find a third party to operate Par2 MiniGolf? These are some of the big questions we need your input on.

Many changes we are proposing will have only small financial effects immediately, but we must take a long view and make decisions that have lasting impacts.

Our community has told us very clearly that they need us to keep rates increases low, backed up by the wider economic climate and the pressures we know our people and our businesses are facing. Our ideas to minimise rates increases include some tough decisions about levels of services and facilities.

This is our community, and community voice is vital to making sure Council is delivering what residents and visitors want, alongside the core services that fall under our remit. There are many ways people can share their views but the only way we can consider them as part of the Annual Plan process is through submissions.

So, make sure you use sayitnapier.nz or fill in a paper submission form to have your voice heard.

Kirsten Wise

Kirsten Wise

TE KAHIKA O TE KAUNIHERA O AHURIRI
MAYOR OF NAPIER

We want to hear what you think

Read this booklet, then visit sayitnapier.nz and fill in the online form.

Submissions close 5pm, Wednesday 30 April.

Need help making a submission?

Call into our Customer Service Centre at 215 Hastings Street, or Napier or Taradale Library, where our staff can help you make an online submission. This is the easiest way to have your say.

You can also pick up a paper submission form at those locations.

Community Pop-ups

12–1pm, Wednesday 2 April:
Corner Market Street and Emerson Street

10–11am, Wednesday 9 April:
National Aquarium of New Zealand Café

12–1pm, Wednesday 23 April:
Near Bay Espresso, Gloucester Street

Open House and Annual Plan Presentation

Tuesday 15 April, 5.30pm,
Napier War Memorial Centre

This event will include a presentation on the Annual Plan 2025/26 consultation at 6pm. There will also be an opportunity to chat to subject matter experts on key consultation matters and other projects.

Napier City Council Vision:

Ko rua tē pāia ko Te Whanga

Enabling places and spaces where everybody wants to be

Our Strategic Priorities

He kainga ka awatea | Financially sustainable Council

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

Te toka tū moana | A resilient city

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.

Te takutai moana | Nurturing authentic relationships

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.

He wāhi taurikura | Spaces and places for all

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

Te ūnga waka | A great visitor destination

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

Introduction

Over the past year, as your elected representatives, we've continued to focus on being a financially sustainable council. The last rates increase was hard for many households. As a Council, we have heard this feedback.

We want to keep rates rises manageable, while still ensuring there is enough money to do the basics well. All proposals for the next Annual Plan have been developed with this in mind. We are rethinking the activities, locations, and operations of some of our business and tourist facilities. We are proposing to close the central Napier Library site from July until our new library opens in 2027. We want to increase some user-pays fees and charges beyond the Consumer Price Index. Some of these ideas mean we'll have to make hard decisions. Before we do, we want to know what you think.

What we did in 2024/25

Last year you told us to make rates increases lower. Many of the decisions that we made in 2024 for our Three-Year Plan 2024-27 were to ensure the financial sustainability of Council. Some decisions reduced the needed rates increase for 2024/25 or are expected to reduce rate increases in future years:

Managing Council housing

Shifting our focus to delivering retirement housing only and funding this through selling our three social housing villages. We have now begun the process to increase retirement housing units and deliver the service more efficiently.

Managing Council's investments

Establishing a council-controlled trading organisation (CCTO) to manage a commercially focused investment portfolio. Ahuriri Investments Management Ltd has been established and will begin operating from 1 July 2025. (Read more about this on page 24).

Fees and charges

Increasing some user-pays fees and charges beyond the Consumer Price Index increases, reducing rates support for these activities. Increases were made to parking fees and fees in some facilities.

Changing how we fund some tourist facilities

Council took the view that facilities that could operate commercially and self-sufficiently should do so. It agreed that from 2024 to 2027, the operating losses of Kennedy Park Resort, Napier Conferences & Events, and Ocean Spa would be loan funded. Borrowing will sit against each facility as we work to move them towards operating without ratepayer support. (Read more about this on page 18).

2025/26 rates increase

Napier City Council is facing cost increases. Unless we reduce our services, we must either increase rates, increase fees and charges, or take on more debt. All three options mean a cost to our community sooner or later.

Last year's Three-Year Plan indicated an average rates increase for 2025/26 of 11.7%. More recently, some costs, such as electricity and gas, increased beyond inflation. This meant we were looking at an average rates increase of 15.22%. To reduce this cost for our community, we have looked to see where we could reduce our services or budget.

We've found several ways to do this. Labour cost efficiencies, changes to how we fund the Napier Assist Āwhina Tāngata service and reducing the 2025/26 Resilience Rate only to scheduled resilience projects mean we can lower the 2025/26 rates increase. We're proposing to close Napier Library from July 2025 until our new library opens in 2027 (see page 20). These initiatives will help to bring down the rates increase without compromising core services.

We also looked at our business and tourist facilities to see if any changes could bring down rates increases beyond 2025/26. The proposed changes to our facilities won't bring about a rates reduction in 2025/26, but there will be financial benefits for ratepayers in the medium to long term. You can read more about these proposals from page 7.

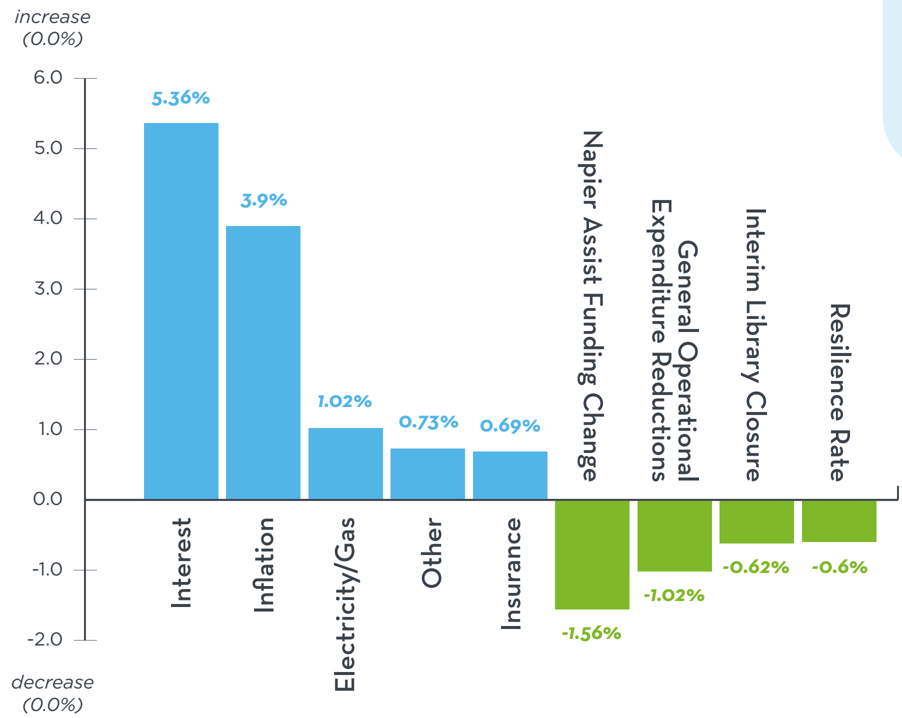
The proposed overall average rates increase for 2025/26 is now 7.9%.

It's important that we keep doing the basics well. The proposed rates increase will ensure we keep services and activities running that make Napier a great place to live, work and visit. We acknowledge this increase is still significant for many ratepayers. Information to help manage your rates bill is at napier.govt.nz/rates.

Try the online calculator to find out how the proposed rates increase may affect your property

napier.govt.nz/calc

Major costs and savings that make up the rates increase



What does this graph show?
The blue bars are the major costs causing the rates to increase. The green bars are the major savings we have been able to make or are proposing. This has helped us to lower the average rates increase to 7.9%.

