

2015-16 Annual Report

CENTRAL HAWKE'S BAY DISTRICT COUNCIL



Mission statement

OUR MISSION STATEMENT:

“The Central Hawke’s Bay District Council will be accountable to its citizens for the good management of the public assets of the District and provide open local government at minimum economic cost, with the least possible intervention in the private lives of residents.”

2015/16 Annual Report

Every year the Council produces a document (The Annual Report), which records whether or not the Council has done what it said it would do in the Annual Plan.

This Annual Report relates to the first year of the 2015 - 2025 Long Term Plan (from 1 July 2015 to 30 June 2025).

How does it affect you?

The Annual Report records how money from ratepayers, financial institutions and other governmental agencies was spent. It provides information on projects that were completed, delayed, postponed or abandoned.

Get involved!

If you want to have a say on what projects Council undertakes and how Council spends its money, then you can make a submission to the Long Term Plan or Annual Plan. The next opportunity will be the 2017/2018 Annual Plan. Keep a look out for it in March 2017.

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Introduction from the Mayor and Chief Executive

We are pleased to present the 2015/16 Annual Report for Central Hawke's Bay District Council.

Strong financial management has again been a focus for this year which is the first year of the 2015-25 Long Term Plan (LTP). Maintaining the current Levels of Service was a clear message from the community during the consultation for the LTP and the affordability of rates was recognised as the key issue facing the community.

We continued with the development of Council's Treasury function and as part of the Annual Plan we consulted with the community about joining the Local Government Funding Agency. This gives us access to lower costs for borrowing and will help us with to secure funding for any projects identified in the LTP.

The second Lamella primary filter was installed at Waipukurau Wastewater Treatment plants. Both Waipawa and Waipukurau Wastewater Treatment facilities are operating well and we have met the 30th September 2014 regulatory deadline for our consents with the exception of ammonia, which has exceeded the required level for some time now. Ammonia levels are being reviewed at present with HBRC in light of changed river limits decided by the Board of Inquiry into Tukituki Plan Change 6. Ammonia stimulates plant growth in the rivers but is not a public health issue.

We continued to maintain our other core infrastructure with stormwater network improvements and other projects listed in the report to ensure that our infrastructure renewals are done in a controlled and affordable manner. Upgrades to community facilities have also occurred during the year with the completion of the Waipukurau Library upgrade and earthquake strengthening, as well as work on Bogle Brothers Esplanade Toilets and Tikokino Hall water supply, and the Russell Park Splash Pad.

The development of the Ruataniwha Water Storage Scheme (RWSS) moved a step closer with consent conditions being confirmed and the farmers signing up to water take to the level required. Council has signed a contract to take water from the RWSS for urban water supply for Takapau to improve water quality, and for Otane to remove the need to spend \$1.7 million dollars on putting in a new water main from Waipawa to Otane. Further investigation on taking RWSS water for Waipawa and Waipukurau urban supplies have been put on hold until next year.

\$230,000 from Land Transport was part of the funds transferred into the catastrophic reserve. This is to build up this reserve to a level to compensate for the NZTA threshold changes for road infrastructure funding in an adverse or catastrophic event.

This Annual Report provides a good insight into the activities of Council and is a representation of the good work undertaken by the Central Hawke's Bay District Council staff and the prudent guidance provided by the elected members, for which we are very grateful.



Peter Butler

Peter Butler
Mayor



A blue ink signature of John Freeman, consisting of a stylized 'J' and 'F'.

John Freeman
Chief Executive

Key Initiatives and Projects

Measuring our performance is an important part of ensuring that the Council's operations are being managed effectively and that the community's needs are being met or enhanced. A number of significant projects were completed or are ongoing during this financial year.

Russell Park Upgrade

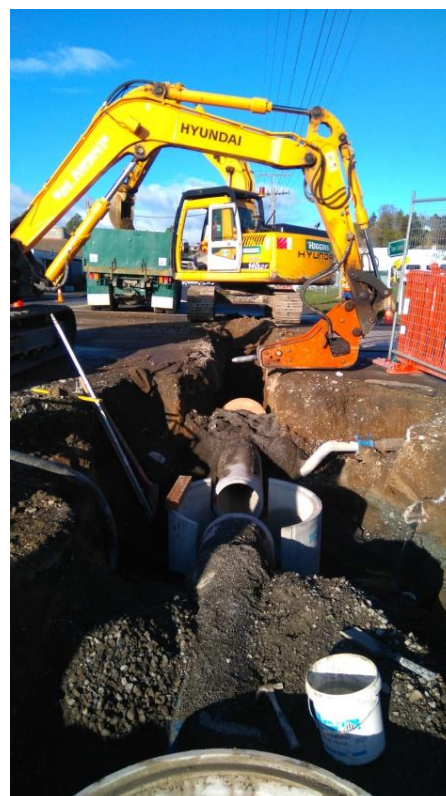
The upgrade of Russell Park continued this year with the installation of the exercise equipment and the construction of the Splash Pad.

In 2016/17 the upgrade will continue with the construction of the Skate Park. There will also be additional exercise equipment added and an upgrade of the car park.



Northumberland Street Stormwater Upgrade

An upgrade of the Northumberland Street Stormwater was completed this year with new pipe work installed at the Peel and Northumberland St intersection. New drainage sumps have also been installed as part of the upgrade.



Building Control Authority Review Report

The Council has released the report from Morrison Low on the review of the Building Control Authority (BCA).

The Council is currently working through the recommendations of the Morrison Low report with a view to making positive changes to the way the BCA operates. The Council is committed to leading these improvements and believe that in conjunction with the role that builders, designers and building supply companies have to play, that there can be significant positive changes for all parties.

A summary of how the different parties can play a part in resolving the current situation is listed below.

Council members (elected representatives):

- adopting clear policies around risk and economic development outcomes where it affects building including exemptions under the act where appropriate

Council management:

- developing management and operational procedures to deliver on policies around risk and exemptions

BCA management, within the risk outcomes adopted by Council:

- using common sense coupled with practical solutions
- more easily allowing substitutions or alternative solutions
- consistently delivering customer focused service in a manner that allows the community to accept the regulatory framework in which the BCA operates

Designers:

- working with the BCA to enable it to perform its functions and duties under the Building Act and Regulations

Builders:

- being up to date with the Building Act and Code
- always constructing projects to the consented design
- instructing their designers to specify materials that they prefer.

Building supply companies:

- continue stocking products that are commonly specified in building consents.

Morrison Low noted that the BCA had never lost its IANZ accreditation despite the many rumours in the community to the contrary.

The full Morrison Low report is available on Council's website.

Racecourse Road Pedestrian Crossing

Based on concerns expressed at a public LTP meeting, the Land Transport department installed a crosswalk to enhance the safety of students and other pedestrians on Racecourse Road in Waipukurau. The crosswalk is located on the south side of the local dairy and is a Zebra type crossing which means all vehicular traffic must give way to pedestrians.



Porangahau Village Traffic Calming

In consultation with the residents of Porangahau who expressed concerns about speeding when entering and exiting the village the Land Transport department constructed traffic calming islands and a pedestrian crossing to enhance safety.



Waipawa Water Supply UV Treatment Upgrade

In 2014 the Minister of Health approved a grant to assist with the upgrade to the drinking water supply to the Waipawa and Otane. After design work was completed by Cardno Consultants, work started on the first stage of the physical work at Tikokino Water pumping station in Waipawa in July. Work was completed in September 2015.



Mount Herbert Road Pumping Station

The replacement wet well at Mt Herbert Road pumping station is well underway. A very large concrete tank has been constructed on site from precast units by Lattey Contractors.

Once in place the floor was poured, a roof installed, new pumps and screens installed, and the main sewers from town are connected into the new wet well. The area will eventually be landscaped including a native forest along the road frontage.



Sewer Reline 2015/16 Year

We continue to identify sewer gravity pipes that require upgrading by relining. During the past year a total of 1233m of pipe relining was completed. Part of the work undertaken included the installing of new or replacement sewer manholes along the reline routes.



Waipukurau Library Upgrade

The Waipukurau Library was moved to the temporary library in January 2015 so that earthquake strengthening and upgrade work could be carried out on the building. As part of the upgrade 100m² was added to the back of the building and new furniture and shelving was added with the wonderful support and donations from the community. The upgraded library reopened in February 2016.



Key Issues

Council's Strategic Direction

Our 2015/25 Long Term Plan sets the foundation for this Council's strategic direction. As part of understanding the issues that we are facing and estimating the changes that have been thrust upon us by legislation, we have made conscious decisions around what this direction may be. Council's focus is on maintaining existing core services and infrastructure, rather than providing for growth. If things continue as they are the district's population is predicted to remain stable over the short term and decline slightly in the long term. The demographic is changing towards an ageing population. There is estimated to be little change in land use or economic development within the Central Hawke's Bay. The agricultural sector still remains the bread and butter industry for the region, and regular droughts have had a major impact on levels of stock numbers.

However, if the Ruataniwha Water Storage project goes ahead as it seems likely to do, Council will need to be prepared for significant growth in the Central Hawke's Bay economy and potentially in population. To this end we are currently reviewing our District Plan and infrastructure assets. This is to ensure that if the water storage project gets the green light we can make changes to our strategic direction and financial decisions and have changes to the District Plan in place before the dam is completed.

We hope to pre-empt the change in land uses and set our district up to capitalise on this change and bring more people and jobs into our district.

The District Plan Review

The District Plan is a statutory planning document required under the Resource Management Act 1991. In basic terms, it describes the policies, rules and standards which cover the way in which land may be used within the CHB District. In other words it's the plan that affects what you and your neighbours can do on your properties. It has significant legal status and is done once every 10 years and therefore the review of the plan is an important role of Council.

The District Plan is currently under review and the first draft is likely to be released for consultation later in the year. This will be a key responsibility of the new Council.

Ruataniwha Water Storage Scheme

The Ruataniwha Water Storage Scheme (RWSS) is a long-term water storage solution located in Central Hawke's Bay and will consist of a 96 million m³ storage reservoir located in the upper Makaroro River, storing water during periods of high flow and over winter.

The RWSS is being built by the Hawke's Bay Regional Investment Company (HBRIC) and the CHBDC is fully supportive of the RWSS.

We see the potential growth from the scheme as a key factor in enhancing the economy of the Central Hawke's Bay District and the wider Hawke's Bay Region.

- There is a predicted increase of 4% in GDP (\$235 million a year by full water uptake)
- The potential to create 2,250 jobs across Hawkes Bay through increased farming activity and its flow-on impacts
- Improved summer flows in the Tukituki River
- Improved river health and habitat

If RWSS is given the go-head, it is possible an amendment to the Long Term Plan will be required. The amended LTP will be updated for the increased costs and capital requirements to meet the increase in demand for services.

The Council has agreed to take water for the Takapau and Otane water supply. We are also looking at taking water from the dam as part of our long term strategy around water supply for Waipukurau and Waipawa. The Council is currently talking with HBRIC and will consult with the community when the full details of the plan to take water for these communities are known. The consultation to commit to taking water for Waipukurau and Waipawa would take place prior to Council reaching a final agreement with HBRIC.

One Network Road Classification

Since 2013 the New Zealand Land Transport Agency, along with other agencies, has been developing the One Network Road Classification (ONRC) system. ONRC involves categorising roads based on the functions they perform as part of an integrated national network. This system sets the 'minimum' levels of service for each road based on its classification which is determined by traffic volumes and the purpose of the road.

NZTA requires Councils to transition to the new classifications over 3 years, with the requirement for it to be fully implemented by the National Land Transport 2018-21 programme.

Although the impacts are not completely understood at this time, there are likely to be changes to the levels of service provided on the network that NZTA are prepared to subsidise. As examples:

- There may be more safety improvements such as sight distance improvements and signage at various locations.
- The roads may be rougher than they are currently
- The quality of the District's roads may be lowered as part of the classification
- The minimum levels of service are what the NZTA subsidise and if the service levels on our roads are lowered by the classification, then our communities will be required to fund the difference if you want the same or higher quality of road



As work continues on the impacts of the ONRC on CHBDC budgets, there has not been an adjustment to the Land Transport budgets for 2016-17 Annual Plan. It may be that there will be an adjustment to the 2017-18 Annual Plan from the LTP.

Rural Fire Authority

The Minister of Internal Affairs announced on 13 November 2015 that Central Government has agreed to bring urban and rural fire services together into one unified fire service organisation.

The new organisation will be a merger of the 52 rural fire authorities, and the National Rural Fire Authority, and the New Zealand Fire Service (which are both part of the New Zealand Fire Service Commission). The Government will ensure the strengths of both rural and urban fire services are retained and enhanced.

Although it has been proposed that it will be funded from insurance levies, the financial implication for us around any future impact on rates will not be known until new legislation and funding models have been considered and approved by government.

Financial Performance

This section of the report provides an overview of our financial performance for the year ended 30 June 2016. This overview provides an explanation to our financial statements and notes on pages 59 to 90.

Overall Results

For the financial year Council had a Deficit of \$679K compared to a budget surplus of \$280k. Overall income was above budget by \$273k with total operating expenditure over budget by \$1.6m. The table and explanations below illustrate this.

Financial Overview			
	2015	2016	2016
	Council	Council	Council
	Actual	Budget	Actual
	\$'000	\$'000	\$'000
Total Revenue	29,508	27,645	27,918
Operating expenditure	15,366	14,753	16,473
Finance Cost	499	638	265
Other (Gains) and Losses			(304)
Net Surplus/(Deficit) excluding non cash movements	13,643	12,254	11,484
Non Cash Movements			
Depreciation	11,671	11,974	12,230
Other Gains and Losses	(78)	0	(67)
Net Surplus/(Deficit)	2,050	280	(679)

Explanations

- Subsidies received were higher than budgeted by \$275,000. Council received \$160,244 from the Minister of Health to upgrade the Waipawa Water Treatment. Also \$48,000 of grants for Social Development have been recognised within Council finances which were previously administered separately.
- Income from fees and charges were above budget primarily due to increased income from Solid Waste Charges with refuse from out of the district.
- Interest revenue was lower than budget as we continue to restructure our debt and investment portfolio and utilise cash to reduce debt.
- Operating expenditure is above budget due to the reallocation of Land Transport renewal expenditure approved by NZTA. The previous Roading Maintenance Contractor fell behind in maintenance work. Based on assessment of the network, it was agreed with NZTA to reallocate budget to cover the increased requirement for maintenance in this year that had not been completed by the previous contractor.
- Other Gains and Losses include \$304k of recovery from the liquidation of Infracon. There is approx. \$57k remaining of retentions to be received once the retentions period has expired in the coming year.

Annual Report Disclosure Statement for the year ended 30 June 2016

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 Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

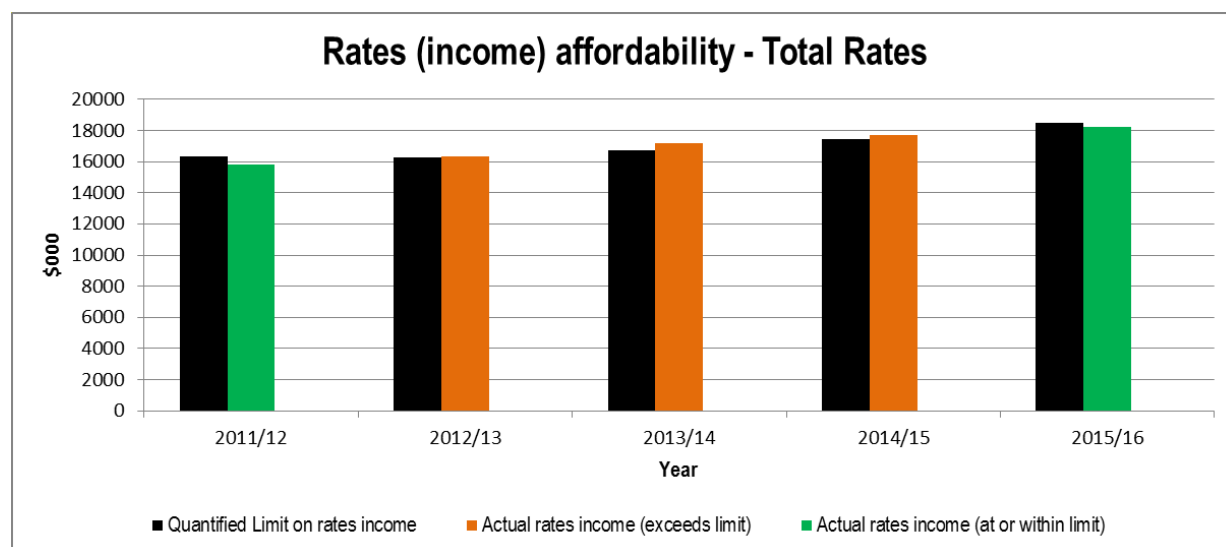
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates (income) affordability benchmark

The council meets the rates affordability benchmarks if:

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

The following graphs compare 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. The quantified limit is the total rates as forecast in the 2009-2019 Long Term Council Community Plan (LTCCP), 2012-2022 Long Term Plan (LTP) and 2015-2025 LTP.



Total rates income for 2015/16 is \$80k above budget but is under the rates limit of Rates Budget plus 2%. Total rates income in 2014/15 is \$15,000 above budget. Total rates income in 2013/14 are \$489,000 more than forecast in the 2012-22 LTP due to a decision made by Council to bring forward capital expenditure relating to the Waipukurau and Waipawa sewer treatment facilities in 2013/14.

