



CENTRAL
HAWKE'S BAY
DISTRICT COUNCIL



**Together
we thrive!**
E ora ngātahi ana!

Annual Report 2017-18

Our vision for Central Hawke's Bay is a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand.



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Together we thrive!

Our Strategic Direction for Central Hawke's Bay

What we know - Our DNA -



WORKING TOGETHER

Central Hawke's Bay will be stronger when we work together. Partnerships and collaboration are at the core of everything we do.



CUSTOMER EXCELLENCE

The communities we serve are our customers. They are at the heart of our decisions, interactions and communication. We'll engage with our customers to deliver value and exceed expectations.



THINKING SMARTER

We need to think smarter and better in everything we do. With a culture of innovation and continuous improvement we will add value to our communities.

What we stand for - Our Values -



Our values capture who we are and what matters most to us. They are the attitudes we embrace as individuals, teams and as a whole organisation. We are all personally responsible for acting with these in mind.

- T** TRUST - We create trust by acting with integrity.
- H** HONESTY - We do what is right even when no one is looking.
- R** RESPECT - We have respect for each other, our community and our stakeholders.
- I** INNOVATION - We find smarter ways to do things to produce improved and sustainable results.
- V** VALUING PEOPLE - We are one team, supporting each other to succeed.
- E** EXCELLENCE - We deliver exceptional results.

What we're most proud of - Our Greatest Asset -

People are our greatest asset. At Central Hawke's Bay District Council we are committed to providing a safe and great place to work that values diversity and inclusion, and develops skilled people who can lead our community to thrive.



Why we do what we do - Our Purpose -

It's our goal to create an environment that supports a thriving Central Hawke's Bay district, by providing efficient and appropriate infrastructure, services and regulatory functions.



The outcomes we want to achieve - Our Objectives -



- A proud district.
- A prosperous district.
- Strong communities.
- Connected citizens.
- Smart growth.
- Environmentally responsible.
- Durable infrastructure.

How we'll reach our outcomes - Our Focus -



- Promoting smart growth.
- Attracting and enabling business success.
- Strengthening our district and community identity.
- Protecting and promoting our unique landscape.
- Planning for tomorrow to future-proof Central Hawke's Bay.

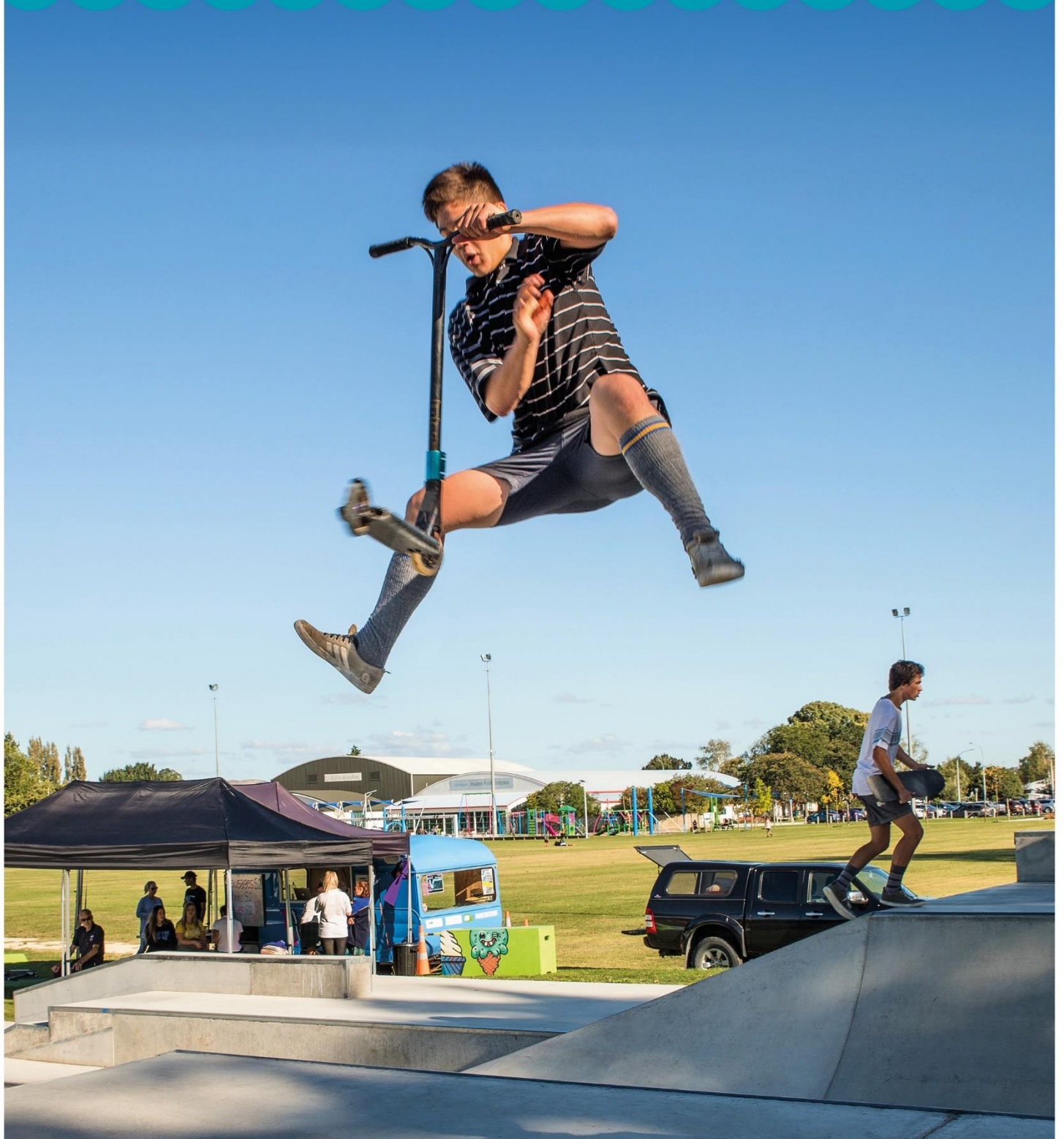
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Introduction and Overview



Kia ora from the Mayor and Chief Executive

Nau mai

It gives us great pleasure to present to you the Annual Report for 2017/2018.

The Annual Report is an opportunity to reflect on the past financial year and report on the progress Council has made towards achieving the plans that were agreed with the community in the 2015-25 Long Term Plan. The 2017/18 financial year is Year Three of the Long Term Plan.

Central Hawke's Bay District Council has travelled a long way since November 2016. After doing some thinking and planning, following Project Thrive in the previous financial year, we came back out to the community in November 2017 with the #bigwaterstory expo to check in and see if we were on the right track. After a lot more work we talked to you during the Long Term Plan formal consultation. So this Annual Report reflects the culmination of over 18 months of work, where we have focussed on engaging with community to get the vision, direction and priorities for this District focussed and transformational.

The work over the last 12 months to back a bold and ambitious Long Term Plan 2018-2028, presents many opportunities and challenges for us as a community moving forward.

The Long Term Plan 2018-2028 required a change in focus within the organisation to ensure we were in a position to deliver, not only those services we are required to do, but also the services that are important to making Central Hawke's Bay the thriving, prosperous community that we know it can be.

Following the appointment of Monique Davidson, Chief Executive the organisation underwent a significant realignment to ensure the leadership and skills within the organisation reflected the priorities and vision of Thrive.

The changes are enabling a better connected organisation, by reducing silos within the organisation, introducing an enhanced collaborative and strategic approach at the senior level and focus

on customer excellence, partnerships and innovation.

So much of what we do as a Council is a reflection of the skills and expertise of Council staff, elected members and volunteers working alongside members of the public. We thank you all for your service and achievements. You are all fantastic ambassadors for our district and work hard to look after the place we love.

Now the hard work continues – the work to deliver on the Long Term Plan, a bold and ambitious work programme that sets out to ensure as a community we have got the basics right while creating an environment for social and economic growth.

Together we will thrive!

E ora ngatahi ana!



Alex Walker
Mayor



Monique Davidson
Chief Executive

Kia Ora from your Councillors

With the election in September 2016, 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 for the 2017/18 year, 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 were 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 2017, we 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 District Plan subcommittee has been working over the last year to revitalise the plan to ensure that it is enabling a thriving district.

In March 2017, Monique Davidson was appointed as the new Chief Executive. 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.

The financial year ended 30 June 2018 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 continued focus on developing a fit for purpose solution to the treatment of wastewater for Waipukurau and Waipawa. An independent review was commissioned and this has resulted in an investigation of possible solutions. Reviews of what work is required, how much it will cost, how it will be prioritised and how it could be funded will be carried out during 2018 and 2019.

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.



Key Initiatives and Projects

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

Waipukurau and Waipawa Wastewater Treatment Plants

While developing the capital program for the 2018-28 LTP, we continued to deal with the issue of breaching resource consent requirements at the Waipukurau and Waipawa Wastewater Treatment Plants.

The resource consents for the Waipukurau and Waipawa were renewed as required in 2008. This required the treatment plants to be upgraded and between 2009 and 2012 over 20 options were considered. After a decision by Council, the Wastewater treatment plants were upgraded in 2013 & 2014 for \$6.34m. Since then we have made additional investment of \$2.39m to improve the performance of the treatment plants. Despite these actions, the treatment plants continued to breach consent requirements for Ammonia and E.coli. In March 2017, Council was prosecuted for breaching E.Coli limits at Waipawa. This has resulted in a court enforced review of the treatment plant.

At the same time, Council were experiencing significant complaints regarding odour at Waipukurau Treatment Plant and continued Ammonia exceedances. As a result an additional independent review was commissioned with the resulting report released publicly in November 2017.

While we are no longer breaching E.coli consent conditions at Waipawa, the removal of Ammonia is still an issue at both plants. Ammoniacal nitrogen has an effect that plant growth in the river is accelerated.

There is more detailed investigation work to do to find a viable solution for these issues which will include community and expert input. Two options highlighted in the Report include activated sludge treatment or discharge to land. The estimated costs for these options range between \$11.9m and \$36m. While investigation allowances and minor improvements are budgeted in the proposed capital program of \$2.1m, we understand that more significant investment will be needed and will require formal consultation with the community once the

viable options have been identified and funding options determined.

Reviews of what work is required, how much it will cost, how it will be prioritised and how it could be funded will be carried out during 2018 and 2019. A Project Terms of Reference was adopted by Council on 5 April as the beginning of the investigation. This is likely to result in an amendment to this Long Term Plan sometime over the next 1 to 2 years.

The District Plan Review

The District Plan is an important document that provides for change, development and use of the environment in our district, while protecting and safeguarding it for future generation.

The District Plan is prepared by Council and controls the land use and subdivision of land in the district through zoning. The District Plan addresses resource management issues in the District and sets out how the Council will manage the environment. District Plans also contain objectives, policies and rules that Council will use to manage the use of land in its area. Rules in the Plan control what people can do in the environment and cover things such as noise and the location and height of buildings.

In 2012, a review of the Operative District Plan commenced. A District Plan Working Party (DPWP) was set up by Council. The DPWP agreed to base the review on three broad geographical areas – Rural Zone, Coastal (defined as the Coastal Margin Zone) and Urban Centres. This approach is being used to develop the draft Plan.

The Council had clear direction during the election and then again during Project Thrive that the District Plan was no longer appropriate for the district. So in June 2017, Council agreed to fast track the review of the District Plan and approved additional funding to enable the preparation of a draft Plan by the end of 2018. The DPWP are on track to deliver the draft plan and this, along with the LTP, are the key documents

Council's Strategic Direction

Developing a clear strategic direction for Central Hawke's Bay District Council was 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 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 were considered as part of the Long Term Plan development and are also informing the review of the District Plan.

As the development of the Long Term Plan 2018-28 progressed, Council also developed the high level Strategic Plan for the Council including a new Vision and Mission. The outcome of this development has been encapsulated in our Strategic Direction on a page and this can be seen on page 2. This Strategic Direction helps us when we are considering new opportunities or initiatives and ensures that we are keeping the outcome of Project Thrive right at the centre of Council.

Below are a number of the strategies Council identified for development as an outcome of Project Thrive.

Community Well-being Strategy

Council adopted the Community Well-being Strategy in December 2017 and has developed four action plans as part of the delivery of the strategy. The implementation of the action plans form part of the measures for the levels of service for the Economic and Social Development Activity.

Over the next three years, Council will continue to review the Strategic Framework and will be coming to the community for input.

Environmental Strategy

Council is working on the development of an Environmental Strategy that will help Council with the way it will deliver its services in the future and help to identify further initiatives that may form part of Council's services. This is in recognition of how important the natural environment is to the community. The strategy will allow us to work collaboratively across the region on positively improving our environmental footprint, alongside our community partners.

Economic Development Strategy

During the 2018/19 year, Council will be developing a Council Economic Development Strategy that will help to give clarity to the community of the role Council will play in Economic Development. It will also identify the actions that will assist Council to deliver on the levels of service included as part of the Long Term Plan in the Economic and Social Development activity.

External Funding

A key focus for Council is accessing external funding to assist with the affordability of capital projects that are included within the Long Term Plan. Both the Mayor and Chief Executive have started conversation with a number of agencies and possible funding partners including Central Government and these continue. Accessing funding from opportunities such as the Provincial Growth Fund announced by the Labour Government will form part of the Strategic programme during the course of the Long Term Plan.

#the BIG Water Story

As part of Project Thrive, the importance of water to our community was one of the loudest messages. This, combined with a vision for growth and prosperity, environmental responsibilities, as well as strong and durable infrastructure is how #bigwaterstory began.

We are already experiencing significant growth in Central Hawke's Bay and we are expecting as many as 1025 new households in the next 30 years. Of those households, 535 are expected in the next 10 years. To build our network so that we can support this growth, we need to carry out improvements to the existing water networks. We are expecting that this will take at least 10 years to do, and will then give us opportunities to grow our network to attract new industry and employment to the District.

During the development of the Long Term Plan, the programme of upgrades and improvements was established and we wanted to ensure we were on the right track. In November 2017, we held an expo in Waipukurau and had a stall at the A&P show to gather your feedback on the projects and timing.

This programme has been included as part of the LTP so we can ensure that the drinking water, wastewater and stormwater infrastructure is able to meet the current and future needs of the community.



Waipawa and District Centennial Memorial Baths.

The Waipawa and District Centennial Memorial Baths were opened in 1962 thanks to significant fundraising by the Central Hawke's Bay community.

In late 2017, we discovered significant age related defects and cracks and concrete and plaster works when the old paint work was taken off for repainting. The cost to fix this was an additional \$100,000 to what was already budgeted. We have also known that the pool filter could break at any time. In the last LTP it was agreed that if the filter broke down funding from the community would be required as there was no budget allocated. The filter would cost approximately \$250,000 to replace and bring it up to NZ standards.