Where your rates dollar goes

How every $1 of rates will be spent for 2025/26

29¢ COMMUNITY SERVICES

e.g. halls, libraries, parks, reserves

26¢ THREE WATERS

Wastewater, water supply (drinking water), stormwater

- 10¢ WATER SUPPLY
- 10¢ WASTEWATER
- 6¢ STORMWATER

13¢ TRANSPORT

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

13¢ OTHER INFRASTRUCTURE

Waste, cemeteries, public toilets

7¢ CITY STRATEGY

City planning, consents, licencing, parking, animal control

6¢ VISITOR EXPERIENCES

e.g. Ocean Spa, Faraday Museum of Technology, Par2 MiniGolf

6¢ DEMOCRACY AND GOVERNANCE

Council, elections, public information requests

Our proposals in this Annual Plan consultation

The challenges described on page 4 mean we have some hard decisions to make. The following pages outline our proposals to address these challenges.

This consultation is your chance to let us know your views on the options within each proposal.

What is consultation?

A community consultation is not a referendum. “To consult” means to seek information or advice, or to take into consideration. In the context of local councils, consultation is the way citizens inform and assist a council in its decision making. When Council consults with the community, it is the community’s chance to inform councillors and the Mayor on their views related to a particular issue or decision.

The Local Government Act describes the principles for consultations, which apply when Council consults on its proposals for an Annual Plan. The only way councils can formally consider people’s opinions is through the consultation submission process. Communication using channels such as social media, letters to the newspaper, or emails is informal feedback.

While informal feedback will be considered by Council, only feedback received through the consultation submission form will be formally analysed as part of the Council’s decision making process.

What is a preferred option?

When consulting significant community matters, councils are required to say what their preferred option is for a topic. Elected members and council staff use workshops* to discuss early drafts of policies or proposed projects to identify main options, including a preferred option. The financial impact of preferred options for all topics is included in the draft financial statements that are provided as part of consultation. This gives the community better understanding of the overall impacts of all proposals. Despite councils identifying a preferred option, elected members are also required to consider submissions with an open mind before any final decision is made. Councils can and do make changes to their preferred options after hearing the views of residents.

*Workshops are open to the public to attend unless there is a specific legal reason to keep them closed. Workshops cannot be used to make final decisions. These can only be made at Council or Standing Committee meetings.

Proposals for some business and tourism facilities

Our business and tourism facilities help make Napier a thriving and vibrant place for residents and visitors. Residents have told us they want us to be careful with money. So, we reviewed these facilities to ensure they were delivering the best value to ratepayers.

It's important that we balance this with still having modern, engaging and accessible facilities for locals to enjoy and to help make Napier a great visitor destination. With certain facilities, Council might not be the best organisation to manage them. We are looking at various options that include either managing them ourselves, or having other operators involved through either leasing or buying a facility. This fulfils Council's *enabling* role in our vision of 'Enabling spaces and places where everybody wants to be'. Over the following pages are our thinking and options for all the facilities we've reviewed.

Facilities to change activity or location

The current financial position of some facilities means they don't contribute to Council's strategic priority of being financially sustainable, and rates are required to help fund their operations. The following facilities could reduce their need for rates funding if we rethink either their location, their activities, or both: the National Aquarium of New Zealand, Napier isite, Par2 MiniGolf, and the Faraday Museum of Technology.

Over the past year we've looked at potential new options for these facilities. We've thought about what kind of visitor experience would be affordable for ratepayers and attractive to residents and visitors. The work included considering the day-to-day running costs and maintenance costs needed for each. This is a 'once in a generation' review, to ensure these facilities need less funding from rates to operate.

Over the next few pages are high-level ideas for each facility that we'd like your views on. The supporting documents section at the end of this booklet includes the guidelines (including financial) for each facility that were set by Council before the new ideas were developed. These were used to guide the development of the new options.

We would like to know what residents think about the general direction proposed for each facility. Once Council considers this feedback, we will decide whether to proceed with business case development for any option. This will show detailed operational and capital costs. It is also important that business cases show linkages to Council's strategic priorities, particularly financial sustainability. More thorough consultations for each facility that include rates impacts will also take place before any final decisions are made. Any proposed changes won't take place immediately. Decisions haven't been made on how many facilities will move through this process at the same time.

The options to be analysed in any business cases could include more than just Council's preferred option, for example, any ideas that are proposed during the Annual Plan hearings process. This will give residents an opportunity to offer ideas, potentially providing more options during later consultation phases.

All options on the following pages have short-term and long-term impacts. We have included the high-level estimated financial information that shows the implementation cost for 2025/26. We have also shown estimated financial impacts five years after any new facility is operating.

Indicative timeline:

2023
Business and tourism facilities review began.

2024
Parameters (guidelines) and proposals for each facility were agreed by Council.

31 March to 30 April 2025
Community consultation on all options.

Late June 2025
Council confirms which options to proceed with for all four facilities.

Second half of 2025
Council decides whether to proceed with business case(s) for any options.

2026 onwards
Business case(s) are developed, community consultation on the business case(s) takes place and projects begin*.

*It is too soon to know when all projects will be completed.

National Aquarium of New Zealand

The National Aquarium of New Zealand is a much-loved part of our city's landscape and is a key part of making Napier a great visitor destination.

The Aquarium's building needs work to maintain a workable and engaging experience with suitable conditions for the facility's animals and for people who visit and work there. Maintenance costs will place a significant burden on ratepayers. We've heard from the community that increasing costs need to be managed, therefore, keeping the Aquarium in its current form is no longer a realistic option.

Over the past year, we have been looking at how we can introduce other income-earning activities with nature and conservation education themes for this site. Any new activity would continue to be a visitor attraction as well as a place that locals will love to visit. Importantly, any new activity must be financially sustainable and allow flexibility for future changes.

OPTION 1

PREFERRED

Demolish the current building and construct a new building in its place.

Develop revenue-generating activity(s) inside the new building and the immediate outdoor area.

Under this option Napier City Council would continue to manage the facility and we would spend up to $28 million to demolish the existing building and construct a new building. It is important to note that a final budget hasn't yet been confirmed. It would be finalised through the business case process, which would be the next step. **$28 million is a maximum amount, not a targeted amount.**

Demolishing the entire building is the most cost-effective option in the long term. This is because of the high maintenance costs needed to keep the current building safe and operational, due to its age and condition.

The new building would include a new income-earning activity or activities. Exact details on the type of activity haven't been decided and will be part of the business case if Council goes ahead with this option.

Any new facility would need to fit within Council's agreed guidelines of being financially sustainable to ratepayers, family-focused, financially accessible, future-proofed and flexible. It would have a conservation and education focus, alongside leisure, tourism and hospitality outcomes.

Ideas that keep the Aquarium's current animals will be considered. A new building would allow a different layout to improve the experience for visitors.

The new facility would first go through a thorough business case process that would describe how the additional costs of this option would be met. Community consultation would then follow before final Council decision making.

The new facility would have an annual operational grant from Council of up to $2 million and therefore will be developed to operate within this financial limit. It would bring in income from fees and charges, with the goal of reducing operational grants over time, as income increases.

By comparison the current aquarium facility has an annual cost to ratepayers of between $3.6 million to $10.3 million over the next five years.

What is the financial impact of Option 1?				
Timing	**Cost in 2025/26 (status quo model)**	**Estimated^ cost* in first year of project implementation**	**Estimated cost* of facility after five years' operation**	**Estimated internal*** costs after five years' operation**
Estimated total cost to ratepayers	$3.6 million	$8.5 million	$5.3 million**	$1.8 million
Estimated average cost per rateable unit	$140	$310	$190	$70

^For the purposes of financial modelling, year 1 project costs are assumed to be incurred in 2025/26.

* Cost of facility is for operational and capital expenditure (including any borrowing costs). This is the cost before income is received from entry fees and other charges, which would reduce this cost.