Rates (increases) affordability benchmark

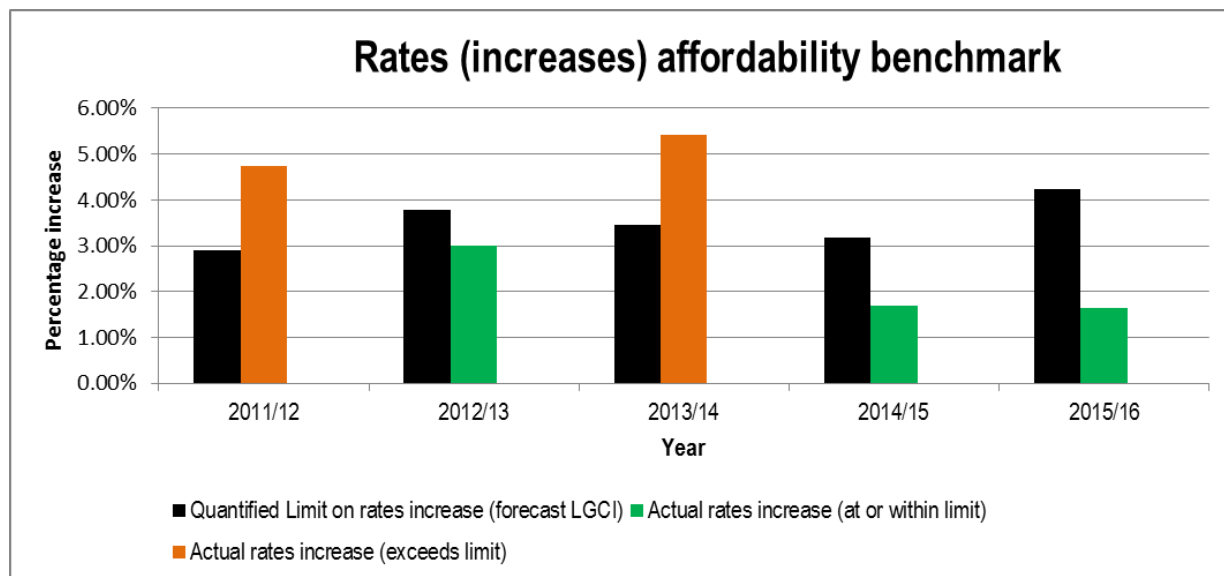
The following graph compares the council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the council's long-term plan. The quantified limit as set in the 2015-2025 LTP is:

"Rates Increases to existing ratepayers will not exceed the projected Local Government Cost Index plus 2%.

The additional 2% provided in the rates increases limit is included to cover costs relating to natural disasters, new initiatives, additional responsibilities or higher standards imposed by central government, or

increases to the levels of services approved by Council. The limits set for rates increases are the upper limit and Council will work hard to maintain increases to levels below these limits"

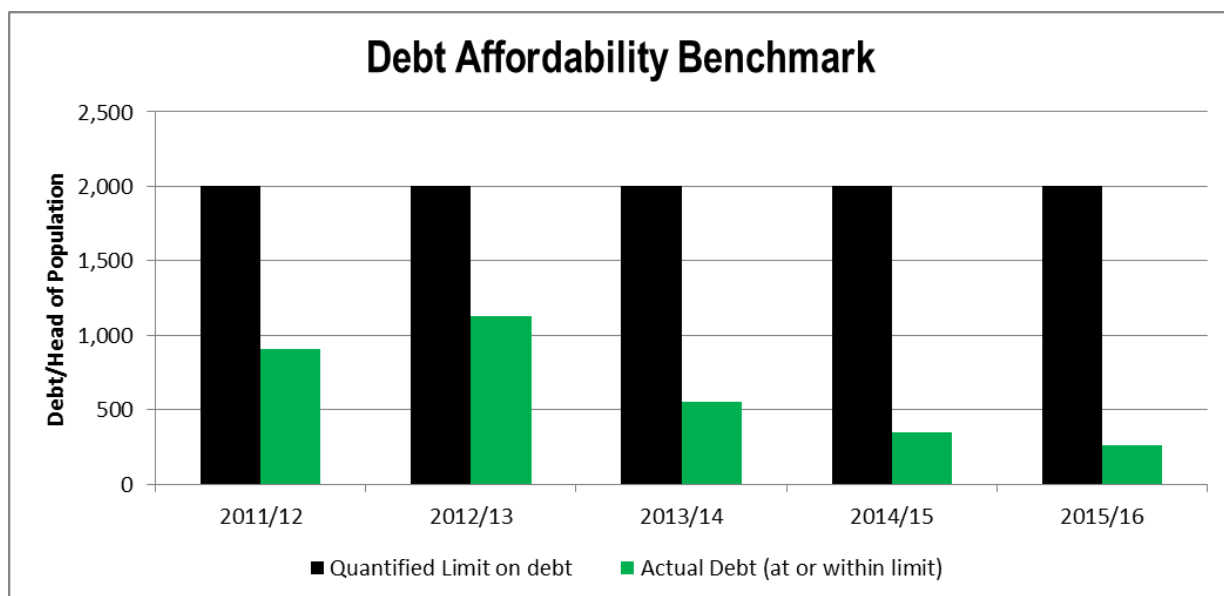
The quantified limit used for this benchmark is the LG CPI as forecast in the 2009-2019 LTCCP for 2011/12, the 2012-22 LTP for 2012/13 and 2013/14, and the 2015-25 LTP for 2015/16. Note that an overall LG CPI was not available for the 2009-2019 LTCCP and for the purpose of this period the inflation forecast for Land Transport has been used as this activity represents more than half of Council's expenditure.



In 2015/16 rates increased by 1.63% which was well within the 2015/16 LGCI of 2.24%. In 2014/15 rates increased by 1.68% which was well within the 2014/15 LGCI of 3.17%. In 2013/14 rates increased by 5.4%, well ahead of the forecast LG CPI due to a decision made by Council to bring forward capital expenditure on the Waipukurau and Waipawa wastewater treatment facilities. This expenditure had previously been included in Year 3 (2014/15) of the 2012-22 LTP. The rates increases incurred in 2011/12 were years when a financial strategy was not a requirement. Council therefore did not have a financial strategy or any quantified limits on rates increases.

Debt affordability benchmark

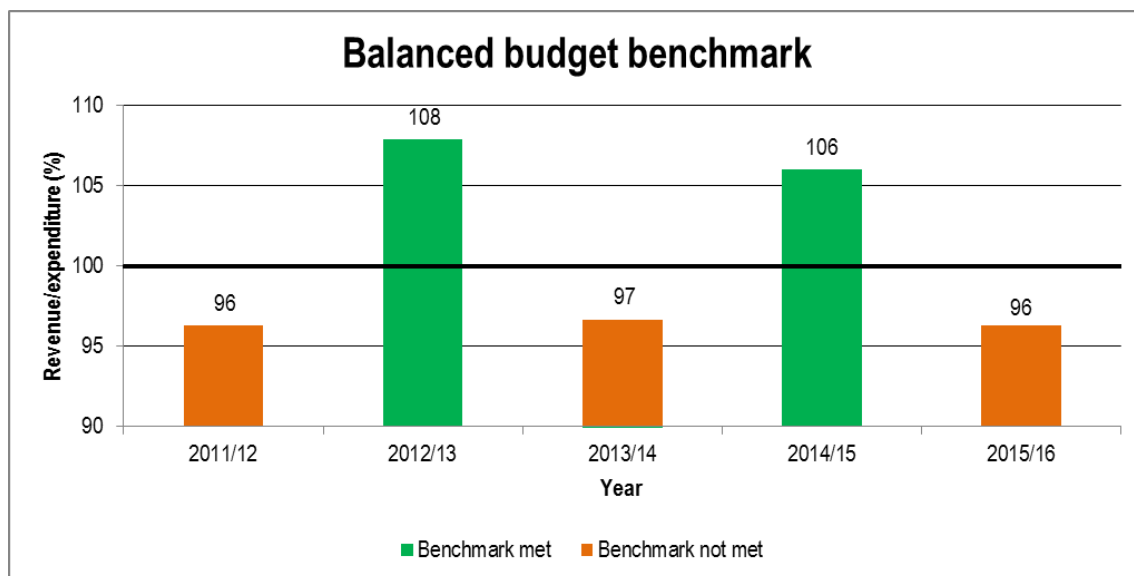
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit as detailed in the financial strategy is that Council's total debt per head of population will not exceed \$2,000.



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).

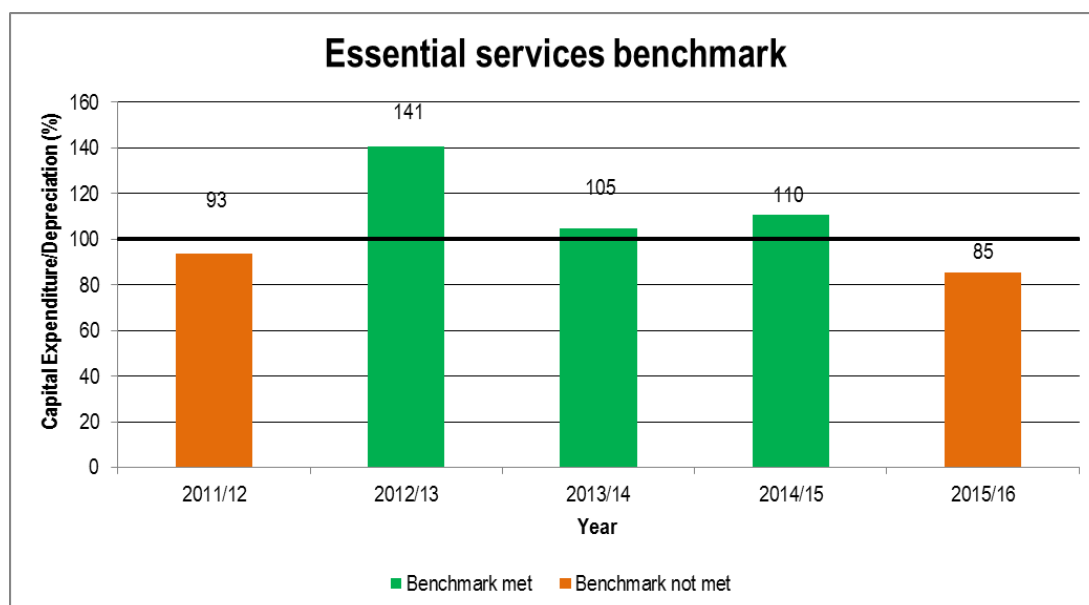
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



In 2015/16 Operating expenditure was higher due to the reallocation of Land Transport renewal expenditure approved by NZTA as the previous Roding Maintenance Contractor fell behind in maintenance work. In 2013/14 Council incurred a write down of its investment in Infracon Limited of \$3.7m which was unbudgeted due to the company being put into liquidation on 25 August 2014. In 2011/12 Council's operating revenue accounted for only 96% of its operating expenditure due to a decision of Council to write-off \$1.06m of expenditure previously incurred for a wastewater treatment facility that did not go ahead.

Essential Services benchmark

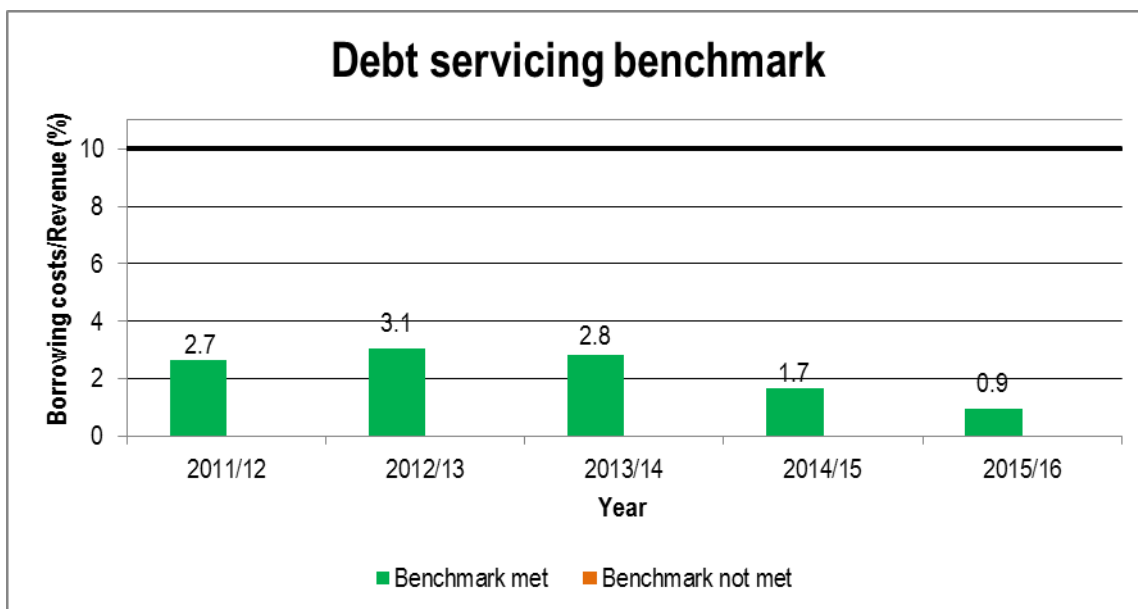
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



In 2015/16 Renewal expenditure was reallocated to Operational due to the previous Roding Maintenance Contractor falling behind in maintenance work and was approved by NZTA.

Debt servicing benchmark

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit as detailed in the financial strategy is that Council's debt service costs will not exceed 10% of total revenue.

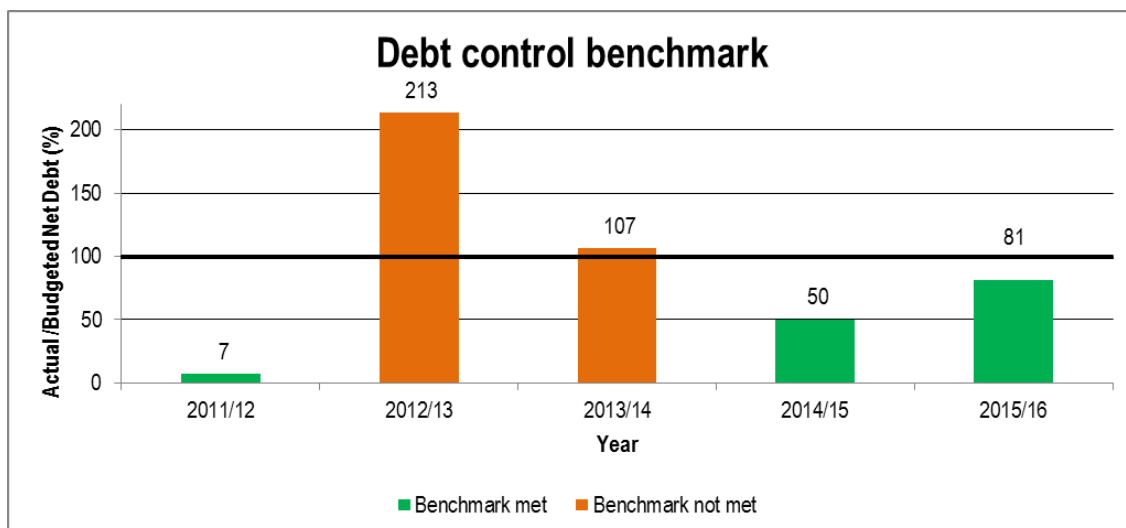


Council's borrowing costs are well below the prescribed benchmark of being equal or less than 10% of revenue. This highlights Council's prudent financial management of its debt.

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.



In 2015/16 Council continued with the implementation of the Treasury Function review and utilised maturing investments to pay back debt.

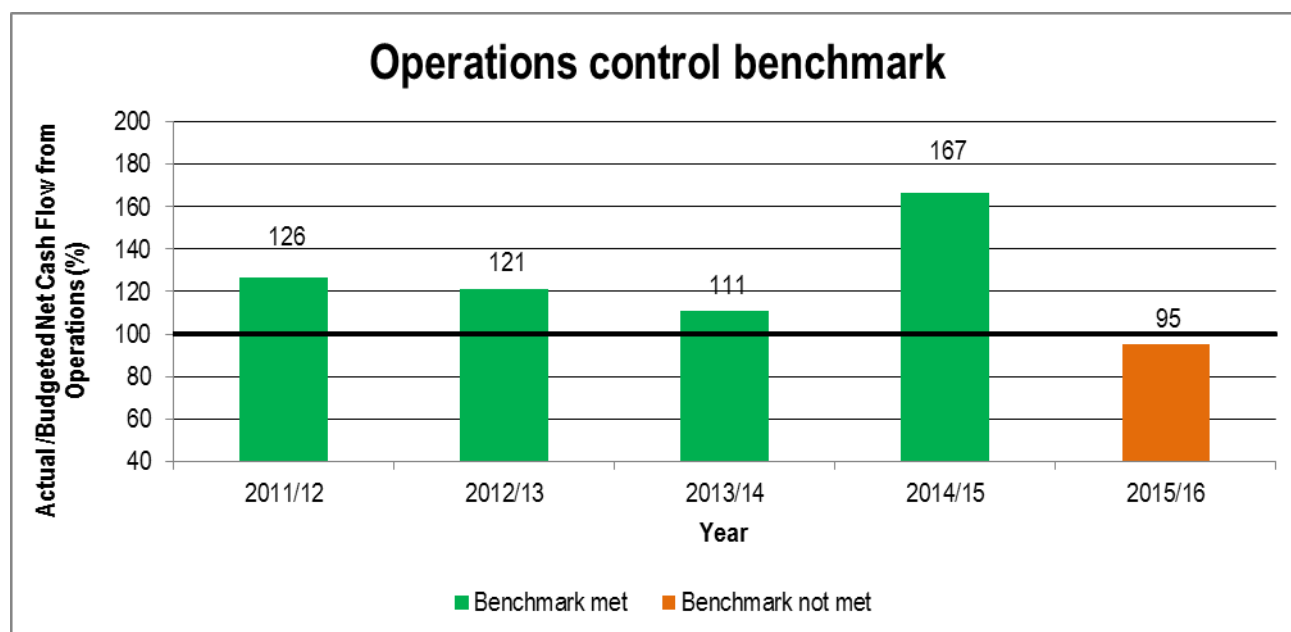
This benchmark was not met in 2012/13 due to the decision made by Council to bring forward capital expenditure on the Waipukurau and Waipawa wastewater treatment facilities a year earlier than originally planned. This resulted in actual net debt being higher than planned net debt in 2012/13. The 2013/14

result shows actual net debt exceeded planned debt which was a result of the loan to Tamatea being repaid. This was not budgeted therefore increasing Council's net debt position.

