

# 2016-17 Annual Report

CENTRAL HAWKE'S BAY DISTRICT COUNCIL





# Mission statement

## OUR MISSION STATEMENT:

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“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.”

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## 2016/17 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 second 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 2018-28 Long Term Plan. Keep a look out for it in early 2018.

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## Introduction from the Council and Chief Executive

*It gives us great pleasure to present to you the Annual Report for 2016/2017*

With the election in September, the new Council came in with a clear mandate from the community about openness, transparency and authentic community engagement. With this ethos in mind, Council decided that in place of the traditional Annual Plan consultation a community-based project to build a long-term view for the district – a project they have named “Project Thrive” was undertaken.

Over 250 people attended the 13 community meetings and 3500+ feedback matters were received both at the meetings and via the online responses. The responses have created a number of initiatives which are being considered as part of the Long Term Plan development and are also informing the review of the District Plan.



As part of the feedback from Thrive, the Council has also recognised the need to fast track the review of the District Plan. In June the Council agreed to the timeline and budget to enable the draft District Plan to be prepared by the end of October 2018. Council recognises this as the cornerstone to how as a community we are going to plan for smart growth and sustainable use of our resources.

In March 2017, Monique Davidson was appointed as the new Chief Executive, replacing John Freeman who retired after 10 years in the role. Mrs Davidson started in the role in June 2017 with a commitment to serving local communities and building long term customer confidence through delivering effective and innovative services.

A new Council and a new Chief Executive provides an opportunity to carve a new chapter in our history book. We want Central Hawke's Bay to Thrive, and part of that ensures as residents and ratepayers you receive services that are efficient, appropriate and add value.

The financial year ended 30 June 2017 has seen a continuation of Council achievements in providing a range of services within the Central Hawke's Bay District. The annual report contains considerable financial and non-financial information that indicates a satisfactory financial result for the year compared to budget and the completion of major infrastructure capital projects and renewals.

Wastewater has also been a key focus of the Council this year, with the additions of the Stormwater and Anaerobic Ponds being a key capital project. Council continues to focus on both the compliance of the wastewater systems and the odour issue from the Waipukurau Ponds.

The completion of the redevelopment of the Memorial Hall and Russell Park are also key achievements in the last financial year.

This Annual Report provides a good insight into the wide ranging activities of Council and is a representation of the good work undertaken by the Central Hawke's Bay District Council.

We would like to sincerely thank Central Hawke's Bay District Council staff for their dedication and commitment to the job, and the bold leadership and prudent guidance provided by the elected members, for which we are very grateful.



Davidson

Monique Davidson  
Chief Executive

Walker

Alex Walker  
Mayor

## 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.

### Thrive

With the election in September, the new Council came in with a clear mandate from the community about openness, transparency and authentic community engagement. With this ethos in mind, Council decided that in place of the traditional Annual Plan consultation a community-based project to build a long-term view for the district – a project named “Project Thrive” was undertaken.



Over 250 people attended the 13 community meetings facilitated by Kobus Menz and 3500+ feedback matters were received both at the meetings and via the online responses. This was collated into a report for Council which was officially adopted in June 2016.

The responses have created a number of initiatives which are being considered as part of the Long Term Plan development and are also informing the review of the District Plan.

As part of the feedback from Thrive, the Council has also recognised the need to fast track the review of the District Plan. In June the Council agreed to the timeline and budget to enable the draft District Plan to be prepared by the end of October 2018. Council recognises this as the cornerstone to how as a community we are going to plan for smart growth and sustainable use of our resources.

The report can be found on the council website at <http://www.chbdc.govt.nz/thrive>.

### Russell Park Upgrade

The War Memorial Earthquake strengthening was completed this year. In 2013 the Hall was identified as an Earthquake Prone Building and was below 34% of the New Building Standard. Along with the earthquake strengthening work, the hall has also been updated to provide a modern multipurpose venue for the current and future users.



The upgrade of Russell Park continued this year with the completion of the Splash Pad which was officially opened in October 2016.





Also completed this year was the Skate Park. The skate park project started in 2013. From here it included approaching the Youth Council about the possibility of a skate park. A committee was formed and designs developed after two road trips to visit other skate parks. The final design was completed and the skate park projects was included as part of the LTP 2015-25. The Skate Park was officially opened on the 8<sup>th</sup> April 2017.



### Mount Herbert Road Pumping Station

The replacement wet well at Mt Herbert Road pumping station was also completed this year. The sewage is collected at the main pump station on Mt Herbert Road, adjacent to the wastewater treatment plant. The sewage is pumped into the anaerobic or stormwater pond which then goes into the main pond.

A very large concrete tank was constructed on site from precast units by Lattey Contractors. The floor was poured, new pumps and screens installed, and the main sewers from town were connected into the new wet well.



### Stormwater and Anaerobic Pond

As part of the 2016/17 Annual Plan it was agreed to build an Anaerobic Pond to assist in the treatment of high strength of wastewater in Waipukurau. In July 2016 Council agreed to build a Stormwater Balancing Pond at the same time so that excess stormwater could be stored during high rainfall events and then fully treated over time before being discharged to the river.

The ponds were constructed over summer and the ponds were started up on 15<sup>th</sup> May. We are still working to understand how the various components in the total treatment system work together and this continues to be assessed as Council works to reduce the odour issue from the Waipukurau Ponds.

Now that the work has been completed the area will be shaped and planted including a native forest along the road frontage. This will provide a natural screen to the wastewater ponds and assist with the reduction in odours from the ponds.



### Great North Road Upgrade

As part of the continual replacement and upgrade of our wastewater network, the upgrade of the sewer line from Great North Road to the Farmer's Transport yard was completed this year.

This section of pipe is one of the main feeders for Waipawa and was first built in 1950 making it over 67 years old. The clay pipes, which are prone to tree root intrusion in the joints and breaking the pipes, have been replaced with PVC pipes. They have also been upsized as part of the resilience work being done on our infrastructure. A man hole was also included for access and maintenance in the future.

Stormwater drains were also realigned as part of the project, as part of Council's coordinated approach to Infrastructure upgrades.



### Lakeview Road Repainting

Based on concerns expressed by kindergarten users, Council met with teachers, trustees and parents to improve the drop off and pick-up zones for the pupils attending the kindergarten. After several options had been thoroughly discussed with the kindergarten users, the preferred option of line marking which narrowed the stretch of road allowing safer passenger pick-up and drop-off on both sides of the road was carried out. This solution has slowed the speed of passing traffic and improved the safety of all involved.

### Waipawa Water Supply UV Treatment Upgrade Stage 2

With the Minister of Health approving funding to upgrade the treatment of drinking water for Waipawa and Otane water supply, Council completed the second stage of the project in late 2016.

This involved the removal of the old pump shed and run down concrete tanks at Johnson Street bore site. Once the site was clear a new state of the art pump station was constructed complete with UV treatment units. Also included in the project was a new modular design water storage tank to further improve the water treatment and storage on site.





## Key Issues

### Council's Strategic Direction

Developing a clear strategic direction for Central Hawke's Bay District Council is a key priority for the new Council. To be able to better inform the Vision and Mission of the Council, it was decided that in place of the traditional Annual Plan consultation a community-based project to build a long-term view for the district – a project they have named "Project Thrive" was undertaken.

Over 250 people attended the 13 community meetings and 3500+ feedback matters were received both at the meetings and via the online responses. The responses have created a number of initiatives which are being considered as part of the Long Term Plan development and are also informing the review of the District Plan.

A new Council and a new Chief Executive provides an opportunity to carve a new chapter in our history book. We want Central Hawke's Bay to Thrive, and part of that ensures as residents and ratepayers you receive services that are efficient, appropriate and add value.

As the development of the Long Term Plan 2018-28 progresses, Council is also developing the high level Strategic Plan for the Council including a new Vision and Mission. The Strategic Action Plan, along with the LTP and the District Plan and other key strategic plans, will deliver a clear direction and roadmap to the community and provide strong leadership in the community to ensure we Thrive now and in the future.

### 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.

As part of the feedback from Thrive, the Council has also recognised the need to fast track the review of the District Plan. In June the Council agreed to the timeline and budget to enable the draft District Plan to be prepared by the end of October 2018. Council recognises this as the cornerstone to how as a community we are going to plan for smart growth and sustainable use of our resources.

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*The District Plan describes the policies, rules and standards which cover the way in which land may be used within the Central Hawke's Bay District.*

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### 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 m<sup>3</sup> storage reservoir located in the upper Makaroro River, storing water during periods of high flow and over winter.

The Ruataniwha Water Storage Scheme (RWSS) was a key project for the region as well as New Zealand Inc. This scheme would have seen 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 was also planned to see summer water flows in the Tukituki increased by 30% and along with the measures proposed in the Regional Council's Plan Change 6 would have produced long term improvement to the river system.

Given the Hawke's Bay Regional Council's decision to move on from the RWSS, Council will continue to provide leadership around the requirements for sustainable and environmental water delivery in Central Hawke's Bay and will work closely with Hawke's Bay Regional Council to achieve affordable and workable solutions for our communities.



## 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.

Council has implemented the ONRC and there is no financial impact on the 17/18 budget or programme.

For the 2018-21 programme Council's road network and financial programme fits within the ONRC. The road roughness is not expected to change as NZTA reports show we are within the various classification parameters and current proposed Long Term Plan funding levels will enable us to remain there. The primary change has been an increase in data collection to demonstrate to NZTA we are making the correct investment decisions as they relate to maintenance and renewal activities.



## Rural Fire Authority

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

The Fire and Emergency New Zealand Act 2017 received Royal Assent on 11 May 2017 and was fully enacted as of 1 July 2017. The new organisation merged the 52 rural fire authorities, the National Rural Fire Authority, and the New Zealand Fire Service (which are both part of the New Zealand Fire Service Commission).

As part of the setup of FENZ, Council has agreed to transfer the equipment assets to the new entity and this has been included in the Annual Report. Council has maintained ownership of the buildings and has granted a Licence to Use to FENZ. Providing 'use' rather than 'transfer' ensures if at some time in the future, they are not required by FENZ, they remain in the ownership of Council, available for other community requirements.

# Financial Performance

*This section of the report provides an overview of our financial performance for the year ended 30 June 2017. This overview provides an explanation to our financial statements and notes on pages 61 to 91.*

## Overall Results

For the financial year Council had a Deficit of \$1.059m compared to a budget surplus of \$5k. Overall income was above budget by \$859k with total operating expenditure over budget by \$2m. The table and explanations below illustrate this.

Financial Overview			
	2016	2017	2017
	Council	Council	Council
	Actual	Budget	Actual
	\$'000	\$'000	\$'000
Total Revenue	27,918	27,833	28,692
Operating expenditure	16,473	15,460	17,552
Finance Cost	265	261	216
Other (Gains) and Losses	(304)		(63)
<b>Net Surplus/(Deficit) excluding non cash movements</b>	<b>11,484</b>	<b>12,112</b>	<b>10,987</b>
<b>Non Cash Movements</b>			
Depreciation	12,230	12,107	12,093
Other Gains and Losses	(67)	0	(47)
<b>Net Surplus/(Deficit)</b>	<b>(679)</b>	<b>5</b>	<b>(1,059)</b>

## Explanations

- Subsidies received were higher than budgeted by \$441K. Council received \$291,207 from the Minister of Health to upgrade the Waipawa Water Treatment.
- Income from fees and charges were above budget by \$514k due to increased income from Solid Waste Charges with refuse from out of the district, from Wastewater for trade waste and from Planning and Regularity for increased building consents.
- Interest revenue was lower than budget as we continue to restructure our debt and investment portfolio and utilise cash to reduce borrowing.
- 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.
- Operating expenditure also includes the loss on the transfer of equipment assets to FENZ of \$211k.
- Other Gains and Losses include \$63k of the final recovery from the liquidation of Infracon.