**To break even, $5.3 million of annual income would be needed.

***Internal costs include various organisational costs such as human resources and technology costs.

OPTION 2

Refurbish and reconfigure the wing-shaped section of the building constructed in 2002.

Demolish the older, circular part of the building and construct a new building in its place.

Develop revenue-generating activity(s) inside the buildings and the immediate outdoor area.

Under this option we would spend up to $35 million to refurbish and partly demolish the existing structure and construct a new building. As with Option 1, it is important to note that a final budget hasn't yet been confirmed. It would be finalised through the business case process, which would be the next step. $35 million is a maximum amount, not a targeted amount.

This is not Council's preferred option because the initial refurbishment cost is higher than building completely new. There will also be higher ongoing building maintenance costs of a refurbished older building, compared to a newly constructed one that is designed fit for purpose.

As with our preferred option, the building would include a new income-earning activity or activities. Exact details on the type of activity have yet to be decided but would fit within Council's agreed guidelines outlined in Option 1.

The new activity would first go through a thorough business case and then community consultation before final Council decision making.

The new facility would have an annual operational grant from Council of up to $2 million and will therefore be developed to operate within this financial limit. It would bring in income from fees and charges, with the goal of reducing the grants over time, as income increases.

What is the financial impact of Option 2?				
Timing	**Cost in 2025/26 (status quo model)**	**Estimated^ cost* in first year of project implementation**	**Estimated cost* of facility after five years' operation**	**Estimated internal*** costs after five years' operation**
Estimated total cost to ratepayers	$3.6 million	$8.5 million	$6 million**	$1.8 million
Estimated average cost per rateable unit	$140	$310	$220	$70

^ For the purposes of financial modelling, year 1 project costs are assumed to be incurred in 2025/26.

* Cost of facility is for operational and capital expenditure (including any borrowing costs). This is the cost before income is received from entry fees and other charges, which would reduce this cost.

**To break even, $6 million of annual income would be needed.

***Internal costs include various organisational costs such as human resources and technology costs.

OPTION 3

Council exits the aquarium activity by either:

A) Transferring to a new party, or

B) Closing the facility.

This option covers two pathways towards Council no longer running the National Aquarium of New Zealand.

OPTION 3A

A third-party provider, for example a commercial business or a charitable trust, could purchase or lease the facility. The Aquarium might continue as it is, or some changes could be made, or a completely new visitor offering could be introduced. If the new operator chose to close the Aquarium, this decision would be outside of Council's control.

This option would remove the cost of running the facility from Council's budgets, reducing future rates increases. This option allows Council to save money and would support its priorities of being financially sustainable, of Napier being a great visitor destination, and of enabling other organisations to operate places for tourists and locals.

What is the financial impact of Option 3A?	This option has various dependencies that make it difficult to provide an estimated financial impact. If Council chose this option, it would be fully analysed through a business case.

OPTION 3B

Council would close the Aquarium and not reopen any other activity. The animals would be rehomed or released, and the building would be demolished.

There would still be a large one-off cost to close the building. This includes staff and other internal costs, costs to rehome or release the animals, and the cost to demolish the building. This would be several million dollars.

Like Option 3A, this option would remove the cost of running the Aquarium from Council's budgets, meaning lower future rates increases. Option 3B would permanently remove a significant tourist attraction from the city, which doesn't line up with Council's priority of being a great visitor destination with places that tourists and locals love to visit.

What is the financial impact of Option 3B?	This option has various dependencies that make it difficult to provide an estimated financial impact. If Council chose this option, it would be fully analysed through a business case.

OPTION 4

Status quo: Keep the Aquarium running as it is.

Given the Aquarium's financial challenges, this is a high-cost option for Napier's ratepayers and therefore is not Council's preferred option.

We would continue to be faced with increasing costs to keep the Aquarium's building maintained to ensure that visitors have an engaging experience, and that there are suitable conditions for animals and people. This cost includes borrowing. This would need to be passed on to ratepayers, meaning much higher future rates increases.

Under this option the Aquarium would remain mostly as it is. Capital expenditure would mainly be used for maintenance and renewal of the existing structure and some modest improvements. Some changes to species may be considered if it's possible for a higher level of animal welfare within the existing habitats or if it improves visitors' experience or better meets their expectations. The ability of the Aquarium to increase its income is unlikely to be significantly improved in this scenario.

What is the financial impact of Option 4?		
Timing	**2025/26**	**2030/31**
Total cost^ to ratepayers (includes internal costs)	$3.6 million	$10.3 million
Estimated average cost per rateable unit	$140	$380

^Cost of facility is for operational and capital expenditure (including any borrowing costs). This is the cost left **after** income is received from fees and charges.

Summary of benefits and challenges for all options

	Benefits	Challenges
Option 1 (preferred) **$28M demolition and rebuild.**	The new building would mean lower maintenance and operational costs compared to the current aged building. The new activity would be reduced compared to the current Aquarium offering, meaning it is more economical to operate. We keep an indoor attraction on Marine Parade for residents and visitors.	To break even, $5.3 million of annual income would be needed. There would be significant borrowing costs to demolish the old building and construct the new facility. This would need to be paid for by rates. There is a cost to rehome or release the animals.
Option 2 **$35M demolition, refurbishment and rebuild.**	The new activity would be reduced compared to the current Aquarium offering, meaning it is more economical to operate. We keep an indoor attraction on Marine Parade for residents and visitors.	To break even, $6 million of annual income would be needed. The refurbished part of the building would have higher maintenance and operational costs compared to the preferred option, which has a new building only. Higher borrowing costs compared to the preferred option. This would need to be paid for by rates. There is a cost to rehome or release the animals.
Option 3A) **Exit: Transfer to third party.**	Removes the requirement for ratepayers to meet the cost of running the facility. An indoor attraction on Marine Parade for residents and visitors remains.	It might not be possible to find a third party interested in taking on the facility.
Option 3B) **Exit: Closure and demolition of building.**	Removes the requirement for ratepayers to meet the cost of running the facility.	There is a cost to demolish the building and rehome or release the animals. A significant indoor visitor attraction would be removed from Napier.
Option 4 **Status quo.**	An indoor attraction on Marine Parade for residents and visitors remains.	Significant ratepayer funding would be needed over the long term to keep the ageing building operational. The building's future would need to be fully considered once again further down the track. This will outweigh our ability to cover costs through entry fees and other charges. In 2030/31, it is expected that $10.3 million in ratepayer funding would be needed to cover the operational costs, compared to $3.6 million in 2025/26.

Napier isite

Napier's isite Visitor Centre provides information for visitors and residents on accommodation, tourist activities and transport.

It is a significant coordinator of Napier's cruise ship passengers' onshore activities. Cruises bring in an estimated $30 million to Hawke's Bay's economy every year. Napier isite staff serve as the city's ambassadors for these international visitors. The isite has a Council funding policy of 25-35% rates support to fund its operating budget, with the remaining 65-75% to be funded by fees and charges. It is not achieving this and is currently needing over 70% rates support, while recovering under 30% of its operating costs through fees and charges.

Residents have asked us to find savings with our services and activities. Due to its current lack of financial sustainability, we've been considering whether to stop funding the isite and transfer its operations to a third party, with its location somewhere else. If it is relocated, the Marine Parade building would be repurposed. The building had remedial works and refurbishments carried out in 2022, partly funded by isite New Zealand through Ministry of Business, Innovation and Employment funding. This extended the building's life expectancy for around 15 more years.

OPTION 1

PREFERRED

A third-party provider manages the isite functions and services in an alternative location with no funding from Council, removing it from its building. The building is leased to a commercial entity for an alternative purpose.