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.

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 performs consistently well above this benchmark and typically receives more revenue from non-rate sources than budgeted while keeping tight control over operating expenditure. In 2015/16 Renewal expenditure was reallocated to Operational due to the previous Roding Maintenance Contractor falling behind in maintenance work and was approved by NZTA.

Statement of Maori Contribution to Decision-Making

Maori Contribution

The Council continues to develop strong relationships with Te Taiwhenua o Tamatea, who represent all nine marae in Central Hawke's Bay.

Te Taiwhenua o Tamatea appointed Roger Maaka as their representative at scheduled ordinary and extraordinary meetings of full Council. This representative does not vote.

Council has developed a Memorandum of Understanding with Te Taiwhenua o Tamatea to improve communication and ensure that the views of Maori are considered in Council decision making.

Maori Wards

The Local Electoral Act 2001 gives Council the ability to establish separate wards for Maori electors. Council is required to review its representation arrangements at least once every six years. This review must include deciding whether or not to have separate wards for electors on the Maori roll.

The formula to establish the number of Maori seats is governed by population. Based on the population of this district it may be possible that one Maori seat could be established.

Council conducted a representation review in 2011 and resolved that "Council does not establish Maori ward/s as provided for in the Local Electoral Act 2001, at this time. The next review of the representation arrangement including Maori Wards will be conducted in 2017.

Treaty Claim

Council has also had several meetings with the Tamatea treaty claimant group pending the Treaty Claim settlement.

Statement of Compliance and Responsibility

Compliance

Council and management of the Central Hawke's Bay District Council confirm that all the statutory requirements of section 283 of the Local Government Act 2002, which includes the requirement to comply with Part VIIA of the Local Government Act 1974 regarding financial management and borrowing, have been complied with.

Responsibility

1. The Central Hawke's Bay District Council and its management accept responsibility for the preparation of the annual Financial Statements and non-financial performance information and the judgements used in them.
2. The Central Hawke's Bay District Council and its management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial performance information.
3. In the opinion of the Central Hawke's Bay District Council and its management the Annual Financial Statements and the results of its operations and the service performance achievements for the year ended 30 June 2016 fairly reflect the financial position of Central Hawke's Bay District Council.



Peter Butler
Mayor



John Freeman
Chief Executive

Audit Report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Central Hawkes Bay District Council (the District Council). The Auditor-General has appointed me, Marcus Henry, using the staff and resources of Ernst & Young, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information);.
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 59 to 62 and pages 64 to 89:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2016;
 - 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 and have been prepared in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the funding impact statement on page 63, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the statement of service provision referred to as "Activities" made up of reporting on community outcomes and a performance report on pages 21 to 58:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - 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;
- the statement about capital expenditure for each group of activities on pages 21 to 58, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan;
- the funding impact statement for each group of activities on pages 21 to 58, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan; and

- the disclosures on pages 10 to 15 required by the Local Government (Financial Reporting and Prudence) Regulations 2014 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Compliance with requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 10 to 15 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 29 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision referred to as "Activities" made up of reporting on community outcomes and a performance report within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

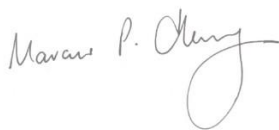
The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the District Council.



Marcus Henry
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Activities

The Local Government Act 2002 requires Council to identify and outline the activities that it carries out. The Central Hawke's Bay District Council's activities fall into the following eight groups:

1. Community Leadership
2. Planning and Regulatory
3. Land Transport
4. Solid Waste
5. Water Services
6. Wastewater (Sewerage)
7. Stormwater
8. Recreation and Community Facilities

These eight groups cover twenty separate activities as follows:

COMMUNITY LEADERSHIP GROUP

1. Leadership, Governance and Consultation
2. Economic and Social Development

PLANNING AND REGULATORY GROUP

3. District Planning
4. Land Use and Subdivision Consents
5. Building Control
6. Public Health
7. Animal Control
8. Emergency Management and Bylaws

LAND TRANSPORT GROUP

9. Land Transport

SOLID WASTE GROUP

10. Solid Waste

WATER SERVICES GROUP

11. Water Supplies

WASTEWATER (SEWERAGE) GROUP

12. Wastewater

STORMWATER GROUP

13. Storm Water

RECREATION AND COMMUNITY FACILITIES GROUP

14. Parks, Reserves and Swimming Pools
15. Public Toilets
16. Retirement Housing
17. Libraries
18. Theatres, Halls and Museums
19. Cemeteries
20. Property and Buildings

Community Leadership Group

Leadership, Governance and Consultation

What does this activity involve?

The Leadership, Governance and Consultation Activity include the following components:

- Facilitating Council decision making by running elections, holding meetings and maintaining standing committees to ensure the good governance of the District, providing information to elected representatives, secretarial support, minute taking, and providing notice of meetings.
- All local authorities now have more stringent consultation requirements, in addition the public and elected members demand better communication and information flows both to and from the public.
- Council provides and administers grant and scholarship schemes to provide individuals and groups with financial assistance. The Central Hawke's Bay District Council has one Council Controlled Organisation and three Council Organisations. The Council Controlled Organisation is Hawke's Bay Local Authority Shared Services Ltd (HB LASS) – a joint initiative among the five Hawke's Bay Councils. The three Council Organisations are CHB Promotions Inc, CHB Early Settlers Museum Society, and the Howard Estate Advisory Board.

Why are we involved?

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

People are involved in their local community and have a vision for their future

People have a range of opportunities to participate in leisure, cultural and learning activities

Our historic and cultural heritage is protected for future generations

Central Hawke's Bay District is well promoted as a good place to do business and visit

Central Hawke's Bay District has an efficient and affordable roading, waste and water infrastructure

We plan to develop sustainably and with minimal environmental impact

We encourage recycling, and manage the rest in a sustainable way

We plan and manage water use and wastewater disposal to minimize the effect on the environment

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Advocate on local, regional and national issues for the Central Hawke's Bay District on appropriate Central Hawke's Bay Community issues.	5 formal submissions to Central Government, Local Government NZ and similar advocacy institutions	Target achieved 5 formal submissions were made during the 2015/2016 year on issues which could affect the ratepayers of Central Hawke's Bay. These covered: <ul style="list-style-type: none"> • Fire Service Reorganisation • Proposed National Environmental Standard for Plantation Forestry • Government Rural Broadband extension • Digital Enablement Plan • Resource Legislation Amendment Bill Council also commented on a number of submissions made on behalf of the sector by sector groups.
Develop Policy and make decisions for the benefit of the Central Hawke's Bay Community by holding Council and Committee meetings	16 meetings	Target achieved. A total of 21 Council and Committee meetings were held in 2015/2016. These included: 8 Council, 2 Extraordinary, 7 Finance and Services Committee, 2 Building Control Authority Review Committee, 1 Audit Committee and 1 Annual Plan Submission Hearing.
Communicate and consult with the Central Hawke's Bay Community on key issues by ensuring that Statements of Proposal requiring consultation using Special Consultative Procedures are made available on the Council website, at Council libraries and offices, and to be discussed in public meetings.	100% compliance of statutory requirements	Target achieved. Consultation on the Annual Plan 2016/2017 and Statement of Proposal to join the Local Government Fund Agency was held during the year, prior to the adoption on 15 June 2015. Information was available on council website, offices and libraries. The Consultation Document for the Annual Plan was supplied to all ratepayers.
Meet Local Government Act 2002 statutory reporting requirements by producing Annual Plans, Annual Reports and Long Term Plans	100% compliance of statutory deadlines	Target achieved. The 2014/2015 Annual Report was adopted within statutory timeframes. The 2016/2017 Annual Plan was adopted within statutory timeframes.

Economic and Social Development

What does this activity involve?

Economic and social development within Central Hawke's Bay is undertaken by Council in conjunction with Economic and social development within Central Hawke's Bay is undertaken by Council in conjunction with a number of outside organisations. These organisations include:

CHB Promotions Inc, HB Chamber of Commerce, Business Hawke's Bay, Ministry of Social Development, Hawke's Bay Regional Council, Hastings District Council, Napier City Council, Hawke's Bay Tourism, Food HB, Work and Income, EIT and local and regional businesses.

It was anticipated that Council's main role over the last 12 months would be in the development of opportunities for the district that may come from the Ruataniwha Water Storage Scheme.

The Ruataniwha Water Storage Scheme (RWSS) is a key project for the region as well as New Zealand Inc. This scheme will see the creation of approximately 2,250 jobs in Hawke's Bay with approximately 1000 of these jobs on and off farm in CHB. The scheme will see summer water flows in the Tukituki increase by 30% and along with the measures proposed in the Regional Council's Plan Change 6 will produce long term improvement to the river system.

In preparing for the water storage scheme build and subsequent land irrigation Council is working with a number of groups to prepare our current community for opportunities that may come with new jobs, new businesses, change of land use and farming practices, as well as new families coming to the district.

With the delay in the commencement of the RWSS, only a limited amount of preparatory work was undertaken.

Council will also participate in supporting Safe Communities, Economic Development, Youth Development and Positive Ageing through collaboration and implementation of strategies.

Why are we involved?

Community Outcomes that this activity contributes to

People are involved in their local community and have a vision for their future

Central Hawke's Bay District is well promoted as a good place to do business and visit

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
CHB Promotions fulfils its contract obligations	Contractual objective are met including: Linking activities with HB Tourism Regional Strategy	Target achieved. <ul style="list-style-type: none"> Updated town signage to fit the Hawke's Bay Regional Brand. Continuation of the Central Hawke's Bay Tourism Coordinator role based out of Hawke's Bay Tourism. Central Hawke's Bay is a key in the Hawke's Bay Seasonal Campaign with our 'Spring' focus. The Spring Fling event is a large part of this with Hawke's Bay Tourism spending \$10,000 - \$15,000 specially marketing Central Hawke's Bay out of region for this Spring campaign
	Increase visitor number spend annually	Target achieved. Spend to Hawke's Bay is averaging 6% growth per year.
	Running 3 successful events	Target achieved. The three successful events this year were the Christmas Parade, The Spring Fling and The Little Easy.

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
	Increase the availability of Visitor information	<p>Target achieved.</p> <ul style="list-style-type: none"> • High profile on the Hawke's Bay Tourism website with link on homepage • Growing content and 'likes' on the Central Hawke's Bay Facebook Page (over 1000 likes) • Town signage in Waipawa with Hawke's Bay Trails, CHB Regional Map & Visitor Information (with more signage to follow in other towns). • Signage on the Tukituki Trail Cycleway with information on points of interest (one sign up and more to follow) • Assistance in creating and promoting the Limestone Loop & Destination Porangahau Brochures with visitor itineraries and information. • Signage planned for Pukeora, Pukekaihou/Hunter Park, Porangahau in development stage • Static information stand for CHB Settlers Museum in development stage
Community Development Coordinator completes the project	Project plan milestones including: Implement the Central Hawke's Bay Economic Development Strategy	<p>Target achieved.</p> <p>A review of the Central Hawke's Bay Economic Development Strategy was put on hold until the Regional Development Strategy was completed in July 2016 as there is a need for the CHB strategy to line up with the REDs strategy</p>
	Implementing the Positive Aging Strategy	<p>Target achieved.</p> <ul style="list-style-type: none"> • Terms of Reference and Implementation Plan updated • 17 agencies actively participating and meet 6 weekly throughout the year • Hosted 2 local public forums for elderly residents and their families • Hosted Hawkes Bay Positive Ageing Forum • Strategy promoted throughout the year in CHB Mail and CHB Banter
	Implementing the Youth Strategy for CHB	<p>Target achieved.</p> <ul style="list-style-type: none"> • Youth Development contract delivered by EPIC Ministries Inc and all key performance indicators achieved • Ministry of Youth Development grant of \$25,500 received to develop the design of a roving trailer. Contract requirements met and accountability submitted. • Strategy promoted throughout the year in CHB Mail and CHB Banter • Range of youth events held in CHB throughout the year. • Mayor's Taskforce for Jobs, CYE and Massey University drivers licence pilot being run at Central Hawkes Bay College. • Youth Council active and participating in community events
	Developing the Council / Taiwhenua relationship	<p>Target achieved.</p> <p>Te Taiwhenua O Tamatea is a member organisation of Safer CHB. Other interactions occurring as need arises including District Plan Review meetings held</p>

Funding Impact Statement for the year ending 30 June 2016 for Community Leadership Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	701	742	810
Targeted rates	25	26	25
Subsidies and grants for operating purposes	22	24	73
Fees, charges	0	0	0
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	748	792	908
Applications of operating funding			
Payments to staff and suppliers	539	554	791
Finance costs	0	0	0
Internal charges and overheads recovered	209	238	229
Other operating funding applications	0	0	0
Total applications of operating funding	748	792	1,020
Surplus (deficit) of operating funding	0	0	(112)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	(112)
Increase (decrease) of investments	0	0	0
Total application of capital funding	0	0	(112)
Surplus (deficit) of capital funding	0	0	112
Funding balance	0	0	0

Expenditure was over budget due to the unplanned expenditure for the BCA Review totalling \$115K. This was cover by General Rates from other activities.

Revenue is above budget due to the inclusion of revenue for grants of \$49K that was previously managed outside of Council. The Community Development Coordinator is now employed by Council. Expenditure is higher for the same reason.

Planning and Regulatory Group

District Planning

What does this activity involve?

Council is required to provide a comprehensive District Plan that meets the needs of the community. The activity goal is to implement the Resource Management Act 1991.

Council has committed to a full review of the District Plan commencing in 2011 to comply with the Resource Management Act (RMA) requirements to review the Plan every ten years.

The progress on the District Plan has been delayed and priorities changed because of the proposed Ruataniwha Water Storage Scheme and Tukituki Plan Change 6. The Urban Growth Strategy and Rural Zone review have been prioritised.

Why are we involved?

Central Hawke's Bay District Council has a statutory responsibility to undertake certain functions through the RMA. One of Council's functions is to prepare a District Plan providing controls for land use and subdivision.

Community Outcomes that this activity contributes to

We plan to develop sustainably and with minimal environmental impact

Central Hawke's Bay District is well promoted as a good place to do business and visit – we plan to facilitate growth and development, in a managed way

What we delivered

Level of Service to be delivers	How will we measure our success in 2015/2016?	Achieved level of service
Full review of the District Plan within required timeframes	Milestones met to complete plan for notification in 2016/2017.	Target on track The Urban Growth Strategy, developed to respond to projected residential and growth demands, is currently out for consultation. The Rural Zone Review was given priority in response to Tukituki River Catchment Plan Change 6 and is to be presented to the District Plan working party prior to going to Council. Draft reports on the Urban Zone Review and the Coastal Zone Review have been approved by the working party. The District Plan is on track for notification and consultation later in the year.
Ongoing monitoring of the Plan including compliance, effectiveness of revised Plan and updates for new issues	Modifications, updates carried out as required.	Target on track Measure not applicable until the new District Plan is adopted.
Tukituki Catchment Proposal (RWSS)	Certify Management Plans, Contribution to Advisory Groups and Compliance with consent conditions	Target N/A Measure is not applicable until the RWSS Management Plans are submitted.

Land Use and Subdivision Consents

What does this activity involve?

The District Plan establishes specific rules around subdivision and land use activities. When applications for subdivision and land use activities are received, they are assessed against the requirements of the District Plan. This will determine the appropriate conditions to apply to the application.

Council processes resource consent applications and monitors conditions of consent.

Why are we involved?

Council is required under statute to provide a regulatory function which includes provision and administration of the District Plan under the Resource Management Act 1991.

This activity ensures that growth and development is facilitated in a managed and sustainable way.

Community Outcomes that this activity contributes to

Central Hawke's Bay District is well promoted as a good place to do business and visit

We plan to develop sustainably and with minimal environmental impact

What we delivered

Level of Service to be delivers	How will we measure our success in 2015/2016?	Achieved level of service
Legislative timeframes and other requirements are fulfilled when processing planning and resource consents	100% compliance with the completion of resource consents and other development applications within statutory timeframes.	Target achieved 100% compliance with statutory timeframes achieved for the processing of planning and resource consents.
Planning complaints are responded to efficiently and effectively in a manner that is fair to all parties	All complaints responded to within 10 working days.	Target achieved No complaints relating to resource consents received during the year.

Building Control

What does this activity involve?

Building Control is responsible for administering and enforcing the Building Act 2004 (and related legislation). This includes –

- Processing applications for building consents
- Monitoring compliance through inspections and the issue of Code Compliance Certificates
- Enforcing the provisions of the Building Act 2004 and associated regulations
- Processing Land Information Memoranda

While the activity goals are to ensure that the Building Act is applied with minimal compliance costs and that nuisance or objectionable effects on human health and safety are minimised, changes to the Act have required Council to follow an accreditation process. Over time the level of performance of a Building Control Authority to retain accreditation is being increased, therefore higher levels of quality control and documents is required, incurring additional costs. This process is subject to audit to ensure that due process is followed. All Building Officers are required to be accredited under the Act.

Why are we involved?

This activity promotes the safety of people living and working in buildings and homes, and provides information on request to applicants who intend to carry out a building project.