Due to the poor condition of the Waipawa and District Centennial Memorial Baths it was unable to be opened for the 2017/2018 summer period.

Prior to the discovery, Council had started investigation work on the development of the Waipawa Baths with the view to go out to the community as a separate consultation with a number of possible options. Due to the pool not being open for the 2017/18 year and this being a reduction in the level of service to our community, we made a commitment at the public meeting held at the pool in December 2017 that this would be included in the consultation for the LTP.

Council agreed to upgrade the Waipawa and District Centennial Memorial Baths as part of the LTP by doing a staged project. A staged approach to the completion of the pool allows time for the community to do the fundraising for the completion of the project. The current pool will be replaced by a 25m lap pool and a 7m Learn to Swim pool. This will be completed in the first year of the LTP at a cost of \$900k with Council loan funding \$650k. The \$250k remaining will need to be fundraised via sponsorship and from the wider community. This has been underwritten by the Council from reserves to ensure the project is completed for the 2018/19 summer. Council will be seeking significant community partnership to ensure a successful project.

Pukeora Hill UV Treatment

We have been working towards upgrading the Waipukurau Water Supply to meet the requirements of the New Zealand Drinking Water Standards. This work started a number of years ago by assessing the water catchment. This investigation indicated that we needed to upgrade the existing treatment process for the Waipukurau water supply from the basic chlorination system to a more comprehensive UV treatment process.

The upgrade involved a number of subcontractors from construction of the building by a local builder, general civil works to more specialised stainless steel pipe installation. In addition, we used the specialist subcontractor to design and install the control system, which manages the UV reactors and dialogues with the existing pump station located on the flat area below the reservoir.

This is the third UV installation we have undertaken over the past 3 years, which started with the upgrade to the Waipawa - Otane water supply at Tikokino Road pumping station.



Harker Street Overbridge Access

Access via the overbridge was temporarily closed in July 2014 following an accident under the bridge. KiwiRail through Riverside Construction Ltd carried out repairs to the damaged bridge. Concrete blocks were put in place to restrict traffic access however pedestrians were able to gain access as a temporary measure.

A long term solution was agreed by Council to provide access to light vehicles, cars, pedestrians and cyclists. The width within the underpass has been reduced and a height restriction placed in advance of the rail structure on both sides to allow access for normal passenger vehicles and not larger vehicles, which would have the potential to damage the rail bridge. There is also separated access for pedestrians and cyclists to enhance their safety.

An official opening of Harker St took place on Tuesday 19 June.



Peel Street Upgrade

Work was undertaken on Peel Street between Herbert Street and Northumberland Street in Waipukurau to upgrade the road and footpath.

Council instigated the Peel Street Rebuild due to ongoing past road surface failures, where upon investigations found the supporting structure of the road was insufficient to support the current traffic loading accentuated by increased commercial vehicles movements.

During the project the water main was also replaced and the footpath realigned on the corner of Peel and Herbert Street to allow for safer access on to Herbert Street. This avoided the potential of having to interrupt service over the next couple of years to replace the water main.



Waipukurau Wastewater Aeration and Misting System.

During 2017 a large project was undertaken to reduce the odour coming from the Waipukurau oxidation pond that is part of the wastewater treatment plant. A number of investigations were carried out to assess the cause of the issue and processes put in place to try to reduce the odour.

This culminated in the introduction of aeration equipment in the pond to help bring more dissolved oxygen into the water. A misting system was also installed prior to the Christmas period. Both of these processes have significantly reduced the odour coming from the ponds and feedback from residents has been positive.



Financial Performance

This section of the report provides an overview of our financial performance for the year ended 30 June 2018. This overview provides an explanation to our financial statements and notes on pages 71 to 102.

Overall Results

For the financial year Council had a deficit of \$243k compared to a budget deficit of \$433k. Overall income was above budget by \$3.3m with total operating expenditure over budget by \$4m. The table and explanations below illustrate this.

Financial Overview

	2017 COUNCIL ACTUAL \$'000	2018 COUNCIL BUDGET \$'000	2018 COUNCIL ACTUAL \$'000
Total Revenue	28,692	28,192	31,555
Operating expenditure	17,552	15,670	19,674
Finance Cost	216	433	195
Other (Gains) and Losses	(63)		
Net Surplus/(Deficit) excluding non cash movements	10,987	12,089	11,686
Non Cash Movements			
Depreciation	12,093	12,522	11,876
Other Gains and Losses	(47)	0	53
Net Surplus/(Deficit)	(1,059)	(433)	(243)

Explanations

- Subsidies received from NZTA were higher by \$2.1m primarily to cover expenditure for the two flooding events during the 2017/18 year
- Income from Fees and Charges were above budget by \$694k 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.
- Other Revenue for the year was \$372k higher from Land Transport and Wastewater.
- Operating expenditure is above budget due to the following:
 - Land Transport cost for maintenance were higher by \$1.451m which is offset by a reduction in renewals approved by NZTA
 - Land Transport cost for maintenance were higher by \$1.08m due to the flooding events mainly offset by subsidy from NZTA
 - Land Transport costs for maintenance were higher by \$306k from last year's weather events with funds carried forward from last year to cover the extra expenditure
 - District Plans costs are higher by \$346k with funds carried forward from last year to cover the expenditure
 - Higher Personnel Costs of \$201K based on the reorganisation

Statement of Maori Contribution to Decision-Making

Maori Contribution

The purpose of the Māori representation is to provide advice and guidance to Council.

This is a valued relationship. Council continues to develop a much stronger relationship with Te Taiwhenua O Tamatea, who represent all 9 marae in Central Hawke's Bay.

Te Taiwhenua o Tamatea have appointed their Chair, Professor Roger Maaka as their representative at every scheduled ordinary, special, and extraordinary meeting of full Council. This representative does not vote.

Council is continuing to work closely with Te Taiwhenua o Tamatea to develop a partnership accord. This partnership accord is currently in draft form and is with marae in Central Hawke's Bay for feedback.

Maori Wards

The Local Electoral Act 2001 gives Council the ability to establish separate wards for Māori 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 Māori roll.

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

Council conducted a representation review in 2017 and resolved that "Council does not establish Māori ward/s as provided for in the Local Electoral Act 2001, at this time."

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 2018 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 2018

The Auditor-General is the auditor of Central Hawke's 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 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 72 to 75 and pages 77 to 102:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 76, 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" on pages 19 to 64:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, 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 19 to 64, 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 19 to 64, 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.

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 about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 66 to 71, 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 our 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 or Long Term 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" 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 14, 18, 65 and 103 to 107, 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 our report on the disclosure requirements and the audit of the 2018-28 long term plan, we have no relationship with or interests in the District Council.



David Borrie
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Council Services



Groups of 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:

Community Leadership Group



Leadership, Governance and Consultation



Economic and Social Development

Land Transport Group



Land Transport

Planning and Regulatory Group



District Planning



Building Control



Animal Control



Land Use and Subdivision Consents



Public Health



Emergency Management & Bylaws

Recreation and Community Facilities Group



Parks, Reserves and Swimming Pools



Retirement Housing



Theatre, Halls and Museums



Property and Buildings



Public Toilets



Libraries



Cemeteries

Solid Waste Group



Solid Waste

Stormwater Group



Stormwater

Water Supplies Group



Water Supplies

Wastewater (Sewerage) Group



Wastewater (Sewerage)

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 which is currently a dormant company. The three Council Organisations are CHB Promotions Inc, CHB Early Settlers Museum Society, and the Howard Estate Advisory Board.

Why are we involved?

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

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

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

Our historic and cultural heritage is protected for future generations

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

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

We plan to develop sustainably and with minimal environmental impact

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

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

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	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>Target not achieved</p> <p>2 formal submissions were made during the 2017/2018 year on issues which could affect the ratepayers of Central Hawke's Bay.</p> <p>These covered:</p> <ul style="list-style-type: none"> • Hawke's Bay Regional Council Long Term Plan • Heretaunga Tamatea Claims Settlement Bill <p>However 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>Target achieved.</p> <p>A total of 37 Council and Committee meetings were held in 2017/2018.</p> <p>These included: 13 Council, 7 Risk & Audit, 7 Finance and Planning Committee, 4 Community and Development Committee, 4 Environmental and Regulatory Committee and 2 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>Target achieved.</p> <p>Consultation on the Bylaws Review was conducted during the year and closed for submissions on 10 November 2017.</p> <p>Consultation on the Long Term Plan was conducted during the year and closed for submissions on 29 March 2018.</p> <p>Consultation on the Solid Waste Minimisation Plan was conducted during the year and closed for submissions on 24 May 2018.</p> <p>All 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>Target achieved.</p> <p>The 2016/2017 Annual Report was adopted within statutory timeframes.</p> <p>The 2018-28 Long Term 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.

During the year, Council took a more active involvement in local and regional economic development activities. This year has included re-engaging with many sectors that Council has not been historically been engaged with for some time to reinvigorate relationships and opportunities. In the last 12 months, some of the re-engagement Council has undertaken includes:

- Council has a clear and vocal presence on Matariki Reds, the Hawke's Bay Regional Economic Development Strategy Leadership Group.
- Regular established forums with trades and such as builders and developers
- Regular meetings with local retail groups and promotion groups
- Attendance and engagement in regional Trade and Enterprise, Business Hawke's Bay, Think Hawke's Bay and other forums advocating for Central Hawke's Bay
- Forums for regional economic development practitioners to engage

This early re-engagement work will place Council well in the development of its Economic Development Strategy now planned for the 2018/19 year.

Over the period, Council adopted the Community Well-being Strategy in December 2017 and has developed four action plans as part of the delivery of the strategy. The implementation of the action plans form part of the measures for the levels of service for the Economic and Social Development Activity for the 2018 – 2028 Long Term Plan. Over the next three years, Council will continue to review the Strategic Framework and will be coming to the community for input.

Formalised stakeholder meetings have also been held with:

- Community Reference Group – This is comprised of Senior Responsible Officers of Central Government Agencies that meet and report to Council on Central Government matters on those most challenged or underrepresented in our community.
- Disability Reference Group, Safer Central Hawke's Bay, Positive Ageing and Youth Development Forums that meet regularly to discuss and highlight areas of concern and opportunity.

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 2017/2018?	ACHIEVED LEVEL OF SERVICE
CHB Promotions fulfils its contract obligations	Contractual objective are met including: Linking activities with HB Tourism Regional Strategy	Target achieved. <ul style="list-style-type: none"> Continuation of the Central Hawke's Bay Tourism Coordinator role based out of CHB Promotions. 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.
	Increase visitor number spend annually	Target achieved. Spend in Central Hawke's Bay has increased from \$31m to \$37m.
	Running 3 successful events	Target achieved. Three successful events this year were the Christmas Parade, The Spring Fling and The Little Easy. All three events were well received and attended.
	Increase the availability of Visitor information	Target achieved. <ul style="list-style-type: none"> High profile on the Hawke's Bay Tourism website with link on homepage Growing content and 'likes' on the Central Hawke's Bay Facebook Page
Community Development Coordinator completes the project	Project plan milestones including: Implement the Central Hawke's Bay Economic Development Strategy	Target in progress Council has not specifically implemented the Central Hawke's Bay Economic Development Strategy, with the strategy being paused in the absence of an Economic Development Officer. The strategy will be developed in the 2018/19 year. Council has actively participated in the Regional Economic Development Strategy and Social Inclusion Strategy which sits under the Matariki framework.
	Implementing the Positive Aging Strategy	Target achieved. <ul style="list-style-type: none"> Positive Ageing Action Plan being implemented in CHB In addition <ul style="list-style-type: none"> Safe Communities Action Plan being implemented in CHB Disability Reference Group Action Plan being implemented in CHB Youth Development Action Plan being implemented in CHB-

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
	Implementing the Youth Strategy for CHB	Target achieved. <ul style="list-style-type: none"> Youth Development contract delivered by EPIC Ministries Inc. and all key performance indicators achieved.
	Developing the Council / Taiwhenua relationship	Target achieved. <p>Council continues to develop a much stronger relationship with Te Taiwhenua O Tamatea, who represent all 9 marae in Central Hawke's Bay. Te Taiwhenua o Tamatea have appointed their Chair, Professor Roger Maaka as their representative at every scheduled ordinary, special, and extraordinary meeting of full Council. This representative does not vote.</p> <p>Council is continuing to work closely with Te Taiwhenua o Tamatea to develop a partnership accord. This partnership accord is currently in draft form and is with marae in Central Hawke's Bay for feedback.</p>

Funding Impact Statement for the year ending 30 June 2018 for Community Leadership Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	759	781	889	896
Targeted rates	26	27	26	27
Subsidies and grants for operating purposes	25	25	25	40
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
Total operating funding	810	833	940	964
Applications of operating funding				
Payments to staff and suppliers	565	578	703	798
Finance costs	0	0	0	0
Internal charges and overheads recovered	245	255	252	275
Other operating funding applications	0	0	0	0
Total applications of operating funding	810	833	955	1,074
Surplus (deficit) of operating funding	0	0	(15)	(110)
Sources of capital funding				
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
Total sources of capital funding	0	0	0	0
Applications of capital funding				
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	0
Increase (decrease) in reserves	0	0	(15)	(110)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	0	0	(15)	(110)
Surplus (deficit) of capital funding	0	0	15	110
Funding balance	0	0	0	0

Expenditure was over budget mainly due to the payment of the Grant to the Tamatea Trails (\$22K), the contribution to the Rotary Rivers Pathway Trust for the Contribution to the Swing Bridge from the Esplanade Reserve (\$50K) and the grant to the Crematorium Chapel (\$10K).

Income is over budget based on the funding for Youth Development not being included in the budget (\$10K).

Planning and Regulatory Group



District Planning

What does this activity involve?

Council is required by the Resource Management Act 1991 (RMA) to commence a review of the District Plan every 10 years. Council has decided to undertake a full review of the District Plan to ensure that the Plan is compliant with the provisions of the RMA and also reflects best practice and national regulations.

Council has committed to the completion of a draft District Plan by 31 October 2018. This is an ambitious milestone and has involved a focused effort by staff and consultants to identify and assess the main resource management issues in the district.

The review has focused on four main resource management issues in the district and much of the review has been concentrated on these issues. They are the Urban, Rural and Coastal Environments as well as the Subdivision Chapter. A number of issues have been identified as part of the review of these issues and have been appropriately addressed in the review.

The remaining chapters of the review, being heritage, utilities, signage and transport, are now being addressed and discussed with the Sub-committee comprised of Councillors and two representatives from Tamatea O Taiwhenua.

Once the draft has been completed it will be made available to the public for comment before being amended and released as a Proposed Plan. Councillors intend to arrange meetings with key industry and stakeholder groups to discuss the new provisions in the plan with the Central Hawkes Bay community and encourage feedback on the draft.

Council will provide details of the date and time of community meetings when these have been finalised.

Why are we involved?