Under this option, the isite business would be managed by a third party without Napier City Council funding. The isite's future location, size and offerings would be decided by the third party. Council would then lease the Marine Parade building to an external commercial operator. A business case would first be undertaken to help Council decide whether leasing the building is a good option financially. If it is, the lease would provide a new source of income for ratepayers. It would be up to the commercial operator to decide what kind of activity may be in the building, but it must align with Council's strategic priorities of Napier being a great visitor destination and offering spaces and places for all. These expectations would be communicated in detail and agreed on before any leasing agreement is finalised. Par2 MiniGolf would stay next to the building and could be leased and operated by the same commercial operator that leases the building. See page 14 for details on our proposals for Par2 MiniGolf.

What is the financial impact of Option 1?	This option is dependent on various things that make it difficult to provide an estimated financial impact. If Council chose this option, it would be fully costed in a business case. Our intention is that leasing out the Marine Parade building would be a source of income to Council, benefiting ratepayers.

OPTION 2

Keep the isite activity but reduce its offerings and relocate it elsewhere in the city. Lease the building to a commercial entity for an alternative purpose.

Under this option, Council would have a one-off capital cost of $1 million for it to set up the new isite operation elsewhere in the city. Any new location hasn't been decided on and would be subject to a business case and further decision making by Council. It would have an annual operational grant of around $500,000. The new, smaller isite could be supported by two technology-based information kiosks in different visitor locations to provide extra ways to reach customers.

An information app could also be developed for mobile devices to complement the physical isite and information kiosks. The reconfigured isite must meet Council's agreed guidelines of prioritising Napier and regional tourist offerings over national ones and being future-proof and flexible.

Council would then lease the Marine Parade building to an external commercial operator. A business case would first be developed to help Council decide whether leasing the building is a good option financially. If it is, the lease would provide a new source of income for ratepayers. It would be up to the commercial operator to decide what kind of activity would be in the building, but it would need to line up with Council's strategic priorities of Napier being a great visitor destination and having spaces and places for everyone. These expectations would be communicated in detail and agreed on before any leasing agreement is finalised.

Par2 MiniGolf would stay next to the building and could be leased and operated by the same commercial operator that leases the building. See page 14 for details on our proposals for Par2 MiniGolf.

What is the financial impact of Option 2?

Timing	Cost in 2025/26 (status quo model)	Estimated^ cost* in first year of project implementation	Estimated cost* of facility after five years' operation	Estimated internal*** costs after five years' operation
Estimated total cost to ratepayers	$1.3 million	$1.8 million	$800,000**	$300,000
Estimated average cost per rateable unit	$50	$70	$30	$10

^ For the purposes of financial modelling, year 1 project costs are assumed to be incurred in 2025/26.

* Cost of facility is for operational and capital expenditure (including any borrowing costs). This is the cost before income is received from entry fees and other charges, which would reduce this cost.

**To break even, $800,000 of annual income would be needed.

***Internal costs include various organisational costs such as human resources and technology costs.

OPTION 3

Status quo. No change to the isite's activity or location.

Under this option, Napier isite would remain in its building on Marine Parade and would continue to offer its current services and activities.

The isite is not meeting its funding targets. This is not a financially sustainable situation and it's therefore not Council's preferred option.

What is the financial impact of Option 3?

Timing	2025/26	2030/31
Total cost^ to ratepayers (includes internal* costs)	$1.3 million	$1.6 million
Average cost^per rateable unit (includes internal* costs)	$50	$60

^Cost of facility is for operational and capital expenditure (including any borrowing costs). This is the cost left **after** income is received from fees and charges.

*Internal costs include various organisational costs such as human resources and technology costs.

Summary of benefits and challenges for all options

	Benefits	Challenges
Option 1 (preferred) **Third party manages the isite in alternative location. Building commercially leased.**	Removes the activity from Council's budgets, meaning lower costs for ratepayers. Council receives income from a commercial lease of the Marine Parade building. Napier has a new activity in the Marine Parade building that is attractive to residents and visitors.	It might not be possible to find a third party interested in taking on the isite activity. It might not be possible to find a commercial operator that agrees to Council's lease terms for the Marine Parade building.
Option 2 **Council operates smaller isite activity at another location. Building commercially leased.**	Ratepayers' contribution for operating costs will be capped at $500,000 per year. The isite activity would be reduced compared to the current offering, making it more economical to operate. Council receives income from a commercial lease of the Marine Parade building. Napier has a new activity in the Marine Parade building that is attractive to residents and visitors.	There would be a one-off capital cost of $1 million to set up the new isite operation. Council may be unable to find a suitable new location for the isite. It might not be possible to find a commercial operator that agrees to Council's lease terms for the Marine Parade building.
Option 3 **Status quo.**	The isite keeps its highly visible Marine Parade location.	Ratepayers must continue to meet most of the costs of running the facility.

Par2 MiniGolf

Next door to the isite, Par2 MiniGolf delivers good financial outcomes and does not need funding from rates. We are considering Par2 MiniGolf's future alongside the isite's future.

OPTION 1

Keep Par2 MiniGolf at its current location and commercially lease the facility to a third-party operator.

If Council leased the isite's Marine Parade building to an external commercial operator, this operator would have the option to also lease Par2 MiniGolf. The lease would be an ongoing income source to ratepayers. The advantage of this option is that the golf course size and layout could be changed to best suit whatever future activity takes place in the Marine Parade building.

What is the financial impact of Option 1?	This option has various dependencies that make it difficult to provide an estimated financial impact. If Council chose this option, it would be fully costed in a business case. Our intention is that leasing Par2 MiniGolf would be a source of income to Council, benefiting ratepayers.

OPTION 2

Status quo – Par2 MiniGolf stays as a Council-run facility. Par2 MiniGolf doesn't need rates support. Under this option, it would continue to return money to Council.

Because the golf course's size and layout would not be changed to suit the new, externally run activity in the Marine Parade building, it may limit the potential options for any new activity in the building. Council also keeps the risk of managing this facility in what is sometimes a volatile tourism environment. For these reasons, this is Council's less favoured option.

What is the financial impact of Option 2?

Timing	2025/26		2030/31
Total cost^ to ratepayers (after internal* costs)	$110,000	Total cost** to ratepayers (including internal costs)	$20,000
Average cost^ per rateable unit (after internal* costs)	$3	Average cost** per rateable unit (including internal costs)	$1

^This is a cost due to the facility reimagine project process.

*Internal costs include various organisational costs such as human resources and technology costs.

**Investment will be needed for maintenance and refurbishment of Par2 MiniGolf in the coming years.

Summary of benefits and challenges for all options

	Benefits	Challenges
Option 1 (preferred) **Keep Par2 MiniGolf at current location and lease to the same third party as for the isite preferred option.**	Council receives income from leasing. The facility can be changed to meet the needs of the commercial operator if necessary. An attraction on Marine Parade for residents and visitors remains.	It might not be possible to find a commercial operator that agrees to Council's lease terms for the facility.
Option 2 **Status quo.**	Council continues to receive income from a profitable facility. An attraction on Marine Parade for residents and visitors remains.	The facility's layout may limit potential options for any new activity in the building, if the isite is removed and the building leased. Council keeps the risk of managing this facility in what is sometimes a volatile tourism environment.

The Faraday Museum of Technology

What do you think?

say it!

The Faraday is a much-loved facility that celebrates our history and heritage. It's a place that a wide range of locals enjoy, including school children, grandparents and history buffs. It also plays an important role in making Napier a great visitor destination.

The museum's building needs remedial work, and the layout and visitor experience could be improved. We are considering what refurbishment work the building will need, along with the possibility of rearranging the museum's layout.

The community has told us they want a more financially sustainable Council. In response, we've been looking at possibilities for a new operating model for the Faraday. Final decisions on the future of the museum would be subject to a business case.

OPTION 1

PREFERRED

Hand over the running of the Faraday Museum of Technology to a charitable entity (trust). Give the charity a one-off capital grant of $1 million and a $500,000 yearly operational grant.