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Process PIMs, LIMs, CCCs and building consents in an efficient and timely manner	All consents issued within 20 days to comply with statutory timeframe	Target not achieved. 99.6% of consents issued within 20 days. 1 of the 238 building consents was issued after 20 days.
Ensure the safety of buildings through the Building Warrant of Fitness (BWOFF) regime	Advice to owners (or their agents) of BWOFF liability issues within one month of BWOFF expiry of non-compliance	Target achieved. The schedule is checked monthly for buildings requiring a BWOFF. 34 owners were advised that they had not provided Council with a copy of their updated BWOFF within one month of the expiry date.
Carry out building inspections in a compliant manner	95% compliance with audit of inspection records against the inspection regime	Target achieved. 100% compliance of audit inspection records against the inspection regime.
Provide advice and education of building matters through Council's website and offices	90% satisfaction level for customers satisfaction surveys (annual survey of building consent applications)	Target achieved. 94% satisfaction level achieved in the survey.

Public Health

What does this activity involve?

The Public Health Activity covers the following services:

- Environmental Health – this administers the requirements of statutes and health regulations that cover subjects such as implementation and verification of Food Control Plans, safe water, disease containment, environmental nuisance, public accommodation and private housing.
- Liquor Licensing – the licensing and monitoring of premises under the provisions of the Sale and Supply of Alcohol Act 2012, and the establishment of a District Licensing Committee
- Hazardous substances – the control of hazardous substances has been taken over by the Environmental Risk Management Authority, ERMA, but Council will continue to provide local support at emergency incidents involving hazardous substances because of our local knowledge, expertise and proximity.
- Monitoring and response regarding the Gambling Act 2003 and Prostitution Reform Act 2003.
- Noise control responsibilities.

Why are we involved?

This activity promotes safe food, liquor outlets and minimises other environmental hazards such as noise.

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Provide an assurance that premises supplying food and licensed premises selling/supplying liquor, meet required standards	100% completion of annual inspection programme for compliance and follow up procedures for non-compliant premises	Target achieved. 100% of environmental health inspections and 100% of required liquor inspections completed.
Provide advice on environmental health matters and respond to complaints	All complaints responded to within 5 working days	Target achieved. 1 liquor and 9 environmental health complaints were received during the year. 100% were responded to within 5 working days.

Animal Control

What does this activity involve?

Council is required under statute to provide a regulatory function of Animal Control for dog and stock control. This is a requirement of the Dog Control Act 1996 and Council's Dog Control Bylaw and Livestock Movements and Animals in Public Places Bylaw both of which were adopted in June 2008.

One Animal Control Officer manages the control and registration of dogs with backup available from other regulatory staff as required. Ranging for control of other stock is undertaken between the Animal Control Officer and other regulatory staff.

An animal pound is operated in cooperation with the SPCA and Council has its pound kennels on the SPCA land in Coughlan Road, Waipukurau. The SPCA staff service the pound on a cost recovery basis.

Why are we involved?

Council is required under statute to provide a regulatory function of Animal Control.

This activity ensures that:

- Dog owners are held responsible for their pets and do not cause a nuisance to people and property.
- Roadside grazing and wandering stock are controlled to avoid risks to public safety.

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities – through dog registration

Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Provide education and advice on dog control to the community to ensure owners of animals keep their pets registered and under control	>95% of known dogs registered	Target achieved. 99% of known dogs are registered in the district.
Control of stock on roads and public places by responding to stock on roads causing a hazard to traffic and managing roadside stock grazing	100% response rate to all complaints and requests within 24 hours	Target achieved. 37 complaints were received during the year. 100% of complaints and requests were responded to within 24 hours.

Emergency Management & Bylaws

What does this activity involve?

Emergency Management

Council is required to meet its responsibilities under the Civil Defence Emergency Management Act 2002 and the Forest and Rural Fires Act 1977. The activity goals are to provide an effective Civil Defence and Rural Fire organisation to minimize the effects of disasters.

Civil Defence Centre's and Rural Fire forces are established throughout the District. Central Hawke's Bay District Council is an active member of the Hawke's Bay Civil Defence Emergency Management Group.

Civil Defence is now carried out through a Memorandum of Understanding with Hawke's Bay Regional Council. They employ one officer based in Central Hawke's Bay to carry out education of the community.

Bylaws

Council is required to implement Council Bylaws.

The activity goals are to ensure that all controlled activities are managed in a manner appropriate to local requirements with the least possible intervention in the private lives of residents.

Why are we involved?

Emergency Management

Council is statutorily required to provide these services through the Civil Defence Emergency Management Act 2002 and Forest and Rural Fires Act 1977.

Through this activity:

- Provide a network of trained volunteers with appropriate resources
- Promote a safer, more resilient community by enabling communities to prepare for and reduce the threat of fire and natural disaster

Bylaws

To improve community safety through the enforcement of Council Bylaws.

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success 2015/2016?	Achieved level of service
Emergency responders are suitably trained and equipped to respond to disaster	Rural Fire – fire teams training levels meet industry standards	Target achieved. The Rural Fire Authority meets the industry standards as relates to the positions of fire fighter, pump operator and crew leader.
Enforcement – through education – of Council bylaws and related legislation with the least possible intervention on private lives	100% compliance with responses to complaints and requests within 5 working days	Target achieved. 219 complaints received during the year. 100% of complaints were responded to within 5 working days.

Funding Impact Statement for the year ending 30 June 2016 for Planning and Regulatory Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	724	976	936
Targeted rates	0	0	0
Subsidies and grants for operating purposes	2	0	0
Fees, charges	715	712	728
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	10	31
Total operating funding	1,441	1,698	1,695
Applications of operating funding			
Payments to staff and suppliers	1,116	1,332	1,206
Finance costs	0	0	0
Internal charges and overheads recovered	315	356	344
Other operating funding applications	0	0	0
Total applications of operating funding	1,431	1,688	1,550
Surplus (deficit) of operating funding	10	10	145
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	10	10	4
Increase (decrease) in reserves	0	0	141
Increase (decrease) of investments	0	0	0
Total application of capital funding	10	10	145
Surplus (deficit) of capital funding	(10)	(10)	(145)
Funding balance	0	(0)	0

The group carry forward from operational costs was \$141,000 for district plan, smoothing health licences fees revenue, building and emergency management.

Land Transport Group

What does this activity involve?

Council owns and maintains the district road network. Network maintenance and renewals are funded by rates with substantial funding assistance from the New Zealand Transport Agency (NZTA). The current Funding Assistance Rate provided by NZTA has risen from 58% to 60% and will be in effect until 2023. Council staff, who are assisted by consultants, manage the various aspects of the District road asset. All physical work that is carried out on the network is done by Contractors not Council staff directly. These methods will continue into the future although minor changes will be made to obtain better value for money with the intent of lowering the costs to the ratepayer.

A comprehensive Activity Management Plan has been written and is updated regularly to ensure it meets the requirements of the District. The road network is maintained on an “in perpetuity” basis and no significant capital works are planned such as constructing new roads or sealing new roads. Council bridges are ageing and will be in need of major repairs or replacement in the future. Council has started and will continue an investigation programme to define and implement maintenance and rehabilitation solutions to continuously extend the life of our bridge infrastructure.

Council continues to work with NZTA and the NZ Police to improve safety for all road users throughout the district and has an annual minor safety improvement programme to provide engineered solutions to unsafe areas on the network.

Why are we involved?

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

Central Hawke’s Bay District has an efficient and affordable roading infrastructure

Major contracts completed during the year 2015/16	Total
Major Culvert Works	\$320,901
Area Wide Pavement Treatment	\$1,039,062
Footpaths	\$426,000
Minor Improvements	\$178,858
Structural Maintenance	\$677,971
Emergency Reinstatement	\$269,666
Drainage Renewals	\$832,625
Reseals	\$1,407, 023

Key achievements during the year

- Won best paper award at the IWPEA conference for the new method of tendering maintenance contracts
- Constructed new footpaths in Waipawa and Otane
- Installed new crosswalk on Racecourse Road in Waipukurau to enhance the safety of the pedestrians using the area
- Resealed 72.0984 km of the sealed road network
- Renewed the majority of our footpaths that were rated as “poor”
- Enhanced the entrance to Porangahau with crosswalks, upgrades to footpaths and made safety improvements to the community entrance to assist in slowing vehicles when entering the community

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Road Safety Roads that are increasingly safer	By using the NZTA accident reporting system to produce an annual report to show a reducing trend in the annual number of fatalities and serious injuries where road factors (not weather) were a contributing factor.	Target achieved There is a reducing trend in the annual number of fatalities and serious injuries where road factors (not weather) were a contributing factor measured over 10 years.
Road Condition The average quality of ride on a sealed local road network, measured by smooth travel exposure	Road surface repairs and renewals by annually determining the smooth travel exposure and to show results within the requirements of the One Road Network Classification system	Target N/A. To be completed once the One Network Road Classification measurements have been determined.
Road maintenance The percentage of the sealed local road network that is resurfaced.	A programme of re-seals based on the requirements as noted in the field and the forward work programme and to re-seal at least 7% of the sealed road network.	Target achieved 8.4% (72.984km) of sealed road network resealed during the year.
Footpaths The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually	Target achieved 73.8% of footpaths area in excellent condition and 7.7% of footpaths are in poor condition.
Response to service requests The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	Timely response to public enquiries by responding to 85% of the service requests within 15 days	Target achieved 89.2% of the service requests within 15 days

Funding Impact Statement for the year ending 30 June 2016 for Land Transport Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	6,421	6,186	6,241
Targeted rates	76	59	60
Subsidies and grants for operating purposes	2,153	1,969	3,166
Fees, charges	10	14	17
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	147	135	141
Total operating funding	8,807	8,363	9,625
Applications of operating funding			
Payments to staff and suppliers	4,142	3,718	5,465
Finance costs	20	13	13
Internal charges and overheads recovered	853	917	884
Other operating funding applications	0	0	0
Total applications of operating funding	5,015	4,648	6,362
Surplus (deficit) of operating funding	3,792	3,715	3,263
Sources of capital funding			
Subsidies and grants for capital expenditure	4,538	4,502	3,337
Development and financial contributions	4	0	3
Increase (decrease) in debt	(56)	(47)	(47)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	4,486	4,455	3,293
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	299	181
- to replace existing assets	8024	7641	5685
Increase (decrease) in reserves	254	230	690
Increase (decrease) of investments	0	0	0
Total application of capital funding	8,278	8,170	6,556
Surplus (deficit) of capital funding	(3,792)	(3,715)	(3,263)
Funding balance	0	0	0

Operating expenditure is above budget due to the reallocation of Land Transport renewal expenditure approved by NZTA. The previous Roding Maintenance Contractor fell behind in maintenance work. Based on assessment of the network, it was agreed with NZTA to reallocate budget to cover the increased requirement for maintenance in this year that had not been completed by the previous contractor.

Solid Waste Group

What does this activity involve?

The solid waste (refuse) collection and disposal services include:

- Litter Collection
- Refuse Collection
- Kerbside Recycling (Waipawa and Waipukurau only)
- Recycling Centres
- Transfer Stations
- Green Waste
- Beach Refuse Collection Contractors
- Landfill
- Education and Enforcement
- Closed Landfills

Why are we involved?

To minimise health risks through collection and correct disposal of waste, and management of landfills. To avoid adverse environmental effects by recycling and management of waste.

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

Central Hawke's Bay District has an efficient and affordable waste infrastructure

We encourage recycling, and manage the rest in a sustainable way



What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Provide reliable and responsive kerbside collection services with kerbside collection services completed on the designated day at a regular time	Less than 2 missed collections per month recorded in the Request For Service system	Target achieved. 2 missed collections were reports during the year.
Ensure that the community are very satisfied with Council's Solid Waste services and facilities	More than 90% of survey respondents are satisfied or very satisfied with Council's solid waste services and facilities through Council's biennial community satisfaction survey	Target achieved 2015/16 was not a survey year. 90% of respondents were satisfied or very satisfied in 2014/15.
CHB waste to be diverted from landfill through provision of reuse, recycling and compost programmes	Volume of waste from transfer stations to landfill <2500 tonne per year	Target achieved 1,742 tonnes of waste from transfer stations to landfill for the year
Environmental effects reduced through compliance with Resource Consents for the landfill	100% compliance with Resource Consents for the landfill	Target achieved. 100% compliance with resource consents was achieved.

Funding Impact Statement for the year ending 30 June 2016 for Solid Waste Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	1,302	1,246	1,256
Targeted rates	260	219	220
Subsidies and grants for operating purposes	0	43	49
Fees, charges	1,328	900	988
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,890	2,408	2,513
Applications of operating funding			
Payments to staff and suppliers	1,912	1,786	1,727
Finance costs	210	140	167
Internal charges and overheads recovered	401	273	263
Other operating funding applications	0	0	0
Total applications of operating funding	2,523	2,199	2,157
Surplus (deficit) of operating funding	367	209	356
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(278)	(72)	(72)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	(278)	(72)	(72)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	86	0
- to replace existing assets	89	51	83
Increase (decrease) in reserves	0	0	201
Increase (decrease) of investments	0	0	0
Total application of capital funding	89	137	284
Surplus (deficit) of capital funding	(367)	(209)	(356)
Funding balance	0	0	(0)

The income from fees and charges derived from waste from outside the district was higher than budgeted with more waste received. Operational costs were tightly managed and were on budget. The extra income was carried forward into reserves to smooth the effect of revenue fluctuations.

Water Supplies Group

What does this activity involve?

With regard to the provision of potable water, Councils have the obligation to identify where such a service is required, and to either provide it directly themselves, or to maintain an overview of the supply if it is provided by others.

In the Central Hawke's Bay District, there are presently seven public water supply systems located at Otane, Waipawa, Waipukurau, Takapau, Porangahau and Kairakau. Non potable water is supplied to the Pourerere Camping Ground and toilet block.

The water quality at Takapau fully meets the New Zealand Drinking Water Standards 2005/08. The other supplies meet all other requirements except for Protozoa. Government has passed legislation making NZDWS compliance mandatory and this will require the installation of Ultra Violet treatment plants at some sites. Comprehensive Water Safety Plans have been compiled for the various water supplies and assessments for compliancy are carried out on a continuous basis by the District Health Board and updated as improvements take place.

Why are we involved?

The provision of systems for the extraction, treatment and distribution of water is a function of Councils permitted and governed by the Local Government Act 2002 and the Health Act 1956.

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

Central Hawke's Bay District has an efficient and affordable water infrastructure – by ensuring continuity of supply

We plan and manage water use to minimize the effect on the environment – through measures to manage water demand

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Compliance with Drinking Water Standards (DWS) through upgrading all water systems and monitoring and testing of supplied water.	Continued compliance with the monitoring and sampling requirements of DWS as set out by the DHB	Target not achieved. Council complied with the monitoring and sampling requirements of the DWS other than one occurrence where one sample for Porangahau was not taken due to work being done on the plant.

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service										
<p>Safety of Drinking Water</p> <p>Council’s drinking water supply complies with Part 4 of the drinking water standards (bacteria compliance criteria) by 2017</p> <p>Council’s drinking water supply complies with Part 5 of the drinking water standards (protozoal compliance criteria) by 2020</p>	<p>The extent to which the local authorities drinking water supply complies with:</p> <p>a) Part 4 of the drinking water standards (bacteria compliance criteria)</p> <p>b) Part 5 of the drinking water standards (protozoal compliance criteria)</p>	<p>Target not achieved.</p> <p>Council complied with the monitoring and sampling requirements of the DWS other than one occurrence where one sample for Porangahau was not taken due to work being done on the plant.</p> <p>These are preliminary results which may change with the final report from the HBDHB</p> <p>Target in progress.</p> <p>As per the LTP, this is on schedule for being compliant by 2020 with the addition of UV treatment and filtration if required</p> <table><tr><td>Otane</td><td>Scheduled 2017</td></tr><tr><td>Waipawa</td><td>Scheduled 2017</td></tr><tr><td>Waipukurau</td><td>Scheduled 2018</td></tr><tr><td>Takapau</td><td>Completed</td></tr><tr><td>Kairakau</td><td>Completed</td></tr></table>	Otane	Scheduled 2017	Waipawa	Scheduled 2017	Waipukurau	Scheduled 2018	Takapau	Completed	Kairakau	Completed
Otane	Scheduled 2017											
Waipawa	Scheduled 2017											
Waipukurau	Scheduled 2018											
Takapau	Completed											
Kairakau	Completed											
<p>Ensure compliance with resource consents and the sustainable management of the water takes by ongoing monitoring and compliance and managing the water takes in periods of low flow in the districts rivers</p>	<p>No more than minor breaches (ie not sufficient to attract a fine) of consent conditions</p>	<p>Target achieved.</p> <p>There were no consent condition breaches during the year.</p>										
<p>Demand Management. An agreed direction with the community and HBRC on managing water usage by having in place an approved Water Management and Conservation Strategy</p>	<p>The average consumption of drinking water per day per water connection is less than 1.80m³</p>	<p>Target achieved.</p> <p>The average consumption of drinking water per day per water connection is 1.635m³</p>										
<p>Continuity of supply by working with contractor to ensure a continuous improvement in outages caused through leaks, breaks and pump failures</p>	<p>95% of outages caused through leaks, breaks, pump failures, etc are repaired within contractual timeframes</p>	<p>Target not achieved.</p> <p>92.09% of faults fixed within timeframes during the year.</p> <p>Due to outages requiring ordering of non-standard parts, organising specialist machinery to do the work, scheduling work to fix higher priority outages and planning water shut downs, 58 outages out of 733 were outside contractual timeframes.</p> <p>Note: The above timeframes vary from 3 hours to 3 days depending on the outage.</p>										

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Fault Response Times: Where the local authority attends a call out in response to a fault or unplanned interruption to its networked reticulation system measured by the following median response times	a) Attendance for urgent call outs: from the time that the Local Authority receives notification to the time the service personnel reaches the site ≤ 2 hours	Target Achieved The median response time for urgent call outs was 0.30 hours
	b) Resolution of urgent call outs: from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption ≤ 12 hours	Target Achieved The median resolution time for urgent call outs was 2.00 hours
	c) Attendance for non-urgent call outs: from the time that the Local Authority receives notification to the time the service personnel reaches the site ≤ 6 hours	Target Achieved The median response time for non-urgent call outs was 5.30 hours
	d) Resolution of non-urgent call outs: from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption ≤ 72 hours	Target Achieved The median resolution time for non-urgent call outs was 14.02 hours
Customer Satisfaction measured by the total number of complaints received by the local authority about any of the following: a) Drinking water clarity b) Drinking water taste c) Drinking water odour d) Drinking water pressure or flow e) Continuity of supply f) The local authority's response to any of these issues.	Number of complaints relating to drinking water received per annum ≤ 5 per 1000 connections to the local authority's networked reticulation system	Target achieved. 0 of complaints per 1000 connections.

Funding Impact Statement for the year ending 30 June 2016 for Water Supplies Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	0	0	0
Targeted rates	2,421	2,616	2,697
Subsidies and grants for operating purposes	0	0	0
Fees, charges	0	0	2
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,421	2,616	2,699
Applications of operating funding			
Payments to staff and suppliers	1,204	1,068	1,061
Finance costs	165	175	130
Internal charges and overheads recovered	327	555	536
Other operating funding applications	0	0	0
Total applications of operating funding	1,696	1,798	1,727
Surplus (deficit) of operating funding	725	818	972
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	160
Development and financial contributions	3	25	4
Increase (decrease) in debt	464	(56)	174
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	467	(31)	338
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	150	0
- to replace existing assets	1,207	562	1735
Increase (decrease) in reserves	(15)	75	(425)
Increase (decrease) of investments	0	0	0
Total application of capital funding	1,192	787	1,310
Surplus (deficit) of capital funding	(725)	(818)	(972)
Funding balance	0	0	(0)

Targeted rates revenue is higher than budget due to increased revenue from water by meter rates. Council received \$160,244 in subsidies from the Minister of Health to upgrade the Waipawa Water Treatment.

The following details the \$1.023m overspend of capital and the funding of the expenditure:

Project	Total \$'000	Current Year Renewal \$'000	Current Year Loan \$'000	Prior Year Loan \$'000	Carry Forwards \$'000	Subsidy \$'000	Dev Cont \$'000
Waipawa UV Treatment Stage 1	204			44		160	
Waipawa UV Treatment Stage 2	248	44		156		48	
Waipukurau SH2 Rider Phase1	705	388	150		167		
Waipukurau Freyberg Terrace Main Upgrade	145				145		
Porangahau Storage Tanks	246				246		
Other Minor Projects	187	166		19			2
Total	1,735	598	150	219	558	208	2
Budget	712	562	150				
Difference	1,023	36	0	219	558	208	2

Waipawa UV Treatment Stage 2's subsidy will be part of the subsidy received in 2016/17 for the balance of the project. The difference in Current Year Renewals was funded from savings in operations. The prior year loans had been approved in prior years' Annual Plans and the projects had been delayed. The prior year's projects were delayed due to the lack of availability of specialist contractors.

The group carry forward was \$183k for completion of current and future year projects.

Wastewater (Sewerage) Group

What does this activity involve?

In Central Hawke's Bay, there are currently six public sewage collection and treatment systems located at Otane, Waipawa, Waipukurau, Takapau, Porangahau, and Te Paerahi.

Renewal of wastewater assets is a continuing process. Pipelines, manholes, pumping station and treatment plants are renewed as necessary and as funding allows.

Major new works planned are replacement of the Mt Herbert Road pumping station wetwell, renewal of the Waipawa main trunk sewer, and upgrading of wastewater treatment at Waipukurau, Otane, Takapau, Porangahau and Te Paerahi to meet higher resource consent requirements.

Comprehensive Activity Management Plans have been compiled for all wastewater supplies.

Why are we involved?

The Wastewater Activity provide benefits to the community through reliable, safe, effective and efficient management of collection and disposal of sewerage and trade waste to ensure that the capacity of available facilities is optimised and that neither public health nor the environment is compromised.

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

Central Hawke's Bay District has an efficient and affordable wastewater infrastructure

We plan and manage wastewater disposal to minimize the effect on the environment

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
<p>Ensure compliance with the territorial authorities resource consents for discharge from the wastewater treatment plants measured by the number of:</p> <p>a) Abatement notices</p> <p>b) Infringement notices</p> <p>c) Enforcement orders</p> <p>d) Convictions</p> <p>Received in relation to these resource consents.</p>	<p>Number of abatement notices received in the year: 0</p> <p>Number of infringement notices received in the year: 0</p> <p>Number of enforcement orders received in the year: 0</p> <p>Number of convictions received in the year: 0</p>	<p>Target achieved.</p> <p>Number of abatement notices received in the year: 0</p> <p>Number of infringement notices received in the year: 0</p> <p>Number of enforcement orders received in the year: 0</p> <p>Number of convictions received in the year: 0</p> <p>HBRC had issued a "Please Explain information request during the year.</p>
<p>Ongoing inspection, maintenance, upgrades and renewal by the number of dry weather and total sewerage overflows from the Council's sewerage systems.</p>	<p>Less than 100 total overflows per annum per 1000 sewerage connections to the total sewerage systems.</p> <p>Less than 30 dry weather overflows per annum per 1000 sewerage connections to the total sewerage systems.</p>	<p>Target achieved.</p> <p>There are currently 3463 sewerage connections to the total sewerage systems</p> <p>2.3 sewerage overflows per 1000 connections</p> <p>0 dry weather sewerage overflows per 1000 connections</p>

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Fault Response Times. Where Council attends to sewage overflows resulting from a blockage or other fault in the Council sewerage systems measured by the following median response times	<p>Attendance time: from the time that Council receives notification to the time that service personnel reach the site</p> <p>Sewerage Blockages \leq 1 hour</p> <p>Other Sewerage Faults \leq 1 hour</p> <p>Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.</p> <p>Sewerage Blockages \leq 4 hours</p> <p>Other Sewerage Faults \leq 24 hours</p>	<p>Target not achieved.</p> <p>8 overflows received during the year with 8 from blockages and 0 from other faults.</p> <p>The median response time for blockages was 1.51 hours</p> <p>The median resolution time for blockages was 4.44 hours</p>
Customer Satisfaction, a sewerage system that can be taken for granted by customers.	<p>Number of complaints received per annum \leq 10 per 1000 sewerage connections about any of the following:</p> <p>a) Sewage odour</p> <p>b) Sewerage system faults</p> <p>c) Sewerage system blockages</p> <p>d) Council's response to issues with its sewerage systems.</p>	<p>Target achieved.</p> <p>0 of complaints per 1000 connections</p>

Funding Impact Statement for the year ending 30 June 2016 for Wastewater (Sewerage) Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	0	0	0
Targeted rates	2,577	2,723	2,683
Subsidies and grants for operating purposes	0	0	0
Fees, charges	106	149	181
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,683	2,872	2,864
Applications of operating funding			
Payments to staff and suppliers	818	998	1,099
Finance costs	592	551	576
Internal charges and overheads recovered	404	459	443
Other operating funding applications	0	0	0
Total applications of operating funding	1,814	2,008	2,118
Surplus (deficit) of operating funding	869	864	746
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	14	76	10
Increase (decrease) in debt	3,936	706	709
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	3,950	782	719
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	949	0
- to replace existing assets	4,833	621	1085
Increase (decrease) in reserves	(14)	76	380
Increase (decrease) of investments	0	0	0
Total application of capital funding	4,819	1,646	1,465
Surplus (deficit) of capital funding	(869)	(864)	(746)
Funding balance	0	0	0

Fees and charges income was higher than budgeted through increased discharges from trade waste users. The underspend in capital expenditure is Mount Herbert Pump Station which will be completed in 2016/17. The increase in reserves is to carry forward the funds to complete the Pump Station.

Storm Water Group

What does this activity involve?

The catchments in Waipawa consist of open watercourses and piped reticulation. They drain into the Waipawa River through either Coronation Park, the Bush Drain, or to the north to the Papanui Stream.

The catchments in Waipukurau consist of open watercourses and piped reticulation. They drain into the Tuki Tuki River through a number of systems including the Pah Flat Stream, or to the south and east to the Mangatarata Stream system.

The reticulation in Otane, Tikokino, Onga Onga, Takapau, Porangahau, Te Paerahi, and beach settlements consist of open drains with some piped sections, generally being roading drainage.

Why are we involved?

The Stormwater Activity provides collective benefits to the community by collecting stormwater and directing it to rivers to mitigate flooding or erosion and minimising any impact on the community and the environment.

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

Central Hawke's Bay District has an efficient and affordable water infrastructure

We plan and manage water use and wastewater disposal to minimize the effect on the environment

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Maintain storm water systems to design levels with ongoing inspection, maintenance, upgrades and renewal	No more than 5 incidences of surface ponding, or flooding of properties reported in a 1 in 5 year rainfall event for residential areas, as a result of the storm water network	Target achieved. 0 incidences of surface ponding, or flooding of properties reported in a 1 in 5 year rainfall event for residential areas, as a result of the storm water network
	No premises flooded due to direct failure of council network	Target achieved. 0 premises flooded due to direct failure of council network
Meet customer queries and complaints in a timely and efficient manner	100% of blockages and other faults repaired within contractual timeframes	Target achieved. 100% of faults fixed within timeframes during the year.
Where Council attends to flooding events resulting from a Council storm water systems, the following median response times measured	Attendance time: from the time that Council receives notification to the time that service personnel reach the site Target response time to an urgent callout ≤ 2 hours	Target achieved. 0 urgent call outs within ≤ 2 hours year to date
Customer Satisfaction. A stormwater system that can be taken for granted by customers.	Number of complaints received per annum ≤ 5 per 1000 stormwater connections to the total stormwater systems	Target achieved. There are currently 2979 storm water connections to the networked reticulation system 0 of complaints per 1000 connections

Funding Impact Statement for the year ending 30 June 2016 for Storm Water Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	0	0	0
Targeted rates	469	467	477
Subsidies and grants for operating purposes	0	0	0
Fees, charges	0	0	0
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	469	467	477
Applications of operating funding			
Payments to staff and suppliers	169	149	89
Finance costs	9	12	5
Internal charges and overheads recovered	86	98	95
Other operating funding applications	0	0	0
Total applications of operating funding	264	259	189
Surplus (deficit) of operating funding	205	208	288
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	1	6	0
Increase (decrease) in debt	88	(8)	(6)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	89	(2)	(6)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	95	0	0
- to improve the level of service	0	0	0
- to replace existing assets	199	200	310
Increase (decrease) in reserves	0	6	(28)
Increase (decrease) of investments	0	0	0
Total application of capital funding	294	206	282
Surplus (deficit) of capital funding	(205)	(208)	(288)
Funding balance	0	0	0

Operational expenditure was below budget due to lower operational costs in all systems.

The budgeted capital expenditure not required last year plus the surplus operating expenditure has funded the additional capital expenditure which included the Northumberland Street Stormwater upgrade.

Recreation and Community Facilities Group

Parks, Reserves and Swimming Pools

What does this activity involve?

Council provides parks, reserves, swimming pools, and camping grounds for the leisure use of the community.

- Council actively maintains 48 parks, reserves, war memorials and the Waipawa Memorial Pool. These are maintained through the Facilities Management (FM) contract.
- Council provides funding to the CHB Community Trust which owns and operates the A W Parsons Heated pool in Waipukurau.
- 4 x Camping grounds are operated by lessees.
- War memorials are maintained through the Facilities Management (FM) contract.
- Freedom Camping Areas

Council also provide financial assistance to:

- Sport Hawke's Bay – for promotion of sport and leisure
- Forest Gate Domain Committee – to mow the Domain
- Takapau Rec Ground Committee – operational grant
- Lindsay Bush Reserve – maintained by Forest and Bird

Why are we involved?

Where vested under the Reserves Act 1977, Council is statutorily required to manage these reserves. The Resource Management Act 1991 and Council's District Plan require any esplanade strips or reserves created to be administered under the Reserves Act 1977.

Community Outcomes that this activity contributes to

People are involved in their local community

People have a range of opportunities to participate in leisure, cultural and learning activities

Our historic and cultural heritage is protected for future generations

Central Hawke's Bay District is well promoted as a good place to visit

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Parks (including sports grounds), reserves, war memorials and pools are well maintained by contractors employed to manage these facilities	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved Independent audits of the management contract were completed in November 2015 and May 2016, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target not achieved. 90% of requests were completed within timeframes. 1 request was completed outside timeframes as it was coordinated into the work program for a complete replant of the garden.

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Residents and visitors have access to affordable beach accommodation via provision of camp grounds under lease agreements	Requirements of the current lease agreements are met	Target achieved. We have four camp grounds open with facilities available to the public, all operating as per their lease agreements.
Swimming Pool facilities are available to the community with a suitable range of opening hours to maintain community access	Facilities are open for advertised or contracted hours	Target not achieved. The pool was open for 260 hours and was contracted to be open for 492 hours. While the hours are contracted, they are subject to weather and swimmer numbers. The pool also opened later in the season due to maintenance work being held up due to inclement weather.

Public Toilets

What does this activity involve?

Council is required by community expectation to provide public conveniences for the use of the public within the district. Council operates 24 permanent public toilets, as well as temporary toilets for freedom camping over the summer holiday period.

A refurbishment programme is in place with the objective of upgrading two to three toilet blocks each year.

Why are we involved?

To provide and maintain public toilets which contribute to public hygiene.

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Clean facilities provided to the public	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved. Independent audits of the management contract were completed in November 2014 and June 2015, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target not achieved. 93% of requests were completed within timeframes. There were 2 requests identified as part of audits and as the work was not urgent, Higgins completed the work as part of the work program.
Public toilets are well maintained and upgrades carried out as needed	Upgrades carried out as required	Target achieved. The upgrade of the Boggle Brothers Esplanade, Russell Park BMX, and Green Patch toilet blocks were completed this year.

Retirement Housing

What does this activity involve?

Retirement housing is provided for people aged 60 and over, who don't own property.

Council owns 48 flats. The flats are managed on a self-funding basis with rental income covering operating and renewal costs.

- The flats are managed and let by Council staff. Each tenant has a separate tenancy agreement with Council.
- Grounds maintenance is carried out by contract through a Facilities Management Contract.
- Day to day maintenance, refurbishing or upgrading of the buildings is carried out by contractors and is jointly managed by the Council Staff and as part of the Facilities Management Contract.

Why are we involved?

The activity is provided to fulfil a need for safe and affordable housing for Central Hawke's Bay residents aged 60 and over.

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

People are involved in their local community

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Units are fully occupied and meet demand	95% occupancy rates	Target achieved. 99.5% occupancy of the retirement housing units for the year.
Quality units are provided for tenants	All units meet minimum standards in the 6 monthly inspections	Target achieved. Six monthly inspections were carried out in December 2015 and June 2016, and all properties met minimum standards of safety and maintenance.

Libraries

What does this activity involve?

- Central Hawke's Bay District Libraries are situated in Council owned buildings in Waipukurau and Waipawa. This activity covers the daily running of the library services. The buildings are operated and maintained under the Properties and Buildings activity.
- The library services offered include various fiction and nonfiction collections, reference material, children and youth sections, magazines, large print, talking books, various electronic databases, DVDs, e-books, inter loan material, and networked computers offered through Aotearoa Peoples Network Kaharoa.
- The library service is a keen facilitator of community initiatives, particular through the Eastern and Central Community Trust sponsored EC Read 'n literacy programs, as well as other sponsored events and relationships with schools, retirement homes and elderly people.
- More than 50% of library users live outside Waipukurau and Waipawa.
- Funding is derived from rates, rental of books, tapes and DVDs, grants from various sources, and fund raising organised by library staff.

Why are we involved?

The libraries provide venues where the community can meet, read and study, and provide an essential service for recreational information, and the cultural and educational needs of the Central Hawke's Bay community.

Community Outcomes that this activity contributes to

People have a range of opportunities to participate in leisure, cultural and learning activities

Central Hawke's Bay District is well promoted as a good place to visit

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Availability of Library Services by being open specified hours to the public and thorough the Council website	Libraries will be open for a minimum of 3,950 hours per annum	Target not achieved. Libraries have been open 3921 hours during the year. The reduced hours was due to the two weeks the Waipukurau library was closed moving back into the upgraded library from the temporary library.
Quality, safe and up to date library facilities and materials provided by carrying out a work program which ensure library fit outs and assets are adequately maintained. Buying and providing up to date publications and databases.	90% satisfaction levels achieved in the biennial satisfaction surveys	Target achieved. The survey was completed last year 100% satisfaction level was achieved in the biennial survey conducted in March 2015.
Provide active education / recreational programs and other services including children's holiday programs and other reader services	Four holiday and other programs provided annually	Target achieved. 38 holiday and other programs were run during the year, including: <ul style="list-style-type: none"> • Maths is Fun • Storytellers and entertainers/craft programmes • ECREAD'N Summer Reading programmes/iRead/Winter Warmers • Outreach visits to the housebound and rest homes • Oral history/Kete • Genealogy U3A meetings in the library • LIANZA book awards • Stepping up and / Smartphone tutorials • Knit 'n Natter • Book clubs • Rhyme time • Author events and book launches

Theatres, Halls and Museums

What does this activity involve?

Council owns 12 buildings that are used to provide meeting places for the community. These are:

CHB Municipal Theatre: Managed by an independent contractor who operates the theatre including managing shows and productions, providing conferences facilities and operating a commercial kitchen. The theatre is maintained jointly by council staff and the contractor, with Council providing funding for renewal or replacement of assets.

Waipukurau Civic Theatre: Managed by an independent contractor who operates the theatre including showing movies and providing meeting facilities. The theatre is maintained jointly by council staff and the contractor, with Council providing funding for renewal or replacement of assets.

Community Halls managed by Committees: Otane, Tikokino, Onga Onga, Takapau, Elsthorpe, Wallingford and Waipukurau Memorial Hall.

In addition three halls not owned by Council are supported financially by Council: Omakere (owned by Waiapu Board of Diocesan Trust), Sherwood (owned by the Ashley Clinton – Makaretu Hall Society), and Flemington (owned by the Flemington Community Trust).

Halls leased to Community Groups: Argyll, Porangahau and Otawhao Halls.

Museums – CHB Settlers Museum, managed by a committee and Onga Onga Museum, where a grant is provided.

Why are we involved?

The halls are provided as places where the community can meet for community events, meetings and leisure activities. Museums meet the historic and cultural needs of the community.

Community Outcomes that this activity contributes to

People are involved in their local community

People have a range of opportunities to participate in leisure, cultural and learning activities

Our historic and cultural heritage is protected for future generations

Central Hawke's Bay District is well promoted as a good place to visit

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Theatres and hall provide a community focus and promote their heritage with communities managing their own facilities	100% of community halls are managed by community hall committees	Target achieved. 100% of community halls are managed by community hall committees.
Theatres, halls and CHB Settler's Museum provide safe places for the community	Monthly Building Warrant of Fitness (BWOFF) checks are carried out and all facilities have a current BWOFF	Target achieved. BWOFF checks were carried out on all buildings that the Council is responsible for – 10 Council managed theatres, halls and museums have a current BWOFF. The remaining halls are done by independent contractors, arranged by the committees.

Cemeteries

What does this activity involve?

Council is required by community expectation and by the Burial and Cremation Act 1964 to provide burial and memorial facilities for the district's communities.

Council provides and maintains eleven operational cemeteries and four closed cemeteries.

All Council owned cemeteries are managed by Council staff and maintenance is contracted out.

Why are we involved?

The Burial and Cremations Act 1964 requires local authorities to ensure sufficient cemeteries are provided within the District.

- To provide local burial spaces
- To provide places for remembrance and an important historical record for future generations

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

People are involved in their local community

Our historic and cultural heritage is protected for future generations

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Well maintained and attractive facilities provided to the public including maintenance of lawn plots and grounds to contract specifications, with capital work programs to maintain the assets	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved. Independent audits of the management contract were completed in November 2014 and May 2015 and requirements were met.
	100% of Requests For Service are completed within timeframes	Target achieved. 93% of requests were completed within timeframes. 1 Request for Service was completed outside of timeframes. The request was not urgent and therefore worked into the program of work at the cemetery rather than be completed as a one off request.
Accurate and complete historical records available to the public via the internet	100% of burial records available to be viewed on the internet	Target achieved. 100% of burial records are available to view on the internet.

Property and Buildings

What does this activity involve?

Council owns a number of properties and buildings that are used to provide services to the public, but do not fit into a specific activity grouping. These are owned for administrative or social reasons.

The properties included in this activity are:

- Administration Building in Waipawa
- Waipukurau and Waipawa Libraries
- CHB Community Rooms (in Hunter Park Waipukurau)
- Takapau Plunket Rooms
- Otane Library Building
- St John's Building
- Miscellaneous sections

Why are we involved?

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed – by ensuring the safety of public buildings

People are involved in their local community

What we delivered

Level of Service to be delivered	How will we measure our success in 2015/2016?	Achieved level of service
Ensure safe buildings for public use via building inspections	Monthly Building Warrant of Fitness (BWOF) checks are carried out and all facilities have a current BWOF	Target achieved. BWOF checks were carried out on the five buildings that the Council are responsible for and all have a current BWOF. Other buildings are checked for compliance by the Building Control staff.
All properties not required for Council or community use will be leased where possible	4% of the total funding required is achieved through lease income	Target achieved. 12.80% of the total funding required was achieved through lease income.

Funding Impact Statement for the year ending 30 June 2016 for Recreation and Community Facilities Group

	2015 Long Term Plan \$000	2016 Long Term Plan \$000	2016 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	2,706	2,772	2,806
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	15	42
Fees, charges	345	429	427
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	5	45
Total operating funding	3,051	3,221	3,320
Applications of operating funding			
Payments to staff and suppliers	1,998	1,958	2,076
Finance costs	82	142	91
Internal charges and overheads recovered	375	427	413
Other operating funding applications	0	0	0
Total applications of operating funding	2,455	2,527	2,580
Surplus (deficit) of operating funding	596	694	740
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	1	4	3
Increase (decrease) in debt	418	488	537
Gross proceeds from sale of assets	0	0	(3)
Lump sum contributions	0	0	0
Total sources of capital funding	419	492	537
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	574	138
- to replace existing assets	1,014	617	1248
Increase (decrease) in reserves	1	(5)	(109)
Increase (decrease) of investments	0	0	0
Total application of capital funding	1,015	1,186	1,277
Surplus (deficit) of capital funding	(596)	(694)	(740)
Funding balance	0	0	0

There were some variances to budget within this group which are detailed below.

Parks, Reserves and Swimming Pools

The new Russell Park exercise trail equipment was installed this year. The Splash Pad was constructed. High Street Reserve was also upgraded along with other projects around the district.

Libraries

The upgrade of the Waipukurau Library was completed this year and new furniture and shelving was added with the wonderful support and donations from the community plus carry forwards from previous years. (\$85k)

Retirement Housing

Retirement housing is a self-funding activity. Fees and charges were higher than budgeted due to good occupancy rates for the retirement housing.

The renewal work is spent as needed or when flats become vacant. Renewal work was completed on a number of flats this year.

Theatres, halls and museums

The Civic Theatre lease changed during the year.

Maintenance on the halls has been well controlled with essential maintenance only being completed. The earthquake strengthening for the Waipukurau Memorial Hall was delayed to allow for discussions with the hall users and plans to be developed. The plans have been finalised and the upgrade is to commence in the 2016/17 year.

Cemeteries

The district cemetery was upgraded this year with the addition of a carpark, roading and footpaths which was funded from carry forwards built up over 3 years (\$91k)

Property and Buildings

The upgrade of the Waipukurau Library was completed (\$583k) this year and was partially loan funded (\$300k) from 2014/15 Annual Plan and partially funded from carry forwards (\$167K) which was deferred maintenance with the balance from current year renewals.

There was a group carry forward of \$308k for renewals. This was for the completion of Russell Park Splash Pad and Fitness Trail, Camp Ground upgrades, administration building, district halls, cemeteries and the Waipukurau Memorial Hall earthquake strengthening.

Statement of Comprehensive Revenue and Expense

	Actual 2015 \$000	Note	Budget 2016 \$000	Actual 2016 \$000
Revenue				
Rates revenue	17,918		18,129	18,210
Subsidies and grants	8,270		6,552	6,827
Interest and dividends	398		456	278
Fees and Charges	2,495		2,227	2,344
Development contributions	145		111	20
Other revenue	282		170	239
Total revenue	29,508	2	27,645	27,918
Expenditure				
Personnel costs	3,273		3,740	3,781
Depreciation and amortisation	11,671	2	11,974	12,230
Finance costs	499		638	265
Other operating expenses	12,093	2	11,013	12,692
Total operating expenditure	27,536		27,365	28,968
Net Operating Surplus/(Deficit)	1,972		280	(1,050)
Other (Gains)/Losses				
Infracon Liquidation Proceeds	(4)		0	(304)
(Gains)/Losses on Public Debt	(17)	8	0	(41)
(Gains)/Losses on Investments	(57)		0	5
Heritage Assets Recognition	0		0	(280)
Impairment of Solid Waste Assets	0		0	249
Total Other (Gains)/Losses	(78)		0	(371)
Operating surplus/(deficit) before tax	2,050		280	(679)
Income tax expense	0		0	0
Net surplus/(deficit) after tax	2,050		280	(679)
Other comprehensive income				
Gains/(losses) on the revaluation of property, plant and equipment	10,168	10	7,632	(13,624)
Total other comprehensive Income	10,168		7,632	(13,624)
Total comprehensive income for the year	12,218		7,912	(14,303)

Statement of Financial Position

	Actual 2015 \$000	Note	Budget 2016 \$000	Actual 2016 \$000
Assets				
Current assets				
Cash and cash equivalents	2,475	4	3,005	2,896
Trade and other receivables	2,706	3	3,009	2,460
Prepayments	157		302	264
Stock on Hand	2		2	48
Total current assets	5,340		6,318	5,668
Non-current assets				
Investments	3,787	5	6,806	2,855
Property, plant and equipment	763,345	6	761,728	748,195
Total non-current assets	767,132		768,534	751,050
Total assets	772,472		774,852	756,718
Liabilities				
Current liabilities				
Trade and other payables	5,140	7	4,810	4,813
Employee entitlements	299	7	283	295
Current Public Debt	1,207	7	667	688
Total current liabilities	6,646		5,760	5,796
Non-current liabilities				
Non-Current Public Debt	3,548	8	8,448	2,839
Provisions for Landfill Closure	2,288	9	1,920	2,230
Total non-current liabilities	5,836		10,368	5,069
Total liabilities	12,482		16,128	10,865
Equity				
Special & Other Funds	5,062	10	4,560	5,647
Trust Funds	197	10	195	185
Revaluation Reserve of Assets	507,305	10	507,306	493,836
Ratepayers' Equity	247,426		246,663	246,185
Total equity	759,990		758,724	745,853
Total Liabilities and Equity	772,472		774,852	756,718

Statement of Changes in Equity

	Actual 2015 \$000	Note	Budget 2016 \$000	Actual 2016 \$000
Opening Equity Balance	747,820		750,812	759,990
Total comprehensive income for the year	12,218		7,912	(14,303)
Recognition of funds as a liability	(48)		0	(8)
Prior Year Solid Waste Impairment	0		0	174
Closing Equity Balance	759,990		758,724	745,853
Components of Equity				
Ratepayers Equity at the beginning of the Year	245,973		246,633	247,426
Net Surplus/(Deficit) for the Year	2,050		30	(679)
Transfers to (from) other reserves	(597)			(562)
Ratepayers Equity at end of Year	247,426		246,663	246,185
Special & Other Funds at the beginning of the Year	4,515	10	4,309	5,062
Transfers to (from) Special Funds	595		251	585
Recognition of funds as a liability	(48)		0	0
Special & Other Funds at the end of the Year	5,062		4,560	5,647
Trust Funds at the beginning of the Year	195	10	195	197
Transfers to (from) Trust Funds	2		0	(4)
Recognition of funds as a liability	0			(8)
Trust Funds at the end of the Year	197		195	185
Revaluation Reserves at the beginning of the Year	497,137	10	499,674	507,305
Transfers to (from) Revaluation Reserves	10,168		7,632	(13,643)
Prior Year Solid Waste Impairment	0		0	174
Revaluation Reserves at the end of the Year	507,305		507,306	493,836
Total Equity at end of Year	759,990		758,724	745,853

Statement of Cash Flows

	Actual 2015 \$000	Note	Budget 2016 \$000	Actual 2016 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from rates revenue	17,889		18,129	18,388
Subsidies and grants received	8,197		6,552	6,721
Fees and charges received	2,720		2,227	2,528
Interest received	398		456	278
Receipts from other revenue	282		281	239
Development Contributions	145		0	20
Cash was disbursed to:				
Payments to suppliers of Goods and Services	(12,288)		(11,013)	(12,441)
Payments to employees	(3,306)		(3,740)	(3,781)
Interest paid	(464)		(638)	(259)
Net cash from operating activities	13,573		12,254	11,693
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment	0		42	6
Proceeds from investments	1,709		0	2,405
Cash was disbursed to:				
Purchase of investment	0		(1,312)	(1,142)
Purchase of intangible assets	0		0	0
Purchase of property, plant and equipment	(11,782)		(12,026)	(11,381)
Net cash from investing activities	(10,073)		(13,296)	(10,112)
Cash flows from financing activities				
Cash was provided from:				
Proceeds from borrowing	2,000	8	2,170	0
Cash was disbursed to:				
Repayment of borrowings	(4,655)	8	(1,160)	(1,160)
Net cash from financing activities	(2,655)		1,010	(1,160)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	845		(32)	421
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,630	4	3,036	2,475
Cash, cash equivalents and bank overdrafts at the end of the year	2,475	4	3,004	2,896

Funding Impact Statement for the year ending 30 June 2016 (whole of council)

	Annual Plan 2015 \$000	Annual Report 2015 \$000	Annual Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	11,825	11,908	12,020	12,048
Targeted rates	5,945	6,010	6,110	6,163
Subsidies and grants for operating purposes	2,235	2,678	2,051	3,330
Fees, charges	2,182	2,495	2,204	2,345
Interest and dividends from investments	450	398	456	278
Local authorities fuel tax, fines, infringement fees and other receipts	153	244	150	233
Total operating funding	22,790	23,733	22,991	24,396
Applications of operating funding				
Payments to staff and suppliers	14,800	15,367	14,753	16,473
Finance costs	600	499	638	265
Other operating funding applications	0	0	0	0
Total applications of operating funding	15,400	15,866	15,391	16,737
Surplus (deficit) of operating funding	7,390	7,867	7,600	7,658
Sources of capital funding				
Subsidies and grants for capital expenditure	4,365	5,639	4,501	3,497
Development and financial contributions	0	98	111	20
Increase (decrease) in debt	0	(2,655)	1,010	(1,160)
Gross proceeds from sale of assets	0	39	42	6
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	4,365	3,121	5,664	2,363
Applications of capital funding				
Capital expenditure				
- to meet additional demand	95	0	0	0
- to improve the level of service	1,269	1,029	1,971	138
- to replace existing assets	9,911	11,896	10,055	10,466
Increase (decrease) in reserves	480	(173)	1,238	(625)
Increase (decrease) of investments	0	(1,764)	0	43
Total application of capital funding	11,755	10,988	13,264	10,022
Surplus (deficit) of capital funding	(7,390)	(7,867)	(7,600)	(7,658)
Funding balance	0	0	0	0

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

Central Hawke's Bay District Council (Council) is a New Zealand territorial local authority governed by the Local Government Act 2002.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself as a public benefit entity as defined under the Public Benefit Entities Standards (PBE Standards).

Basis of Preparation

Statement of Compliance

The financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. The Council falls within the classification of Tier 2 as it has expenditure less than \$30 million.

The preparation of financial statements in conformity with PBE Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, and financial instruments.

Functional and Presentation Currency

The financial statements are presented in the functional currency of New Zealand, which is New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$'000).

Changes in Accounting Policies

No changes to the accounting policies..

Significant Accounting policies

Revenue

Revenue is measured at the fair value of consideration received. Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange revenue transaction, the Council receives value from another entity without directly giving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A liability arises only when there is a condition attached to the revenue which requires the entity perform in a certain way, or return the asset.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange revenue transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non-exchange Revenue

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Government subsidies

Council receives government grants from NZ Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Vested Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Provision of services

Non-exchange revenue from the rendering of services consists of services in activities where Council subsidise the activity. Such revenue is recognised by reference to the stage of completion of the transaction at balance date based on the actual service provided as a percentage of the total services to be provided only when there are conditions attached that require the funds to be returned if performance does not occur. When no conditions are attached revenue is recognised when receivable.

Exchange Revenue

Contribution Revenue

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Rates Revenue from Water by Meter

Water meter revenue is based on actual usage charged at the time of use.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sale of Goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash.

Interest and Dividends

Dividends are recognised when the right to receive payment has been established. Interest revenue is recognised using the effective interest method.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where 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.

Operating Leases as Lessor

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

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts where applicable are shown within borrowings in current liabilities in the statement of financial position.

Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired.

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

Inventories

Raw materials and stores, and finished goods are stated at the lower of cost and net realisable value costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, loans and receivables and fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses recognised in the surplus or deficit.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Council's loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits, and related party loans.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Impairment of Financial Assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Loans and Other Receivables

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit in the Statement of

Comprehensive Revenue and Expense. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in surplus or deficit the Statement of Comprehensive Revenue and Expense.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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.

Property Plant and Equipment

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. Property, plant and equipment consist of:

Operational Assets

These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Infrastructure Assets

Infrastructure assets are the fixed utility systems owned by Council. 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.

Restricted Assets

Restricted assets are parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, investment properties, and the museum assets are not depreciated.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset Category	Useful Life	Depreciation Rate
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Operational & Restricted Assets

Buildings	5-60	1.8%–20%
Monuments	40-60	1.5%–2.5%
Computer equipment	4	25%
Furniture and fittings	10	10%
Landfill post closure	35-57	1.75%–2.8%
Library books	1–10	10%–100%
Motor vehicles	4-20	5%–25%
Plant and equipment	4-10	10%–25%
Swimming pools	9–50	2%–11.6%

Infrastructural Assets

Roading

Base Course	50 - 75	1.3% - 2%
Bridge (Deck)	80 - 100	1% - 1.3%
Crossing	10 - 30	3.3% - 10%
Drainage	30 - 100	1% - 3.3%
Footpath	10 - 50	2% - 10%
Marking	2	50%
Minor Structure	100	1%
Railing	30	3.3%
Retaining Wall	25 - 40	2.5% - 4%
SW Channel	30 - 75	1.3% - 3.3%
Sign	15	6.7%
Street Light (Bracket)	25	4%
Street Light (Light)	6	16.7%

Asset Category	Useful Life	Depreciation Rate
Street Light (Pole)	25	4%
Sub Base [urban]	50 - 75	1.3% - 2%
Sub Base [rural]	50 - 75	1.3% - 2%
Top Surface	12 - 14	7.1% - 8.3%
Sewerage Network		
Pipes and manholes	60-135	0.7%–1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
Stormwater		
Pipes	30-100	1%-3.5%
Manholes	100	1%
Water Network		
Monitoring equipment (hardware)	5-20	5%–20%
Monitoring equipment (software)	5-20	5%–20%
Pipes, hydrants, valves	25-50	2%–4%
Treatment plants and pumps	5-20	5%–20%
Items under construction	Non-depreciable	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Revaluations	Frequency
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Every 3 years
Stormwater	Every 3 years
Water	Every 3 years
Land, including land under roads	Every 3 years
Restricted Assets	Every 3 years
Buildings	Every 3 years

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. All other asset classes are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets 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.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue will be recognised first in the Statement of Comprehensive Revenue up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Infrastructural asset classes: roads

Roading assets are revalued at fair value determined on an optimised depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by Scott McIntyre, Senior Asset Manager, BBIM CTech, GHD Ltd through their professional services contract.