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

Community Outcomes that this activity contributes to

We plan to develop sustainably and with minimal environmental impact

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

What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Full review of the District Plan within required timeframes	Milestones met to complete plan for notification in 2016/2017.	<p>Target on track</p> <p>Progress with review of the Plan continues at anticipated level with the resource of one full time staff member as well as a part time project support officer.</p> <p>Key milestone report dates have been achieved with the completion of the Urban, Rural, Coastal and Subdivision Chapters as programmed when the review began in August 2017.</p> <p>Focus is now on the completion of the Remaining Chapters of the Review, which are scheduled to be reported back to the District Plan Subcommittee on 29 August and 26 September ahead of completion of the draft by 31 October 2018.</p> <p>Until the number of submissions made on the draft is known next year it is difficult to determine when the final amendments to the draft for release as a Proposed Plan will happen.</p>
Ongoing monitoring of the Plan including compliance, effectiveness of revised Plan and updates for new issues	Modifications, updates carried out as required.	<p>Target N/A</p> <p>Measure not applicable until the new District Plan is adopted.</p>
Tukituki Catchment Proposal (RWSS)	Certify Management Plans, Contribution to Advisory Groups and Compliance with consent conditions	<p>Target N/A</p> <p>Measure is not applicable as the RWSS project was not continued.</p>



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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Legislative timeframes and other requirements are fulfilled when processing planning and resource consents	100% compliance with the completion of resource consents and other development applications within statutory timeframes.	Target not achieved 69% compliance with statutory timeframes achieved for the processing of planning and resource consents. High consent volumes through 2017/18 placed strain on resource levels and meant a slip in processing timeframes
Planning complaints are responded to efficiently and effectively in a manner that is fair to all parties	All complaints responded to within 10 working days.	Target achieved 4 complaints were received during the year with all responded to within set timeframes.



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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Process PIMs, LIMs, CCCs and building consents in an efficient and timely manner	All consents issued within 20 days to comply with statutory timeframe	Target not achieved. 95.2% of CCC's issued within 20 days. 96.1% of building consents issued within 20 days.
Ensure the safety of buildings through the Building Warrant of Fitness (BWOFF) regime	Advice to owners (or their agents) of BWOFF liability issues within one month of BWOFF expiry of non-compliance	Target not achieved. The schedule for buildings requiring a BWOFF has not been checked based on the processing requirements of the Building Control Authority. A change in responsibilities within the BCA in 2018/19 will see this process reinstated.
Carry out building inspections in a compliant manner	95% compliance with audit of inspection records against the inspection regime	Target achieved. 100% compliance of audit inspection records against the inspection regime.
Provide advice and education of building matters through Council's website and offices	90% satisfaction level for customers satisfaction surveys (annual survey of building consent applications)	Target not achieved. 88% satisfaction level achieved in the survey. Perceived low number of survey participants influencing averaged results. Targeted increase and changes in communications with industry is expected to reverse trend in 2018/19.



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 – 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 is now the responsibility of the Environmental Risk Management Authority (ERMA) but Council will continue to provide local support at emergency incidents involving hazardous substances because of our local knowledge, expertise and proximity.
- Monitoring and response regarding the Gambling Act 2003 and Prostitution Reform Act 2003.
- Noise control responsibilities.

Why are we involved?

This activity promotes safe food, liquor outlets and minimises other environmental hazards such as noise, which contributes to the wellbeing and prosperity of the District.

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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Provide an assurance that premises supplying food and licensed premises selling/supplying liquor, meet required standards	100% completion of annual inspection programme for compliance and follow up procedures for non-compliant premises	Target not achieved. 94% of environmental health inspections and 60% of required liquor inspections were completed. Operational process changes have altered how we count 'completed' liquor inspections, resulting in a lower number of liquor inspections being completed. EHO health inspections are up to date as per the legislative requirements under the Food Act as required by MPI. Our measure also includes Hair Dressing establishments, of which a small number were unable to be completed by the end of the financial year.
Provide advice on environmental health matters and respond to complaints	All complaints responded to within 5 working days	Target achieved. 13 environmental health complaints and 4 liquor complaints were received during the year. 100% were responded to within 5 working days.



Animal Control

What does this activity involve?

Council is involved in Animal Control for both dog control and stock control. This is a requirement of the Dog Control Act 1996, Council's Dog Control Bylaw and Livestock Movements and Animals in Public Places Bylaw.

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.
- The welfare of animals is protected.
- The public/owners are given an opportunity to become more educated on dog behaviour.
- General maintenance of public safety in relation to the keeping of animals within the District.
- Roadside grazing and wandering stock are controlled to avoid risks to public safety

Community Outcomes that this activity contributes to

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

Risks to community safety are identified and appropriately managed

Increased education on animal safety and welfare

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Provide education and advice on dog control to the community to ensure owners of animals keep their pets registered and under control	>95% of known dogs registered	Target achieved. 99.25% of known dogs are registered in the district.
Control of stock on roads and public places by responding to stock on roads causing a hazard to traffic and managing roadside stock grazing	100% response rate to all complaints and requests within 24 hours	Target achieved. 68 complaints were received during the year. 100% of complaints and requests were responded to within 24 hours.



Emergency Management & Bylaws

What does this activity involve?

Emergency Management

Council's role in emergency management is to provide an effective Civil Defence organisation to minimise the effects of disasters. Central Hawke's Bay District Council is an active member of the Hawke's Bay Civil Defence Emergency Management Group.

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 as well as undertaking education activities within the district that will enhance community resilience.

During the fourth quarter as part of the 2018 -2028 Long Term Plan processes, it was concluded Civil Defence would be funded regionally through the Regional Council, rather than through each individual Council. This new funding arrangement took effect from 1 July 2018.

The Fire and Emergency New Zealand Act 2017 came into effect on 1 July 2017, with Council resolving to transfer all Council owned rural fire assets to Fire and Emergency New Zealand. This has seen Council no longer responsible for rural fire in its previous capacity.

Bylaws

Compliance and Monitoring primarily involves responding to noise complaints and bylaw breaches, and carrying out territorial authority responsibilities as defined in legislation and relevant Council policies and bylaws.

Why are we involved?

Emergency Management

Council is statutorily required to provide these services through the Civil Defence Emergency Management Act 2002.

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.

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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Emergency responders are suitably trained and equipped to respond to disaster	Rural Fire – fire teams training levels meet industry standards	Target N/A. The role of Rural Fire was transferred to Fire and Emergency New Zealand on 1 July 2017, and therefore Council was not required to perform this function.
Enforcement – through education – of Council bylaws and related legislation with the least possible intervention on private lives	100% compliance with responses to complaints and requests within 5 working days	Target achieved. 314 complaints received during the year. 100% of complaints were responded to within 5 working days.

Funding Impact Statement for the year ending 30 June 2018 for Planning and Regulatory Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,047	1,061	1,171	1,177
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	697	715	695	951
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	10	9
Total operating funding	1,754	1,786	1,876	2,137
Applications of operating funding				
Payments to staff and suppliers	1,378	1,393	1,487	1,781
Finance costs	0	0	0	0
Internal charges and overheads recovered	366	383	378	413
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,744	1,776	1,865	2,194
Surplus (deficit) of operating funding	10	10	11	(56)
Sources of capital funding				
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
Total sources of capital funding	0	0	0	0
Applications of capital funding				
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	11	0
Increase (decrease) in reserves	0	0	0	(56)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	10	10	11	(56)
Surplus (deficit) of capital funding	(10)	(10)	(11)	56
Funding balance	0	0	0	(0)

Fees & Charges were above budget with an increase in building consents, resource consents and liquor licencing income. The increase in expenditure is for the District Plan Review which was covered by carry forwards from previous years.

Land Transport Group



Land Transport

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 is 60% for the majority of activities 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 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 2017/18	TOTAL
Emergency Re-instatement	\$2,345,277
Harker Street Overbridge Protection	\$39,379
Peel Street Area Wide Pavement Treatment	\$774,811
Re-seal Programme	\$1,701,306

Key achievements during the year

- Completion of the Land Transport Activity Management Plan using the Treasury Board Business case model as required by NZTA
- Completion and submission of our next 3 year funding request from the National Land Transport Fund
- Trialled a new dust control method using re-cycled chip and asphalt
- Trialled an improved data collection method and equipment
- Combined a 3 waters project with the Peel Street AWPT to minimise expenditure, minimise disruption and provide a fit for purpose long term solution

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Road Safety Roads that are increasingly safer	By using the NZTA accident reporting system to produce an annual report to show a reducing trend in the annual number of fatalities and serious injuries where road factors (not weather) were a contributing factor.	Target achieved There is a continued reducing trend in the number of fatalities and serious injuries where road factors (not weather) were a contributing factor measured over 10 years.
Road Condition The average quality of ride on a sealed local road network, measured by smooth travel exposure	Road surface repairs and renewals by annually determining the smooth travel exposure and to show results within the requirements of the One Road Network Classification system	Target achieved Work completed to measure smoothness of roads has influenced renewal planning and revealed CHB maintaining better than National average performance.
Road maintenance The percentage of the sealed local road network that is resurfaced.	A programme of re-seals based on the requirements as noted in the field and the forward work programme and to re-seal at least 7% of the sealed road network.	Target achieved 7.9% (68.4 km) of sealed road network resealed during the year
Footpaths The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually	Target achieved Total kilometres of footpaths: 68km 74.7 % excellent and 6.4 % poor (this is remeasured in late July of each year).
Response to service requests The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	Timely response to public enquiries by responding to 85% of the service requests within 15 days	Target not achieved 82% of the service requests within 15 days

Funding Impact Statement for the year ending 30 June 2018 for Land Transport Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	6,243	6,250	6,232	6,243
Targeted rates	59	59	50	50
Subsidies and grants for operating purposes	1,969	1,969	1,968	3,798
Fees, charges	14	14	14	28
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	138	142	142	213
Total operating funding	8,423	8,434	8,406	10,331
Applications of operating funding				
Payments to staff and suppliers	3,725	3,735	3,729	6,578
Finance costs	9	5	3	3
Internal charges and overheads recovered	944	985	972	1,062
Other operating funding applications	0	0	0	0
Total applications of operating funding	4,678	4,725	4,704	7,643
Surplus (deficit) of operating funding	3,745	3,709	3,702	2,689
Sources of capital funding				
Subsidies and grants for capital expenditure	4,501	4,501	4,501	4,771
Development and financial contributions	0	0	3	1
Increase (decrease) in debt	(50)	(54)	(47)	(47)
Gross proceeds from sale of assets	0	0	0	80
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,451	4,447	4,457	4,805
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	299	299	299	341
- to replace existing assets	7,647	7,657	7,657	7,347
Increase (decrease) in reserves	250	200	203	-195
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	8,196	8,156	8,159	7,493
Surplus (deficit) of capital funding	(3,745)	(3,709)	(3,702)	(2,688)
Funding balance	0	0	0	0

Income from Subsidies and Grants increased due to the NZTA subsidy paid for the flooding events during the year. Other receipts increased due to the funding from NZTA for the SH2 Bypass North Intersection.

Operating expenditure is above budget due to costs for maintenance being higher by \$1.451m which is offset by a reduction in renewals approved by NZTA. Costs for maintenance were higher by \$1.08m due to the flooding events mainly offset by subsidy from NZTA. Costs for maintenance were also higher by \$306k from last year's weather events with funds carried forward from last year to cover the extra expenditure.

Solid Waste Group



Solid Waste

What does this activity involve?

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

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

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

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Provide reliable and responsive kerbside collection services with kerbside collection services completed on the designated day at a regular time	Less than 2 missed collections per month recorded in the Request For Service system	Target achieved. 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	Target N/A No survey in 2017/2018 year. (Survey completed in 2016/17)
CHB waste to be diverted from landfill through provision of reuse, recycling and compost programmes	Volume of waste from transfer stations to landfill <2500 tonne per year	Target achieved 1979 tonnes of waste from transfer stations to landfill for the year
Environmental effects reduced through compliance with Resource Consents for the landfill	100% compliance with Resource Consents for the landfill	Target achieved. 100% compliance with resource consents was achieved.



Hazmobile Day - Sept 2017

Funding Impact Statement for the year ending 30 June 2018 for Solid Waste Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,293	1,331	1,312	1,318
Targeted rates	231	237	239	240
Subsidies and grants for operating purposes	43	43	43	52
Fees, charges	923	944	948	1,143
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	2,490	2,555	2,542	2,754
Applications of operating funding				
Payments to staff and suppliers	1,854	1,904	1,878	1,863
Finance costs	138	134	95	95
Internal charges and overheads recovered	281	293	289	316
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,273	2,331	2,262	2,274
Surplus (deficit) of operating funding	217	224	280	480
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(78)	(84)	(97)	(97)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(78)	(84)	(97)	(97)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	88	89	96	78
Increase (decrease) in reserves	51	51	87	304
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	139	140	183	382
Surplus (deficit) of capital funding	(217)	(224)	(280)	(480)
Funding balance	0	0	0	0

The income from fees and charges derived from waste from outside the district was higher than budgeted. Extra income of \$195K was carried forward and the minor operational savings and capital costs including prior years funding of \$131k have been carried forward for future capital projects.

Water Supplies Group



Water Supplies

What does this activity involve?

Councils are obliged to identify where potable water supplies are 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.

All of Council's 7 water supplies are assessed against the New Zealand Drinking Water Standards 2005/08. Council officers maintain a working relationship with Drinking Water Assessors to provide regular information about the quality of water against these standards. In 2017/18, Council installed further process and technical solutions to improve water quality including the installation and commissioning of a large-scale UV treatment plant at Pukeora.