Under this option the operation of the Faraday would be the responsibility of a charitable entity (trust), which would need to be established. This would give the ability to attract extra external financial support that the Faraday cannot currently access while it operates as a Council business unit.

The trust would receive a one-off capital grant of $1 million towards the refurbishment of the Faraday's building, to help the museum develop a sustainable future.

The $500,000 yearly operational grant would go towards the Faraday's costs. The museum would also bring in some income from fees and charges.

The Faraday's volunteers would continue to play an important role in keeping the museum running, alongside a small group of paid staff.

What is the financial impact of Option 1?

Timing	Cost in 2025/26 (status quo model)	Estimated^ cost* in first year of project implementation	Estimated cost** of facility after five years' operation	Estimated internal*** costs after five years' operation
Estimated total cost to ratepayers	$1.4 million	$1.4 million	$800,000	$200,000
Estimated average cost per rateable unit	$60	$60	$20	$10

^For the purposes of financial modelling, year 1 project costs are assumed to be incurred in 2025/26.

* Cost to council is for operational grant and one-off capex grant to charitable trust.

**Cost to council is for operational grant and one-off capex grant repayment.

***Internal costs include various organisational costs such as human resources and technology costs.

OPTION 2

Hand over the Faraday Museum of Technology to a charitable entity (trust). Give the charity a yearly operational grant of $500,000.

Under this option, the charity would not have ready access to money for needed refurbishment work, therefore this is not Council's preferred option. As with Option 1, the $500,000 yearly operational grant would go towards the Faraday's costs. The museum would also bring in some income from fees and charges. The Faraday's volunteers would continue to play an important role in keeping the museum running, alongside a small group of paid staff.

What is the financial impact of Option 2?

Timing	Cost in 2025/26 (status quo model)	Estimated^ cost* in first year of project implementation	Estimated cost* of facility after five years' operation	Estimated internal** costs after five years' operation
Estimated total cost to ratepayers	$1.4 million	$1.4 million	$700,000	$200,000
Estimated average cost per rateable unit	$60	$60	$20	$10

^ For the purposes of financial modelling, year 1 project costs are assumed to be incurred in 2025/26.

* Cost of facility is for operational expenses and any borrowing cost for renewals required due to Council having ownership of the building.

**Internal costs include various organisational costs such as human resources and technology costs.

OPTION 3

Status quo – no change to the Faraday's current situation.

Under this option, the Faraday would remain a Council-run facility. It would continue to receive rates funding to support its operation. Costs of the required refurbishment work would still need to be met by ratepayers. Therefore, this is Council's least favoured option.

What is the financial impact of Option 3?

Timing	2025/26	2030/31
Total cost to ratepayers (includes internal* costs)	$1.4 million	$1.6 million
Average cost per ratepayer (includes internal costs)	$60	$60

* Internal costs include various organisational costs such as human resources and information technology costs.

Summary of benefits and challenges for all options

	Benefits	Challenges
Option 1 (preferred) **Transfer museum to a charitable entity (trust) with one-off capital grant and ongoing operational grant.**	Removes the activity from Council's budgets, meaning lower costs for ratepayers. Ratepayers' contribution for operating costs will be capped to $500,000 per year. The trust would have $1 million from Council for refurbishment costs. The trust would have access to alternative funding sources that Council doesn't. Napier keeps an indoor facility that is attractive to residents and visitors.	The one-off grant of $1 million for capital costs means an extra cost to ratepayers. It might not be possible to find an interested party to establish a trust.
Option 2 **Transfer museum to a trust with ongoing operational grant only.**	Ratepayers' contribution for operating costs will be capped to $500,000 per year. No capital grant means a saving for ratepayers. The charitable trust would have access to alternative funding sources that Council doesn't. Napier keeps an indoor facility that is attractive to residents and visitors.	It might not be possible to find an interested party to establish a charitable trust. The charitable trust would have to raise money for refurbishment costs.
Option 3 **Status quo.**	Napier keeps an indoor facility that is attractive to residents and visitors.	Ratepayers must continue to meet most of the costs of running the facility.

An update on McLean Park

Our plans for McLean Park will mean it can be a multi-use facility and also a traditional stadium when needed. This flexibility will allow more use of the park and its facilities by a broader range of groups, and it will be a better experience for users. These plans will be more affordable for Napier's ratepayers. Funding over the next ten years is the same as previously planned.

The long-term programme of work includes:

1-10 years' time:

- An asphalted area on the Latham Street frontage for multi-purpose use.
- New unisex amenities.
- New layout of Latham Street carpark.

11-15 years' time:

- Installing a new stage performance area on the park's embankment to enable more concerts.
- New walking track around the park perimeter.
- Open to the public 24/7 but easily closed off for events.
- Minimal investment in Graeme Lowe stand and then undertake an assessment of it in the mid-2030s. The potential outcome could be the demolition of the stand.
- Introduce portable modular seating on the side where the Graeme Lowe stand used to be (if this is demolished).

Facilities to become commercial

After the facilities review outlined on page 7, Council decided that some facilities would move to operating commercially by 2027. These are Kennedy Park Resort, Ocean Spa and Napier Conferences & Events (based in the Napier War Memorial Centre).

These facilities are being loan-funded until they start covering their costs, rather than relying on rates. We are working on understanding the true future costs and income sources for these facilities, but current forecasting shows that it will be challenging to financially break even by the end of the 2027/28. What follows is an update on our plans for these three facilities. It's important to note that no decisions have been made yet. Council is still considering options to be further investigated.

An update on Kennedy Park Resort

Kennedy Park Resort is a well-known holiday accommodation provider and has good potential to be a commercial business. External parties have approached us, interested in taking up a long-term lease of Kennedy Park Resort. This would mean Council would lease the land that Kennedy Park sits on to an external party for 20 to 30 years. They would either purchase or lease Kennedy Park Resort's assets and manage the business. Napier City Council would remain as the owner of the land. The external provider would rent the land from us for the term of the lease, meaning income for ratepayers.

When the lease expires, the Council at that time may choose to re-negotiate a new lease or take back the ownership and/or management of Kennedy Park Resort. We are about to start due diligence on this proposal. If we have a suitable lease arrangement to go ahead with, we will consult the community before a decision is made. Any consultation would likely take place in 2026.

If we don't have a suitable lease agreement to consult on, we could continue running the facility ourselves and loan-fund any losses until it starts covering its costs. We would need to develop new ways of increasing its income to make it a successful commercial activity.

A third option we could consider is operating Kennedy Park in partnership with an external provider. The provider would contribute finances for improvements to Kennedy Park, in return for a share of the income. We would continue to own Kennedy Park's assets and the land.

While we work through the due diligence process on our options, we will focus on improving the financial performance of the facility.

Important note: We are not considering selling the land that Kennedy Park Resort sits on.

An update on Ocean Spa

Napier City Council took back the operation of Ocean Spa on 1 February 2023, after its lease to a third-party operator concluded. Once we took over, it closed temporarily for essential maintenance and refurbishment works before reopening in May 2023. At that time, Council was open to either operating Ocean Spa itself or considering another external leasing option.

The cost to heat Ocean Spa's pools has risen a lot recently, which has placed pressure on its ability to cover its costs. Residents want us to keep costs down, so over the past year we've been looking at options to enable Ocean Spa to be financially sustainable. We are considering whether an external provider could manage Ocean Spa and purchase or lease all its assets. Council would stay as the owner of the land but would lease out the land. If we can identify a suitable external provider and a suitable lease arrangement, we would then consult with the community before a decision is made.

Alternatively, Napier City Council could continue to own and operate Ocean Spa as a commercial business, with any losses funded through loans. We would need to find new ways to increase Ocean Spa's income. This could include changing how we deliver food and beverages at the facility or reviewing external contracts such as for cleaning. We are looking at how we heat the pools to manage increasing gas costs.