# Annual Report Disclosure Statement for the year ended 30 June 2017

## 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.

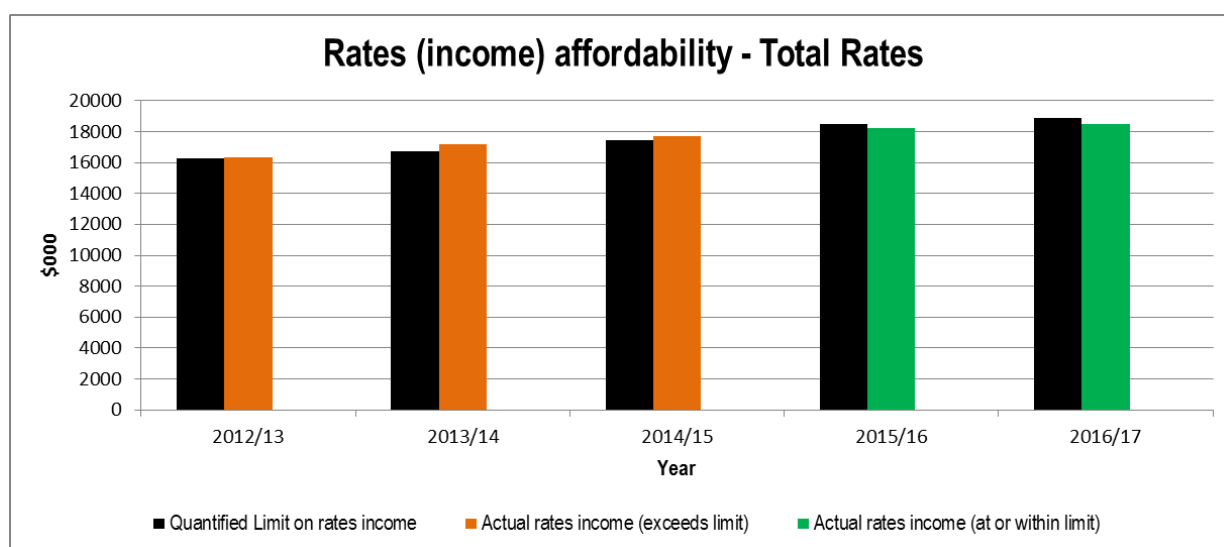
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

## 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 2012-2022 Long Term Plan (LTP) and 2015-2025 LTP.



Total rates income for 2016/17 is \$11k below budget. 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

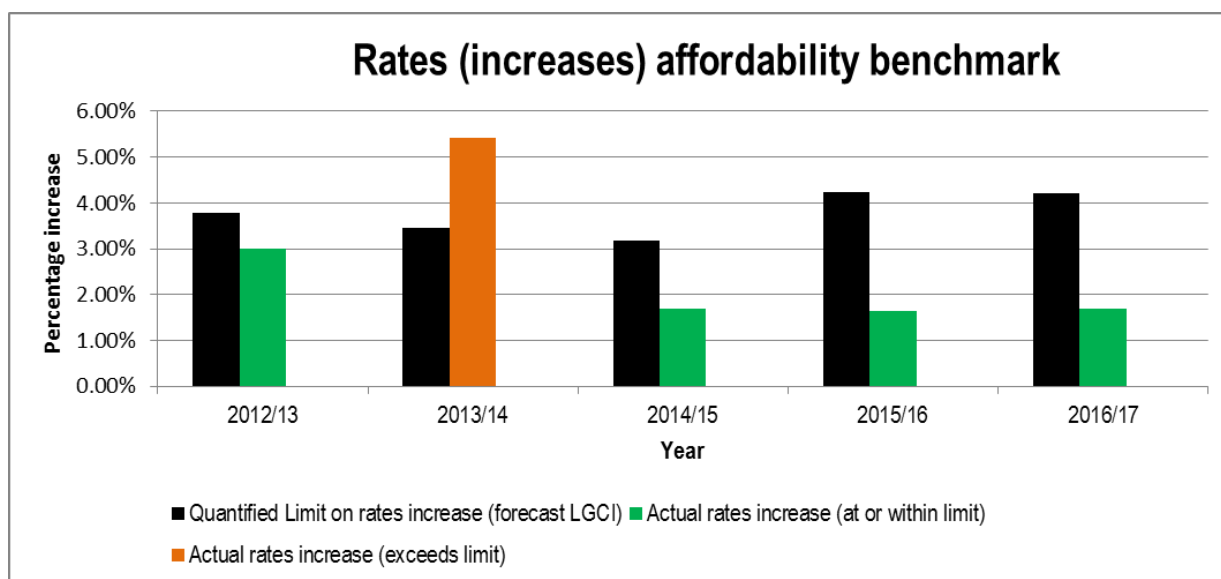
The following graph compares the council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the council's long-term plan. The quantified limit as set in the 2015-2025 LTP is:

"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”

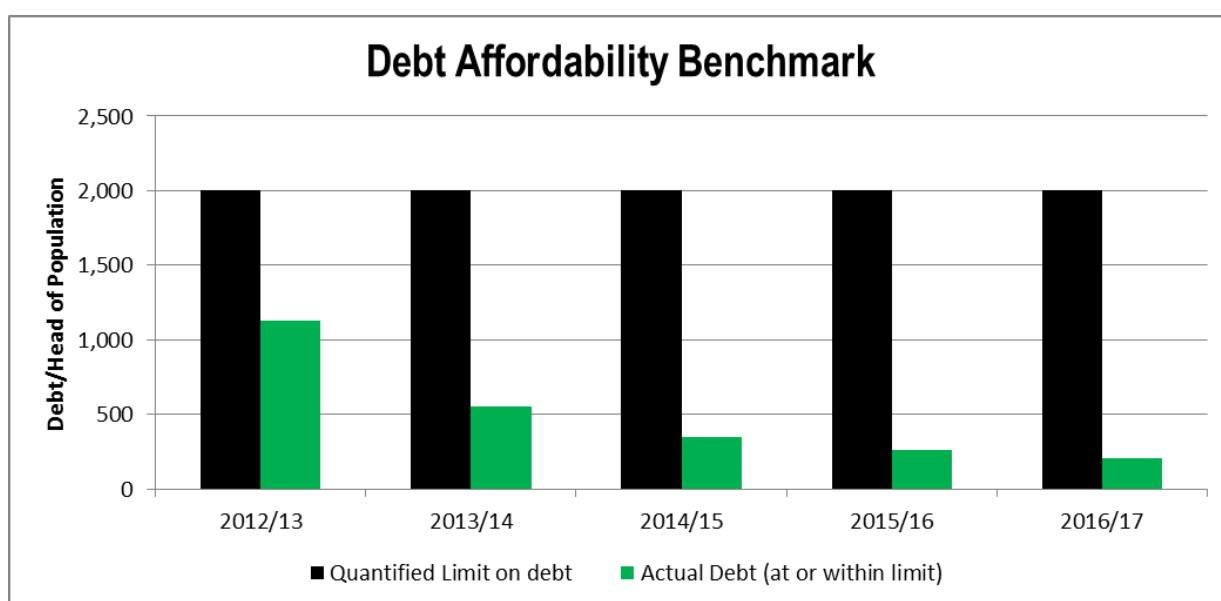
The quantified limit used for this benchmark is the LG CPI as forecast in the 2012-22 LTP for 2012/13 to 2014/15, and the 2015-25 LTP for 2015/16 and 2016/17.



In 2016/17 rates increased by 1.70% which was well within the 2016/17 LGCI of 2.45%. 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.

### 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.



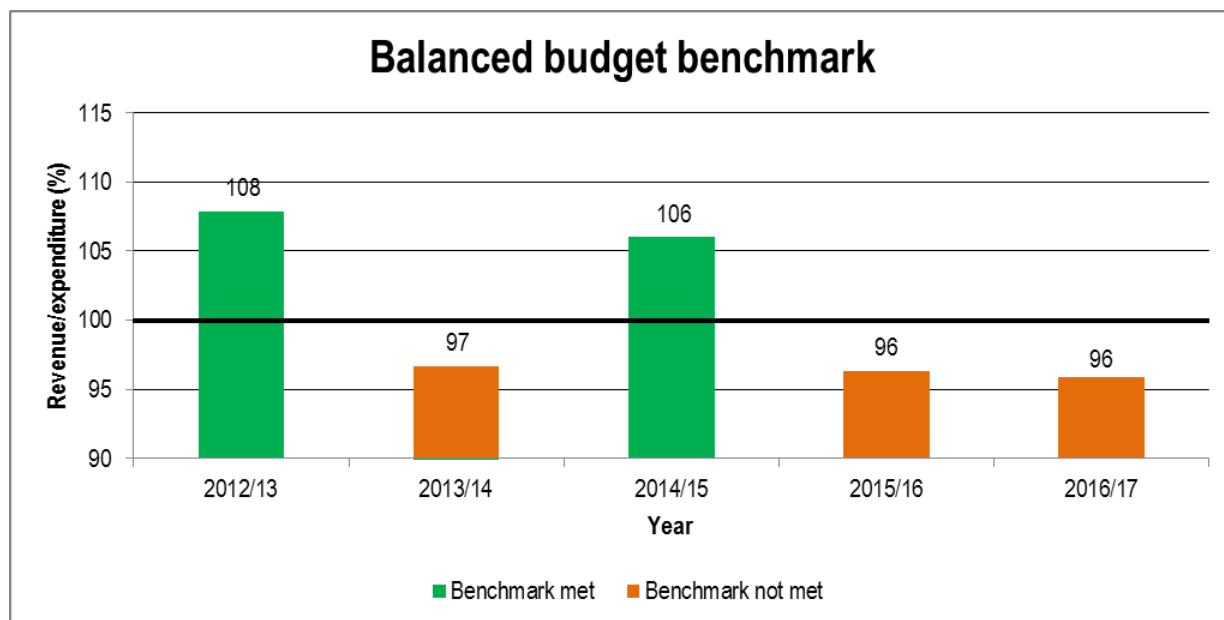
In 2016/17 actual debt was \$203 per person.



## 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).

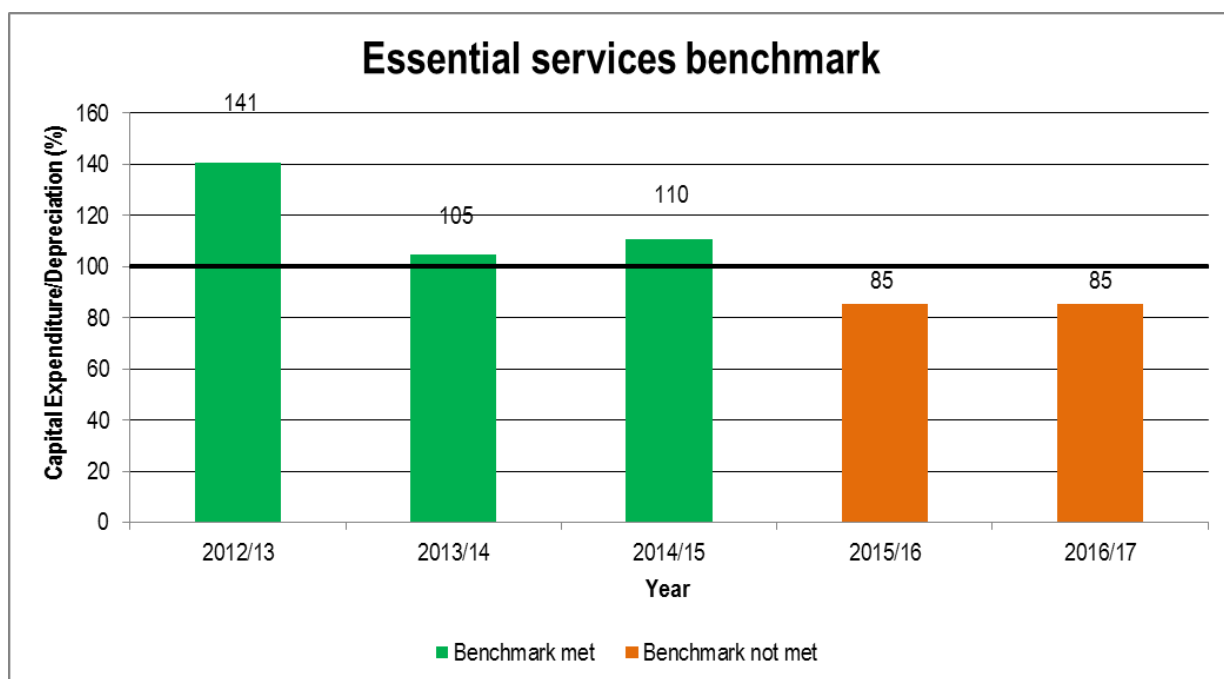
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



In both 2016/17 and 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.

## Essential Services benchmark

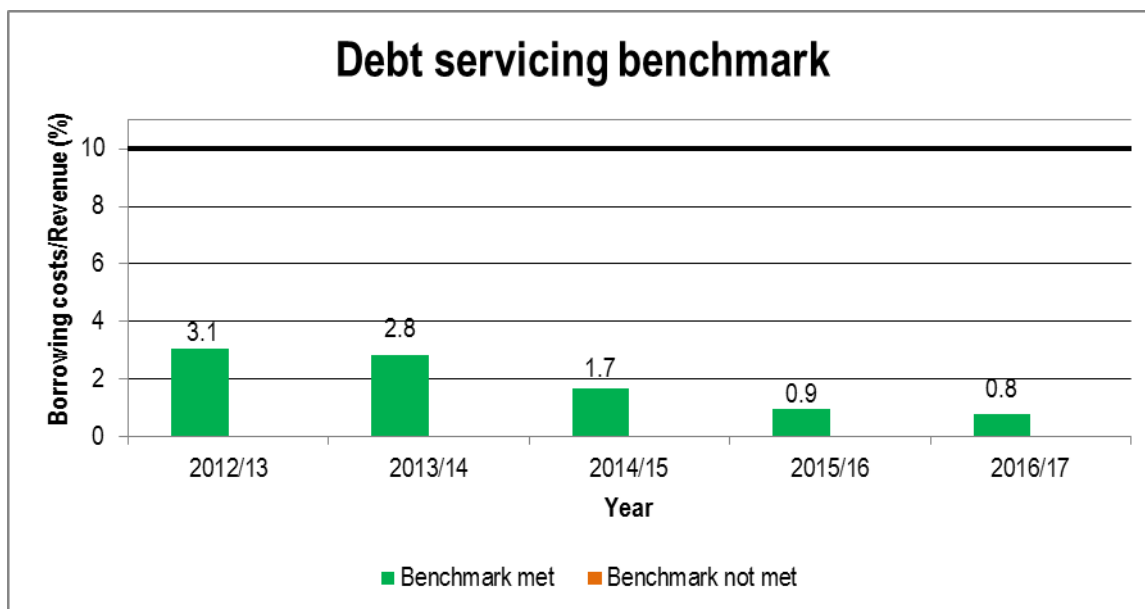
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



In 2016/17 and 2015/16 Renewal expenditure was reallocated to Operational due to the previous Roading 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.