Infrastructural asset classes: water, sewerage and stormwater systems

Water, sewer and stormwater infrastructure assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. Revaluation is based on straight line depreciation following the NZ Infrastructure Asset Valuation and Depreciation Guidelines (NZIAVDG), using Council asset management programs. Rates are based on current commercial rates and reviewed by Opus International Ltd.

Operational and Restricted Land and Buildings

These are revalued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation for land was performed by Registered Valuer, Bevan Pickett, BAppSci (RVM), MPINZ, QV Asset & Advisory and the valuation is effective as at 30 June 2016. The most recent valuation for buildings was performed by Registered Valuer, Susie Penrose BBS VPM MPINZ, Telfer Young (Hawkes Bay) Limited and the valuation is effective as at 30 June 2016.

Land Under Roads

Land under roads, was valued based on fair value of adjacent land as determined by reference to the Council rating data. Subsequently, this has not been revalued.

Unformed or Paper Roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

Intangible Assets

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested annually for impairment. They are derecognised when they are used to satisfy carbon emission obligations.

Creditors and Other Payables

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days or recognition. Due to their short-term nature they are not discounted.

Employee Benefits

Short-Term Benefits

Employee benefits are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements able to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

Long-Term Benefits

Long Service Leave

These are long-term employee benefits that are assessed on an actuarial entitlement basis at current rates of pay.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Borrowing

Borrowings are initially recognised at their fair value. Subsequently borrowings are designated as fair value through surplus/(deficit).

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Ratepayers equity
- Revaluation reserves
- Special funded reserves
- Trust funds

Special Funded and Council Created Reserves

Special funded reserves 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.

Trust Funds

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then 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.

Cost Allocation

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

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 specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using specific allocation ratio.

Statement of Cash Flows

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council invests such assets as part of its day to day cash management.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. They include cash received from all revenue sources (such as rates, taxes and government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred and where there have been transfers between Council bank accounts.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Overdue Receivables Provision

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.

Landfill Aftercare Provision

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

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 not visible, for example stormwater, wastewater and water supply pipes that are underground. 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
- estimates are made when determining 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 Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue.

To minimise this risk 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, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

Critical Judgements in Applying Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ending 30 June 2016.

Classification of Property

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's housing policy. These properties are accounted for as property, plant and equipment.

Financial Information

Rounding

There will be rounding of numbers in the Report as the model used calculates to the dollar but the Report is rounded to the nearest thousands

2 Operating Revenue and Expense

This note lists items requiring separate disclosure, having not been disclosed on the face of the Statement of Comprehensive Revenue or in other notes.

a) Pursuant to Section 98 of the Local Government Act 2002, Council incurred the following expenses:

	2016 Council \$'000	2015 Council \$'000
Insurance premiums	217	233

b) Council and the Group incurred the following expenses.

	2015 Council \$'000	2015 Council \$'000
Depreciation	12,230	11,671

c) Other Operating expense

The major expense types included in 'Other Operating Expenses':

	2016 Council \$'000	2015 Council \$'000
Repairs and maintenance	5,803	5,732
Contracts	2,834	2,772
Other	4,055	3,589
Total	12,692	12,093

d) Budget Variance

Variances to forecast budgets are explained in the Funding Impact Statements earlier in these financial reports

e) Revenue

Revenue included in Surplus or Deficit includes amounts where the associated expenditure has been or will be capitalised. In the current year \$167,000 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Income, and \$20,000 from Development Contributions will be held to meet future capital upgrades.

f) Revenue from Metered Water

	2016 Council \$'000	2015 Council \$'000
Metered Water Revenue	386	390

3 Trade and Other Receivables

	2016 Council \$'000	2015 Council \$'000
Rates Receivable - Non-exchange	785	905
Rates Receivable - Exchange (Water Meter)	124	182
NZ Transport Agency Subsidies - Non-exchange	867	761
General Debtors - Non-exchange	830	1,014
Total	2,606	2,862
Less Provision for Impairment of Receivables	(146)	(156)
Total	2,460	2,706

Fair value

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.

Impairment

CHBDC has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rating debts, however it still provides for impairment on receivables. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow CHBDC to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then CHBDC can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

No receivables (2015: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2016 Council \$'000	2015 Council \$'000
Individual impairment	146	156
Collective Impairment	-	-
Total provision for impairment	146	156

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Movements in the provision for impairment of receivables are as follows:

	2016 Council \$'000	2015 Council \$'000
At 1 July	156	163
Additional provision made during the year	63	39
Provisions reversed during the year	(24)	(29)
Receivable written off during the period	(49)	(17)
At 30 June	146	156

CHBDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

4 Cash & cash equivalents

	2016 Council \$'000	2015 Council \$'000
Cash and cash equivalents		
Cash at bank and in hand	7	1
Short term deposits maturing 3 months or less from date of acquisition	2,889	2,474
Total Cash and Cash Equivalents	2,896	2,475

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$185,000 (2015 \$197,000).

5 Investments

	2016 Council \$'000	2015 Council \$'000
Bank Bonds	2,814	1,659
Corporate Bonds	0	1,083
Local Government Stock	0	1,010
Total Bonds, Stock	2,814	3,752
	2016 Council \$'000	2015 Council \$'000
NZ Local Government Insurance Corp. Limited	40	34
Total Shares	40	34
Total Term Investments	2,854	3,786
Investments in Associates (non-controlled)		
HB LASS	1	1
Total Investments	2,855	3,787

Fair Value

The fair value of local authority and bonds/notes is reflected in the above values which are based on current market values.

6 Property Plant and Equipment

2016

Description		Opening Cost 1 July 2015	Additions*	Disposal	Transfers	Revaluation / Impairment	Closing Cost 30 June 2016	Opening Acc Depn 1 July 2015	Depn	Disposal	Transfers	Revaluation / Impairment	Closing Acc Depn 30 June 2016	Net Book Value 30 June 2016	Net Book Value 30 June 2015
Wastewater	Treatment	14,295	702	0	0	0	14,997	(807)	(666)	0	0	0	(1,473)	13,524	13,488
	Reticulation	30,802	368	0	0	0	31,170	(363)	(600)	0	0	0	(963)	30,207	30,439
Water	Treatment	3,761	301	0	0	0	4,062	(75)	(82)	0	0	0	(157)	3,905	3,686
	Reticulation	26,195	1,247	0	0	0	27,442	(610)	(686)	0	0	0	(1,296)	26,146	25,585
Stormwater		15,394	67	0	0	0	15,461	(245)	(259)	0	0	0	(504)	14,957	15,149
Roading**		646,022	5,865	0	0	(25,789)	626,098	0	(8,718)	0	0	8,718	0	626,098	646,022
Solid Waste		409	0	0	0	(109)	300	(25)	(9)	0	0	34	0	300	384
Landfill		6,764	(23)				6,741	(998)	(221)				(1,219)	5,522	5,766
Total		743,642	8,527	0	0	(25,898)	726,271	(3,123)	(11,241)	0	0	8,752	(5,612)	720,659	740,519
Land		9,918	55	(20)	0	263	10,216	0	0	0	0	0	0	10,216	9,918
Buildings		11,527	952	0	0	1,457	13,936	(1,145)	(582)	0	0	1,727	0	13,936	10,382
Motor Vehicles		812	98	(22)	0	0	888	(332)	(128)	22	0	0	(438)	450	480
Emergency Equipment		223	0	0	0	0	223	(190)	(7)	0	0	0	(197)	26	33
Misc Plant		1,368	197	0	0	0	1,565	(853)	(134)	0	0	0	(987)	578	515
Computer Equipment		338	33	(18)	0	0	353	(191)	(48)	18	0	0	(221)	132	147
Office Furniture & Equipment		546	63	0	0	0	609	(495)	(12)	0	0	0	(507)	102	51
Monuments		0	280	0	0	0	280	0	0	0	0	0	0	280	0
Library Books		1,375	75	0	0	0	1,450	(954)	(78)	0	0	0	(1,032)	418	421
Total		26,107	1,753	(60)	0	1,720	29,520	(4,160)	(989)	40	0	1,727	(3,382)	26,138	21,947
0															
Total		769,749	10,280	(60)	0	(24,178)	755,791	(7,283)	(12,230)	40	0	10,479	(8,994)	746,797	762,466
Work In Progress		881	1,280	(763)	0	0	1,398	0	0	0	0	0	0	1,398	881
Total		770,630	11,560	(823)	0	(24,178)	757,189	(7,283)	(12,230)	40	0	10,479	(8,994)	748,195	763,347

Additions* All assets are constructed by Council.

Roading ** Land under roads has not been revalued this year.

2015

Description		Opening Cost 1 July 2014	Additions*	Disposals	Transfers	Revaluation/ Impairment	Closing Cost 30 June 2015	Opening Acc Depn 1 July 2014	Depn	Disposals	Transfers	Revaluation/ Impairment	Closing Accm Depn 30 June 2015	Net Book Value 30 June 2015	Net Book Value 30 June 2014
Wastewater	Treatment	13,918	377	0	0	0	14,295	0	(807)	0	0	0	(807)	13,488	13,918
	Reticulation	30,633	169	0	0	0	30,802	0	(363)	0	0	0	(363)	30,439	30,633
Water	Treatment	3,249	512	0	0	0	3,761	0	(75)	0	0	0	(75)	3,686	3,249
	Reticulation	26,132	63	0	0	0	26,195	0	(610)	0	0	0	(610)	25,585	26,132
Stormwater		15,336	58	0	0	0	15,394	0	(245)	0	0	0	(245)	15,149	15,336
Roading**		634,429	9,545	0	0	2,048	646,022	0	(8,434)	0	0	8,434	0	646,022	634,429
Solid Waste [#]		389	21	0	0	0	409	(16)	(9)	0	0	0	(25)	385	373
Landfill [#]		4,567	2,197	0	0	0	6,764	(838)	(160)	0	0	0	(998)	5,766	3,729
Total		728,653	12,942	0	0	2,048	743,642	(854)	(10,703)	0	0	8,434	(3,123)	740,520	727,799
Land		9,830	88	0	0	0	9,918	0	0	0	0	0	0	9,918	9,830
Buildings		11,762	146	0	0	(381)	11,527	(602)	(609)	0	0	66	(1,145)	10,382	11,159
Motor Vehicles		753	120	(62)	0	0	812	(284)	(108)	60	0	0	(332)	479	469
Emergency Equipment		223	0	0	0	0	223	(182)	(8)	0	0	0	(190)	33	41
Misc Plant [#]		1,155	213	0	0	0	1,368	(733)	(120)	0	0	0	(853)	515	422
Computer Equipment		437	111	(211)	0	0	338	(371)	(31)	211	0	0	(191)	146	65
Office Furniture & Equipment		543	3	0	0	0	546	(482)	(13)	0	0	0	(495)	50	60
Monuments		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Libraby Books		1,303	73	0	0	0	1,375	(876)	(78)	0	0	0	(954)	421	427
Total		26,006	754	(273)	0	(381)	26,107	(3,530)	(967)	271	0	66	(4,160)	21,944	22,473
Total		754,659	13,696	(273)	0	1,667	769,749	(4,384)	(11,670)	271	0	8,500	(7,283)	762,464	750,272
Work In Progress		1,248	881	(1,248)	0	0	881	0	0	0	0	0	0	881	1,248
Total		755,907	14,577	(1,521)	0	1,667	770,630	(4,384)	(11,670)	271	0	8,500	(7,283)	763,345	751,520

Additions* All assets are constructed by Council.

Roading ** Land under roads has not been revalued this year.

[#] - Solid Waste and Landfill assets have been split into separate classes to better show the type of assets. Also District Wide Recycling Drop-offs have been reclassified to Misc Plant (Cost \$181k, Opening Acc Depn \$40k). Opening Cost and Opening Acc Depn for 2014/15 for Solid Waste and Landfill have been reclassified to correct presentation errors. Both were under stated by \$676K. Depreciation for Water Treatment and Reticulation have also been reclassified due to a presentation error. Water Treatment was \$610K and Water Reticulation was \$75K

Work in Progress

	2016 Council \$'000	2015 Council \$'000	Status	Estimated completion date
Porangahau Water Tanks	0	35	Complete	
Waipukurau Water Main Upgrade Phase 1	0	6	Complete	
Waipawa Water Treatment Upgrade	248	34	Active	Nov 2016
Takapau Water Consent	0	1	Complete	
Waipukurau Wastewater Ponds	0	527	Complete	
Wastewater Consents	83	72	Active	Jun 2017
Waipukurau Wastewater Aerobic Pond	54	0	Active	Jun 2017
Waipukurau Mt Herbert Pump Station	478	0	Active	Dec 2016
Kairakau Stormwater Drain	50	11	Active	Dec 2016
Waipukurau Stormwater Upgrade	205	1	Active	Sep 2016
Russell Park Splash Pad	126	0	Active	Oct 2016
Other Parks and Reserve Projects	43	0	Active	Dec 2016
Russell Park Toilet Upgrade	0	53	Complete	
Waipukurau Library	0	23	Complete	
Civic Theatre	0	118	Complete	
Halls, Property and Buildings Projects	19	0	Active	June 2017
District Cemetery Carpark	92	0	Active	Dec 2016
Total	1,398	881		

Depreciation by Activity

	2016 Actual	2016 Annual Plan Budget	2015 Actual	2015 Annual Plan Budget
	\$'000	\$'000	\$'000	\$'000
COMMUNITY LEADERSHIP GROUP				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	0	0	0	0
Difference (Depreciation - renewals, loans)	0	0	0	0
REGULATORY GROUP				
Depreciation expense for the year	43	28	28	27
Renewals, Loan Funding	4	12	81	11
Difference (Depreciation - renewals, loans)	39	17	(53)	16
LAND TRANSPORT GROUP				
Depreciation expense for the year	8,757	8,624	8,470	9,569
Renewals, Loan Funding	5,988	7,700	8,986	7,249
Difference (Depreciation - renewals, loans)	2,769	924	(515)	2,320
SOLID WASTE GROUP				
Depreciation expense for the year	268	279	206	291
Renewals, Loan Funding	322	298	696	472
Difference (Depreciation - renewals, loans)	(54)	(19)	(489)	(180)
WATER GROUP				
Depreciation expense for the year	785	724	705	627
Renewals, Loan Funding	1,489	943	927	911
Difference (Depreciation - renewals, loans)	(704)	(219)	(222)	(284)
WASTEWATER GROUP				
Depreciation expense for the year	1,273	1,181	1,175	849
Renewals, Loan Funding	1,311	1,415	1,195	1,397
Difference (Depreciation - renewals, loans)	(38)	(235)	(20)	(549)
STORMWATER GROUP				
Depreciation expense for the year	259	248	245	233
Renewals, Loan Funding	321	220	84	216
Difference (Depreciation - renewals, loans)	(62)	28	160	17
RECREATION AND COMMUNITY GROUP				
Depreciation expense for the year	735	792	746	663
Renewals, Loan Funding	1,054	853	764	1,415
Difference (Depreciation - renewals, loans)	(320)	(61)	(17)	(752)
OVERHEADS				
Depreciation expense for the year	110	97	95	117
Renewals, Loan Funding	136	348	166	145
Difference (Depreciation - renewals, loans)	(26)	(251)	(71)	(27)
TOTALS				
Depreciation expense for the year	12,230	11,974	11,671	12,376
Renewals, Loan Funding	10,625	11,790	12,898	11,815
Difference (Depreciation - renewals, loans)	1,605	184	(1,227)	562

7 Trade and other payables

	2016 Council \$'000	2015 Council \$'000
Trade Creditors	4,130	4,468
Other Accounts Payable and Accrued Expenses	683	672
Total Trade Creditors and Other Accounts Payables	4,813	5,140
Other		
Current Public Debt	688	1,207
Employee benefit liabilities	295	299
Total Other Current Debt	983	1,506
Total Current Liabilities	5,796	6,646

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.

8 Public Debt

	2016 Council \$'000	2015 Council \$'000
Loans as at 1 July	4,755	7,427
Net Accrued Interest Changed	(27)	0
Fair Value Adjustments	(41)	(17)
Plus Loans raised during the year	0	2,000
Less Loans repaid during the year	(1,160)	(4,655)
Less Loans repayable within 12 months	(688)	(1,207)
Non-Current Public Debt	2,839	3,548

Interest rates payable are in the range 5.0% to 7.1%.The weighted average interest rate payable is 6.4%.

Public Debt is due for repayment in the following periods:

	2016 Council \$'000	2015 Council \$'000
Current	688	1,207
One to Two years	2,090	711
Two to Five years	749	2,837
More than Five years	0	0
Total	3,527	4,755

Amounts shown as due for repayment are based on the contractual maturity profile of the loans.

None of the fair value movements in public debt related to credit risk (2015: nil).

Internal Borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

	Council Balance 1 July 2015 \$'000	Borrowed \$'000	Interest \$'000	Principal Repaid \$'000	Council Balance 30 June 2016 \$'000
Cemeteries	122	0	10	(14)	108
Properties and Buildings	269	300	32	(15)	554
Parks and Reserves	187	309	26	(14)	482
Public Conveniences	200	0	16	(7)	193
Retirement Housing	5	0	0	(5)	0
Land Transport	156	0	13	(47)	109
Solid Waste	1,750	0	140	(72)	1,678
Stormwater	62	0	5	(6)	56
Theatres, Halls, and Museums	82	0	7	(16)	66
Wastewater	6,825	961	576	(252)	7,534
Water Supplies	1,470	368	130	(194)	1,644
Total	11,128	1,938	955	(642)	12,424

9 Provision for Landfill Decommissioning and Aftercare Cost

	2016 Council \$'000	2015 Council \$'000
Opening Balance	2,288	1,850
Effect of Discounting	27	35
Additional Provisioning	(85)	403
Closing balance	2,230	2,288

Central Hawke's Bay District Council gained resource and land use consents for the district landfill in 1995 with the consent expiring in 2030. The landfill opened for operation in July 1996. Council has a responsibility for closure of the landfill and ongoing maintenance and monitoring after the closure. To determine the financial provision that should be made for the post closure maintenance and monitoring requirements, the discounted cash flow model is used. The model is used to calculate the present value of the cost of closure and capping of the landfill, and the aftercare costs for the 30 year consent period post closure. This is then capitalised as an asset which will be depreciated up until the point of closure. This depreciation expense should then be funded annually and a reserve put aside to cover these costs when they occur.

10 Public Equity

(a) Council Special & Other Funds

Special funds are established by Council resolution restricting how the funds may be used. To show independence from general ratepayers' equity, a separate account is maintained for each fund.

	Council Balance 1 July 2015 \$'000	Council Transfers from Ratepayers Equity \$'000	Council Transfers to Ratepayer Equity \$'000	Council Balance 30 June 2016 \$'000
Reserves held for Emergency Purposes				
Mayors Relief Fund	5	4	(4)	5
Adverse Events Reserve Fund	601	111	(43)	669
Catastrophic Events Reserve Fund	1,923	292	0	2,215
Total	2,529	407	(47)	2,889
	\$'000	\$'000	\$'000	\$'000
Reserves for Future Asset Purchases				
Capital Projects Fund	191	6	(63)	134
Ruahine Ward Disbursement Fund	603	19	0	622
Ruataniwha Ward Disbursement Fund	84	3	0	87
Aramoana Ward Disbursement Fund	222	7	0	229
Esplanade Reserve Fund	349	11	0	360
Rural Fire Reserve	84	13	0	97
Stormwater Renewal Reserve	257	8	0	265
EQC Pourerere	27	1	(14)	14
CHB District Retirement Housing Reserve	131	29	(8)	152
Infrastructure Protection Reserve	89	0	(89)	0
Vehicle Depreciation Reserve	97	91	(31)	157
LT Vehicle Depreciation Reserve	0	34	0	34
Total	2,134	222	(205)	2,151
	\$'000	\$'000	\$'000	\$'000
Reserves held for Future Operational Costs				
Elections & By-elections Reserve Fund	61	2	(11)	52
Ruahine Ward Hall Maintenance Reserve	36	1	0	37
Landfill External Sales Reserve	0	144	0	144
Library Fund	54	10	0	64
Landfill Aftercare Depreciation Reserve	101	51	0	152
District Landfill Levy Reserve	112	4	0	116
Total	364	212	(11)	565
	\$'000	\$'000	\$'000	\$'000
Total Special Funds	5,027	841	(263)	5,605

Other Funds. From time to time Council assists community organisations and holds funds on their behalf.

	Council Balance 1 July 2015 \$'000	Council Transfers from Ratepayers Equity \$'000	Council Transfers to Ratepayer Equity \$'000	Council Balance 30 June 2016 \$'000
Te Aute Drain Channel Clearing Reserve	35	7	-	42
Total Other Funds	35	7	-	42
	\$'000	\$'000	\$'000	\$'000
Total Special & Other Funds	5,062	848	(263)	5,647

(b) Trust Funds

Trust Funds are set up to account for grants to Council with restrictions on their use. They usually consist of donations and bequests.

	Council Balance 1 July 2015 \$'000	Council Transfers from Ratepayers Equity \$'000	Council Transfers to Ratepayer Equity \$'000	Council Balance 30 June 2016 \$'000
Waipawa Building Society Scholarship Trust	112	4	(4)	112
Eric Tate Scholarship Trust	74	2	(6)	70
Settlers Museum Trust Fund	8	0	(8)	0
Creative NZ Grants unspent	3	0	(1)	2
Rural Travel Fund	0	1	0	1
Total	197	7	(19)	185

(c) Asset Revaluation Reserve

	Water, Wastewater, Storm Water, Solid Waste \$'000	Roading \$'000	Total \$'000
Infrastructure			
Opening Balance	61,662	432,521	494,183
Revaluation	0	(17,071)	(17,071)
Revaluation Reserve Change	174	0	174
Transfer from/(to) Ratepayers Equity	0	0	0
Closing Balance	61,836	415,450	477,286
	Land \$'000	Buildings \$'000	Total \$'000
Other Property Plant and Equipment			
Opening Balance	7,619	5,503	13,122
Disposal of Asset (Write Back)	19	0	19
Current Year Revaluation	225	3,184	3,409
Current year Impairment	0	0	0
Closing Balance	7,863	8,687	16,550

	Council \$'000
Total Revaluation Reserve	
Opening Balance	507,305
Revaluations	(13,643)
Impairments	174
Closing Balance	493,836

11 Related Party Transactions

All transactions with related parties are at arm's length.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2015: nil).

12 Statement of Commitments

	2016 Council \$'000	2015 Council \$'000
Lease payments		
Photocopiers	27	31
Landfill	106	106
Takapau Transfer Station	2	2
Carbon Credits	22	11
Total	157	150

	2016 Council \$'000	2015 Council \$'000
Non-Cancellable Lease Commitments		
Less than 1 year	135	138
1 – 2 years	156	182
3 – 5 years	464	417
Over 5 years	2,586	2,693

Landfill

Landfill rental of \$75k per annum (inflation adjusted) plus a turnover rent of \$5/tonne (also inflation adjusted) for quantities of over 7,000 tonnes in any 12 month period.

Further terms = 10 years

Final expiry date = 28 November 2045

Takapau Transfer Station

Rent reviews are carried out at 5 yearly intervals from 11 September 1995.

Amounts are subject to these reviews.

Further terms = 2 of 10 years

Final expiry date = 11 September 2025

Annual rental = \$1,820 plus GST

Carbon Credits

We have current contracts to purchase carbon credits from ANZ and Westpac bank at fixed prices. The table below outlines the number and price of the units and when we are purchasing them.

Date	Number of Units	Contracted Price
2-May-18	6,000	\$4.77 per Unit
2-May-19	6,000	\$7.70 per Unit
28-Feb-20	8,000	\$12.00 per Unit

13 Employee Staffing Levels and Remuneration

The Chief Executive of Council appointed under Section 42 of the Local government Act 2002, received a salary of \$190,000 (2015 \$186,000).

The Chief Executive has full access to use of a Council vehicle, the cost of the deemed private benefit is deducted from the Chief Executive's salary.

Annual Remuneration Bands	2016	2015
\$59,999 and under	28	27
\$60,000 - \$79,999	13	15
\$80,000 - \$159,999	13	10
\$160,000 - \$189,999	1	1
Total Employees	55	53

	2016 Council \$'000	2015 Council \$'000
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Salaries and other short term employment benefits paid

CE and Key Management	813	688
Mayor and Councillors	268	266

	2016		2015	
Number of Employees as at 30 June	FTE	Head Count	FTE	Head Count
Number of full time Key Management Personnel	6	6	6	6
Number of full time employees	26	26	27	27
Number of part time employees	13	23	10	20
Total Employees	45	55	43	53

Employee staffing levels and remuneration is required to be disclosed under Clause 32A, Schedule 10 of the Local Government Act 2002. Definitions used in this disclosure are those contained in Clause 32A.

14 Severance Payments to Staff

During the financial year, no severance payment were made (2015: Nil).

15 Councillors Fees

	2016	2015
Mayor		
P Butler	80,287	77,953
Councillors		
Ian Sharp (Deputy Mayor)	30,000	30,000
Sally Butler	22,600	22,600
Terry Kingston	22,600	22,600
Maitland Manning	22,600	22,600
Terry Story	22,600	22,600
Mark Williams	22,600	22,600
Kelly Annand	22,600	22,600
Andrew Watts	22,600	22,600
Total	268,487	266,153

16 Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

	2016 Council \$'000	2015 Council \$'000
Financial Assets		
Fair Value through surplus/(deficit)		
Local Authority Stock, Bonds	2,814	3,752
Unlisted Shares	40	34
Loans and Receivables		
Cash and Cash Deposits	2,896	2,475
Debtors and Other Receivables	2,460	2,706
Financial Liabilities		
Fair Value through the profit and loss		
Public Debt	3,527	4,755
Financial Liabilities at amortised cost		
Creditors and other payables	5,108	5,439

17 Contingencies

Liabilities

In the ordinary course of business Council can be subject to claims from clients utilising the services of Council. Council do not consider that any liabilities will arise as a consequence of outstanding claims as at 30 June 2016 (2015: Nil).

18 Events Subsequent to Balance Date

In the ordinary course of business Council can be subject to subsequent events that may have a material effect on the Council. Council do not consider that any subsequent events have arisen. (2015: No events).

Supplementary Information

In accordance with the Local Government Act 2002 Schedule 10 section 30A and 31A.

Rating Base Information

For all rating units in the district

	2016	2015
Number of rating units	7,648	7,690
Capital Value	4,078,897,650	3,769,504,050
Land Value	2,666,983,350	2,328,328,850

Insurance Information

	Total Value Covered \$'000	Maximum Amount Available \$'000
Year ending June 2016		
Insurance Contracts -Buildings, Plant & Equipment	62,164	62,164
-Infrastructure	125,495	25,000 Loss Limit
Financial Risk Sharing	0	0
Self Insured	0	0
Year ending June 2015		
Insurance Contracts -Buildings, Plant & Equipment	60,874	60,874
-Infrastructure	157,551	20,000 Loss Limit
Financial Risk Sharing	0	0
Self Insured	0	0

	Total Replacement Costs (TRC)
Water	56,826,670
Wastewater	79,720,635
Stormwater	23,597,847
Roading	798,632,713
Totals	958,777,865

Elected Council Members

MAYOR

Peter Butler
699 Tikokino Road
Ngamaunga, RD3
Waipawa

Phone: 857 8194
Fax: 857 7005
peter.butler@chbdc.govt.nz

The Central Hawke's Bay District Council comprises of
His Worship the Mayor and eight elected members
representing the district's two wards.
Elections are held every three years.
Why not get involved next time?

ARAMOANA/RUAHINE WARD

Sally Butler
'Glenalvon', 492 State Highway 50, RD 3, Waipawa
Phone: 856 5840

sally.butler@chbdc.govt.nz

Maitland Manning
'Homewood', 145 Elsthorpe Road,
RD 2, Otane
Phone: 856 8511

maitland.manning@chbdc.govt.nz

Terry Story
27 Onga Onga Road
Waipawa
Phone: 857 8391
terry.story@chbdc.govt.nz

Mark Williams
209 Williams Road,
Black Dog Cottage, RD14
Havelock North
Phone: 858 4947
mark.williams@chbdc.govt.nz

RUATANIWHA WARD

Kelly Annand
3 Francis Drake Street
Waipukurau
Phone: 858 5225
kelly.annand@chbdc.govt.nz

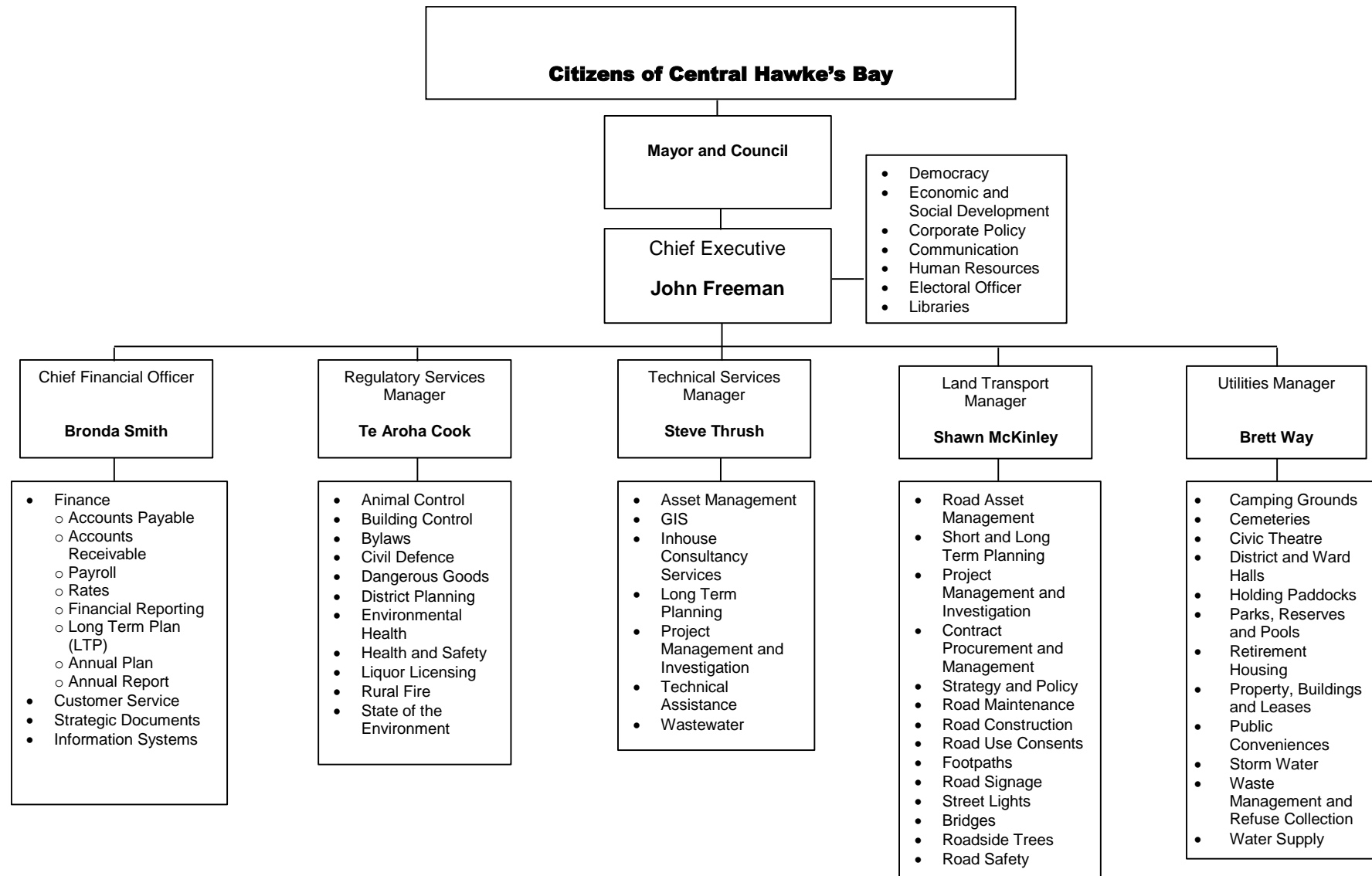
Terry Kingston
1 Bibby Street
Waipawa
Phone: 857 8392
terry.kingston@chbdc.govt.nz

Ian Sharp
44 Mangatarata Road
RD5, Waipukurau
Phone: 858 8877
ian.sharp@chbdc.govt.nz

Andrew Watts
141 Mill Road, RD1
Takapau
Phone: 855 6585
andrew.watts@chbdc.govt.nz

For more information about the Council structure please refer to our Local Governance Statement, available from the Council on request or on our website: www.chbdc.govt.nz

Management structure



Acknowledgements

Council acknowledges the contributions made by individuals and organisations both within the district and outside that have helped make Central Hawke's Bay a vibrant and enjoyable place to live.

Summer Reading



Eastern & Central have again generously supported the E.C. READ'N summer reading programmes in our libraries and those throughout the region.

Glossary

Activity	Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.
Annual Plan	The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.
Annual Report	Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.
Asset	Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.
Asset Management Plan	A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.
Borrowing	Refers to the raising of loans for capital items, such as the sewerage scheme.
Capital Expenditure	Expenditure that will increase the value of Council's assets.
Capital Value	Value of land including any improvements.
Community Boards	Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Central Hawke's Bay District has no community boards.
Community Outcomes	Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.
Council Controlled Organisations	Council controlled organisations are organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.
Financial Year	Council's financial year runs from 1 July to 30 June of the following year.
General Rate	A rate levied across all properties for activities that benefit the whole District.
Group of Activities	Several activities combined together (eg cultural and community facilities).
Land Value	Value of land, excluding any improvements.
Local Government Act 2002	The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.
Long Term Plan (LTP)	A ten year plan that sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTP was introduced by the Local Government Act 2002.
Operating Expenditure	Money Council spends on such items as salaries, materials, electricity and plant hire.
Operating Revenue	Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency subsidies, rental income, permits and fees.
Operating Surplus (Deficit)	The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.
Performance Measure	A measure that shows how well Council is doing in achieving the objectives it has set for itself.

Rates	Funds collected by Council from levies on property. These are based on the Capital and Land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.
Revenue and Financing Policy	This describes how the Council's work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user charges, grants).
Significance	Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural wellbeing of the community.
Subsidies	Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).
Targeted Rates	Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.
Transfer to/from Reserves	Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.
User Charges	The charges levied for use of Central Hawke's Bay District Council services (eg building consent fees, health inspections).
Working Capital	These are Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of Council's ability to meet its obligations as they become due.