A second alternative is that Council could operate Ocean Spa in partnership with an external provider. The provider would contribute finances for improvements to Ocean Spa, in return for a share of the income. Napier City Council would continue to own Ocean Spa's assets and the land.

Important note: We are not considering selling the land that Ocean Spa sits on. (It is zoned as Reserve Land.)

An update on Napier Conferences & Events (based at the Napier War Memorial Centre)

Over the past year, we have been working on upgrades to equipment and facilities operated by Napier Conferences & Events within the Napier War Memorial Centre. This will help the business meet the needs of the conference and events industry and make the Napier War Memorial Centre a more appealing venue to a broader range of national and international clients. We have made significant upgrades to conference audiovisual equipment to improve connectivity. We've also improved our internal capabilities, meaning less money will be spent using external audiovisual providers for some bookings. This will contribute to profitability.

Interim closure of Napier Library

In 2017, Napier Library on Station Street closed because of the building's earthquake safety rating. The library moved into part of the MTG Hawke's Bay building as a temporary solution, until a new library could be built.

Napier Library's current location at the MTG was never going to be big enough or the right location to be the permanent main library for a city the size of Napier. Running the library from this temporary location has become increasingly challenging. The MTG site is not the right building or location for a library to be in from a Crime Prevention Through Environmental Design (CPTED) perspective. In recent years staff and library services have been affected by anti-social and inappropriate activities in and around the library, which is bringing extra costs such as security guards.

It was always necessary for Napier Library to close before our new library on Hastings Street opens. This is currently scheduled for mid-2027. Initially the plan was to close around six months before the new library opens, to allow for the transition into the new library. We are now proposing to close the library 18 months earlier to reduce next year's rates increase. We recognise that the 2024/25 rates rise was hard for many ratepayers and the community has told us they want lower rates increases. We want to keep our proposed average rates increase below 8% for 2025/26. We've considered various ways to achieve this and closing Napier Library earlier than initially planned is one way to help the rates increase stay under 8%.

An extra benefit of the earlier interim closure is this will give us more time for moving to the new library. Libraries are important community gathering places and we want to focus on making the new library's services and offerings the best they can be, so it will meet the community's needs well into the future.

OPTION 1

Close Napier Library, keep Taradale Library open seven days a week

Under this option, Napier Library would close on 1 July 2025, instead of around six months before the new library's opening, which is expected to be mid-2027. This is 18 months earlier than originally planned. Taradale Library would remain open seven days a week, with its current opening hours. Items housed at the Napier Library site could still be reserved online and collected from Taradale Library.

There would be a reduction in overall library staff numbers. Also, there are security arrangements that were introduced at Napier Library last year, which would no longer be needed. This is an additional saving on top of the ratepayer savings shown for this option.

We acknowledge that closing the library in the city will reduce the level of service for Napier Library customers, but the library would still be operating in Taradale. We will explore how service to Napier Library customers could continue in other ways, while still achieving the needed cost savings.

For example, we will look at trialling processes such as 'click and collect' (reserve and pick up) locations around the city or making the mobile library van available in more locations. We would investigate whether we can improve the services currently offered at Taradale Library in a way that doesn't need extra funding.

We will support our customers with how to make the best use of our current online services. Popular activities that were held at Napier Library will remain available in Taradale. For example, school holiday programmes and story-time sessions.

How could Option 1 impact your rates in 2025/26 compared to those forecast in our Three-Year Plan 2024-27?	
	$21.60 (0.62%) **savings** per rateable unit
	$620,730 total **savings** for ratepayers

OPTION 2

Close Napier Library, keep Taradale Library open six days a week

This is not our preferred option as it's an even further reduced level of service to the community, particularly to regular users of Taradale Library.

Under this option, Napier Library would close on 1 July 2025, instead of around six months before the new library's opening, which is expected to be mid-2027. This is 18 months earlier than originally planned. Taradale Library would remain open six days a week, with its current opening hours, from Monday to Saturday. Items housed at the Napier Library site could still be reserved online and collected from Taradale Library.

There would be a reduction in overall library staff numbers. Also, there are security arrangements that were introduced at Napier Library last year, which would no longer be needed. This is an additional saving on top of the ratepayer savings shown for this option.

We acknowledge that closing the library in town reduces the level of service for Napier Library customers. We will explore how service to Napier Library customers could continue in other ways, while still achieving the needed cost savings.

For example, we will look at trialling processes such as 'click and collect' (reserve and pick up) locations around the city or making the mobile library van available in more locations. We would investigate whether we can improve the services currently offered at Taradale Library in a way that doesn't need extra funding. We will support our customers on how to make the best use of our current online services.

Popular activities that were held at Napier Library will remain available in Taradale. For example, school holiday programmes and story-time.

How could Option 2 impact your rates in 2025/26 compared to those forecast in our Three-Year Plan 2024-27?	
	$24.79 (0.71%) **savings** per rateable unit
	$718,038 total **savings** for ratepayers

OPTION 3

Status quo: Don’t close Napier Library just yet

Under this option, we would not achieve our desired maximum rates increase of 7.9% for 2025/26. If this option were chosen, it would result in an average rates increase of 8.52% unless other ways were found to achieve the savings in the preferred option.

If the library remains open, we will need continued budget to maintain the security arrangements at this site. This is an additional cost on top of the ratepayer costs shown for this option.

It will always be necessary for the library to close before the new library opens in mid-2027. Staff need time to transition to the new building and finalise the operational processes within the new library. If it doesn’t close on 1 July 2025, the likely closure date would be around six months before the new library opens in mid-2027.

How could Option 3 impact your rates in 2025/26 compared to those forecast in our Three-Year Plan 2024-27?	+ $21.60 (+0.62%) **cost** per rateable unit
	+ $620,730 total **cost** to ratepayers

Update on Napier’s new library

Napier’s new library project is progressing on time and on budget. The detailed design is now complete, and the main construction contract will be awarded towards the middle of this year, with construction beginning soon after. Partial demolition of the old library on Station Street will be completed in April.

We’re looking forward to providing our community with a modern, fit-for-purpose library that will serve residents for many decades to come. Staff and services will be equipped to serve Napier’s residents in a way that meets their needs in the technological age. Modern libraries complement and fill gaps that online information sources can’t provide.

As Napier’s main library, it will support the educational, cultural, and creative life of our community. For example, there will be space for residents to attend digital education classes, technology skills workshops, building and creating workshops, or hold cultural activities. People will be able to further develop their passions, such as music, craft or creative pursuits.

Libraries are important community gathering places. Napier’s new library will include bookable community meeting rooms, learning and collaboration spaces, a dedicated children’s area, and a coffee kiosk for community connections.

We anticipate the new library will be open in mid-2027. More information about the background and progress of the project can be read on our website: napier.govt.nz, using the keyword search term #CivicPrecinct.

An increase to Redclyffe Transfer Station fees

We have reviewed the fees and charges of all Council user-paid services for 2025/26. We do this each year to ensure we are recovering some operating costs through user pays. The standard increases are in line with the Consumer Price Index (CPI) but may be more or less, depending on the requirements of the service.

The cost of running and managing Redclyffe Transfer Station has increased significantly. Additionally, the cost of disposing of waste at Omarunui landfill has increased in recent years. We are proposing to increase fees for Redclyffe Transfer Station at a rate beyond the CPI to cover these increased costs. The transfer station is a user-pays service. It's important that the cost increases of the service are passed on to its users, to avoid greater rates increases, which we know the community doesn't want.

OPTION 1

PREFERRED

Increase Redclyffe Transfer Station fees beyond the CPI of 4.1%.

Under this option, we would be able to continue to fund a quality service that is more financially self-sustainable. The people using the service would be the ones paying for the cost increase. The general rates increase would be lower.