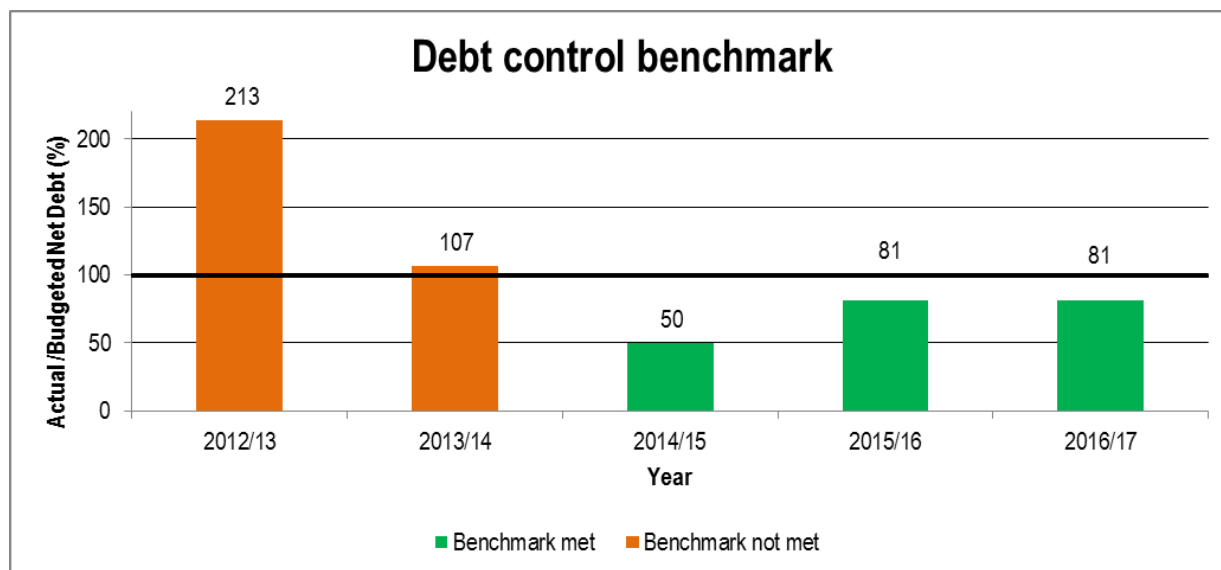


Council's borrowing costs are well below the prescribed benchmark of being equal or less than 10% of revenue. This highlights Council's prudent financial management of its debt.

## 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 2016/17 and 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

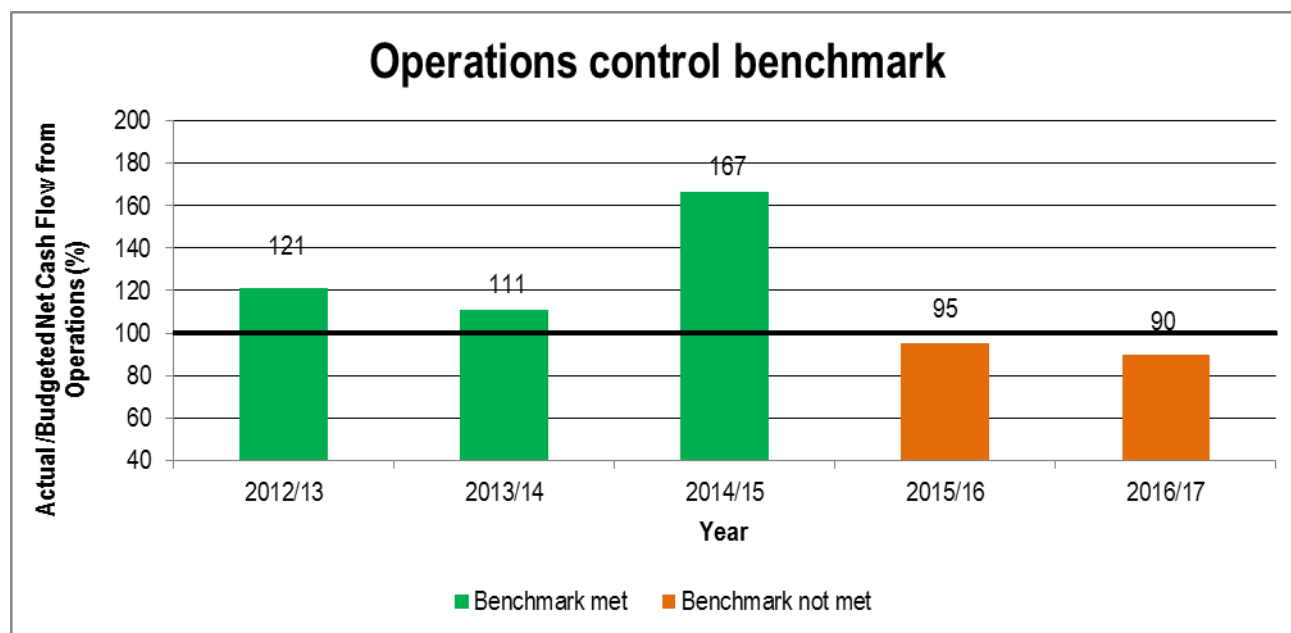


result shows actual net debt exceeded planned debt which was a result of the loan to Tamatea being repaid. This was not budgeted therefore increasing Council's net debt position.

## 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 has historically performed 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 and 2016/17 Renewal expenditure was reallocated to Operational due to the previous Roothing 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 is working with Te Taiwhenua o Tamatea to develop a partnership accord. This is aimed to improve the level of partnership and 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 at the end of 2017. Council have indicated that the establishment of Maori seats is not something they wish to pursue at this stage.



# 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 2017 fairly reflect the financial position of Central Hawke's Bay District Council.



Alex Walker  
Mayor



Monique Davidson  
Chief Executive

## Audit Report



**INDEPENDENT AUDITOR'S REPORT**

**TO THE READERS OF**

**CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2017**

The Auditor-General is the auditor of Central Hawkes Bay District Council (the District Council). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 18 October 2017. This is the date on which we give our report.

**Opinion on the audited information**

In our opinion:

- the financial statements on pages 61 to 64 and pages 66 to 91:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2017;
    - 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 65, 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 annual 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 60:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, 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; and
- the statement about capital expenditure for each group of activities on pages 21 to 60, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 21 to 60, 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.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 11 to 15, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the *"Responsibilities of the auditor for the audited information"* section of this report.

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

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

## Responsibilities of the Council for the audited information

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 enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the 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 as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are



required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 10, pages 16 to 17 and 92 to 98, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

#### **Independence**

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

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



David Borrie  
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

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

## PLANNING AND REGULATORY GROUP

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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

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9. Land Transport

## SOLID WASTE GROUP

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10. Solid Waste

## WATER SERVICES GROUP

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11. Water Supplies

## WASTEWATER (SEWERAGE) GROUP

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12. Wastewater

## STORMWATER GROUP

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13. Storm Water

## RECREATION AND COMMUNITY FACILITIES GROUP

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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?

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### 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

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## What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	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	<p><b>Target not achieved</b></p> <p>4 formal submissions were made during the 2016/2017 year on issues which could affect the ratepayers of Central Hawke's Bay.</p> <p>These covered:</p> <ul style="list-style-type: none"> <li>• Local Government Amendment Bill (No 2)</li> <li>• FENZ - Proposed regulations for Fire and Emergency NZ 2016</li> <li>• FENZ- Regulating Fire Permitting</li> <li>• Hawkes' Bay Regional Council - Council Charging to monitor permitted activities in the national environmental standard for plantation forestry</li> </ul> <p>Council also commented on a number of submissions made on behalf of the sector by sector groups.</p>
Develop Policy and make decisions for the benefit of the Central Hawke's Bay Community by holding Council and Committee meetings	16 meetings	<p><b>Target achieved.</b></p> <p>A total of 42 Council and Committee meetings were held in 2016/2017.</p> <p>These included: 18 Council, 5 Risk &amp; Audit, 2 Finance and Services Committee, 4 Finance and Planning Committee, 4 Community and Development Committee, 3 Environmental and Regulatory Committee and 6 CE Employment and Performance Committee.</p>
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	<p><b>Target achieved.</b></p> <p>Consultation on the Local Easter Shop Trading Policy was conducted during the year and closed for submissions on 30 June 2017.</p> <p>Information was available on council website, offices and libraries.</p>
Meet Local Government Act 2002 statutory reporting requirements by producing Annual Plans, Annual Reports and Long Term Plans	100% compliance of statutory deadlines	<p><b>Target achieved.</b></p> <p>The 2015/2016 Annual Report was adopted within statutory timeframes.</p> <p>The 2017/2018 Annual Plan was adopted within statutory timeframes.</p>

## 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 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 have come from the Ruataniwha Water Storage Scheme.

The Ruataniwha Water Storage Scheme (RWSS) was a key project for the region as well as New Zealand Inc. This scheme would have seen 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 was also planned to see summer water flows in the Tukituki increased by 30% and along with the measures proposed in the Regional Council's Plan Change 6 would have produced long term improvement to the river system.

Given the Hawke's Bay Regional Council's decision to move on from the RWSS, Council will continue to provide leadership around Economic Development. A key contributor will be the development of an Economic Strategy that aligns with Matariki - Hawke's Bay Regional Economic Development Strategy and Action Plan which was formally adopted by Council in September 2016.

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 2016/2017?	Achieved level of service
CHB Promotions fulfils its contract obligations	Contractual objective are met including: Linking activities with HB Tourism Regional Strategy	<b>Target achieved.</b> <ul style="list-style-type: none"> <li>Continuation of the Central Hawke's Bay Tourism Coordinator role based out of Hawke's Bay Tourism.</li> <li>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 specifically marketing Central Hawke's Bay out of region</li> </ul>
	Increase visitor number spend annually	<b>Target achieved.</b> Spend in Central Hawke's Bay has increased from \$28m to \$31m.
	Running 3 successful events	<b>Target not achieved.</b> The two successful events this year were the Christmas Parade and The Spring Fling. The Little Easy was planned however was cancelled due to weather for safety reasons.
	Increase the availability of Visitor information	<b>Target achieved.</b> <ul style="list-style-type: none"> <li>High profile on the Hawke's Bay Tourism website with link on homepage</li> <li>Growing content and 'likes' on the Central Hawke's Bay Facebook Page (over 1300 likes)</li> </ul>

Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
Community Development Coordinator completes the project	Project plan milestones including: Implement the Central Hawke's Bay Economic Development Strategy	<p><b>Target achieved.</b></p> <p>Council has actively participated in the Regional Economic Development Strategy and Social Inclusion Strategy which sits under the Matariki framework.</p> <p>The review of Council's Economic and Social based strategies was put on hold so time could be invested in leveraging regional opportunities.</p>
	Implementing the Positive Aging Strategy	<p><b>Target achieved.</b></p> <ul style="list-style-type: none"> <li>• Positive Ageing Strategy being implemented in CHB</li> <li>• 25 agencies actively participating and meet bi-monthly throughout the year</li> <li>• Positive Ageing Expo held February 2017 - 45 stallholders and over 280 visitors to the event.</li> <li>• Strategy promoted throughout the year in CHB Mail, CHB Banter, CHBDC and Safer CHB</li> </ul>
	Implementing the Youth Strategy for CHB	<p><b>Target achieved.</b></p> <ul style="list-style-type: none"> <li>• Youth Development contract delivered by EPIC Ministries Inc. and all key performance indicators achieved.</li> <li>• Youth Inspire Council active and participating in community events.</li> <li>• Range of youth events held throughout the year</li> <li>• IVAN - Roving caravan, promoting CHB DC youth strategy in action, launched August 2016 and active in the community</li> <li>• Mayor's Taskforce for Jobs, CYE and Massey University drivers licence pilot completed in Central Hawkes Bay College. Research being written up.</li> </ul>
	Developing the Council / Taiwhenua relationship	<p><b>Target achieved.</b></p> <p>Te Taiwhenua o Tamatea is a member organisation of Safer CHB. The Maori consultative committee is currently in abeyance, however Te Taiwhenua o Tamatea have a representative that sits on Council and Committee meetings. Discussions continue with Te Taiwhenua o Tamatea about the development of a formal relationship accord.</p>



## Funding Impact Statement for the year ending 30 June 2017 for Community Leadership Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	742	759	832	874
Targeted rates	26	26	26	26
Subsidies and grants for operating purposes	24	25	35	36
Fees, charges	0	0	0	40
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>792</b>	<b>810</b>	<b>893</b>	<b>976</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	554	565	671	1,071
Finance costs	0	0	0	0
Internal charges and overheads recovered	238	245	247	250
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>792</b>	<b>810</b>	<b>918</b>	<b>1,321</b>
<b>Surplus (deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>(25)</b>	<b>(345)</b>
<b>Sources of capital funding</b>				
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
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	17
Increase (decrease) in reserves	0	0	(25)	(361)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>0</b>	<b>0</b>	<b>(25)</b>	<b>(345)</b>
<b>Surplus (deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>345</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Expenditure was over budget mainly due to the payment of the Grant to the Central Hawke's Bay Community Trust for the Multi Sport AstroTurf from the Capital Projects Fund (\$232K) and the contribution to the Rotary Rivers Pathway Trust for the Contribution to the Swing Bridge from the Esplanade Reserve (\$50K). The costs for Project Thrive were also unbudgeted (\$48K).

The Fees and Charges received is the contribution by Hawke's Bay Regional Council to the Triennial Elections.

# 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 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 10 years.

Progress on the District Plan review was delayed and priorities reset due to unresolved appeals relating to the proposed Ruataniwha Water Storage Scheme, and impacts of Tukituki Plan Change 6.

The Council has highlighted this as a priority and have fast tracked the review for the notification of a draft District Plan by the end of 2018. Once the full review of the District Plan is completed, it will need to be implemented and monitored to ensure it is working effectively and updated as new issues arise

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.

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### Community Outcomes that this activity contributes to

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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

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What we delivered

Level of Service to be delivers	How will we measure our success in 2016/2017?	Achieved level of service
Full review of the District Plan within required timeframes	Milestones met to complete plan for notification in 2016/2017.	<b>Target on track</b> Progress with review of the Plan continues at anticipated level with the resource of one full time staff member. Sound progress has been made on redrafting some chapters of the Plan and rationalising the structure of the Plan. A peer review of the District Plan progress undertaken by Perception Planning in April 2017 has confirmed that the review to date is robust and places Council in a strong position to provide a draft plan by the end of October 2018. Additional resources are recommended to enable this timeframe to be achieved.
Ongoing monitoring of the Plan including compliance, effectiveness of revised Plan and updates for new issues	Modifications, updates carried out as required.	<b>Target N/A</b> Measure not applicable until the new District Plan is adopted.

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Level of Service to be delivers	How will we measure our success in 2016/2017?	Achieved level of service
Tukituki Catchment Proposal (RWSS)	Certify Management Plans, Contribution to Advisory Groups and Compliance with consent conditions	<b>Target N/A</b> 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 2016/2017?	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.	<b>Target achieved</b> 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.	<b>Target achieved</b> 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 2016/2017?	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	<p><b>Target not achieved.</b></p> <p>98.59% of CCC's issued within 20 days. 4 of the historical CCC's were issued after 20 days.</p> <p>93% of building consents issued within 20 days. 17 of the 247 building consents were issued after 20 days.</p>
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	<p><b>Target achieved.</b></p> <p>The schedule is checked monthly for buildings requiring a BWOFF. 15 owners were advised that they had not provided Council with a copy of their updated BWOFF within one month of the expiry date.</p>
Carry out building inspections in a compliant manner	95% compliance with audit of inspection records against the inspection regime	<p><b>Target achieved.</b></p> <p>100% compliance of audit inspection records against the inspection regime.</p>
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)	<p><b>Target not achieved.</b></p> <p>88% satisfaction level achieved in the survey.</p>

## 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 safe food, safe water, disease containment, environmental nuisance, public accommodation and private housing.
- Liquor Licensing – administers the licensing and monitoring of premises under the provisions of the Sale and Supply of Alcohol Act 2012.
- Hazardous substances – the control of hazardous substances has been taken over by the Environmental Risk Management Authority, ERMA, however Council is required to respond to incidents that occur in public reserves/parks and incidents that occur on private property which are not deemed to be a workplace. Council will continue to provide local support at emergency incidents involving hazardous substances due to 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.

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### Community Outcomes that this activity contributes to

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Safe and healthy communities through a range of Council regulatory responsibilities

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Risks to public health are identified and appropriately managed

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What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	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	<b>Target achieved.</b> 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	<b>Target achieved.</b> 5 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 the regulatory function of Animal Control for dogs and stock in the District. This is a requirement of the Dog Control Act 1996, Council's Dog Control Bylaw and Livestock Movements and Animals in Public Places Bylaw.

One Animal Control Officer manages the control and registration of dogs with cover provided by other regulatory staff as required. Ranging for control of stock is undertaken by the Animal Control Officer and Bylaws and Compliance Officer.

An animal pound is operated in co-operation with the SPCA and the 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.

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### 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

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### What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	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	<b>Target achieved.</b> 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	<b>Target achieved.</b> 13 complaints were received during the year. 100% of complaints and requests were responded to within 24 hours.

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## Emergency Management & Bylaws

What does this activity involve?

### Emergency Management

The activity goals are to provide an effective Civil Defence and Rural Fire organisation to minimize the effects of disasters. Civil Defence Centres and Rural Fire forces are throughout the District. Central Hawke's Bay District Council is an active member of the Hawke's Bay Civil Defence Emergency Management Group.

The Fire and Emergency New Zealand Act 2017 will come into effect on 01 July 2017. Council resolved to transfer all Council owned rural fire assets to Fire and Emergency New Zealand.

Civil Defence is carried out through a Memorandum of Understanding with Hawke's Bay Regional Council, and the Hawke's Bay Civil Defence Emergency Management Group. This MOU provides for the employment of an Emergency Management Officer based in Central Hawke's Bay to ensure response capabilities by Council, to undertake education activities within the district that will enhance community resilience.

### 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, Council:

- Provides a network of trained volunteers with appropriate resources
- Promotes 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.

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### **Community Outcomes that this activity contributes to**

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Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

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What we delivered

Level of Service to be delivered	How will we measure our success 2016/2017?	Achieved level of service
Emergency responders are suitably trained and equipped to respond to disaster	Rural Fire – fire teams training levels meet industry standards	<b>Target achieved.</b> 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	<b>Target achieved.</b> 229 complaints received during the year. 100% of complaints were responded to within 5 working days.



## Funding Impact Statement for the year ending 30 June 2017 for Planning and Regulatory Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	976	1,047	1,162	1,167
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	712	697	697	855
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	10	15
<b>Total operating funding</b>	<b>1,698</b>	<b>1,754</b>	<b>1,869</b>	<b>2,037</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,332	1,378	1,489	1,376
Finance costs	0	0	0	0
Internal charges and overheads recovered	356	366	370	375
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,688</b>	<b>1,744</b>	<b>1,859</b>	<b>1,750</b>
<b>Surplus (deficit) of operating funding</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>287</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	10	10	10	9
Increase (decrease) in reserves	0	0	0	277
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>287</b>
<b>Surplus (deficit) of capital funding</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(287)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Fees & Charges were above budget with an increase in building consents and Out of District Rural Fire income.

The group carry forward from operational costs and prior year funding \$455K for district plan review.

# 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 2016/17	Total
Major Culvert Works	\$374,880
Area Wide Pavement Treatment	\$944,395
Footpaths	\$280,511
Minor Improvements	\$284,094
Structural Maintenance	\$777,621
Emergency Reinstatement	\$418,407
Drainage Renewals	\$849,260
Reseals	\$1,718,770

## Key achievements during the year

- Complete re-design and construction of the car park at Russell Park to improve safety and increase parking
- Completed Area Wide Pavement Treatments on Porangahau and Wimbledon Roads
- Made safety improvements to the intersection of Racecourse and Elsthorpe Roads
- Constructed the Pourerere Beach Road seawall to protect the road from erosion
- Completed structural maintenance to extend the life of our retaining walls and bridges
- Were the first in NZ to use Interflow culvert lining for road culverts which was more economical and successful. Interflow then wrote an industry paper about the success and now several councils are using their product for road culverts.

## What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
<b>Road Safety</b> 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.	<b>Target achieved</b> 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.
<b>Road Condition</b> 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	<b>Target N/A.</b> To be completed once the One Network Road Classification measurements have been determined.
<b>Road maintenance</b> 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.	<b>Target achieved</b> 8.5% (73.55 km) of sealed road network resealed during the year.
<b>Footpaths</b> 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	<b>Target achieved</b> 74.7% of footpaths area in excellent condition and 6.4% of footpaths are in poor condition.
<b>Response to service requests</b> 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	<b>Target achieved</b> 87% of the service requests within 15 days

## Funding Impact Statement for the year ending 30 June 2017 for Land Transport Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	6,186	6,243	6,250	6,254
Targeted rates	59	59	49	49
Subsidies and grants for operating purposes	1,969	1,969	1,969	3,238
Fees, charges	14	14	14	19
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	135	138	138	139
<b>Total operating funding</b>	<b>8,363</b>	<b>8,423</b>	<b>8,420</b>	<b>9,699</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,718	3,725	3,725	5,617
Finance costs	13	9	7	7
Internal charges and overheads recovered	917	944	952	964
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>4,648</b>	<b>4,678</b>	<b>4,684</b>	<b>6,587</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,715</b>	<b>3,745</b>	<b>3,736</b>	<b>3,112</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,501	4,501	4,502	3,366
Development and financial contributions	0	0	0	8
Increase (decrease) in debt	(47)	(50)	(42)	(63)
Gross proceeds from sale of assets	0	0	0	6
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>4,455</b>	<b>4,451</b>	<b>4,460</b>	<b>3,317</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	299	299	299	312
- to replace existing assets	7,641	7,647	7,752	5,770
Increase (decrease) in reserves	230	250	145	346
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>8,170</b>	<b>8,196</b>	<b>8,196</b>	<b>6,429</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,715)</b>	<b>(3,745)</b>	<b>(3,736)</b>	<b>(3,112)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

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## Community Outcomes that this activity contributes to

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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

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What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	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	<b>Target achieved.</b> 8 missed collections were reported during the year which is 0.67 per month.
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	<b>Target achieved</b> 98.2% of respondents are satisfied or very satisfied with Council's solid waste services and facilities.
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	<b>Target achieved</b> 1871.40 tonnes of waste from transfer stations to landfill for the year

Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
Environmental effects reduced through compliance with Resource Consents for the landfill	100% compliance with Resource Consents for the landfill	<b>Target achieved.</b> 100% compliance with resource consents was achieved.



Hazmobile Day - Sept 2017

## Funding Impact Statement for the year ending 30 June 2017 for Solid Waste Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	1,246	1,293	1,263	1,215
Targeted rates	219	231	235	235
Subsidies and grants for operating purposes	43	43	43	51
Fees, charges	900	923	922	1,081
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>2,408</b>	<b>2,490</b>	<b>2,463</b>	<b>2,583</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,786	1,854	1,852	1,755
Finance costs	140	138	101	101
Internal charges and overheads recovered	273	281	283	287
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>2,199</b>	<b>2,273</b>	<b>2,236</b>	<b>2,142</b>
<b>Surplus (deficit) of operating funding</b>	<b>209</b>	<b>217</b>	<b>227</b>	<b>440</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(72)	(78)	(82)	(92)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(72)</b>	<b>(78)</b>	<b>(82)</b>	<b>(92)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	86	88	93	44
Increase (decrease) in reserves	51	51	51	305
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>137</b>	<b>139</b>	<b>144</b>	<b>349</b>
<b>Surplus (deficit) of capital funding</b>	<b>(209)</b>	<b>(217)</b>	<b>(227)</b>	<b>(440)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The income from fees and charges derived from waste from outside the district was higher than budgeted. Operational costs were tightly managed and were below budget. Extra income of \$156K was carried forward into reserves and the operational savings and capital costs plus prior years funding of \$130k have been carried forward for future capital projects.

# 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 2016/2017?	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	<p><b>Target achieved.</b></p> <p>Council complied with the monitoring and sampling requirements of the DWS.</p> <p>These are preliminary results which may change with the final report from the HBDHB.</p>



Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
Safety of Drinking Water Council’s drinking water supply complies with Part 4 of the drinking water standards (bacteria compliance criteria) by 2017 Council’s drinking water supply complies with Part 5 of the drinking water standards (protozoal compliance criteria) by 2020	The extent to which the local authorities drinking water supply complies with: a) Part 4 of the drinking water standards (bacteria compliance criteria)  <	

Level of Service to be delivered	How will we measure our success in 2016/2017?	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 $\leq 2$ hours	<b>Target Achieved</b> The median response time for urgent call outs was 0.15 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 $\leq 12$ hours	<b>Target Achieved</b> The median resolution time for urgent call outs was 7.12 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 $\leq 6$ hours	<b>Target Achieved</b> The median response time for non-urgent call outs was 20 minutes
	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 $\leq 72$ hours	<b>Target Achieved</b> The median resolution time for non-urgent call outs was 15.36 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 $\leq 5$ per 1000 connections to the local authority's networked reticulation system	<b>Target achieved.</b> 0 complaints per 1000 connections.

## Funding Impact Statement for the year ending 30 June 2017 for Water Supplies Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	2,616	2,627	2,570	2,619
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	0	2
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>2,616</b>	<b>2,627</b>	<b>2,570</b>	<b>2,620</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,068	1,110	1,133	1,137
Finance costs	175	188	131	99
Internal charges and overheads recovered	555	571	577	584
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,798</b>	<b>1,869</b>	<b>1,842</b>	<b>1,819</b>
<b>Surplus (deficit) of operating funding</b>	<b>818</b>	<b>758</b>	<b>728</b>	<b>801</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	291
Development and financial contributions	25	25	25	16
Increase (decrease) in debt	(56)	332	696	(252)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(31)</b>	<b>357</b>	<b>721</b>	<b>55</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	150	564	0	0
- to replace existing assets	562	576	1,474	527
Increase (decrease) in reserves	75	(25)	(25)	329
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>787</b>	<b>1,115</b>	<b>1,449</b>	<b>856</b>
<b>Surplus (deficit) of capital funding</b>	<b>(818)</b>	<b>(758)</b>	<b>(728)</b>	<b>(801)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

The subsidy for capital expenditure was received from the Ministry of Health for the upgrade of the Waipawa UV Treatment. (\$291K)

The following details the \$947K underspends of capital and the funding of the expenditure:

Project	Total \$'000	Current Year Renewal \$'000	Current Year Loan \$'000	Loan Approve d During Year \$'000	Carry Forwards \$'000	Dev Cont \$'000	Subsidy \$'000
Waipukurau UV Treatment SH2	177	50			114	13	
Waipawa UV Treatment Stage 2	223	(20)			(48)		291
Other Minor Projects	127	112			15		
<b>Total</b>	<b>527</b>	<b>142</b>	<b>0</b>	<b>0</b>	<b>81</b>	<b>13</b>	<b>291</b>
<b>Budget</b>	<b>1,474</b>	<b>576</b>	<b>898</b>				
<b>Difference</b>	<b>(947)</b>	<b>(434)</b>	<b>(898)</b>	<b>0</b>	<b>81</b>	<b>13</b>	<b>291</b>

The loan funding of the Second Supply for Waipukurau included as part of Year Two of the Long Term Plan (\$564k) has been delayed and will be considered as part of the Long Term Plan 2018-28.

The Waipukurau UV Treatment SH2 has been started and the loan has been delayed to 2017/18 for the completion of the project (\$334K).

The group carry forward is \$458k 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 were the 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 provides 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 2016/2017?	Achieved level of service
Ensure compliance with the territorial authorities resource consents for discharge from the wastewater treatment plants measured by the number of:	Number of abatement notices received in the year: 0	<b>Target not achieved.</b> Number of abatement notices received in the year: 0
a) Abatement notices	Number of infringement notices received in the year: 0	Number of infringement notices received in the year: 0
b) Infringement notices	Number of enforcement orders received in the year: 0	Number of enforcement orders received in the year: 0
c) Enforcement orders	Number of convictions received in the year: 0	Number of convictions received in the year: 1
d) Convictions		
Received in relation to these resource consents.		In November 2016 Hawke's Bay Regional Council issued a Notice of Prosecution for E.Coli exceedances at Waipawa wastewater treatment plant. Council plead guilty in March 2017 and an enforcement order agreed to as part of the outcome in July 2017



Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
Ongoing inspection, maintenance, upgrades and renewal by the number of dry weather and total sewerage overflows from the Council's sewerage systems.	<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><b>Target achieved.</b></p> <p>There are currently 3463 sewerage connections to the total sewerage systems</p> <p>1.16 sewerage overflows per 1000 connections</p> <p>0 dry weather sewerage overflows per 1000 connections</p>
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 <math>\leq</math> 1 hour</p> <p>Other Sewerage Faults <math>\leq</math> 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 <math>\leq</math> 4 hours</p> <p>Other Sewerage Faults <math>\leq</math> 24 hours</p>	<p><b>Target achieved.</b></p> <p>4 overflows received during the year with 4 from blockages and 0 from other faults.</p> <p>The median response time for blockages was 14.5 minutes</p> <p>The median resolution time for blockages was 2.78 hours</p>
Customer Satisfaction, a sewerage system that can be taken for granted by customers.	<p>Number of complaints received per annum <math>\leq</math> 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><b>Target not achieved.</b></p> <p>0 complaints per 1000 connections for sewerage system faults, sewerage system blockages and Council's response to issues with its sewerage systems.</p> <p>72.76 complaints per 1000 connections for sewerage odour.</p> <p>Many complaints were received about odour problems from the Waipukurau wastewater treatment plan. A reporting form was set up for affected people to report on their odour experiences. At 6th July 2017 252 reports had been received by Council.</p>

## Funding Impact Statement for the year ending 30 June 2017 for Wastewater (Sewerage) Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	2,723	2,854	2,808	2,812
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	149	154	154	266
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>2,872</b>	<b>3,008</b>	<b>2,962</b>	<b>3,078</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	998	1,032	1,092	1,155
Finance costs	551	589	465	503
Internal charges and overheads recovered	459	471	478	483
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>2,008</b>	<b>2,092</b>	<b>2,035</b>	<b>2,142</b>
<b>Surplus (deficit) of operating funding</b>	<b>864</b>	<b>916</b>	<b>927</b>	<b>937</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	76	76	76	19
Increase (decrease) in debt	706	(7)	182	1,380
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>782</b>	<b>69</b>	<b>258</b>	<b>1,399</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	949	272	0	0
- to replace existing assets	621	637	1,109	2,576
Increase (decrease) in reserves	76	76	76	(240)
Increase (decrease) of investments	0	0		0
<b>Total application of capital funding</b>	<b>1,646</b>	<b>985</b>	<b>1,185</b>	<b>2,335</b>
<b>Surplus (deficit) of capital funding</b>	<b>(864)</b>	<b>(916)</b>	<b>(927)</b>	<b>(937)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

Fees and charges income was higher than budgeted through increased charges from trade waste users.

The following details the \$1.467m overspends of capital and the funding of the expenditure:

Project	Total \$'000	Current Year Renewal \$'000	Current Year Loan \$'000	Loan Approved During Year \$'000	Prior Year Loan \$'000	Carry Forwards \$'000	Dev Cont \$'000
Otane Resource Consent	20				20		
Mt Herbert Pump Station	548	196				343	9
Stormwater and Anaerobic Pond	1,558	158	200	1200			
District Aerators	140	139					
Waipawa Great North Road Upgrade	211	(2)	213				
Other Minor Projects	99	99					
<b>Total</b>	<b>2,576</b>	<b>590</b>	<b>413</b>	<b>1,200</b>	<b>20</b>	<b>343</b>	<b>9</b>
<b>Budget</b>	<b>1,109</b>	<b>637</b>	<b>472</b>				
<b>Difference</b>	<b>1,467</b>	<b>(47)</b>	<b>(59)</b>	<b>1200</b>	<b>20</b>	<b>343</b>	<b>9</b>

The renewals value of \$47k has been carried forward for the completion of current projects. Also \$80k of the loan for Otane Resource consent has also been carried forward for the completion of the Consent.

# 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 2016/2017?	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	<b>Target achieved.</b> 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	<b>Target not achieved.</b> 3 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	<b>Target achieved.</b> 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	<b>Target achieved.</b> 0 urgent call outs
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	<b>Target achieved.</b> 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 2017 for Storm Water Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	467	480	469	473
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	0	0
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>467</b>	<b>480</b>	<b>469</b>	<b>473</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	149	153	153	82
Finance costs	12	12	3	3
Internal charges and overheads recovered	98	101	102	103
Other operating funding applications	0	0		0
<b>Total applications of operating funding</b>	<b>259</b>	<b>266</b>	<b>258</b>	<b>188</b>
<b>Surplus (deficit) of operating funding</b>	<b>208</b>	<b>214</b>	<b>211</b>	<b>284</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	6	6	6	0
Increase (decrease) in debt	(8)	(9)	(6)	(7)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(2)</b>	<b>(3)</b>	<b>0</b>	<b>(7)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	200	205	205	123
Increase (decrease) in reserves	6	6	6	154
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>206</b>	<b>211</b>	<b>211</b>	<b>277</b>
<b>Surplus (deficit) of capital funding</b>	<b>(208)</b>	<b>(214)</b>	<b>(211)</b>	<b>(284)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

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

The budgeted capital expenditure not required this year plus the carry forward from prior years has been carried forward to fund the completion of current and future capital works and modelling in 2017/18 (\$212K). Also \$83k has been added to the Stormwater Reserve.



# 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 2016/2017?	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  100% of Requests For Service are completed within timeframes	<b>Target achieved</b> Independent audits of the management contract were completed in November 2016 and June 2017, at which time contractors were meeting the requirements.  <b>Target achieved.</b> 100% of requests were completed within timeframes.
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	<b>Target achieved.</b> We have four camp grounds open with facilities available to the public, all operating as per their lease agreements.

Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
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	<p><b>Target not achieved.</b></p> <p>The pool was open for 252 hours and was contracted to be open for 492 hours.</p> <p>While the hours are contracted, they are subject to weather and swimmer numbers. The pool also opened later in the season due to inclement weather and unfortunately closed earlier than expected due to failure of the paint coating.</p>

## 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 2016/2017?	Achieved level of service
Clean facilities provided to the public	Contractors met the requirements of the twice yearly independent audit of management contract	<p><b>Target achieved.</b></p> <p>Independent audits of the management contract were completed in November 2016 and June 2017, at which time contractors were meeting the requirements.</p>
	100% of Requests For Service are completed within timeframes	<p><b>Target not achieved.</b></p> <p>96.7% of requests were completed within timeframes. There was 1 request out of 30 that required a special order tap to be fitted and there was a delay in receiving the order.</p>
Public toilets are well maintained and upgrades carried out as needed	Upgrades carried out as required	<p><b>Target achieved.</b></p> <p>The upgrade of the Boggle Brothers Esplanade Floor, Russell Park BMX effluent field, A'Deane Park and Blackhead Beach toilet blocks were completed this year.</p>

## 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.

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### Community Outcomes that this activity contributes to

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Risks to public health are identified and appropriately managed

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People are involved in their local community

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What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
Units are fully occupied and meet demand	95% occupancy rates	<b>Target achieved.</b> 99.3% 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	<b>Target achieved.</b> Six monthly inspections were carried out in December 2016 and June 2017, and all properties met minimum standards of safety and maintenance.

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## 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, audio books, various electronic databases, DVDs, e-books, interloan material, and networked computers offered through Aotearoa Peoples Network Kaharoa.
- The library services also include assistance with computer general use by users and computer classes run by the libraries through the 20/20 Trust Stepping Up programmes
- The library service is a keen facilitator of community initiatives, particularly through the Eastern and Central Community Trust sponsored ECREAD'N literacy programs, as well as other sponsored events and relationships with schools, retirement homes and housebound library users.
- More than 50% of library users live outside Waipukurau and Waipawa.
- Funding is derived from rates, and fees and charges which include rental of book and DVDs as well as grants from various sources, and fund raising organised by library staff and Friends of the Library.

### Why are we involved?

The libraries provide venues where the community can meet, read and have access to information. The libraries provide an essential service for recreational information, and the cultural, educational and social 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 2016/2017?	Achieved level of service
Availability of Library Services by being open specified hours to the public and through the Council website	Libraries will be open for a minimum of 3,950 hours per annum	<b>Target achieved.</b> Libraries have been open 4064 hours during the year.
Quality, safe and up to date library facilities and materials provided by carrying out a work program which ensures 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	<b>Target achieved.</b> 100% satisfaction level was achieved in the biennial survey conducted in September 2017.

Level of Service to be delivered	How will we measure our success in 2016/2017?	Achieved level of service
Provide active education / recreational programs and other services including children's holiday programs and other reader services	Four holiday and other programs provided annually	<p><b>Target achieved.</b></p> <p>38 holiday and other programs were run during the year, including:</p> <ul style="list-style-type: none"> <li>• Maths is Fun</li> <li>• Storytellers and entertainers/craft programmes</li> <li>• ECREAD'N Summer Reading programmes/iRead/Winter Warmers</li> <li>• Outreach visits to the housebound and rest homes</li> <li>• Oral history/Kete</li> <li>• Genealogy U3A meetings in the library</li> <li>• LIANZA book awards</li> <li>• Stepping up and / Smartphone tutorials</li> <li>• Knit 'n Natter</li> <li>• Book clubs</li> <li>• Rhyme time</li> <li>• Author events and book launches</li> <li>• Coding Classes</li> <li>• School Visits</li> </ul>



## 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 2016/2017?	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	<b>Target achieved.</b> 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 (BWOF) checks are carried out and all facilities have a current BWOF	<b>Target achieved.</b> BWOF checks were carried out on all buildings that the Council is responsible for – 10 Council managed theatres, halls and museums have a current BWOF. 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 2016/2017?	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  100% of Requests For Service are completed within timeframes	<b>Target achieved.</b> Independent audits of the management contract were completed in November 2016 and June 2017 and requirements were met.  <b>Target achieved.</b> 100% of requests were completed within timeframes.
Accurate and complete historical records available to the public via the internet	100% of burial records available to be viewed on the internet	<b>Target achieved.</b> 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?

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### Community Outcomes that this activity contributes to

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

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People are involved in their local community

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What we delivered

Level of Service to be delivered	How will we measure our success in 2016/2017?	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	<b>Target achieved.</b> 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	<b>Target achieved.</b> 6.11% of the total funding required was achieved through lease income.

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## Funding Impact Statement for the year ending 30 June 2017 for Recreation and Community Facilities Group

	2016 Long Term Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000	2017 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	2,772	2,842	2,768	2,768
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	15	15	15	22
Fees, charges	429	439	441	478
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	5	17
<b>Total operating funding</b>	<b>3,221</b>	<b>3,301</b>	<b>3,229</b>	<b>3,285</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,958	2,008	2,032	2,021
Finance costs	142	169	97	106
Internal charges and overheads recovered	427	440	445	450
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>2,527</b>	<b>2,617</b>	<b>2,573</b>	<b>2,577</b>
<b>Surplus (deficit) of operating funding</b>	<b>694</b>	<b>684</b>	<b>656</b>	<b>708</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	4	4	4	2
Increase (decrease) in debt	488	173	297	629
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>492</b>	<b>177</b>	<b>301</b>	<b>632</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	574	271	0	864
- to replace existing assets	617	559	924	986
Increase (decrease) in reserves	(5)	31	33	(510)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>1,186</b>	<b>861</b>	<b>957</b>	<b>1,339</b>
<b>Surplus (deficit) of capital funding</b>	<b>(694)</b>	<b>(684)</b>	<b>(656)</b>	<b>(708)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

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

#### Parks, Reserves and Swimming Pools

The Russell Park Splash pad was completed this year with funds carried forward from the previous year. The Skate Park and Carpark were also completed as part of the Russell Park Upgrade Plan. The equipment at A'Deane Park was also upgraded this year.

#### 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 earthquake strengthening for the Waipukurau Memorial Hall was delayed in 2015/16 to allow for discussions with the hall users and plans to be developed. The upgrade was completed this year with carry forwards from previous years funding and the loan approved as part of the Long Term Plan 2015-25 and Annual Plan 2016/17.

#### Property and Buildings

The upgrade of the Administration Building was completed funded from carry forwards (\$162K) with the balance from current year renewals.

There is a group carry forward of \$220k for renewals. This is for the completion of Camp Ground upgrades, District Halls, Cemeteries and Waipawa Pools.



# Statement of Comprehensive Revenue and Expense

	Actual 2016 \$000	Note	Budget 2017 \$000	Actual 2017 \$000
<b>Revenue</b>				
Rates revenue	18,210		18,531	18,520
Subsidies and grants	6,827		6,563	7,005
Interest and dividends	278		225	173
Fees and Charges	2,344		2,228	2,744
Development contributions	20		111	45
Other revenue	239		175	205
<b>Total revenue</b>	<b>27,918</b>		<b>27,833</b>	<b>28,692</b>
<b>Expenditure</b>				
Personnel costs	3,781		3,902	4,111
Depreciation and amortisation	12,230	2	12,107	12,093
Finance costs	265		261	216
Other operating expenses	12,692	2	11,558	13,441
<b>Total operating expenditure</b>	<b>28,968</b>		<b>27,828</b>	<b>29,861</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(1,050)</b>		<b>5</b>	<b>(1,169)</b>
<b>Other (Gains)/Losses</b>				
Infracon Liquidation Proceeds	(304)		0	(63)
(Gains)/Losses on Public Debt	(41)		0	(71)
(Gains)/Losses on Investments	5		0	24
Heritage Assets Recognition	(280)		0	0
Impairment of Solid Waste Assets	249		0	0
<b>Total Other (Gains)/Losses</b>	<b>(371)</b>		<b>0</b>	<b>(110)</b>
<b>Operating surplus/(deficit) before tax</b>	<b>(679)</b>		<b>5</b>	<b>(1,059)</b>
Income tax expense	0		0	0
<b>Net surplus/(deficit) after tax</b>	<b>(679)</b>		<b>5</b>	<b>(1,059)</b>
<b>Other comprehensive income</b>				
Gains/(losses) on the revaluation of property, plant and equipment	(13,624)	10	14,707	36,823
<b>Total other comprehensive Income</b>	<b>(13,624)</b>		<b>14,707</b>	<b>36,823</b>
<b>Total comprehensive income for the year</b>	<b>(14,303)</b>		<b>14,712</b>	<b>35,764</b>

The accompanying notes form an integral part of these Financial Statements.

# Statement of Financial Position

	Actual 2016 \$000	Note	Budget 2017 \$000	Actual 2017 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,896	4	2,387	2,453
Trade and other receivables	2,460	3	2,835	2,512
Prepayments	264		164	229
Stock on Hand	48		2	23
Current Investments	0	5	0	325
<b>Total current assets</b>	<b>5,668</b>		<b>5,388</b>	<b>5,542</b>
<b>Non-current assets</b>				
Investments	2,855	5	6,095	1,900
Property, plant and equipment	748,195	6	785,846	783,894
<b>Total non-current assets</b>	<b>751,050</b>		<b>791,941</b>	<b>785,794</b>
<b>Total assets</b>	<b>756,718</b>		<b>797,329</b>	<b>791,336</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	4,813	7	5,217	4,627
Employee entitlements	295	7	313	253
Current Public Debt	688	7	2,000	2,043
<b>Total current liabilities</b>	<b>5,796</b>		<b>7,530</b>	<b>6,923</b>
<b>Non-current liabilities</b>				
Non-Current Public Debt	2,839	8	4,809	729
Provisions for Landfill Closure	2,230	9	2,376	2,067
<b>Total non-current liabilities</b>	<b>5,069</b>		<b>7,185</b>	<b>2,796</b>
<b>Total liabilities</b>	<b>10,865</b>		<b>14,715</b>	<b>9,719</b>
<b>Equity</b>				
Special & Other Funds	5,647	10	5,719	6,162
Trust Funds	185	10	195	184
Revaluation Reserve of Assets	493,836	10	529,644	530,659
Ratepayers' Equity	246,185		247,056	244,612
<b>Total equity</b>	<b>745,853</b>		<b>782,614</b>	<b>781,617</b>
<b>Total Liabilities and Equity</b>	<b>756,718</b>		<b>797,329</b>	<b>791,336</b>

# Statement of Changes in Equity

	Actual 2016 \$000	Note	Budget 2017 \$000	Actual 2017 \$000
<b>Opening Equity Balance</b>	759,990		767,901	745,853
Total comprehensive income for the year	(14,303)		14,712	35,764
Recognition of funds as a liability	(8)		0	0
Prior Year Solid Waste Impairment	174		0	0
<b>Closing Equity Balance</b>	<b>745,853</b>		<b>782,613</b>	<b>781,617</b>
<b>Components of Equity</b>				
<b>Ratepayers Equity at the beginning of the Year</b>	247,426		247,454	246,185
Net Surplus/(Deficit) for the Year	(679)		(399)	35,764
Transfers to (from) other reserves	(562)			(37,337)
<b>Ratepayers Equity at end of Year</b>	<b>246,185</b>		<b>247,055</b>	<b>244,612</b>
<b>Special &amp; Other Funds at the beginning of the Year</b>	5,062	10	5,313	5,647
Transfers to (from) Special Funds	585		406	515
Recognition of funds as a liability	0		0	0
<b>Special &amp; Other Funds at the end of the Year</b>	<b>5,647</b>		<b>5,719</b>	<b>6,162</b>
<b>Trust Funds at the beginning of the Year</b>	197	10	195	185
Transfers to (from) Trust Funds	(4)		0	(1)
Recognition of funds as a liability	(8)			0
<b>Trust Funds at the end of the Year</b>	<b>185</b>		<b>195</b>	<b>184</b>
<b>Revaluation Reserves at the beginning of the Year</b>	507,305	10	514,937	493,836
Transfers to (from) Revaluation Reserves	(13,643)		14,707	36,823
Prior Year Solid Waste Impairment	174		0	0
<b>Revaluation Reserves at the end of the Year</b>	<b>493,836</b>		<b>529,644</b>	<b>530,659</b>
<b>Total Equity at end of Year</b>	<b>745,853</b>		<b>782,613</b>	<b>781,617</b>

# Statement of Cash Flows

	Actual 2016 \$000	Note	Budget 2017 \$000	Actual 2017 \$000
<b>Cash flows from operating activities</b>				
Cash was provided from:				
Receipts from rates revenue	18,388		18,531	18,603
Subsidies and grants received	6,721		6,563	6,802
Fees and charges received	2,528		2,228	2,799
Interest received	278		225	173
Receipts from other revenue	239		265	205
Development Contributions	20		0	45
Cash was disbursed to:				
Payments to suppliers of Goods and Services	(12,441)		(15,721)	(13,454)
Payments to employees	(3,781)		0	(4,153)
Interest paid	(259)		0	(163)
<b>Net cash from operating activities</b>	<b>11,693</b>		<b>12,091</b>	<b>10,857</b>
<b>Cash flows from investing activities</b>				
Cash was provided from:				
Proceeds from sale of property, plant and equipment	6		22	75
Proceeds from investments	2,405		0	676
Cash was disbursed to:				
Purchase of investment	(1,142)		(996)	0
Purchase of intangible assets	0		0	0
Purchase of property, plant and equipment	(11,381)		(12,217)	(11,384)
<b>Net cash from investing activities</b>	<b>(10,112)</b>		<b>(13,191)</b>	<b>(10,633)</b>
<b>Cash flows from financing activities</b>				
Cash was provided from:				
Proceeds from borrowing	0	8	1,711	0
Cash was disbursed to:				
Repayment of borrowings	(1,160)	8	(667)	(667)
<b>Net cash from financing activities</b>	<b>(1,160)</b>		<b>1,044</b>	<b>(667)</b>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	421		(56)	(443)
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,475	4	2,443	2,896
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>2,896</b>	<b>4</b>	<b>2,387</b>	<b>2,453</b>

# Funding Impact Statement for the year ending 30 June 2017 (whole of council)

	Annual Plan 2016 \$000	Annual Report 2016 \$000	Annual Plan 2017 \$000	Actual 2017 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	12,020	12,048	12,374	12,306
Targeted rates	6,110	6,163	6,156	6,214
Subsidies and grants for operating purposes	2,051	3,330	2,062	3,347
Fees, charges	2,204	2,345	2,228	2,744
Interest and dividends from investments	456	278	225	173
Local authorities fuel tax, fines, infringement fees and other receipts	150	233	154	171
<b>Total operating funding</b>	<b>22,991</b>	<b>24,396</b>	<b>23,199</b>	<b>24,955</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	14,753	16,473	15,460	17,340
Finance costs	638	265	261	149
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>15,391</b>	<b>16,737</b>	<b>15,721</b>	<b>17,489</b>
<b>Surplus (deficit) of operating funding</b>	<b>7,600</b>	<b>7,658</b>	<b>7,478</b>	<b>7,466</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,501	3,497	4,501	3,657
Development and financial contributions	111	20	111	45
Increase (decrease) in debt	1,010	(1,160)	1,044	(667)
Gross proceeds from sale of assets	42	6	22	75
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding</b>	<b>5,664</b>	<b>2,363</b>	<b>5,678</b>	<b>3,111</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	1,971	138	299	1,176
- to replace existing assets	10,055	10,466	11,918	10,284
Increase (decrease) in reserves	1,238	(625)	417	(284)
Increase (decrease) of investments	0	43	523	(600)
<b>Total application of capital funding</b>	<b>13,264</b>	<b>10,022</b>	<b>13,156</b>	<b>10,576</b>
<b>Surplus (deficit) of capital funding</b>	<b>(7,600)</b>	<b>(7,658)</b>	<b>(7,478)</b>	<b>(7,466)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# 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 of 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 a 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

The accounting policies adopted by the Council are consistent with those of the previous financial year, with the exception of the voluntary change to the accounting policy for land under roads from a revaluation model to a cost model. Historically the Council's accounting policy for land under roads was to record these assets using a revaluation model, in accordance with PBE IPSAS 17: Property, Plant and Equipment. Land under roads was revalued based on the fair value of adjacent land as determined by reference to the Council's rating data and was to be completed triennially; however, due to not significant movement in the fair value the last revaluation was completed in 2011.

The Council has elected to revert to a cost model, as it has deemed this method to be more reliable and relevant. In coming to that conclusion Council considered the likelihood of land under roads being sold, the impact on depreciation and available methodologies for valuing land under roads.

The Council has retrospectively applied the cost model to land under roads as far as practically possible. Based on the application of the cost model this has resulted in a deemed cost that is equal to the fair value of land under roads recorded in the financial statements ended 30 June 2016. Therefore, there is no adjustment required to any prior period amounts not presented or any amounts included in the comparative information of these financial statements.

## 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 in 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%



Asset Category	Useful Life	Depreciation Rate
SW Channel	30 - 75	1.3% - 3.3%
Sign	15	6.7%
Street Light (Bracket)	25	4%
Street Light (Light)	6	16.7%
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%
<b>Sewerage Network</b>		
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%
<b>Stormwater</b>		
Pipes	30-100	1%-3.5%
Manholes	100	1%
<b>Water Network</b>		
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, excluding 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 is based on a cost model, as Council has deemed this method to be more reliable and relevant. In coming to that conclusion Council considered the likelihood of land under roads being sold, the impact on depreciation and available methodologies for valuing land under roads.

#### **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 of 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 2017.

#### 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:

	2017 Council \$'000	2016 Council \$'000
Insurance premiums	225	217

b) Council incurred the following expenses.

	2017 Council \$'000	2016 Council \$'000
Depreciation	12,093	12,230

c) Other Operating expense

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

	2017 Council \$'000	2016 Council \$'000
Repairs and maintenance	5,996	5,803
Contracts	2,868	2,834
Other	4,577	4,055
<b>Total</b>	<b>13,441</b>	<b>12,692</b>

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 \$210,000 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Income, and \$45,000 from Development Contributions will be held to meet future capital upgrades.

f) Revenue from Metered Water

	2017 Council \$'000	2016 Council \$'000
Metered Water Revenue	377	386



## 3 Trade and Other Receivables

	2017 Council \$'000	2016 Council \$'000
Rates Receivable - Non-exchange	706	785
Rates Receivable - Exchange (Water Meter)	120	124
NZ Transport Agency Subsidies - Non-exchange	1,070	867
General Debtors - Non-exchange	775	830
<b>Total</b>	<b>2,671</b>	<b>2,606</b>
Less Provision for Impairment of Receivables	(159)	(146)
<b>Total</b>	<b>2,512</b>	<b>2,460</b>

**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 (2016: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2017 Council \$'000	2016 Council \$'000
Individual impairment	159	146
Collective Impairment	-	-
<b>Total provision for impairment</b>	<b>159</b>	<b>146</b>

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:

	2017 Council \$'000	2016 Council \$'000
At 1 July	146	156
Additional provision made during the year	67	63
Provisions reversed during the year	(21)	(24)
Receivable written off during the period	(33)	(49)
<b>At 30 June</b>	<b>159</b>	<b>146</b>

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

## 4 Cash &amp; cash equivalents

	2017 Council \$'000	2016 Council \$'000
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	9	7
Short term deposits maturing 3 months or less from date of acquisition	2,444	2,889
<b>Total Cash and Cash Equivalents</b>	<b>2,453</b>	<b>2,896</b>

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 \$183,000 (2016 \$185,000).