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 2017/2018?	ACHIEVED LEVEL OF SERVICE												
Compliance with Drinking Water Standards (DWS) through upgrading all water systems and monitoring and testing of supplied water.	Continued compliance with the monitoring and sampling requirements of DWS as set out by the DHB	Target achieved. Council complied with the monitoring and sampling requirements as set by the DHB and assessed by Drinking Water Assessors in 2017/18.												
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)	a) Target not achieved. Progress made in 2017/18 included the install and commissioning of new plant at Pukeora. Some plants however have still failed bacterial compliance tests due to issues with instrumentation and reporting anomalies. <table><tr><td>Otane</td><td>Not achieved</td></tr><tr><td>Waipawa</td><td>Not achieved</td></tr><tr><td>Waipukurau</td><td>Not achieved</td></tr><tr><td>Takapau</td><td>Achieved</td></tr><tr><td>Kairakau</td><td>Not achieved</td></tr><tr><td>Porangahau</td><td>Not achieved</td></tr></table> While bacterial compliance have not been achieved at treatment plants in the reporting period, full compliance in reticulated networks was achieved. The non-compliance at treatment plants is due to ongoing work requirements to meet new stricter compliance levels under the Drinking Water Standards. Council are actively targeting a higher level of compliance than in previous years and Drinking Water Assessors have been supportive of this approach and the work programmes in place.	Otane	Not achieved	Waipawa	Not achieved	Waipukurau	Not achieved	Takapau	Achieved	Kairakau	Not achieved	Porangahau	Not achieved
Otane	Not achieved													
Waipawa	Not achieved													
Waipukurau	Not achieved													
Takapau	Achieved													
Kairakau	Not achieved													
Porangahau	Not achieved													
	b) Part 5 of the drinking water standards (protozoal compliance criteria)	b) Target in progress. As per the LTP, this is on schedule for being compliant by 2020 with the addition of UV treatment and filtration units as well as improvements in instrumentation and reporting. <table><tr><td>Otane</td><td>In progress</td></tr><tr><td>Waipawa</td><td>In progress</td></tr><tr><td>Waipukurau</td><td>In progress</td></tr><tr><td>Takapau</td><td>In progress</td></tr><tr><td>Kairakau</td><td>In progress</td></tr><tr><td>Porangahau</td><td>In progress</td></tr></table>	Otane	In progress	Waipawa	In progress	Waipukurau	In progress	Takapau	In progress	Kairakau	In progress	Porangahau	In progress
Otane	In progress													
Waipawa	In progress													
Waipukurau	In progress													
Takapau	In progress													
Kairakau	In progress													
Porangahau	In progress													
Ensure compliance with resource consents and the sustainable management of the water takes by ongoing monitoring and compliance and managing the water takes in periods of low flow in the districts rivers	No more than minor breaches (i.e. not sufficient to attract a fine) of consent conditions	Target achieved. There were no consent condition breaches during the year.												

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Demand Management. An agreed direction with the community and HBRC on managing water usage by having in place an approved Water Management and Conservation Strategy	The average consumption of drinking water per day per water connection is less than 1.80m ³	Target achieved. The average consumption of drinking water per day per water connection is 1.68m ³
Continuity of supply by working with contractor to ensure a continuous improvement in outages caused through leaks, breaks and pump failures	95% of outages caused through leaks, breaks, pump failures, etc. are repaired within contractual timeframes	Target not achieved. 87.17% of faults fixed within timeframes during the year. Due to outages requiring ordering of non-standard parts, organising specialist machinery to do the work, scheduling work to fix higher priority outages and planning water shut downs, some outages were outside contractual timeframes. Note: The above timeframes vary from 3 hours to 3 days depending on the outage.
Fault Response Times: Where the local authority attends a call out in response to a fault or unplanned interruption to its networked reticulation system measured by the following median response times	a) Attendance for urgent call outs: from the time that the Local Authority receives notification to the time the service personnel reaches the site ≤ 2 hours	Target achieved The median response time for urgent call outs was 15 minutes
	b) Resolution of urgent call outs: from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption ≤ 12 hours	Target achieved The median resolution time for urgent call outs was 3 hours and 53 minutes
	c) Attendance for non-urgent call outs: from the time that the Local Authority receives notification to the time the service personnel reaches the site ≤ 6 hours	Target achieved The median response time for non-urgent call outs was five hours and 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 ≤ 72 hours	Target achieved The median resolution time for non-urgent call outs was 21 hours and 39 minutes

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
<p>Customer Satisfaction measured by the total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> 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. 	<p>Number of complaints relating to drinking water received per annum ≤ 5 per 1000 connections to the local authority's networked reticulation system</p>	<p>Target achieved.</p> <p>0 complaints per 1000 connections.</p>

Funding Impact Statement for the year ending 30 June 2018 for Water Supplies Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	2,627	2,725	2,656	2,766
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	0	3
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	2,627	2,725	2,656	2,770
Applications of operating funding				
Payments to staff and suppliers	1,110	1,141	1,180	1,124
Finance costs	188	194	113	92
Internal charges and overheads recovered	571	596	589	644
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,869	1,931	1,882	1,859
Surplus (deficit) of operating funding	758	794	774	911
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	25	25	5	48
Increase (decrease) in debt	332	(253)	(234)	46
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	357	(228)	(229)	95
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	564	0	0	0
- to replace existing assets	576	591	590	667
Increase (decrease) in reserves	(25)	(25)	(45)	339
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	1,115	566	545	1,005
Surplus (deficit) of capital funding	(758)	(794)	(774)	(911)
Funding balance	0	0	0	(0)

The following details the \$77K overspend of capital compared to budget and the funding of the expenditure:

PROJECT	TOTAL \$'000	CURRENT YEAR RENEWAL \$'000	CURRENT YEAR LOAN \$'000	LOAN APPROVED DURING YEAR \$'000	CARRY FORWARDS \$'000	LOANS CARRIED FORWARD \$'000	DEV CONT \$'000
Waipukurau UV Treatment SH2	291	11				270	10
Waipawa UV Treatment Stage 2	34				34		
Otane Land Development	24						24
Waipukurau Peel Street Upgrade	88	88					
Waipukurau Second Supply	6	6					
Other Minor Projects	224	224					
Total	667	329	0	0	34	270	34
Budget	590	590	0				
Difference	77	(261)	0	0	34	270	34

The loan funding of the Second Supply for Waipukurau included as part of Year Two of the Long Term Plan (\$410K) was delayed and is now part of the Second Supply project included in the Long Term Plan 2018-28.

The group carry forward is \$782k for completion of current and future year projects which includes the \$261k unspent from this year.

The following loans have been carried forward for completion of the projects on 2018/19

ACTIVITY	AMOUNT	COMMENT
Waipukurau SH2 Pump Station Upgrade	153,750	To complete project
Otane Land Development	130,038	Balance of loan approved by Council during the year to complete project

Wastewater (Sewerage) Group



Wastewater (Sewerage)

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.

Council faces significant challenges to improve its two largest (Waipawa and Waipukurau) wastewater treatment plants. These plants represent an ongoing concern as they continue to fail to meet compliance levels and the expectations for our communities. Significant upgrades to these plants has seen major improvements in performance however further work is still required. The Wastewater Review is continuing with investigation work for the preferred options already underway and construction in some form expected to begin in 2020.

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 2017/2018?	ACHIEVED LEVEL OF SERVICE
<p>Ensure compliance with the territorial authorities resource consents for discharge from the wastewater treatment plants measured by the number of:</p> <ul style="list-style-type: none"> a) Abatement notices b) Infringement notices c) Enforcement orders d) Convictions <p>Received in relation to these resource consents.</p>	<p>Number of abatement notices received in the year: 0</p> <p>Number of infringement notices received in the year: 0</p> <p>Number of enforcement orders received in the year: 0</p> <p>Number of convictions received in the year: 0</p>	<p>Target achieved.</p> <p>Number of abatement notices received in the year: 0</p> <p>Number of infringement notices received in the year: 0</p> <p>Number of enforcement orders received in the year: 0</p> <p>Number of convictions received in the year: 0</p> <p>Note: The enforcement order received in July 2017 was reported as part of the 2016/17 Annual Report.</p>

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	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>Target achieved.</p> <p>There are currently 3463 sewerage connections to the total sewerage systems</p> <p>4.33 sewerage overflows per 1000 connections</p> <p>3.17 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 ≤ 1 hour</p> <p>Other Sewerage Faults ≤ 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 ≤ 4 hours</p> <p>Other Sewerage Faults ≤ 24 hours</p>	<p>Target achieved.</p> <p>21 overflows received during the year with 20 from blockages and 1 from other faults.</p> <p>The median response time for blockages was 55 minutes</p> <p>The median response time for other faults was 20 minutes</p> <p>The median resolution time for blockages was 2 hours 16 minutes</p> <p>The median resolution time for other faults was 2 hours</p>
Customer Satisfaction, a sewerage system that can be taken for granted by customers.	<p>Number of complaints received per annum ≤ 10 per 1000 sewerage connections about any of the following:</p> <p>a) Sewage odour</p> <p>b) Sewerage system faults</p> <p>c) Sewerage system blockages</p> <p>d) Council's response to issues with its sewerage systems.</p>	<p>Target not achieved.</p> <p>80.56 complaints per 1000 connections.</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.</p>

Funding Impact Statement for the year ending 30 June 2018 for Wastewater (Sewerage) Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	2,854	2,979	2,944	2,952
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	154	157	157	353
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	200
Total operating funding	3,008	3,136	3,101	3,505
Applications of operating funding				
Payments to staff and suppliers	1,032	1,060	1,116	1,502
Finance costs	589	616	560	535
Internal charges and overheads recovered	471	494	488	533
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,092	2,170	2,164	2,570
Surplus (deficit) of operating funding	916	966	937	936
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	76	76	10	45
Increase (decrease) in debt	(7)	423	348	(19)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	69	499	358	26
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	272	736	736	292
- to replace existing assets	637	653	549	367
Increase (decrease) in reserves	76	76	10	304
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	985	1,465	1,295	962
Surplus (deficit) of capital funding	(916)	(966)	(937)	(936)
Funding balance	0	0	0	(0)

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

The following details the \$627k underspend of capital compared to budget and the funding of the expenditure:

PROJECT	TOTAL \$'000	CURRENT YEAR RENEWAL \$'000	CURRENT YEAR LOAN \$'000	LOAN APPROVED DURING YEAR \$'000	CARRY FORWARD \$'000	LOANS CARRIED FORWARD \$'000	REDUCTION DEV CONT \$'000	IN LOAN PAYMENTS \$'000
Otane Resource Consent	59					59		
Otane Treatment Upgrade	73	52				21		
Otane Land Development	35			11			24	
Mt Herbert Pump Station	100	79				21		
Waipukurau Stormwater Aeration	267	84		145		22	16	
Waipawa Great North Road Upgrade	26	26						
Takapau Resource Consent	24	24						
Other Minor Projects	75	60				3		12
Total	659	325	0	156	0	126	40	12
Budget	1,285	549	736					
Difference	(626)	(224)	(736)	156	0	126	40	12

The renewals value of \$224k has been carried forward for the completion of current projects.

The following loans have been carried forward for completion of the projects on 2018/19

ACTIVITY	AMOUNT	COMMENT
Takapau Resource Consent	105,165	To complete project
Waipawa Great North Road Stage 2	130,038	To complete project
Otane Land Development	74,533	Balance of loan approved by Council during the year to complete project

The following loans have been delayed

ACTIVITY	AMOUNT	COMMENT
Otane Wastewater Upgrade	630,990	Being considered as part of the overview of Waipukurau and Waipawa Wastewater review

Storm Water Group



Stormwater

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.

Council proactively replaces aged reticulation infrastructure based on known condition as assessed through reported failures, condition assessments/inspections and asset data (e.g. age).

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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Maintain storm water systems to design levels with ongoing inspection, maintenance, upgrades and renewal	No more than 5 incidences of surface ponding, or flooding of properties reported in a 1 in 5 year rainfall event for residential areas, as a result of the storm water network	Target achieved. 1 incidences of surface ponding, or flooding of properties reported in a 1 in 5 year rainfall event for residential areas, as a result of the storm water network
	No premises flooded due to direct failure of council network	Target achieved. 0 premises flooded due to direct failure of council network

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Meet customer queries and complaints in a timely and efficient manner	100% of blockages and other faults repaired within contractual timeframes	Target not achieved. 85% of faults fixed within timeframes during the year. Several large repairs were required including the replacement of failed sections of pipe that were not able to be completed within normal timeframes.
Where Council attends to flooding events resulting from a Council storm water systems, the following median response times measured	Attendance time: from the time that Council receives notification to the time that service personnel reach the site Target response time to an urgent callout ≤2 hours	Target achieved. Median response time for urgent callouts was 107 minutes
Customer Satisfaction. A stormwater system that can be taken for granted by customers.	Number of complaints received per annum ≤ 5 per 1000 stormwater connections to the total stormwater systems	Target achieved. There are currently 2979 storm water connections to the networked reticulation system 0 complaints per 1000 connections

Funding Impact Statement for the year ending 30 June 2018 for Storm Water Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	480	494	488	491
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
Total operating funding	480	494	488	491
Applications of operating funding				
Payments to staff and suppliers	153	157	163	243
Finance costs	12	12	3	3
Internal charges and overheads recovered	101	105	104	114
Other operating funding applications	0	0	0	0
Total applications of operating funding	266	274	270	359
Surplus (deficit) of operating funding	214	220	218	132
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	6	6	0	0
Increase (decrease) in debt	(9)	(9)	(8)	(8)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(3)	(3)	(8)	(8)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	205	211	210	64
Increase (decrease) in reserves	6	6	0	60
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	211	217	210	124
Surplus (deficit) of capital funding	(214)	(220)	(218)	(132)
Funding balance	0	0	0	(0)

Operational expenditure was over budget due to higher 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 2018/19 (\$284K).

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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Parks (including sports grounds), reserves, war memorials and pools are well maintained by contractors employed to manage these facilities	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved Independent audits of the management contract were completed in the second and third quarters, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target not achieved. 86% of requests were completed within timeframes, based on recorded requests within Councils Request for Service System.
Residents and visitors have access to affordable beach accommodation via provision of camp grounds under lease agreements	Requirements of the current lease agreements are met	Target achieved. We have four camp grounds open with facilities available to the public, all operating under lease agreements.
Swimming Pool facilities are available to the community with a suitable range of opening hours to maintain community access	Facilities are open for advertised or contracted hours	Target not achieved. The Waipawa pool was not open during the 2017/18 season. Buses were provided between Waipawa and the Waipukurau AW Parsons Pool over summer which is also funded by Council. A project to upgrade the Waipawa Pool is now underway.



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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Clean facilities provided to the public	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved. Independent audits of the management contract were completed in the second and third quarters, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target not achieved. 93% of requests were completed within timeframes. This represents one of the 15 requests being received over the year not being completed within the specified timeframes.
Public toilets are well maintained and upgrades carried out as needed	Upgrades carried out as required	Target achieved. Two upgrades were completed over the year at Blackhead and Onga Onga..



Retirement Housing

What does this activity involve?

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

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

People are involved in their local community

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Units are fully occupied and meet demand	95% occupancy rates	Target achieved. 100% occupancy of the retirement housing units for the year. This 100% occupancy does not include the week in between tenants, where units are refurbished
Quality units are provided for tenants	All units meet minimum standards in the 6 monthly inspections	Target achieved. Six monthly inspections were carried out in December 2017 and May 2018, and all properties met minimum standards of safety and maintenance



Libraries

What does this activity involve?