How could Option 1 impact your rates in 2025/26 compared to those forecast in our Three-Year Plan 2024-27?	$25.37 (0.72%) **savings** per rateable unit
	$735,000* total **savings** to ratepayers * Estimate based on 7,000 tonnes.

OPTION 2

Status quo: Increase Redclyffe Transfer Station fees in line with the CPI of 4.1%.

Under this option, either a rates increase would be needed to cover the funding shortfall, or there would need to be a reduction in the level of service offered at Redclyffe Transfer Station. For example, this could mean a reduction in the station's opening hours.

How could Option 2 impact your rates in 2025/26 compared to those forecast in our Three-Year Plan 2024-27?	+$25.37 (+0.72%) **cost** per rateable unit
	+$735,000 total **cost** to ratepayers

Updating Council's Strategic Assets in the Significance & Engagement Policy

In May 2024 Napier City Council agreed to form a Council-Controlled Trading Organisation (CCTO) to manage an income-earning investment portfolio for Napier.

The CCTO is now known as Ahuriri Investments Management Ltd (AIM) and will begin operating from 1 July 2025. Council is currently identifying the assets that will be managed by AIM.

AIM will manage a long-term investment portfolio to build Council's financial resilience over many decades. It will help us to rely less on rates to fund activities. Background information on the CCTO's development and purpose can be read on pages 20-23 in our Three-Year Plan 2024-27 Consultation Document at napier.govt.nz, keyword search #longtermplan.

Since then, Council has agreed on the principles, values, and governance structure for the investment portfolio and AIM. A draft Statement of Expectations has been developed, which describes Council's boundaries and expectations of the investment portfolio and AIM. A Statement of Investment Policies and Objectives has also been developed. Among other things, this includes policies for ethical investing and Council's appetite for investment risk.

Additionally, Council has approved the first group of assets to be managed by AIM. These are Napier City Council's 26% shareholding in Hawke's Bay Airport, Parklands development land, leasehold land and various other surplus properties. Further decisions on assets are still to be made.

The investment portfolio will deliver an ongoing income source to Council. So, it's important the value of the investment portfolio is protected to ensure future generations benefit from the income and growth of the assets. To achieve this, we are proposing to designate the value of the investment portfolio as a 'Strategic Asset'. A strategic asset is one that is vital to Council in delivering services or helping to achieve any outcome important to community wellbeing. Napier City Council's Strategic Assets are listed in our Significance & Engagement Policy (see Supporting Documents section on page 29). They include things such as roads, pipes and facilities.

OPTION 1

PREFERRED

Protect the inflation-adjusted value of Council's investment portfolio by listing it as a Strategic Group of Assets.

Under this option, any future council would be unable to withdraw from the investment portfolio beyond the inflation-adjusted net value without first consulting the community.

The initial value will be agreed to by the current Council as at 1 July 2025. The value will then increase each year according to the inflation rate at that time. As more assets are added to the portfolio in future, its inflation-adjusted net value will be adjusted. The portfolio's inflation-adjusted net value will be part of AIM's regular reporting requirements and will be publicly available in Council's statutory reporting.

Listing the portfolio's value as a Strategic Group of Assets adds a layer of protection to Council decision making that balances short-term financial needs with building long-term benefit. It will reassure the community, and Council itself, that withdrawing from the investment portfolio will be less likely to be influenced by political decision making. It will ensure residents have a say on any proposal to withdraw investments that would reduce the value of the portfolio below a certain amount.

Ratepayers will benefit from a growing investment if we specify that investments can't be withdrawn beyond a certain value without community input. Future generations will have a larger ongoing dividend that Council can use to fund services and activities.

Although the portfolio's value will be protected, AIM will still be able to readily buy and sell individual assets within the portfolio. This means AIM can ensure the best balance of assets to reduce risk and maximise the portfolio's return. Assets within the investment portfolio that are listed individually as Strategic Assets would still need to be consulted on before sale, even if the value of their sale does not go beyond the specified net value.

Although this option reduces the ability for politics to influence investment decision making, this also makes it harder for Council to quickly access funds where they are needed urgently, such as in an emergency response. This is due to the requirement to consult before withdrawing assets beyond the specified portfolio value.

How could Option 1 impact your rates in 2025/26?	No change to rates.

OPTION 2

Don't list the investment portfolio's inflation-adjusted value as a Strategic Asset.

Under this option, the investment portfolio's value and the ability to withdraw investments to fund activities will have less protection from the political will of any future council. The community's views would not need to be considered first, meaning a higher proportion of the portfolio's assets could be withdrawn more readily. This creates the risk of the portfolio's value steadily reducing over time. Investment dividends would decrease, meaning Council would have to rely more on rates to fund its services and activities.

Just like a retirement savings fund, it is important that the 'nest egg' is not taken from too often, to ensure the best chance of good financial returns for the community.

How could Option 2 this impact your rates in 2025/26?	No change to rates.

Upcoming Local Water Done Well changes

Over the past few years, central government developed new legislation and operating reforms for how water supply (drinking water), wastewater and stormwater would be managed throughout New Zealand. This was to address the growing pressure all councils were facing to deliver water services efficiently, safely and affordably.

A Water Services Delivery Plan is a key piece of work for us at present. By September this year we must submit a plan to government for how Napier will deliver water services – stormwater, wastewater and water supply – in the future. We are continuing to work with the Regional Recovery Agency on modelling for a Hawke's Bay-wide water service delivery model. At the same time, we are progressing work on what a Napier-only model could look like. These models will be considered by Council later this year. The community will have a chance to have their say on the future of Napier's water services this year.

Until community consultation is undertaken and a Council decision is made on which model Napier will pursue, our budgets are being prepared assuming that Napier City Council will continue to provide water supply, wastewater and stormwater services to Napier residents. Our investment in water services will be the same as our historical investment until a way forward is decided. Currently, central government has not committed to additional funding to implement a new model.

An update on parking infringements

From 1 October 2024, parking infringements (fines) increased for the first time in 20 years. Central government sets fines for the whole country, unlike parking fees, which are set by local councils. Fees for towing and storing impounded vehicles also increased at the same time.

Fines and parking time limits ensure parking spaces are not used all day by the same vehicle, so others have an opportunity to use them. This helps parking to be fair and accessible for everyone. Parking fines are set by the government, but they are collected by local councils. The money collected goes into maintaining and improving parking facilities and infrastructure. This benefits our entire community.

A full list of fines and towage fees can be found at **napier.govt.nz** using the keyword search **#parkingtickets**.

The full schedule of all proposed fees and charges can be read on **sayitnapier.nz** or view a copy at our Customer Service Centre or Napier or Taradale Library. investment until a way forward is decided.

Changes to capital programme budgets between Year 2 of the Three-Year Plan and the 2025/26 Annual Plan

Council hasn't changed what was set out in the Three-Year Plan 2024-27, however the capital programme budget for Year 2 of the plan has been rescheduled as part of the Annual Plan 2025/26 development process. The following page has an overview of the budget changes by activity group.

The revised capital programme that is being proposed as part of the Annual Plan 2025/26 is still aligned with the direction and goals set by Council in the Three-Year Plan 2024-27.

There are a few reasons why we might have to reschedule project budgets. These include: to meet expected compliance requirements from new proposed legislation; to deal with high-risk renewals or upgrades and expiring consents; to better align with project timelines; or to meet contractual obligations. High-level information on some of the changes is outlined on the following pages.