## 5 Investments

	2017 Council \$'000	2016 Council \$'000
Term Deposit – Current	325	0
Bank Bonds – Non-current	1855	2,814
<b>Total Bonds</b>	<b>2,180</b>	<b>2,814</b>
	2017 Council \$'000	2016 Council \$'000
NZ Local Government Insurance Corp. Limited	44	40
<b>Total Shares</b>	<b>44</b>	<b>40</b>
<b>Total Term Investments</b>	<b>2,224</b>	<b>2,854</b>
Investments in Associates (non-controlled)		
HB LASS	1	1
<b>Total Investments</b>	<b>2,225</b>	<b>2,855</b>

## 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

2017		Opening Cost 1 July 2016	Additions*	Disposals	Transfers	Revaluation (Impairment)	Closing Cost 30 June 2017	Opening Acc Depn 1 July 2016	Depn	Disposals	Transfers	Revaluation (Impairment)	Closing Accm Depn 30 June 2017	Net Book Value 30 June 2017	Net Book Value 30 June 2016
Description															
Wastewater	Treatment	14,997	230	0	0	(1,203)	14,024	(1,473)	(666)	0	0	2,138	(1)	14,023	13,524
	Reticulation	31,170	2,712	0	0	(3,864)	30,018	(963)	(600)	0	0	1,563	0	30,018	30,207
Water	Treatment	4,062	548	0	0	(567)	4,043	(157)	(82)	0	0	239	0	4,043	3,905
	Reticulation	27,442	43	0	0	(1,176)	26,309	(1,296)	(686)	0	0	1,982	0	26,309	26,146
Stormwater		15,461	380	0	0	1,082	16,923	(504)	(259)	0	0	762	(1)	16,922	14,957
Roading**		626,098	5,723	0	0	28,103	659,924	0	(7,764)	0	0	7,764	0	659,924	626,098
Solid Waste		300	12	0	0	0	312	0	(8)	0	0	0	(8)	304	300
Landfill		6,741	(226)				6,515	(1,219)	(220)				(1,439)	5,076	5,522
<b>Total</b>		<b>726,271</b>	<b>9,422</b>	<b>0</b>	<b>0</b>	<b>22,375</b>	<b>758,068</b>	<b>(5,612)</b>	<b>(10,285)</b>	<b>0</b>	<b>0</b>	<b>14,448</b>	<b>(1,449)</b>	<b>756,619</b>	<b>720,659</b>
Land		10,216	0	0	0	0	10,216	0	0	0	0	0	0	10,216	10,216
Buildings		13,936	1,205	0	0	0	15,141	0	(1,300)	0	0	0	(1,300)	13,841	13,936
Motor Vehicles		888	222	(523)	0	0	587	(438)	(143)	271	0	0	(310)	277	450
Emergency Equipment		223	0	(15)	0	0	208	(197)	(7)	15	0	0	(189)	19	26
Misc Plant		1,565	324	0	0	0	1,889	(987)	(174)	0	0	0	(1,161)	728	578
Computer Equipment		353	70	(23)	0	0	400	(221)	(60)	22	0	0	(259)	141	132
Office Furniture & Equipment		609	16	0	0	0	625	(507)	(18)	0	0	0	(525)	100	102
Monuments		280	0	0	0	0	280	0	(4)	0	0	0	(4)	276	280
Librabry Books		1,450	82	0	0	0	1,532	(1,032)	(102)	0	0	0	(1,134)	398	418
<b>Total</b>		<b>29,520</b>	<b>1,919</b>	<b>(561)</b>	<b>0</b>	<b>0</b>	<b>30,878</b>	<b>(3,382)</b>	<b>(1,808)</b>	<b>308</b>	<b>0</b>	<b>0</b>	<b>(4,882)</b>	<b>25,996</b>	<b>26,138</b>
<b>Total</b>		<b>755,791</b>	<b>11,341</b>	<b>(561)</b>	<b>0</b>	<b>22,375</b>	<b>788,946</b>	<b>(8,994)</b>	<b>(12,093)</b>	<b>308</b>	<b>0</b>	<b>14,448</b>	<b>(6,331)</b>	<b>782,615</b>	<b>746,797</b>
Work In Progress		1,398	1,175	(1,294)	0	0	1,279	0	0	0	0	0	0	1,279	1,398
<b>Total</b>		<b>757,189</b>	<b>12,516</b>	<b>(1,855)</b>	<b>0</b>	<b>22,375</b>	<b>790,225</b>	<b>(8,994)</b>	<b>(12,093)</b>	<b>308</b>	<b>0</b>	<b>14,448</b>	<b>(6,331)</b>	<b>783,894</b>	<b>748,195</b>

Additions\*

All assets are constructed by Council.

Roading \*\*

Land under roads has not been revalued this year.

2016		Opening Cost					Closing Cost	Opening Acc					Closing Accm	Net Book	Net Book
Description		1 July 2015	Additions*	Disposals	Transfers	Revaluation (Impairment)	30 June 2016	Depn 1 July 2015	Depn	Disposals	Transfers	Revaluation (Impairment)	30 June 2016	30 June 2016	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)	0	0	0	6,741	(998)	(221)	0	0	0	(1,219)	5,522	5,766
<b>Total</b>		<b>743,642</b>	<b>8,527</b>	<b>0</b>	<b>0</b>	<b>(25,898)</b>	<b>726,271</b>	<b>(3,123)</b>	<b>(11,241)</b>	<b>0</b>	<b>0</b>	<b>8,752</b>	<b>(5,612)</b>	<b>720,659</b>	<b>740,519</b>
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
Librabry Books		1,375	75	0	0	0	1,450	(954)	(78)	0	0	0	(1,032)	418	421
<b>Total</b>		<b>26,107</b>	<b>1,753</b>	<b>(60)</b>	<b>0</b>	<b>1,720</b>	<b>29,520</b>	<b>(4,160)</b>	<b>(989)</b>	<b>40</b>	<b>0</b>	<b>1,727</b>	<b>(3,382)</b>	<b>26,138</b>	<b>21,947</b>
								0							
<b>Total</b>		<b>769,749</b>	<b>10,280</b>	<b>(60)</b>	<b>0</b>	<b>(24,178)</b>	<b>755,791</b>	<b>(7,283)</b>	<b>(12,230)</b>	<b>40</b>	<b>0</b>	<b>10,479</b>	<b>(8,994)</b>	<b>746,797</b>	<b>762,466</b>
Work In Progress		881	1,280	(763)	0	0	1,398	0	0	0	0	0	0	1,398	881
<b>Total</b>		<b>770,630</b>	<b>11,560</b>	<b>(823)</b>	<b>0</b>	<b>(24,178)</b>	<b>757,189</b>	<b>(7,283)</b>	<b>(12,230)</b>	<b>40</b>	<b>0</b>	<b>10,479</b>	<b>(8,994)</b>	<b>748,195</b>	<b>763,347</b>

Additions\* All assets are constructed by Council.

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

## Work in Progress

	2017 Council \$'000	2016 Council \$'000	Status	Estimated completion date
Porangahau Treatment Plant Upgrade	5	0	Active	Jun-2018
Waipukurau UV Treatment SH2	178	0	Active	Jun-2018
Wastewater Consents	96	83	Active	Jun-2018
District Aerators	140	0	Active	Dec-2017
Waipukurau Mt Herbert Landscaping	5	0	Active	Oct-2017
Other Parks and Reserve Projects	32	43	Active	Jun-2018
Halls, Property and Buildings Projects	818	19	Active	Sep-2017
Otane Cemetery Upgrade	5	0	Active	Sep-2017
Waipawa Water Treatment Upgrade	0	248	Complete	
Waipukurau Wastewater Aerobic Pond	0	54	Complete	
Waipukurau Mt Herbert Pump Station	0	478	Complete	
Kairakau Stormwater Drain	0	50	Complete	
Waipukurau Stormwater Upgrade	0	205	Complete	
Russell Park Splash Pad	0	126	Complete	
District Cemetery Carpark	0	92	Complete	
<b>Total</b>	<b>1,279</b>	<b>1,398</b>		

## Depreciation by Activity

	2017 Actual	2017 Annual Plan Budget	2016 Actual	2016 Annual Plan Budget
	\$'000	\$'000	\$'000	\$'000
<b>COMMUNITY LEADERSHIP GROUP</b>				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	17	0	0	0
Difference (Depreciation - renewals, loans)	(17)	0	0	0
<b>REGULATORY GROUP</b>				
Depreciation expense for the year	38	37	43	28
Renewals, Loan Funding	9	10	4	12
Difference (Depreciation - renewals, loans)	29	26	39	17
<b>LAND TRANSPORT GROUP</b>				
Depreciation expense for the year	7,801	8,777	8,757	8,624
Renewals, Loan Funding	6,341	7,800	5,988	7,700
Difference (Depreciation - renewals, loans)	1,460	977	2,769	924
<b>SOLID WASTE GROUP</b>				
Depreciation expense for the year	263	256	268	279
Renewals, Loan Funding	236	277	322	298
Difference (Depreciation - renewals, loans)	27	(21)	(54)	(19)
<b>WATER GROUP</b>				
Depreciation expense for the year	774	717	785	724
Renewals, Loan Funding	477	909	1,489	943
Difference (Depreciation - renewals, loans)	297	(193)	(704)	(219)
<b>WASTEWATER GROUP</b>				
Depreciation expense for the year	1,277	1,216	1,273	1,181
Renewals, Loan Funding	1,427	1,392	1,311	1,415
Difference (Depreciation - renewals, loans)	(150)	(176)	(38)	(235)
<b>STORMWATER GROUP</b>				
Depreciation expense for the year	259	245	259	248
Renewals, Loan Funding	134	215	321	220
Difference (Depreciation - renewals, loans)	126	31	(62)	28
<b>RECREATION AND COMMUNITY GROUP</b>				
Depreciation expense for the year	1,533	795	735	792
Renewals, Loan Funding	836	731	1,054	853
Difference (Depreciation - renewals, loans)	697	64	(320)	(61)
<b>OVERHEADS</b>				
Depreciation expense for the year	148	248	110	97
Renewals, Loan Funding	163	371	136	348
Difference (Depreciation - renewals, loans)	(16)	(123)	(26)	(251)
<b>TOTALS</b>				
Depreciation expense for the year	12,093	12,290	12,230	11,974
Renewals, Loan Funding	9,639	11,706	10,625	11,790
Difference (Depreciation - renewals, loans)	2,454	585	1,605	184



## 7 Trade and other payables

	2017 Council \$'000	2016 Council \$'000
Trade Creditors	4,212	4,130
Other Accounts Payable and Accrued Expenses	415	683
<b>Total Trade Creditors and Other Accounts Payables</b>	<b>4,627</b>	<b>4,813</b>
Other		
Current Public Debt	2,043	688
Employee benefit liabilities	253	295
<b>Total Other Current Debt</b>	<b>2,296</b>	<b>983</b>
<b>Total Current Liabilities</b>	<b>6,923</b>	<b>5,796</b>

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

	2017 Council \$'000	2016 Council \$'000
Loans as at 1 July	3,351	4,755
Net Accrued Interest Changed	43	(27)
Fair Value Adjustments	45	(41)
Plus Loans raised during the year	-	0
Less Loans repaid during the year	(667)	(1,160)
Less Loans repayable within 12 months	(2,043)	(688)
<b>Non-Current Public Debt</b>	<b>729</b>	<b>2,839</b>

Interest rates payable are in the range 5.0% to 5.75% (2016: 5.0% to 7.1%). The weighted average interest rate payable is 5.55% (2016: 6.40%).

Public Debt is due for repayment in the following periods:

	2017 Council \$'000	2016 Council \$'000
Current	2,043	688
One to Two years	729	2,090
Two to Five years	-	749
More than Five years	-	0
<b>Total</b>	<b>2,772</b>	<b>3,527</b>

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 (2016: nil).

## Internal Borrowings

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

	Council Balance 1 July 2016 \$'000	Borrowed \$'000	Interest \$'000	Principal Repaid \$'000	Council Balance 30 June 2017 \$'000
Cemeteries	108		6	(16)	92
Properties and Buildings	554		33	(23)	531
Parks and Reserves	482	271	37	(25)	728
Public Conveniences	193		12	(9)	184
Retirement Housing	0	0	0	0	0
Land Transport	109		7	(62)	47
Solid Waste	1,678		101	(92)	1,586
Stormwater	56		3	(7)	49
Theatres, Halls, and Museums	66	460	18	(29)	497
Wastewater	7,534	1,713	503	(333)	8,914
Water Supplies	1,644		99	(252)	1,392
<b>Total</b>	<b>12,424</b>	<b>2,444</b>	<b>819</b>	<b>(848)</b>	<b>14,020</b>

## 9 Provision for Landfill Decommissioning and Aftercare Cost

	2017 Council \$'000	2016 Council \$'000
Opening Balance	2,230	2,288
Effect of Discounting	67	27
Additional Provisioning	(230)	(85)
Release of Provision	0	0
<b>Closing balance</b>	<b>2,067</b>	<b>2,230</b>

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 2016 \$'000	Council Transfers from Ratepayers Equity \$'000	Council Transfers to Ratepayer Equity \$'000	Council Balance 30 June 2017 \$'000
<b>Reserves held for Emergency Purposes</b>				
Mayors Relief Fund	5	5	(5)	5
Adverse Events Reserve Fund	669	34	0	703
Catastrophic Events Reserve Fund	2,215	335	0	2,550
<b>Total</b>	<b>2,889</b>	<b>374</b>	<b>(5)</b>	<b>3,258</b>
	\$'000	\$'000	\$'000	\$'000
<b>Reserves for Future Asset Purchases</b>				
Capital Projects Fund	134	34	(248)	(80)
Ruahine Ward Disbursement Fund	622	24	(9)	637
Ruataniwha Ward Disbursement Fund	86	3	(1)	88
Aramoana Ward Disbursement Fund	229	9	(3)	235
Esplanade Reserve Fund	360	14	(50)	324
Rural Fire Reserve	97	4	0	101
Stormwater Renewal Reserve	265	93	0	358
EQC Pourerere	14	1	(14)	1
CHB District Retirement Housing Reserve	153	67	(20)	200
Infrastructure Protection Reserve	0	0	0	0
Vehicle Depreciation Reserve	156	34	0	190
LT Vehicle Depreciation Reserve	34	0	0	34
<b>Total</b>	<b>2,150</b>	<b>283</b>	<b>(345)</b>	<b>2,088</b>
	\$'000	\$'000	\$'000	\$'000
<b>Reserves held for Future Operational Costs</b>				
Elections & By-elections Reserve Fund	52	2	(22)	32
Ruahine Ward Hall Maintenance Reserve	38	1	0	39
Landfill External Sales Reserve	144	0	0	144
Library Fund	64	2	0	66
Landfill Aftercare Depreciation Reserve	152	207	0	359
District Landfill Levy Reserve	116	13	0	129
<b>Total</b>	<b>566</b>	<b>225</b>	<b>(22)</b>	<b>769</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total Special Funds</b>	<b>5,605</b>	<b>882</b>	<b>(372)</b>	<b>6,115</b>

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

	Council Balance 1 July 2016 \$'000	Council Transfers from Ratepayers Equity \$'000	Council Transfers to Ratepayer Equity \$'000	Council Balance 30 June 2017 \$'000
Te Aute Drain Channel Clearing Reserve	42	5	0	47
<b>Total Other Funds</b>	<b>42</b>	<b>5</b>	<b>0</b>	<b>47</b>
	\$'000	\$'000	\$'000	\$'000
<b>Total Special &amp; Other Funds</b>	<b>5,647</b>	<b>887</b>	<b>(372)</b>	<b>6,162</b>

#### (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 2016 \$'000	Council Transfers from Ratepayers Equity \$'000	Council Transfers to Ratepayer Equity \$'000	Council Balance 30 June 2017 \$'000
Waipawa Building Society Scholarship Trust	112	(4)	5	113
Eric Tate Scholarship Trust	70	(2)	3	71
Settlers Museum Trust Fund	0	0	0	0
Creative NZ Grants unspent	2	(2)	0	0
Rural Travel Fund	1	(1)	0	0
<b>Total</b>	<b>185</b>	<b>(9)</b>	<b>8</b>	<b>184</b>

#### (c) Asset Revaluation Reserve

	Water, Wastewater, Storm Water, Solid Waste \$'000	Roading \$'000	Total \$'000
<b>Infrastructure</b>			
Opening Balance	61,836	415,450	477,286
Revaluation	956	35,867	36,823
Revaluation Reserve Change	0	0	0
Transfer from/(to) Ratepayers Equity	0	0	0
<b>Closing Balance</b>	<b>62,792</b>	<b>451,317</b>	<b>514,109</b>
	Land \$'000	Buildings \$'000	Total \$'000
<b>Other Property Plant and Equipment</b>			
Opening Balance	7,863	8,687	16,550
Disposal of Asset (Write Back)	0	0	0
Current Year Revaluation	0	0	0
Current year Impairment	0	0	0
<b>Closing Balance</b>	<b>7,863</b>	<b>8,687</b>	<b>16,550</b>

	Council \$'000
<b>Total Revaluation Reserve</b>	
Opening Balance	493,836
Revaluations	36,823
Impairments	0
<b>Closing Balance</b>	<b>530,659</b>

## 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 (2016: nil).

## 12 Statement of Commitments

	2017 Council \$'000	2016 Council \$'000
<b>Lease payments</b>		
Photocopiers	20	27
Landfill	106	106
Takapau Transfer Station	2	2
Carbon Credits	28	22
<b>Total</b>	<b>156</b>	<b>157</b>

	2017 Council \$'000	2016 Council \$'000
<b>Non-Cancellable Lease Commitments</b>		
Less than 1 year	156	135
1 – 2 years	212	156
3 – 5 years	719	464
Over 5 years	2,479	2,586

### 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
14-Mar-19	3,000	\$19.65 per Unit
2-May-19	6,000	\$7.70 per Unit
28-Feb-20	8,000	\$12.00 per Unit
13-Mar-20	3,000	\$20.65 per Unit
12-Mar-21	5,500	\$21.75 per Unit
12-Mar-21	5,500	\$21.65 per Unit

## 13 Employee Staffing Levels and Remuneration

The Chief Executive of Council appointed under Section 42 of the Local government Act 2002, receives a salary of \$185,000 (2016 \$190,000).

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	2017	2016
\$59,999 and under	35	28
\$60,000 - \$79,999	15	13
\$80,000 - \$159,999	11	13
\$160,000 - \$189,999	1	1
<b>Total Employees</b>	<b>62</b>	<b>55</b>

	2017 Council \$'000	2016 Council \$'000
Salaries and other short term employment benefits paid		
CE and Key Management	815	813
Mayor and Councillors	291	268

	2017		2016	
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	31	31	26	26
Number of part time employees	14	25	13	23
<b>Total Employees</b>	<b>51</b>	<b>62</b>	<b>45</b>	<b>55</b>

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

There were two severance payments made during the year that were outside of contractual obligations totalling \$131,550, one for the Chief Executive of \$35,465 and one other for \$96,085. (2016: Nil).

## 15 Councillors Fees

	2017	2016
<b>Mayor</b>		
P Butler	26,973	80,287
A Walker	58,888	
<b>Councillors</b>		
Ian Sharp (Deputy Mayor)	36,173	30,000
Tim Aiken	16,563	
Kelly Annand	24,150	22,600
Shelley Burne-Field	16,563	
Sally Butler	7,587	22,600
Tim Chote	16,563	
Terry Kingston	7,587	22,600
Maitland Manning	7,587	22,600
Gerard Minehan	16,563	
Brent Muggeridge	16,563	
Terry Story	7,587	22,600
David Tennent	16,563	
Andrew Watts	7,587	22,600
Mark Williams	7,587	22,600
<b>Total</b>	<b>291,084</b>	<b>268,487</b>

## 16 Financial Instrument Categories

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

	2017 Council \$'000	2016 Council \$'000
<b>Financial Assets</b>		
Fair Value through surplus/(deficit)		
Local Authority Stock, Bonds	2,180	2,814
Unlisted Shares	44	40
<b>Loans and Receivables</b>		
Cash and Cash Deposits	2,453	2,896
Debtors and Other Receivables	2,512	2,460



<b>Financial Liabilities</b>		
Fair Value through the profit and loss		
Public Debt	2,772	3,527
Financial Liabilities at amortised cost		
Creditors and other payables	4,880	5,108

## 17 Contingencies

### Liabilities

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Central Hawke's Bay District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 4 of which are located within Central Hawke's Bay. At present there is insufficient information to conclude on potential liability and claim quantum, if any. (2016: Nil)

In November 2016 Hawke's Bay Regional Council issued a Notice of Prosecution for E.Coli exceedances at Waipawa wastewater treatment plant. Council plead guilty in March 2017 and an enforcement order was agreed to as part of the outcome in July 2017. Council was required to pay \$7,550 in costs to Hawke's Bay Regional Council in July. The enforcement order includes the commissioning of an independent review and to implement the recommendations to the value of up to \$100,000. (2016: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. (2016: 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

	2017	2016
Number of rating units	7,699	7,648
Capital Value	4,097,693,100	4,078,897,650
Land Value	2,670,211,850	2,666,983,350

### Insurance Information

	Total Value Covered \$'000	Maximum Amount Available \$'000
<b>Year ending June 2017</b>		
Insurance Contracts -Buildings, Plant & Equipment	80,222	80,222
-Infrastructure	125,000	25,000 Loss Limit
Financial Risk Sharing	0	0
Self Insured	0	0
<b>Year ending June 2016</b>		
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

### Total Replacement Costs (TRC)

Water	58,042,478
Wastewater	79,928,588
Stormwater	27,406,608
Roading	847,086,973
<b>Totals</b>	<b>1,012,464,647</b>

# Elected Council Members

## MAYOR

### Alex Walker

317 Farm Road, RD4,  
Waipukurau 4284  
Phone: +64 27 860 7752  
alex.walker@chbdc.govt.nz

The Central Hawke's Bay District Council comprises of  
Her 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

### Tim Aitken

190 The Brow Rd, RD3,  
Waipawa 4273  
Phone: +64 27 472 4587  
tim.aitken@chbdc.govt.nz

### Shelley Burne-Field

15 Lake Street,  
Takapau 4203  
Phone: +64 27 630 6363  
shelley.burne-field@chbdc.govt.nz

### Brent Muggeridge

243 White Road, RD2,  
Otane 4277  
Phone: +64 21 332 353  
brent.muggeridge@chbdc.govt.nz

### David Tennent

4397 State Highway 2, RD1,  
Takapau 4286  
Phone: +64 6 855 8154  
david.tennent@chbdc.govt.nz

## RUATANIWHA WARD

### Kelly Annand

5 Francis Drake St  
Waipukurau  
Phone: +64 27 479 4000  
kelly.annand@chbdc.govt.nz

### Time Chote

64 Abbotsford Road,  
Waipawa 4210  
Phone: +64 27 448 2014  
tim.chote@chbdc.govt.nz

### Gerard Minehan

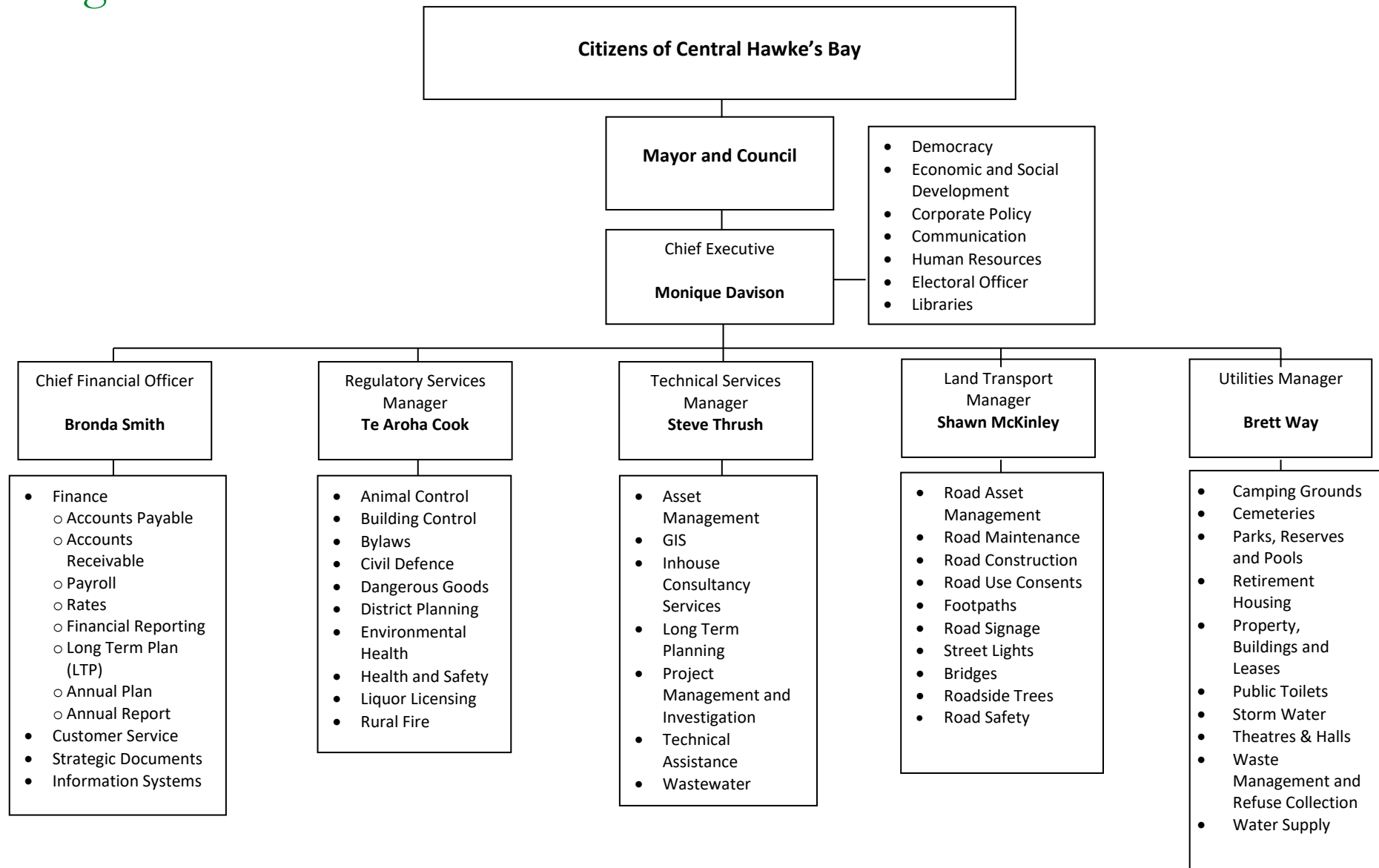
51 Mt Herbert Road,  
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Phone: +64 27 479 3773  
gerard.minehan@chbdc.govt.nz

### Ian Sharp

44 Mangatarata Rd RD 5  
Waipukurau  
Phone: +64 21 614 311  
ian.sharp@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](http://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.

<b>Rates</b>	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.
<b>Revenue and Financing Policy</b>	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).
<b>Significance</b>	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.
<b>Subsidies</b>	Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).
<b>Targeted Rates</b>	Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.
<b>Transfer to/from Reserves</b>	Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.
<b>User Charges</b>	The charges levied for use of Central Hawke's Bay District Council services (eg building consent fees, health inspections).
<b>Working Capital</b>	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.