- Central Hawke's Bay District Libraries are situated in Council owned buildings in Waipukurau and Waipawa. This activity covers the daily running of the library services. The buildings are operated and maintained under the Properties and Buildings activity.
- The library services offered include various fiction and nonfiction collections, reference material, children and youth sections, magazines, large print, 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 2017/2018?	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	Target achieved. Libraries have been open 4,821 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	Target achieved. 100% satisfaction level was achieved in the biennial survey conducted in 2018.
Provide active education / recreational programs and other services including children's holiday programs and other reader services	Four holiday and other programs provided annually	Target achieved. 56 holiday and other programs were run during the year, including: <ul style="list-style-type: none"> • Maths is Fun • Storytellers and entertainers/craft programmes • ECREAD'N Summer Reading programmes/iRead/Winter Warmers • Outreach visits to the housebound and rest homes • Oral history/Kete • Genealogy U3A meetings in the library • Coding and Robotics Classes • Stepping up and Smartphone tutorials • Knit 'n Natter • Book clubs • Rhyme time • Family Day • Author events and book launches • Sustainable Ewe Classes • School Visits



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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Theatres and hall provide a community focus and promote their heritage with communities managing their own facilities	100% of community halls are managed by community hall committees	Target achieved. 100% of community halls are managed by community hall committees.
Theatres, halls and CHB Settler's Museum provide safe places for the community	Monthly Building Warrant of Fitness (BWOF) checks are carried out and all facilities have a current BWOF	Target achieved. 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 2017/2018?	ACHIEVED LEVEL OF SERVICE
Well maintained and attractive facilities provided to the public including maintenance of lawn plots and grounds to contract specifications, with capital work programs to maintain the assets	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved. Independent audits of the management contract were completed in the second and third quarters, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target not achieved. 88% of requests were completed within timeframes. This represents five of the forty requests received, not being 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	Target achieved. 100% of burial records are available to view on the internet.



Property and Buildings

What does this activity involve?

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

The properties included in this activity are:

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

Why are we involved?

Community Outcomes that this activity contributes to

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

People are involved in their local community

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2017/2018?	ACHIEVED LEVEL OF SERVICE
Ensure safe buildings for public use via building inspections	Monthly Building Warrant of Fitness (BWOFF) checks are carried out and all facilities have a current BWOFF	Target achieved. BWOFF checks were carried out on the five buildings that the Council are responsible for and all have a current BWOFF. Other buildings are checked for compliance by the Building Control staff.
All properties not required for Council or community use will be leased where possible	4% of the total funding required is achieved through lease income	Target achieved. 8.17% of the total funding required was achieved through lease income.

Funding Impact Statement for the year ending 30 June 2018 for Recreation and Community Facilities Group

	2017 LONG TERM PLAN \$000	2018 LONG TERM PLAN \$000	2018 ANNUAL PLAN \$000	2018 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	2,842	2,958	2,926	2,945
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	15	16	16	14
Fees, charges	439	449	438	466
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	5	6
Total operating funding	3,301	3,428	3,385	3,431
Applications of operating funding				
Payments to staff and suppliers	2,008	2,058	2,069	2,116
Finance costs	169	183	129	126
Internal charges and overheads recovered	440	460	454	496
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,617	2,701	2,652	2,737
Surplus (deficit) of operating funding	684	727	733	694
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	4	4	4	1
Increase (decrease) in debt	173	111	104	56
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	177	115	108	57
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	271	225	225	66
- to replace existing assets	559	589	572	637
Increase (decrease) in reserves	31	28	44	47
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	861	842	841	751
Surplus (deficit) of capital funding	(684)	(727)	(733)	(694)
Funding balance	0	0	0	(0)

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

Parks, Reserves and Swimming Pools

The painting and renewal work at Waipawa Baths found extensive cracks during sandblasting and the painting did not continue. An upgrade project was consulted on and approved as part of the Long Term Plan 2018-28 and is underway. The Russell Park Carpark upgrade has begun and will be completed in 2018/19.

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

Minor renewals have been complete across the activity with the remaining renewal funding being carried forward for future year's projects.

Property and Buildings

The upgrade of the Council Chambers began in June and completed in the new financial year.

There is a group carry forward of \$236k for renewals. This is for the completion of various projects across the group and for future projects.

Financial Information



Annual Report Disclosure Statement for the year ended 30 June 2018

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.

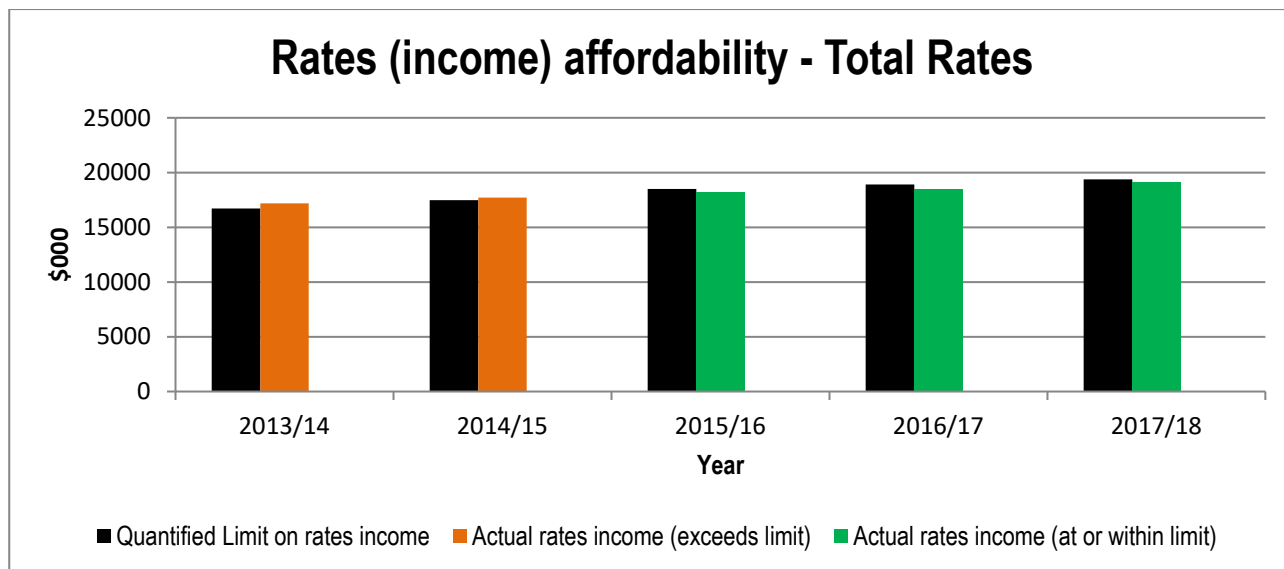
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

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 2017/18 is \$140k above budget. 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.

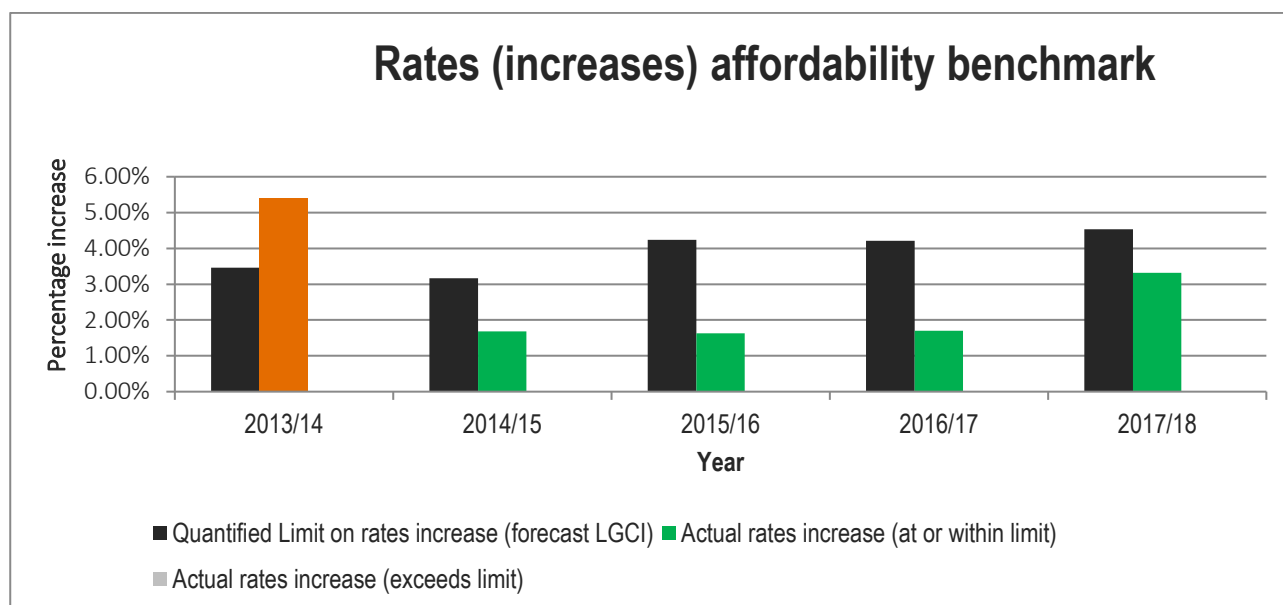
Rates (increases) affordability benchmark

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”

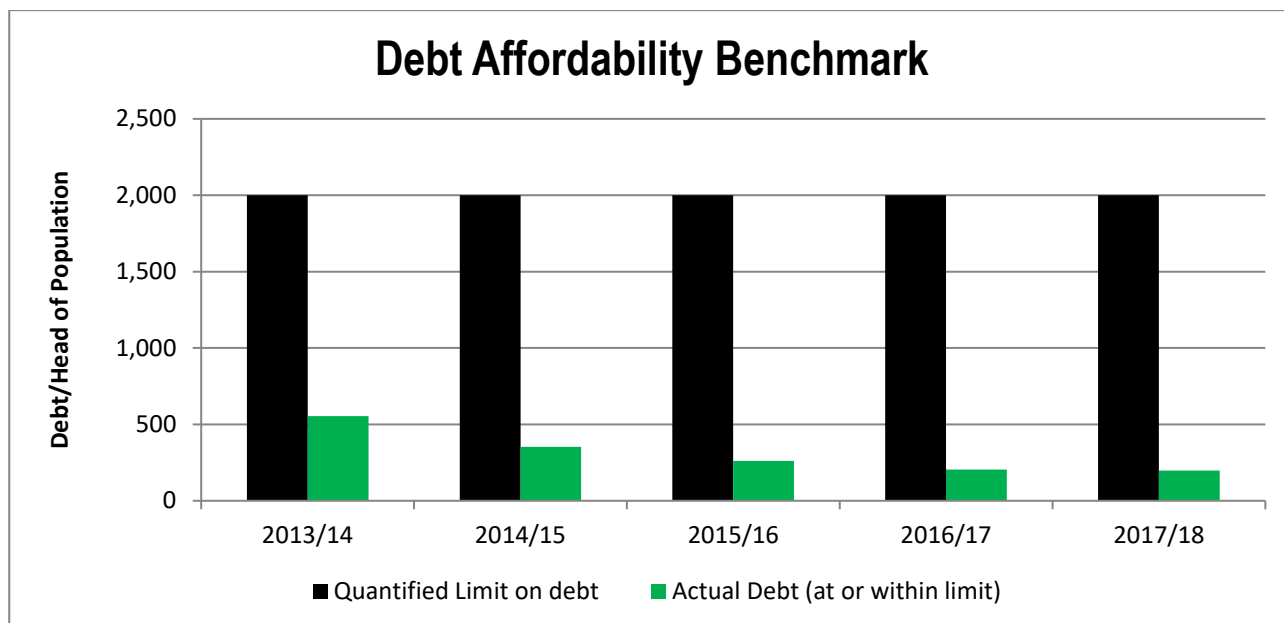
The quantified limit used for this benchmark is the LG CPI as forecast in the 2012-22 LTP for 2013/14 to 2014/15, and the 2015-25 LTP for 2015/16 to 2017/18.



In 2017/18 rates increased by 3.32% which is within the 2017/18 benchmark of 4.53% (LGCI of 2.53% plus 2%). In 2016/17 rates increased by 1.70% well within the 2016/17 benchmark of 4.22% (LGCI of 2.22% plus 2%). In 2015/16 rates increased by 1.63% well within the 2015/16 benchmark of 4.24% (LGCI of 2.24% plus 2%). In 2014/15 rates increased by 1.68% 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.

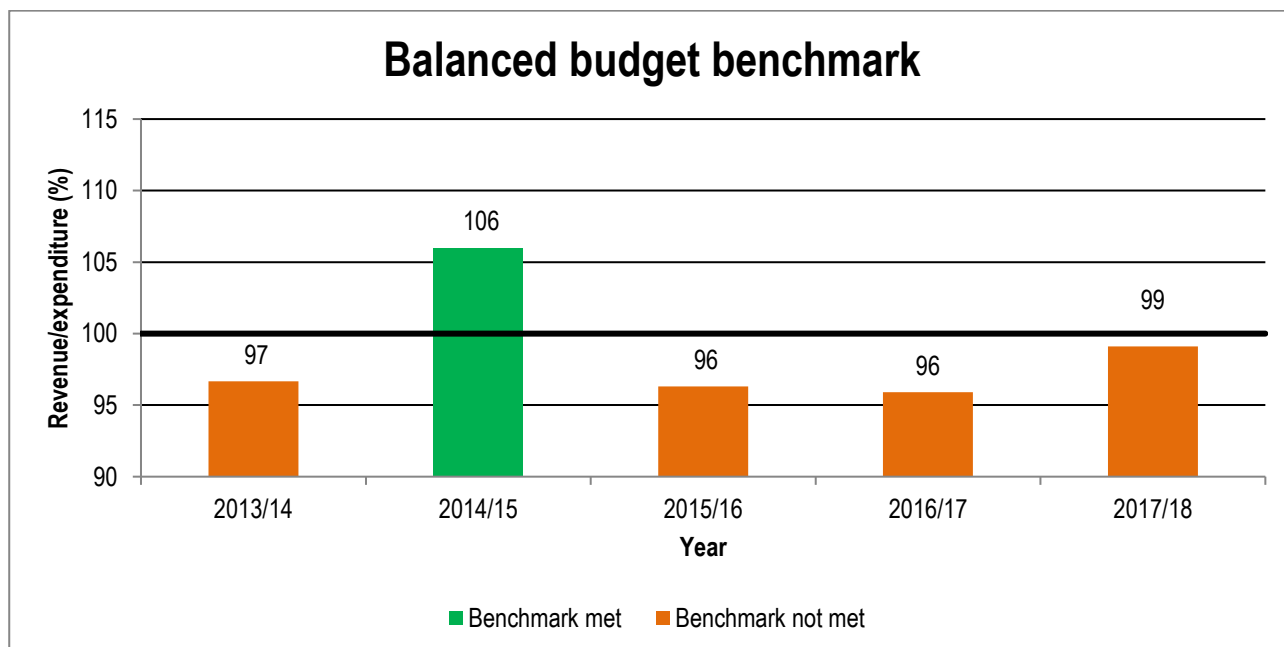


In 2017/18 actual debt was \$198 per person.

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.

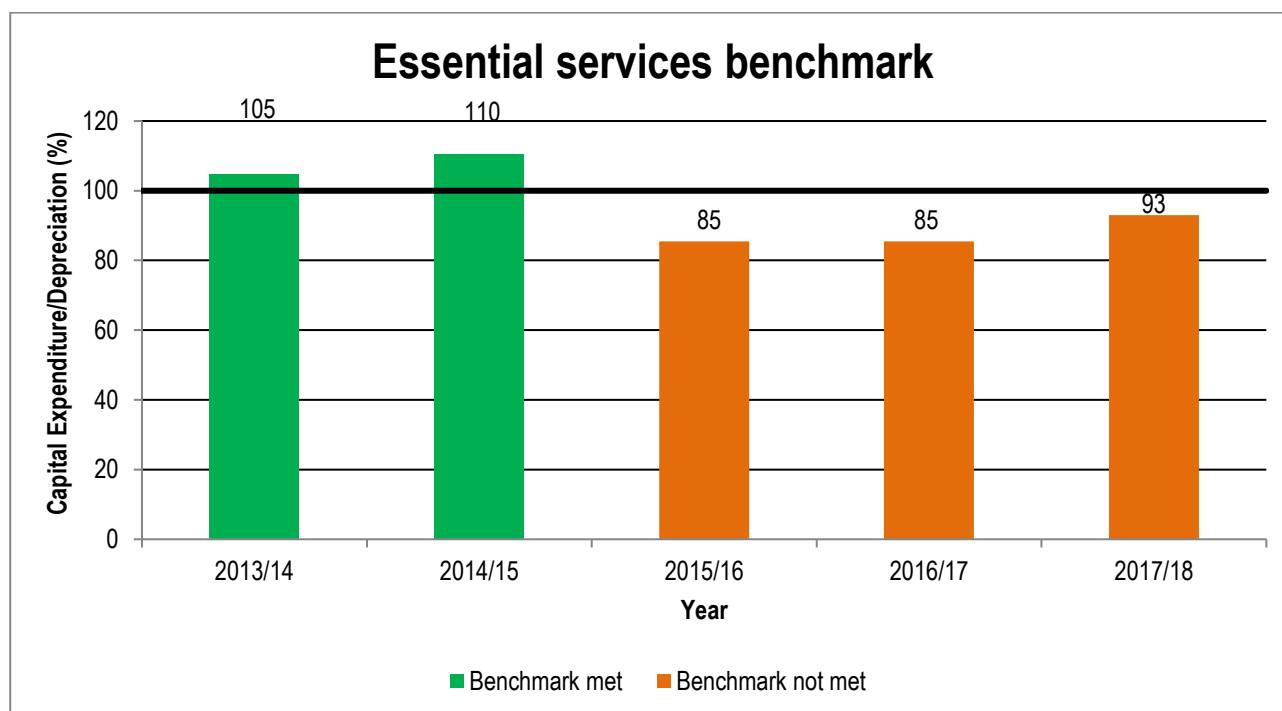


In 2017/18 Operating Expenditure was higher by \$287k due to the difference between funding for capital renewals and non cash depreciation. Depreciation is \$719k higher than funding for renewals and loan payments. The difference is \$ In both 2016/17 and 2015/16 Operating expenditure was higher due 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

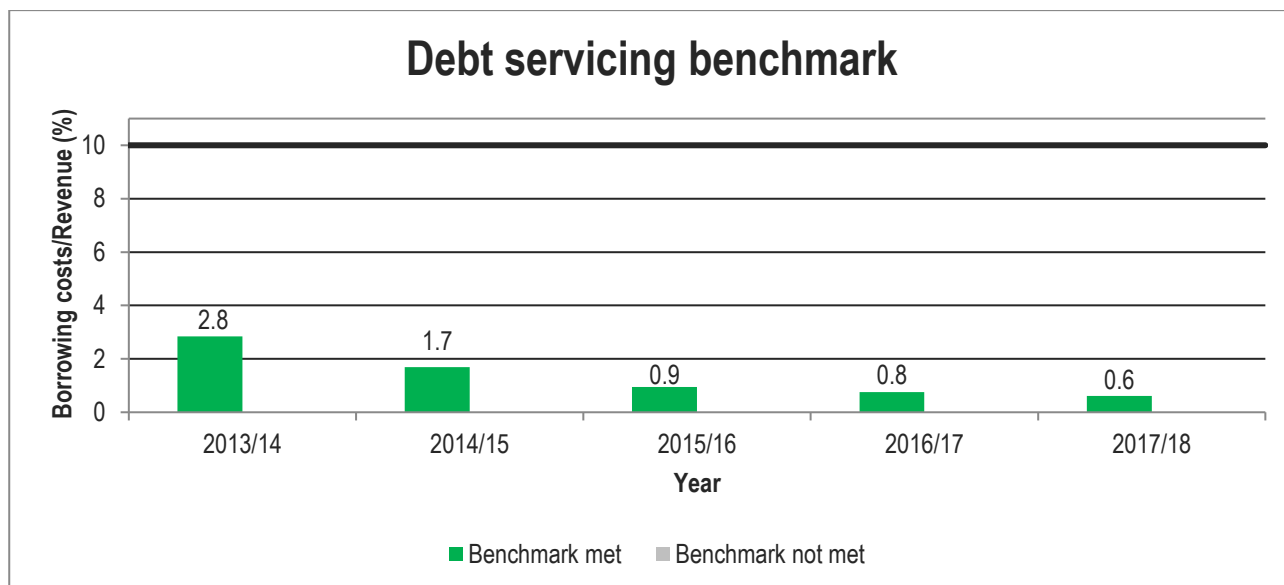
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



In 2017/18, renewals on the 3 waters was less than depreciation. This is primarily due to the #bigwaterstory focus and the planning required to ensure the renewals form part of the full asset renewal plan. In 2016/17 and 2015/16 Renewal expenditure was reallocated to Operational due to the previous Roding Maintenance Contractor falling behind in maintenance work and was approved by NZTA.

Debt servicing benchmark

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

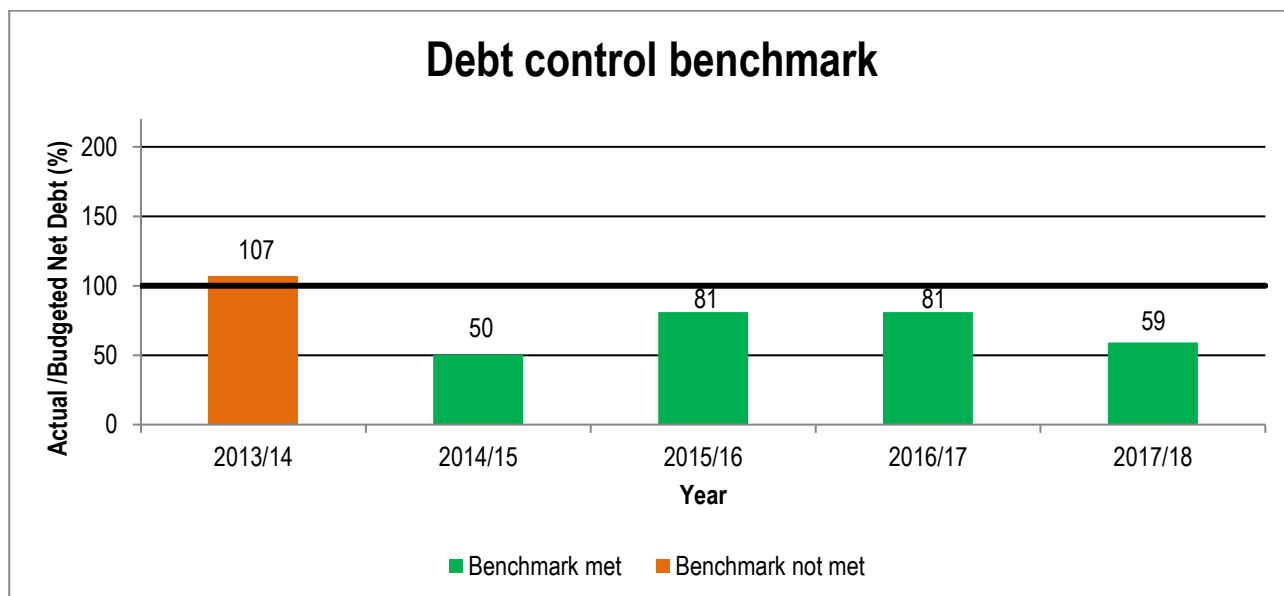


Council's borrowing costs are well below the prescribed benchmark of being equal or less than 10% of revenue. This highlights Council's prudent financial management of its debt.

Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



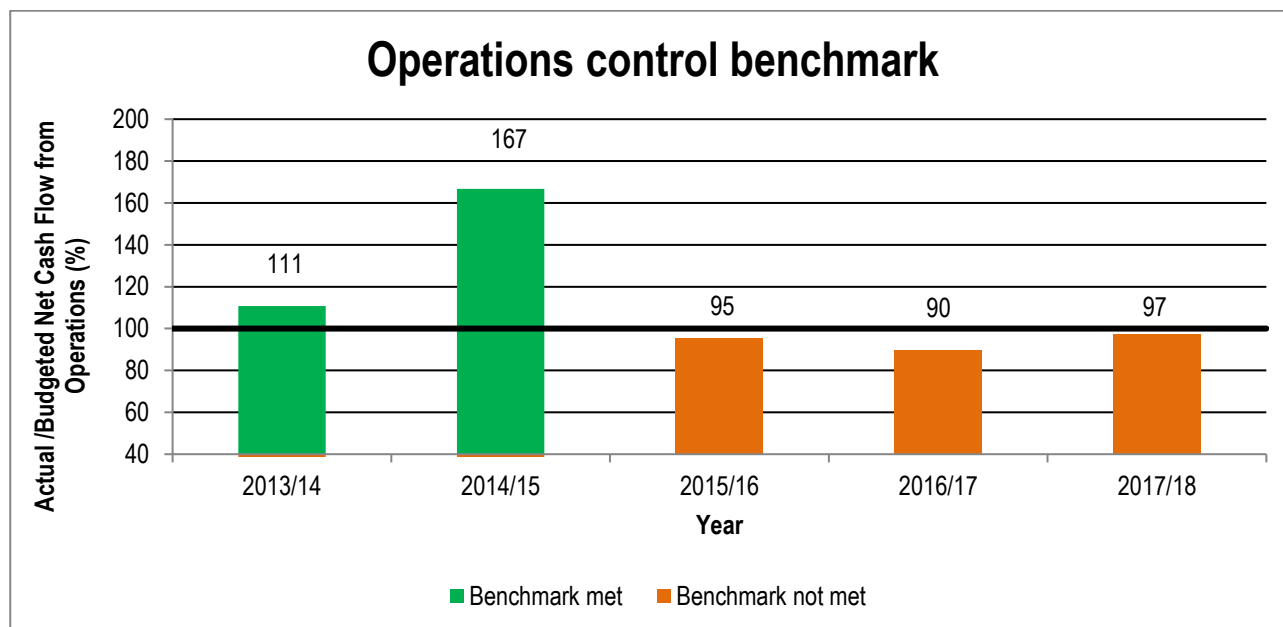
For 2017/18, the budgets were based on the assumption that any surplus cashflow would be invested. However any surplus cashflow is used to reduce borrowing due to the higher interest rate charged vs receipted if invested. Therefore the level of debt at the end of the year was less than budgeted. For years 2016/17 and 2015/16 Council continued with the implementation of the Treasury Function review and utilised maturing investments to pay back debt.

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, 2016/17 and 2017/18 Renewal expenditure was reallocated to operational. In 2015/16 and 2016/17 this was due to the previous Roding Maintenance Contractor falling behind in maintenance work and was approved by NZTA. In 2017/18 this was due to reallocation of expenditure by NZTA.

Statement of Comprehensive Revenue and Expense

	ACTUAL 2017 \$000	NOTE	BUDGET 2018 \$000	ACTUAL 2018 \$000
Revenue				
Rates revenue	18,520		18,995	19,135
Subsidies and grants	7,005		6,554	8,676
Interest and dividends	173		162	170
Fees and Charges	2,744		2,254	2,946
Development contributions	45		22	95
Other revenue	205		205	533
Total revenue	28,692		28,192	31,555
Expenditure				
Personnel costs	4,111		4,037	4,453
Depreciation and amortisation	12,093	2	12,522	11,876
Finance costs	216		433	195
Other operating expenses	13,441	2	11,633	15,221
Total operating expenditure	29,861		28,625	31,745
Net Operating Surplus/(Deficit)	(1,169)		(433)	(190)
Other (Gains)/Losses				
Infracon Liquidation Proceeds	(63)		0	0
(Gains)/Losses on Public Debt	(71)		0	(26)
(Gains)/Losses on Investments	24		0	26
Impairment of Recreation and Community Asset	0		0	53
Total Other (Gains)/Losses	(110)		0	53
Operating surplus/(deficit) before tax	(1,059)		(433)	(243)
Income tax expense	0		0	0
Net surplus/(deficit) after tax	(1,059)		(433)	(243)
Other comprehensive income				
Gains/(losses) on the revaluation of property, plant and equipment	36,823	10	13,793	11,529
Total other comprehensive Income	36,823		13,793	11,529
Total comprehensive income for the year	35,764		13,360	11,286

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

Statement of Financial Position

	ACTUAL 2017 \$000	NOTE	BUDGET 2018 \$000	ACTUAL 2018 \$000
Assets				
Current assets				
Cash and cash equivalents	2,453	4	2,896	3,956
Trade and other receivables	2,512	3	2,460	2,904
Prepayments	229		264	239
Stock on Hand	23		48	26
Current Investments	325	5	0	1,268
Total current assets	5,542		5,668	8,393
Non-current assets				
Investments	1,900	5	3,996	1,139
Property, plant and equipment	783,894	6	776,267	793,422
Total non-current assets	785,794		780,263	794,561
Total assets	791,336		785,931	802,954
Liabilities				
Current liabilities				
Trade and other payables	4,627	7	4,813	5,073
Employee entitlements	253	7	295	236
Current Public Debt	2,043	7	705	710
Total current liabilities	6,923		5,813	6,019
Non-current liabilities				
Non-Current Public Debt	729	8	5,023	2,027
Provisions for Landfill Closure	2,067	9	2,284	2,005
Total non-current liabilities	2,796		7,307	4,032
Total liabilities	9,719		13,120	10,051
Equity				
Special & Other Funds	6,162	10	6,476	6,835
Trust Funds	184	10	185	186
Revaluation Reserve of Assets	530,659	10	535,731	542,188
Ratepayers' Equity	244,612		230,419	243,694
Total equity	781,617		772,811	792,903
Total Liabilities and Equity	791,336		785,931	802,954

Statement of Changes in Equity

	ACTUAL 2017 \$000	NOTE	BUDGET 2018 \$000	ACTUAL 2018 \$000
Opening Equity Balance	745,853		759,451	781,617
Total comprehensive income for the year	35,764		13,360	11,286
Recognition of funds as a liability	0		0	0
Prior Year Solid Waste Impairment	0		0	0
Closing Equity Balance	781,617		772,811	792,903
Components of Equity				
Ratepayers Equity at the beginning of the Year	246,185		230,851	244,612
Net Surplus/(Deficit) for the Year	35,764		(433)	11,286
Transfers to (from) other reserves	(37,337)			(12,204)
Ratepayers Equity at end of Year	244,612		230,418	243,694
Special & Other Funds at the beginning of the Year	5,647	10	6,142	6,162
Transfers to (from) Special Funds	515		334	673
Recognition of funds as a liability	0		0	0
Special & Other Funds at the end of the Year	6,162		6,476	6,835
Trust Funds at the beginning of the Year	185	10	185	184
Transfers to (from) Trust Funds	(1)		0	3
Recognition of funds as a liability	0			0
Trust Funds at the end of the Year	184		185	186
Revaluation Reserves at the beginning of the Year	493,836	10	521,939	530,659
Transfers to (from) Revaluation Reserves	36,823		13,793	11,529
Prior Year Solid Waste Impairment	0		0	0
Revaluation Reserves at the end of the Year	530,659		535,732	542,188
Total Equity at end of Year	781,617		772,811	792,903

Statement of Cash Flows

	ACTUAL 2017 \$000	NOTE	BUDGET 2018 \$000	ACTUAL 2018 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from rates revenue	18,603		18,995	19,075
Subsidies and grants received	6,802		6,554	8,435
Fees and charges received	2,799		2,254	2,832
Interest received	173		162	152
Receipts from other revenue	205		158	533
Development Contributions	45		22	95
Cash was disbursed to:				
Payments to suppliers of Goods and Services	(13,454)		(11,633)	(14,767)
Payments to employees	(4,153)		(4,037)	(4,470)
Interest paid	(163)		(406)	(127)
Net cash from operating activities	10,857		12,069	11,758
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment	75		48	103
Proceeds from investments	676		391	325
Cash was disbursed to:				
Purchase of investment	0		(1,325)	(542)
Purchase of intangible assets	0		0	0
Purchase of property, plant and equipment	(11,384)		(11,249)	(10,141)
Net cash from investing activities	(10,633)		(12,135)	(10,255)
Cash flows from financing activities				
Cash was provided from:				
Proceeds from borrowing	0	8	2,066	2,500
Cash was disbursed to:				
Repayment of borrowings	(667)	8	(2,000)	(2,500)
Net cash from financing activities	(667)		66	0
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(443)		0	1,503
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,896	4	2,896	2,453
Cash, cash equivalents and bank overdrafts at the end of the year	2,453	4	2,896	3,956

Funding Impact Statement for the year ending 30 June 2018 (whole of council)

	ANNUAL PLAN 2017 \$000	ANNUAL REPORT 2017 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2018 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	12,374	12,306	12,592	12,609
Targeted rates	6,156	6,214	6,404	6,526
Subsidies and grants for operating purposes	2,062	3,347	2,052	3,905
Fees, charges	2,228	2,744	2,254	2,946
Interest and dividends from investments	225	173	162	170
Local authorities fuel tax, fines, infringement fees and other receipts	154	171	158	430
Total operating funding	23,199	24,955	23,622	26,586
Applications of operating funding				
Payments to staff and suppliers	15,460	17,340	15,670	19,675
Finance costs	261	149	406	120
Other operating funding applications	0	0	0	(0)
Total applications of operating funding	15,721	17,489	16,076	19,795
Surplus (deficit) of operating funding	7,478	7,466	7,546	6,791
Sources of capital funding				
Subsidies and grants for capital expenditure	4,501	3,658	4,500	4,771
Development and financial contributions	111	45	22	95
Increase (decrease) in debt	1,044	(667)	66	0
Gross proceeds from sale of assets	22	75	48	103
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	5,678	3,111	4,636	4,969
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	299	1,176	1,260	700
- to replace existing assets	11,917	10,284	9,989	9,387
Increase (decrease) in reserves	417	(284)	0	1,466
Increase (decrease) of investments	523	(600)	933	207
Total application of capital funding	13,156	10,576	12,182	11,760
Surplus (deficit) of capital funding	(7,478)	(7,466)	(7,546)	(6,791)
Funding balance	0	0	0	0

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

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

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

Basis of Preparation

Statement of Compliance

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

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. The Council falls within the classification of Tier 2 as this is the first year the expenditure is more 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.

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
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%

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Railing	30	3.3%
Retaining Wall	25 - 40	2.5% - 4%
SW Channel	30 - 75	1.3% - 3.3%
Sign	15	6.7%
Street Light (Bracket)	25	4%
Street Light (Light)	6	16.7%
Street Light (Pole)	25	4%
Sub Base [urban]	50 - 75	1.3% - 2%
Sub Base [rural]	50 - 75	1.3% - 2%
Top Surface	12 - 14	7.1% - 8.3%
Sewerage Network		
Pipes and manholes	60-135	0.7%–1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
Stormwater		
Pipes	30-100	1%-3.5%
Manholes	100	1%
Water Network		
Monitoring equipment (hardware)	5-20	5%–20%
Monitoring equipment (software)	5-20	5%–20%
Pipes, hydrants, valves	25-50	2%–4%
Treatment plants and pumps	5-20	5%–20%
Items under construction	Non-depreciable	

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

Revaluations

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

REVALUATIONS	FREQUENCY
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Every 3 years
Stormwater	Every 3 years
Water	Every 3 years
Land, 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, Contractor, 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 2018.

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:

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Insurance premiums	250	225

b) Council incurred the following expenses.

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Depreciation	11,876	12,093

c) Other Operating expense

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

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Repairs and maintenance	6,906	5,996
Contracts	2,926	2,868
Other	5,389	4,577
Total	15,221	13,441

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 \$217,500 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Income, and \$95,000 from Development Contributions will be held to meet future capital upgrades.

f) Revenue from Metered Water

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Metered Water Revenue	490	377

3. Trade and Other Receivables

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Rates Receivable - Non-exchange	700	706
Rates Receivable - Exchange (Water Meter)	186	120
NZ Transport Agency Subsidies - Non-exchange	1,311	1,070
General Debtors - Non-exchange	889	775
Total	3,086	2,671
Less Provision for Impairment of Receivables	(182)	(159)
Total	2,904	2,512

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 (2017: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Individual impairment	182	159
Collective Impairment	-	-
Total provision for impairment	182	159

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:

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
At 1 July	159	146
Additional provision made during the year	65	67
Provisions reversed during the year	(29)	(21)
Receivable written off during the period	(13)	(33)
At 30 June	182	159

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

4. Cash & cash equivalents

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Cash and cash equivalents		
Cash at bank and in hand	42	9
Short term deposits maturing 3 months or less from date of acquisition	3,914	2,444
Total Cash and Cash Equivalents	3,956	2,453

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 \$186,000 (2017 \$183,000).

5. Investments

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Term Deposit – Current	1,268	325
Bank Bonds – Non-current	1,094	1,855
Total Bonds	2,362	2,180
	2018 COUNCIL \$'000	2017 COUNCIL \$'000
NZ Local Government Insurance Corp. Limited	44	44
Total Shares	44	44
Total Term Investments	2,406	2,224
Investments in Associates (non-controlled)		
HB LASS	1	1
Total Investments	2,407	2,225

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

2018							CLOSING COST						CLOSING ACCM DEPN	NET BOOK VALUE	NET BOOK VALUE
		OPENING COST				REVALUATION	30 JUNE	OPENING ACC DEPN				REVALUATION	30 JUNE	30 JUNE	30 JUNE
DESCRIPTION		1 JULY 2017	ADDITIONS*	DISPOSALS	TRANSFERS	(IMPAIRMENT)	2018	1 JULY 2017	DEPN	DISPOSALS	TRANSFERS	(IMPAIRMENT)	2018	2018	2017
Wastewater	Treatment	14,024	350	0	0	0	14,374	(1)	(647)	0	0	0	(648)	13,726	14,023
	Reticulation	30,018	399	0	0	0	30,417	0	(630)	0	0	0	(630)	29,787	30,018
Water	Treatment	4,043	504	0	0	0	4,547	0	(151)	0	0	0	(151)	4,396	4,043
	Reticulation	26,309	180	0	0	0	26,489	0	(586)	0	0	0	(586)	25,903	26,309
Stormwater		16,923	23	0	0	0	16,946	(1)	(284)	0	0	0	(285)	16,661	16,922
Roading**		659,924	7,542	0	0	4,066	671,532	0	(7,463)	0	0	7,463	0	671,532	659,924
Solid Waste		312	34	0	0	0	346	(8)	(9)	0	0	0	(17)	329	304
Landfill		6,515	(128)				6,387	(1,439)	(201)				(1,640)	4,747	5,076
Total		758,068	8,904	0	0	4,066	771,038	(1,449)	(9,971)	0	0	7,463	(3,957)	767,081	756,619
Land		10,216	0	0	0	0	10,216	0	0	0	0	0	0	10,216	10,216
Buildings		15,141	1,323	0	0	0	16,464	(1,300)	(1,373)	0	0	(53)	(2,726)	13,738	13,841
Motor Vehicles		587	118	(107)	0	0	598	(310)	(130)	107	0	0	(333)	265	277
Emergency Equipment		208	0	(39)	0	0	169	(189)	(7)	39	0	0	(157)	12	19
Misc Plant		1,889	58	(13)	4	0	1,938	(1,161)	(203)	12	(2)	0	(1,354)	584	728
Computer Equipment		400	135	0	1	0	536	(259)	(66)	0	(1)	0	(326)	210	141
Office Furniture & Equipment		625	26	(2)	(5)	0	644	(525)	(17)	2	3	0	(537)	107	100
Monuments		280	0	0	0	0	280	(4)	(4)	0	0	0	(8)	272	276
Library Books		1,532	77	(610)	0	0	999	(1,134)	(105)	610	0	0	(629)	370	398
Total		30,878	1,737	(771)	0	0	31,844	(4,882)	(1,905)	770	0	(53)	(6,070)	25,774	25,996
Total		788,946	10,641	(771)	0	4,066	802,882	(6,331)	(11,876)	770	0	7,410	(10,027)	792,855	782,615
Work In Progress		1,279	1,037	(1,749)	0	0	567	0	0	0	0	0	0	567	1,279
Total		790,225	11,678	(2,520)	0	4,066	803,449	(6,331)	(11,876)	770	0	7,410	(10,027)	793,422	783,894

Additions* All assets are constructed by Council.
 Roothing ** Land under roads has not been revalued this year.

2017

DESCRIPTION		OPENING					REVALUATION	CLOSING	OPENING					CLOSING	NET BOOK	NET BOOK
		COST 1 JULY	2016	ADDITIONS*	DISPOSALS	TRANSFERS	(IMPAIRMENT)	N JUNE 2017	ACC DEPNI JULY 2016	DEPN	DISPOSALS	TRANSFERS	REVALUATION (IMPAIRMENT)	30 JUNE 2017	VALUE 30 JUNE 2017	VALUE 30 JUNE 2016
Wastewater	Treatment	14,997	230	0	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	0	(3,864)	30,018	(963)	(600)	0	0	1,563	0	30,018	30,207
Water	Treatment	4,062	548	0	0	0	(567)	4,043	(157)	(82)	0	0	239	0	4,043	3,905
	Reticulation	27,442	43	0	0	0	(1,176)	26,309	(1,296)	(686)	0	0	1,982	0	26,309	26,146
Stormwater		15,461	380	0	0	0	1,082	16,923	(504)	(259)	0	0	762	(1)	16,922	14,957
Roading**		626,098	5,723	0	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	0	312	0	(8)	0	0	0	(8)	304	300
Landfill		6,741	(226)	0	0	0	0	6,515	(1,219)	(220)	0	0	0	(1,439)	5,076	5,522
Total		726,271	9,422	0	0	0	22,375	758,068	(5,612)	(10,285)	0	0	14,448	(1,449)	756,619	720,659
Land		10,216	0	0	0	0	0	10,216	0	0	0	0	0	0	10,216	10,216
Buildings		13,936	1,205	0	0	0	0	15,141	0	(1,300)	0	0	0	(1,300)	13,841	13,936
Motor Vehicles		888	222	(523)	0	0	0	587	(438)	(143)	271	0	0	(310)	277	450
Emergency Equipment		223	0	(15)	0	0	0	208	(197)	(7)	15	0	0	(189)	19	26
Misc Plant		1,565	324	0	0	0	0	1,889	(987)	(174)	0	0	0	(1,161)	728	578
Computer Equipment		353	70	(23)	0	0	0	400	(221)	(60)	22	0	0	(259)	141	132
Office Furniture & Equipment		609	16	0	0	0	0	625	(507)	(18)	0	0	0	(525)	100	102
Monuments		280	0	0	0	0	0	280	0	(4)	0	0	0	(4)	276	280
Library Books		1,450	82	0	0	0	0	1,532	(1,032)	(102)	0	0	0	(1,134)	398	418
Total		29,520	1,919	(561)	0	0	0	30,878	(3,382)	(1,808)	308	0	0	(4,882)	25,996	26,138
Total		755,791	11,341	(561)	0	0	22,375	788,946	(8,994)	(12,093)	308	0	14,448	(6,331)	782,615	746,797
Work In Progress		1,398	1,175	(1,294)	0	0	0	1,279	0	0	0	0	0	0	1,279	1,398
Total		757,189	12,516	(1,855)	0	0	22,375	790,225	(8,994)	(12,093)	308	0	14,448	(6,331)	783,894	748,195

Additions*

All assets are constructed by Council.

Roading **

Land under roads has not been revalued this year.

Work in Progress

	2018 COUNCIL \$'000	2017 COUNCIL \$'000	STATUS	ESTIMATED COMPLETION DATE
Porangahau Treatment Plant Upgrade	5	5	Active	Dec-2019
Other Parks and Reserve Projects	96	32	Active	Jun-2019
Halls, Property and Buildings Projects	34	818	Active	Jun-2019
Don Allen Reserve Realignment	11	0	Active	Jun-2019
Stormwater WPA and Waipuk Resource Consents	30	0	Active	Jun-2019
Wastewater Otane Land Development	35	0	Active	Jun-2019
Wastewater Otane Treatment Plant Upgrade	73	0	Active	Jun-2019
Wastewater Takapau Consent	25	0	Active	Dec-2019
Water Peel Street Upgrade	194	0	Active	Sep-2018
Water Otane Land Development	24	0	Active	Dec-2018
Water Waipukurau Pump Station 2	34	0	Active	Jun-2019
Water Waipukurau Second Supply	6	0	Active	Jun-2020
Otane Cemetery Upgrade	0	5	Complete	
Waipukurau UV Treatment SH2	0	178	Complete	
Wastewater Consents	0	96	Complete	
District Aerators	0	140	Complete	
Waipukurau Mt Herbert Landscaping	0	5	Complete	
Total	567	1,279		

Depreciation by Activity

	2018 ACTUAL \$'000	2018 ANNUAL PLAN BUDGET \$'000	2017 ACTUAL \$'000	2017 ANNUAL PLAN BUDGET \$'000
COMMUNITY LEADERSHIP GROUP				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	0	0	17	0
Difference (Depreciation - renewals, loans)	0	0	(17)	0
REGULATORY GROUP				
Depreciation expense for the year	2	37	38	37
Renewals, Loan Funding	0	11	9	10
Difference (Depreciation - renewals, loans)	2	26	29	26
LAND TRANSPORT GROUP				
Depreciation expense for the year	7,502	7,943	7,801	8,777
Renewals, Loan Funding	7,819	7,706	6,341	7,800
Difference (Depreciation - renewals, loans)	(317)	237	1,460	977
SOLID WASTE GROUP				
Depreciation expense for the year	231	258	263	256
Renewals, Loan Funding	271	288	236	277
Difference (Depreciation - renewals, loans)	(40)	(30)	27	(21)
WATER GROUP				
Depreciation expense for the year	743	790	774	717
Renewals, Loan Funding	627	937	477	909
Difference (Depreciation - renewals, loans)	116	(147)	297	(193)
WASTEWATER GROUP				
Depreciation expense for the year	1,287	1,314	1,277	1,216
Renewals, Loan Funding	1,278	1,497	1,427	1,392
Difference (Depreciation - renewals, loans)	9	(183)	(150)	(176)
STORMWATER GROUP				
Depreciation expense for the year	284	261	259	245
Renewals, Loan Funding	75	221	134	215
Difference (Depreciation - renewals, loans)	209	40	126	31
RECREATION AND COMMUNITY GROUP				
Depreciation expense for the year	1,648	1,455	1,533	795
Renewals, Loan Funding	883	822	836	731
Difference (Depreciation - renewals, loans)	765	633	697	64
OVERHEADS				
Depreciation expense for the year	179	464	148	248
Renewals, Loan Funding	205	264	163	371
Difference (Depreciation - renewals, loans)	(26)	200	(16)	(123)
TOTALS				
Depreciation expense for the year	11,876	12,522	12,093	12,290
Renewals, Loan Funding	11,158	11,746	9,639	11,706
Difference (Depreciation - renewals, loans)	718	776	2,454	585

7. Trade and other payables

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Trade Creditors	4,606	4,212
Other Accounts Payable and Accrued Expenses	467	415
Total Trade Creditors and Other Accounts Payables	5,073	4,627
Other		
Current Public Debt	710	2,043
Employee benefit liabilities	236	253
Total Other Current Debt	946	2,296
Total Current Liabilities	6,019	6,923

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

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Loans as at 1 July	2,772	3,351
Net Accrued Interest Change	(9)	43
Fair Value Adjustments	(26)	45
Plus Loans raised during the year	2,500	-
Less Loans repaid during the year	(2,500)	(667)
Less Loans repayable within 12 months	(710)	(2,043)
Non-Current Public Debt	2,027	729

Interest rates payable are in the range 3.85% to 4.62% (2017: 5.0% to 5.75%). The weighted average interest rate payable is 4.43% (2017: 5.55%).

Public Debt is due for repayment in the following periods:

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Current	710	2,043
One to Two years	-	729
Two to Five years	-	-
More than Five years	2,027	-
Total	2,737	2,772

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 (2017: nil).

Internal Borrowings

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

	COUNCIL BALANCE 1 JULY 2017 \$'000	BORROWED \$'000	INTEREST \$'000	PRINCIPAL REPAID \$'000	COUNCIL BALANCE 30 JUNE 2018 \$'000
Cemeteries	92	0	6	(18)	74
Properties and Buildings	531	0	32	(24)	507
Parks and Reserves	728	175	47	(31)	872
Public Conveniences	184	0	11	(10)	174
Retirement Housing	0	0	0	0	0
Land Transport	47	0	3	(47)	0
Solid Waste	1,586	0	95	(97)	1,489
Stormwater	49	0	3	(7)	42
Theatres, Halls, and Museums	497	0	30	(37)	460
Wastewater	8,914	358	535	(377)	8,895
Water Supplies	1,392	270	92	(224)	1,438
Total	14,020	803	854	(872)	13,951

9. Provision for Landfill Decommissioning and Aftercare Cost

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Opening Balance	2,067	2,230
Effect of Discounting	74	67
Additional Provisioning	(136)	(230)
Release of Provision	0	0
Closing balance	2,005	2,067

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 2017 \$'000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$'000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$'000	COUNCIL BALANCE 30 JUNE 2018 \$'000
Reserves held for Emergency Purposes				
Mayors Relief Fund	5	5	(5)	5
Adverse Events Reserve Fund	703	35	0	738
Catastrophic Events Reserve Fund	2,550	197	0	2,747
Total	3,258	237	(5)	3,490
	\$'000	\$'000	\$'000	\$'000
Reserves for Future Asset Purchases				
Capital Projects Fund	(80)	0	(14)	(94)
Ruahine Ward Disbursement Fund	637	37	(20)	654
Ruataniwha Ward Disbursement Fund	88	5	(9)	84
Aramoana Ward Disbursement Fund	235	14	(12)	237
Esplanade Reserve Fund	324	12	0	336
Rural Fire Reserve	101	4	0	105
Stormwater Renewal Reserve	358	10	0	368
Wastewater Upgrade Reserve	0	200	0	200
EQC Pourerere	1	4	(1)	4
CHB District Retirement Housing Reserve	200	36	(20)	216
Infrastructure Protection Reserve	0	0	0	0
Vehicle Depreciation Reserve	190	98	0	288
LT Vehicle Depreciation Reserve	34	70	(40)	64
Total	2,088	490	(116)	2,462
	\$'000	\$'000	\$'000	\$'000
Reserves held for Future Operational Costs				
Elections & By-elections Reserve Fund	32	9	0	41
Ruahine Ward Hall Maintenance Reserve	39	2	0	41
Landfill External Sales Reserve	144	0	0	144
Library Fund	66	2	(17)	51
Landfill Aftercare Depreciation Reserve	359	78	0	437
District Landfill Levy Reserve	129	5	(9)	125
Total	769	96	(26)	839
	\$'000	\$'000	\$'000	\$'000
Total Special Funds	6,115	823	(147)	6,791

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

	COUNCIL BALANCE 1 JULY 2017 \$'000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$'000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$'000	COUNCIL BALANCE 30 JUNE 2018 \$'000
Te Aute Drain Channel Clearing Reserve	47	1	(5)	43
Total Other Funds	47	1	(5)	43
	\$'000	\$'000	\$'000	\$'000
Total Special & Other Funds	6,162	824	(152)	6,834

(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 2017 \$'000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$'000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$'000	COUNCIL BALANCE 30 JUNE 2018 \$'000
Waipawa Building Society Scholarship Trust	113	(4)	4	113
Eric Tate Scholarship Trust	71	(1)	3	73
Settlers Museum Trust Fund	0	0	0	0
Creative NZ Grants unspent	0	0	0	0
Rural Travel Fund	0	(9)	9	0
Total	184	(14)	16	186

(c) Asset Revaluation Reserve

	WATER, WASTEWATER, STORM WATER, SOLID WASTE \$'000	ROADING \$'000	TOTAL \$'000
INFRASTRUCTURE			
Opening Balance	62,792	451,317	514,109
Revaluation	0	11,529	11,529
Revaluation Reserve Change	0	0	0
Transfer from/(to) Ratepayers Equity	0	0	0
Closing Balance	62,792	462,846	525,638
	LAND \$'000	BUILDINGS \$'000	TOTAL \$'000
OTHER PROPERTY PLANT AND EQUIPMENT			
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
Closing Balance	7,863	8,687	16,550

	COUNCIL \$'000
TOTAL REVALUATION RESERVE	
Opening Balance	530,659
Revaluations	11,529
Impairments	0
Closing Balance	542,188

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 (2017: nil).

12. Statement of Commitments

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Lease payments		
Photocopiers	-	20
Landfill	106	106
Takapau Transfer Station	2	2
Carbon Credits	105	28
Total	213	156

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Non-Cancellable Lease Commitments		
Less than 1 year	213	156
1 – 2 years	265	212
3 – 5 years	561	719
Over 5 years	2,371	2,479

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
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 \$192,000 (2017 \$185,000).

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	2018	2017
\$59,999 and under	36	35
\$60,000 - \$79,999	15	15
\$80,000 - \$99,999	9	6
\$100,000 - \$199,999	6	6
Total Employees	66	62

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
SALARIES AND OTHER SHORT TERM EMPLOYMENT BENEFITS PAID		
CE and Key Management	904	815
Mayor and Councillors	285	291

	2018		2017	
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	31	31
Number of part time employees	15	29	14	25
Total Employees	52	66	51	62

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 was one severance payment made during the year that was outside of contractual obligations totalling \$51,351 for other staff. (2017: \$131,550 1 CE 1 Other).

15. Councillors Fees

	2018	2017
Mayor		
P Butler	0	26,973
A Walker	84,168	58,888
Councillors		
Ian Sharp (Deputy Mayor)	35,595	36,173
Tim Aiken	23,674	16,563
Kelly Annand	23,674	24,150
Shelley Burne-Field	23,674	16,563
Sally Butler	0	7,587
Tim Chote	23,674	16,563
Terry Kingston	0	7,587
Maitland Manning	0	7,587
Gerard Minehan	23,674	16,563
Brent Muggeridge	23,674	16,563
Terry Story	0	7,587
David Tennent	23,674	16,563
Andrew Watts	0	7,587
Mark Williams	0	7,587
Total	285,481	291,084

16. Financial Instrument Categories

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

	2018 COUNCIL \$'000	2017 COUNCIL \$'000
Financial Assets		
Fair Value through surplus/(deficit)		
Local Authority Stock, Bonds	2,362	2,180
Unlisted Shares	44	44
Loans and Receivables		
Cash and Cash Deposits	3,956	2,453
Debtors and Other Receivables	2,904	2,512
Financial Liabilities		
Fair Value through the profit and loss		
Public Debt	2,737	2,772
Financial Liabilities at amortised cost		
Creditors and other payables	5,309	4,880

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.

During the current year the Councils sought to strike out CHH's claims against the Councils. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings built outside the 10 year long stop contained within the Building Act 2004. The 28 schools struck out did not include the four schools within Central Hawke's Bay. Further CHH applied for trial staging with proceedings to commence in relation to 20 buildings. MoE opposed the application, seeking a trial on the determination of whether shadowclad is inherently defective. The High Court accepted the MoE proposal. CHH have appealed the decision.

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 required the commissioning of an independent review and to implement the recommendations to the value of up to \$100,000. In July 2018 the Court amended the original court order and the Council is now required to complete the Council initiated review of the Waipawa wastewater treatment and supply to the Court by 30 June 2019 the intended Wastewater Treatment Solution, the process and timeframe for implementation, the costs of implementing the solution and the proposed process for securing the funding necessary to implement the solution. (2017:\$100,000)

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. (2017: 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

	2018	2017
Number of rating units	7,761	7,699
Capital Value	4,134,919,100	4,097,693,100
Land Value	2,677,383,850	2,670,211,850

Insurance Information

	TOTAL VALUE COVERED \$'000	MAXIMUM AMOUNT AVAILABLE \$'000	
Year ending June 2018			
Insurance Contracts - Buildings, Plant & Equipment	72,239	72,239	
- Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing	0	0	
Self Insured	0	0	
Year ending June 2017			
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	

	TOTAL REPLACEMENT COSTS (TRC)
Water	58,726,284
Wastewater	80,678,071
Stormwater	27,429,672
Roading	869,500,386
Totals	1,036,334,413

Elected Council Members

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?

MAYOR

ALEX WALKER	317 Farm Road, RD4, Waipukurau 4284	+64 27 860 7752	alex.walker@chbdc.govt.nz
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ARAMOANA/RUAHINE WARD

TIM AITKEN	190 The Brow Rd, RD3, Waipawa 4273	+64 27 472 4587	tim.aitken@chbdc.govt.nz
SHELLEY BURNE-FIELD	15 Lake Street, Takapau 4203	+64 27 630 6363	shelley.burne-field@chbdc.govt.nz
BRENT MUGGERIDGE	243 White Road, RD2, Otane 4277	+64 21 332 353	brent.muggeridge@chbdc.govt.nz
DAVID TENNET	D301 14 West Quarry Ahurir, Napier	+64 27 445 0952	david.tennet@chbdc.govt.nz

RUATANIWHA WARD

KELLY ANNAND		+64 27 479 4000	kelly.annand@chbdc.govt.nz
TIME CHOTE	64 Abbotsford Road, Waipawa 4210	+64 27 448 2014	tim.chote@chbdc.govt.nz
GERARD MINEHAN	51 Mt Herbert Road, Waipukurau 4200	+64 27 479 3773	gerard.minehan@chbdc.govt.nz
IAN SHARP	44 Mangatarata Rd RD 5 Waipukurau	+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



Acknowledgements

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

Summer Reading



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

Glossary

Activity	Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.
Annual Plan	The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.
Annual Report	Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.
Asset	Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.
Asset Management Plan	A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.
Borrowing	Refers to the raising of loans for capital items, such as the sewerage scheme.
Capital Expenditure	Expenditure that will increase the value of Council's assets.
Capital Value	Value of land including any improvements.
Community Boards	Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Central Hawke's Bay District has no community boards.
Community Outcomes	Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.
Council Controlled Organisations	Council controlled organisations are organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.
Financial Year	Council's financial year runs from 1 July to 30 June of the following year.
General Rate	A rate levied across all properties for activities that benefit the whole District.
Group of Activities	Several activities combined together (eg cultural and community facilities).
Land Value	Value of land, excluding any improvements.
Local Government Act 2002	The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.
Long Term Plan (LTP)	A ten year plan that sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTP was introduced by the Local Government Act 2002.
Operating Expenditure	Money Council spends on such items as salaries, materials, electricity and plant hire.
Operating Revenue	Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency subsidies, rental income, permits and fees.

Operating Surplus (Deficit)	The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.
Performance Measure	A measure that shows how well Council is doing in achieving the objectives it has set for itself.
Rates	Funds collected by Council from levies on property. These are based on the Capital and Land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.
Revenue and Financing Policy	This describes how the Council's work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user charges, grants).
Significance	Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural wellbeing of the community.
Subsidies	Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).
Targeted Rates	Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.
Transfer to/from Reserves	Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.
User Charges	The charges levied for use of Central Hawke's Bay District Council services (eg building consent fees, health inspections).
Working Capital	These are Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of Council's ability to meet its obligations as they become due.