Activity Group	Three Year Plan 2025/26 $000	Annual Plan 2025/26 $000	Factors contributing to changes in 2025/26 capital plan budgets	Variance
Governance and Representation	0	86	It was decided that the Chief Executive and Council cost centres should sit under this activity group rather than the Support Units group. The change in capital budget for Governance and Representation reflects the movement of these two cost centres to this group.	*Movement of cost centres so variance not calculated
City Strategy	735	1,487	Funding was brought forward from later years in the Three-Year Plan to 2025/26 to enable the earlier completion of the new dog impounding facility. This will help ensure continued compliance with the Animal Welfare Act and the health and safety needs of staff.	+102%
Water Supply	9,184	7,699	To ensure drinking water compliance by 2028, funds from later years in the Three-Year Plan have been brought forward to 2025/26 for the Awatoto water supply treatment plant and bore fields project, which will supply water to the new Mataruahou reservoirs once developed. Funds have also been brought forward to align with development requirements for the Mission Reservoir project. To avoid capacity issues, projects that have been assessed as deliverable in later years of the Three-Year Plan (such as multiple growth projects) have been pushed out but are still included in budgets.	-16%
Wastewater	10,181	10,411	Funds from later years in the Three-Year Plan were brought forward to 2025/26 to prioritise the alleviation of wastewater overflows and to better align with the Emerson Street project timeline. To avoid capacity issues, projects that have been assessed as deliverable in later years of the Three-Year Plan have been pushed out but are still included in budgets.	+2%
Stormwater	5,897	9,534	Funds allocated from future years in the Three-Year Plan were reallocated to the 2025/26 period to prioritise flood alleviation projects. To manage capacity effectively, initiatives originally planned for later years (such as Riverbend Road Growth and Tennyson Street Outfall improvements) have been rescheduled but remain included within budgetary considerations.	+62%
Transportation	32,363	38,597	Funds from later years in the Three-Year Plan were brought forward to 2025/26 to enable the earlier renewal of roading assets such as carriageways, footpaths, traffic services, drainage, bridges, and other structures, as well as to better align with the CBD/Emerson Street project timeline.	+19%
Other Infrastructure	4,860	4,929	Funding for public toilet renewals has been carried forward from 2024/25 to 2025/26 to align with the Public Toilet Strategy. This has been partially offset by the pushing out of funds for the Wharerangi building refurbishment work. It is now expected that this project will not start for the next three years, and funding requirements will be reviewed once a plan has been scoped.	+1%
Community and Visitor Experiences	22,821	21,450	While further work is being undertaken as part of the business and tourism facilities review, capital work related to some facilities has been put on hold pending the outcome of the review. The Taradale Town Hall Internal Refurbishment project has also been placed on hold for 2025/26 pending the outcome of the Halls review that is expected to start in 2026/27.	-6%
Property Assets	51,883	60,959	Funding has been brought forward from later years in the Three-Year Plan to 2025/26 to enable emergency works on the discharge wharf. Rephasing of Te Aka budgets to align funding with the project timeline has resulted in the carry forward of funds from 2023/24 and 2024/25 to 2025/26.	+17%
Support Units	4,392	4,306	As mentioned above, it was decided that the Chief Executive and Council cost centres should sit under the Governance and Representation group, rather than this group. The reduction in capital budget for Support Units reflects the movement of these two cost centres out of this group.	*Movement of cost centres so variance not calculated

Proposed rates 2025/26

Examples of the impact of rating for 2025/26 are shown in the following table:

Differential Category	Land Value	Capital Value	Rates 2024-25	Rates 2025-26	Change $	Weekly Change $	Change %
Residential							
Average Value & Land Value	380,000	785,000	3,513	3,785	271	5.22	7.7%
Average Value - above average LV movement	450,000	785,000	3,891	4,177	285	5.48	7.3%
Low Value residential	220,000	495,000	2,718	2,954	236	4.54	8.7%
Parklands Residential	460,000	1,040,000	3,947	4,238	291	5.59	7.4%
Te Awa Residential	345,000	860,000	3,385	3,651	266	5.11	7.8%
Bay View Residential	370,000	570,000	3,399	3,665	266	5.12	7.8%
Ex Rural Residential (City fringe)	870,000	1,390,000	5,856	6,231	376	7.22	6.4%
Commercial / Industrial							
Other Commercial Average	1,126,000	2,155,000	16,870	17,790	920	17.69	5.5%
CBD Average	771,000	1,463,000	14,006	14,872	866	16.65	6.2%
Industrial Average	936,000	1,774,000	13,612	14,311	699	13.45	5.1%
Bay View Average Commercial	473,500	855,500	7,286	7,699	413	7.94	5.7%
Rural Average Commercial	457,200	1,610,600	7,170	7,476	306	5.88	4.3%
Rural							
Average Rural	1,832,800	2,320,400	7,721	8,091	371	7.13	4.8%
Rural Residential							
Bay View Average	375,400	782,700	2,892	3,107	215	4.14	7.4%
Rural Residential in Stormwater area	457,500	875,900	2,956	3,107	151	2.91	5.1%
Rural Residential outside Stormwater area	457,500	875,900	2,709	2,857	148	2.84	5.4%

The three-yearly revaluation for the city for rating purposes was undertaken in 2023 and those new valuations apply as the basis for setting the rates for 2025/26.

The rating examples should be read having regard for the following:

- Council's total rates revenue for 2025/26, excluding rate penalties and water-by-meter charges, will increase by 7.9%.
- As property values directly affect the level of general and targeted rates charged on either land or capital value, changes in property value, above and below the average movements across the city, will mean that the rate increase properties will be greater or less than the proposed overall increase for individual properties.

Rating base information

As at 30 June 2023*	All Rating Units	Rateable Units
Number of Rating Units	27,017	26,500
Capital value of Rating Units $	25,285,140,950	24,105,746,750
Land value of Rating Units $	12,174,337,700	11,678,101,500

*The three-yearly revaluation for the city for rating purposes was undertaken in 2023 and those new valuations apply as the basis for setting the rates for 2025/26.

Supporting documents

All documents below will be available on sayitnapier.nz from 31 March 2025.

You can view paper copies of these supporting documents at our Customer Service Centre, 215 Hastings Street or at Napier or Taradale Libraries.

- Draft financial statements including rating system
- Draft Schedule of Fees and Charges
- Reimagine Facilities Parameters
- Draft Significance & Engagement Policy

Other current consultations

Find out more about other consultations running on sayitnapier.nz

Local Alcohol Policy Review,
14 March – 14 April

Waste Management and Minimisation Bylaw Review
7 April – 11 May

Napier City Council and Hastings District Council Review of the Joint Waste Management and Minimisation Plan 2025-31
7 April – 11 May

Ahuriri Regional Park Masterplan
16 April – 7 May

Glossary of terms

Financially sustainable
To be able to maintain financial health over the long term. It involves having enough income to cover expenses and continue operations now and in future.

Operational costs / operational expenditure
The costs of normal day-to-day operations.

Capital costs / capital expenditure
The costs of buying, upgrading, or maintaining long-term items such as property, buildings, equipment or technology. These costs are investments that provide benefit over a long period, to grow or maintain operations.

Due diligence
Taking careful steps to check things out before making a decision or an agreement. It ensures that all important details are understood, and any potential risks are identified.

Council-controlled trading organisation (CCTO)
An organisation controlled by a local council, which trades for the purpose of making a profit. This keeps rates lower for ratepayers.

Strategic Asset
An asset (for example, a facility, property or cash), that is vital to Council in delivering services or helping achieve any outcome that is important to community wellbeing.

Significance & Engagement Policy
A formal policy that sets out how and when the community can expect to be engaged in Napier City Council's decision making processes. It lets Council and the community decide the degree of significance of particular issues, proposals, assets, decisions, and activities.

Capital programme
A plan or schedule of projects to be undertaken over a specific period, along with the costs.

Rating Unit
A specific area of land that is assessed for property rates by a council.

Te Kaunihera o Ahuriri
Napier City Council
215 Hastings Street, Napier 4110 | Private Bag 6010, Napier 4142
06 835 7579 | info@napier.govt.nz | www.napier.govt.nz

NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri